

pembroke

VCT plc



Offer for Subscription for up to £20 million of B Ordinary Shares
with an over-allotment facility for up to a further £10 million of B Ordinary Shares



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action to be taken, you should immediately consult 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 1 December 2017, 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 22 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 and Wales with registered number 08307631)

Prospectus relating to an offer for subscription of up to £20 million of B Ordinary Shares
in the capital of Pembroke VCT plc payable in full on application
with an over-allotment facility for up to a further £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 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 £20 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 (2017/18 and 2018/19).

The subscription for the Offer will open on 1 December 2017 and may close at any time thereafter but, in any event, not later than 12.00 p.m. on 5 April 2018, in the case of the 2017/18 Offer, and at 5.00 p.m. on 29 June 2018, in the case of the 2018/19 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 2018/19 Offer, may be extended by the Directors at their absolute discretion to a date no later than 30 November 2018. All subscription monies will be payable in full in cash on application.

The terms and conditions of the Offer are set out on pages 82 to 85 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.morningstar.co.uk/uk/NSM> and at <http://www.pembrokevct.com/#investors> and following the date of publication may be obtained free of charge for the duration of the Offer by collection from:

Howard Kennedy Corporate Services LLP

No.1 London Bridge
London SE1 9BG

Oakley Capital Limited

3 Cadogan Gate
London SW1X 0AS

Kin Capital Limited

Winchester House
259-269 Old Marylebone Road
London NW1 5RA

Summary

Summaries are made up of disclosure requirements known as ‘Elements’. The Elements are numbered in Sections A—E (A.1—E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

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

Section A – Introduction and Warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares should be based on consideration of the Prospectus as a whole by the Investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in Shares.
A.2	Use of Prospectus by financial intermediaries	<p>The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 12.00 p.m. on 5 April 2018 in the case of the 2017/18 Offer, and at 5.00 p.m. on 29 June 2018, in the case of the 2018/19 Offer, unless previously extended by the Directors to a date no later than 30 November 2018. There are no conditions attaching to this consent.</p> <p>Financial intermediaries must give Investors information on the terms and conditions of the Offer at the time they introduce the Offer to Investors.</p>

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 CA 2006 with registered number 08307631. The Company operates under the CA 2006 and regulations made under the CA 2006.
B.5	Group description	Not applicable. The Company is not part of a group.
B.6	Major shareholders	As at 30 November 2017, 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	<p>Roy Nominees Limited which, as at 30 November 2017, holds 3,534,000 Ordinary Shares and UBS Private Banking Nominees Limited which, as at 30 November 2017, holds 4,503,400 B Ordinary Shares being approximately 19.5% and 17.7% respectively of the issued share capital of the relevant share class.</p> <p>The Directors are not aware of any person or persons who, following the Offer, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>																																																
B.7	Key financial information and statement of significant changes	<p>Certain selected historical information of the Company, which has been extracted without material adjustment from the financial statements referenced, is set out below.</p> <table><tr><th></th><th>Year ended 31.03.15 (audited)</th><th>Year ended 31.03.16 (audited)</th><th>Year ended 31.03.17 (audited)</th><th>Six months ended 30.09.16 (unaudited)</th><th>Six months ended 30.09.17 (unaudited)</th></tr><tr><td>Profit on ordinary activities before taxation (£'000)</td><td>1,160</td><td>2,091</td><td>839,433</td><td>2,330</td><td>(74)</td></tr><tr><td>Return per Share (p) – Ordinary Share</td><td>6.40</td><td>7.89</td><td>5.21</td><td>9.65</td><td>(0.26)</td></tr><tr><td>Return per Share (p) – B Ordinary Share</td><td>(0.07)</td><td>10.79</td><td>(0.84)</td><td>4.70</td><td>(0.11)</td></tr><tr><td>Net assets (£'000) – Ordinary Shares</td><td>18,858</td><td>20,125</td><td>20,706</td><td>21,870</td><td>20,480</td></tr><tr><td>NAV per share (p) – Ordinary Share</td><td>103.95</td><td>111.24</td><td>114.45</td><td>120.89</td><td>113.19</td></tr><tr><td>Net assets (£'000) – B Ordinary Shares</td><td>1,938</td><td>8,558</td><td>15,680</td><td>13,509</td><td>26,176</td></tr><tr><td>NAV per share (p) – B Ordinary Share</td><td>97.93</td><td>105.44</td><td>102.58</td><td>108.23</td><td>103.27</td></tr></table> <p>Between 3 October 2014 and 19 July 2015 the Company raised £5.8 million by way of an issue of B Ordinary Shares. Between 29 October 2015 and 14 October 2016 the Company raised a further £6.9 million and between 30 November 2016 and 6 July 2017 the Company raised a further £13.9 million, in each case by way of a further issue of B Ordinary Shares.</p> <p>As at the date of this document, the Company has now invested the net proceeds of the Ordinary Share offers and 65% of the net proceeds of the B Ordinary Share offers, each in accordance with its published investment policy.</p> <p>Other than as described in this paragraph, there have been no significant changes in the financial condition and operating results of the Company during or subsequent to the period covered by the historical information set out above.</p>		Year ended 31.03.15 (audited)	Year ended 31.03.16 (audited)	Year ended 31.03.17 (audited)	Six months ended 30.09.16 (unaudited)	Six months ended 30.09.17 (unaudited)	Profit on ordinary activities before taxation (£'000)	1,160	2,091	839,433	2,330	(74)	Return per Share (p) – Ordinary Share	6.40	7.89	5.21	9.65	(0.26)	Return per Share (p) – B Ordinary Share	(0.07)	10.79	(0.84)	4.70	(0.11)	Net assets (£'000) – Ordinary Shares	18,858	20,125	20,706	21,870	20,480	NAV per share (p) – Ordinary Share	103.95	111.24	114.45	120.89	113.19	Net assets (£'000) – B Ordinary Shares	1,938	8,558	15,680	13,509	26,176	NAV per share (p) – B Ordinary Share	97.93	105.44	102.58	108.23	103.27
	Year ended 31.03.15 (audited)	Year ended 31.03.16 (audited)	Year ended 31.03.17 (audited)	Six months ended 30.09.16 (unaudited)	Six months ended 30.09.17 (unaudited)																																													
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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.																																																

Summary continued

Element	Disclosure requirement	Disclosure
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.
B.34	Investment policy	<p>Investment Objectives</p> <p>The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or NEX, selecting companies which Oakley Investment Managers LLP (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 certain money market securities, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets (20% from 1 April 2020) in such products after it is fully invested under the VCT rules.</p> <p>Investment Strategy</p> <p>For its “qualifying investments” (being investments which comprise Qualifying Investments for a venture capital trust as defined in Chapter 4 Part 6 of the Income Tax Act 2007) (“Qualifying Investments”), the Company is expected to invest primarily in unquoted companies, although it may also invest in companies whose shares are traded on AIM or NEX. The Company will invest in a diverse range of businesses, predominantly those which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist. The Company will invest in a small portfolio of carefully selected Qualifying Investments where the Manager should be able to exert influence over key elements of each investee company’s strategy and operations. The companies may be at any stage in their development from start-up to established businesses.</p> <p>It is anticipated that, at any time, up to 30% of investments (20% from 1 April 2020) 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 (20% from 1 April 2020) will be invested in other funds, with the balance being invested in other investments which may include certain money market securities, and cash deposits.</p> <p>Asset Allocation</p> <p><i>Qualifying Investment Portfolio</i></p> <p>For its Qualifying Investments, the Company will invest primarily in companies whose shares are not traded on any exchange, although it may also invest in companies whose shares are traded on AIM or NEX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.34 continued	Investment policy continued	<p>Non-Qualifying Investment Portfolio</p> <p>Under current VCT legislation, the Company must have invested at least 70% of funds raised in Qualifying Investments within three years of the funds being raised (80% from 1 April 2020). 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 such as certain money market securities, 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 (20% from 1 April 2020).</p> <p>The portfolio of Non-Qualifying Investments will be managed with the intention of generating a positive return. Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in other funds (20% from 1 April 2020), with the balance being invested in other investments which may include money market securities and cash deposits.</p> <p>Risk Diversification</p> <p>The Directors will control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of unquoted companies, in particular, targeting a variety of sectors.</p> <p>In order to limit concentration in the portfolio that is derived from any particular investment, at all times no more than 15% by value of the relevant share pool of the Company (at the time of investment) will be invested in any single company. In addition, no more than 10%, in aggregate, of the assets of the Company (at the time the investment is made) will be invested in other listed closed-ended investment funds.</p> <p>The Company may invest in a range of securities including, but not limited to, ordinary and preference shares, loan stocks and convertible securities, and other interest-bearing securities. Unquoted Qualifying Investments will usually be structured as a combination of ordinary shares, preference shares and loans.</p> <p>Gearing</p> <p>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.</p> <p>Change in Investment Policy</p> <p>Should a material change in the investment policy be deemed appropriate this will only be effected with the prior approval of Shareholders in accordance with the Listing Rules.</p>
B.35	Borrowing limits	<p>The Company is entitled to incur borrowings provided that the aggregate principal amount outstanding at any one time does not exceed 25% of the value of the adjusted capital and reserves of the Company at the time the borrowings are incurred (being, in summary, the aggregate of the issued share capital, plus any amount standing to the credit of the Company's reserves, deducting any distributions declared and intangible assets and adjusting for any variations to the above since the date of the relevant balance sheet).</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.36	Regulatory status	The Company is not a regulated entity.
B.37	Typical investor	The profile of a typical Investor is a UK tax resident individual who seeks a venture capital strategy focused on capital appreciation with sufficient income and capital available to be able to commit an investment in the Company for over five years and who is attracted by the income tax relief available for a VCT investment. Investors may include retail, institutional and sophisticated investors and high net-worth individuals (however the decision to invest may be influenced by the availability of tax reliefs to such an Investor).
B.38	Investment of 20% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 20% of its gross assets in a single underlying asset or investment company.
B.39	Investment of 40% or more in a single underlying asset or investment company	Not applicable. The Company will not invest more than 40% of its gross assets in a single underlying asset or investment company.
B.40	Applicant's service providers	<p>Investment Management Arrangements</p> <p>Under an investment management agreement dated 15 February 2013, novated to the Manager on 1 July 2014 and varied on 3 October 2014 and 1 December 2017 (the "IMA"), the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments in accordance with the provisions of the IMA.</p> <p>Under the IMA, the Manager and the Company have agreed to fix the Annual Running Costs of the Company at 2.0% of the Company's net asset value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is therefore expected that the Annual Running Costs payable by the Company each year will be 2.0% of its net asset value. The annual management fee is payable quarterly in advance based on projected Annual Running Costs and subject to a final balancing adjustment payment either way. 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 any Performance Fee payable (as described below) and, in any rolling period of 12 months, do not include the lesser of "X" and the aggregate value of the auditors' fees, administration, accounting and company secretarial fees, share registrars' fees, London Stock Exchange fees, printing and mailing costs in respect of the audited accounts, interim accounts and circulars to shareholders, fees in respect of regulatory announcements made through a Regulatory Information Service, corporate broking fees, insurance premiums and remuneration of the Board (including employers' national insurance contributions).</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.40 continued	Applicant's service providers continued	<p>For such time as the Net Asset Value of the Company is £100,000,000 or less, "X" is £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, "X" is £500,000. 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.</p> <p>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.</p> <p>Administration and Company Secretarial Arrangements</p> <p>Under an administration agreement (the "Administration Agreement") dated 15 February 2013 (as subsequently varied on 3 October 2014), The City Partnership (UK) Limited (the "Administrator") provides certain administrative, accounting and company secretarial services to the Company for an annual fee (currently at a rate of £65,828 per annum (subject to increase by an amount equal to 0.05% of any further funds raised by the Company in any future share issues) plus VAT at the relevant rate, payable quarterly in advance and increases annually in line with RPI.</p> <p>The Administrator's appointment under the Administration Agreement can be terminated on six months' notice given at any time, subject to earlier termination in certain circumstances.</p> <p>Offer Agreement</p> <p>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 will receive a Promoter Fee on the value of each application for B Ordinary Shares accepted by the Company.</p>

Summary continued

Element	Disclosure requirement	Disclosure
B.41	Regulatory status of the Manager	The Manager is authorised and regulated by the Financial Conduct Authority. The Manager acts as the Alternative Investment Fund Manager to the Company.
B.42	Calculation of net asset value	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 quarterly 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 27 investments totalling £29 million in aggregate. The Company's investments are principally in unquoted investments in UK companies.
B.46	Net asset value	As at 30 September 2017, 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 113.19 pence and unaudited NAV per B Ordinary Share was 103.27 pence.

Summary continued

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Types and class of securities	The Company will issue new B Ordinary shares of 1 pence each ("B Ordinary Shares") under the Offer. The ISIN of the B Ordinary Shares is GB00BQVC9S79, the SEDOL is BQVC9S7 and the LEI is 213800RLWAGHVUX8HR40.
C.2	Currency	Sterling.
C.3	Number of securities to be issued	The Company will issue up to £20 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	<p>As regards Income:</p> <p>The Shareholders shall be entitled to receive such dividends as the Directors resolve to pay out in accordance with the Articles.</p> <p>Under the Articles of the Company, all the assets of the Company and all the liabilities of the Company will be allocated either to the Ordinary Share Pool or the B Ordinary Share Pool. The Ordinary Shares will be entitled to the economic benefit of the assets allocated to the Ordinary Share Pool and the B Ordinary Shares will be entitled to the economic benefit of assets allocated to the B Ordinary Share Pool.</p> <p>Therefore, although the rules in the CA 2006 and elsewhere in relation to the payment of distributions will be applicable to the Company on a Companywide basis, the income arising on the portfolios will belong to one or the other of the share classes depending on which portfolio generated the income.</p> <p>As regards Capital:</p> <p>Similarly, the capital assets of the Company will be allocated to either the Ordinary Share Pool or the B Ordinary Share Pool. On a return of capital on a winding-up or on a return of capital (other than on a purchase by the Company of its Shares) the surplus capital shall be divided amongst the holders of the relevant Share class <i>pro rata</i> according to the number of Shares of the relevant class held and the aggregate entitlements of that Share class. The Ordinary Shares will not be entitled to any capital assets held in the B Ordinary Share Pool and the B Ordinary Shares will not be entitled to any capital assets held in the Ordinary Share Pool. In relation to the purchase by the Company of its Shares, the purchase of Ordinary Shares may only be financed by assets in the Ordinary Share Pool and the purchase of B Ordinary Shares may only be financed by assets in the B Ordinary Share Pool.</p>

Summary continued

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

Summary continued

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<p>Key risk factors relating to the Company are:</p> <ul style="list-style-type: none"> • There can be no guarantee that the Company will meet all its objectives or that suitable investment opportunities will be identified. The past performance of members of the Management Team is no indication of future performance. • The market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock, 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 smaller unquoted companies, (usually with limited trading records which require venture capital) carry substantially higher risks than would an investment in larger or longer-established businesses. • The Company may be unable to maintain its VCT status, which could result in loss of certain tax reliefs. • The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments by reason of the need to maintain the VCT status of the Company. <p>Key risks associated with the Non-Qualifying Investments</p> <ul style="list-style-type: none"> • The Company's portfolio of Non-Qualifying Investments (e.g. money market funds) are subject to market fluctuations. Such investments are affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers, and there can be no assurance that appreciation will occur or that losses will not be incurred. • The ability of the Company to realise Non-Qualifying Investments may be adversely affected by the illiquidity in underlying assets, or such investments having redemption periods that result in them not being readily realisable, or in the premature realisation of such investments.
D.3	Key information on the key risks specific to the securities	<p>The key risk factors relating to the Shares are:</p> <ul style="list-style-type: none"> • The market price of a Share may not fully reflect the underlying net asset value. • The value of Shares depends on the performance of the Company's underlying assets and that value and the income derived from those assets may go down as well as up and an Investor may not get back the amount invested. • Although the Shares are listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid. Shareholders may, therefore, have difficulty in selling their Shares. • Investing in a VCT may not be suitable for all Investors. Tax reliefs may be lost by Investors or the Company taking or not taking certain steps. • The interests of the Ordinary Shareholders and the B Ordinary Shareholders may not always be aligned. Certain corporate actions (such as a winding-up, and the holding of investments under the VCT Rules, for example) can only be effected 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.

Summary continued

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issue	<p>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 Fee on the value of each application for B Ordinary Shares accepted by the Company. Assuming a full subscription of £30 million of B Ordinary Shares, a Promoter Fee of 2.5% on all such subscriptions (with the over-allotment facility fully utilised), the cost to the Company would, therefore, be £750,000 (excluding VAT).</p> <p>The total net proceeds of the Offer, after all fees, is expected to be £29,250,000 (assuming a full subscription of £30 million of B Ordinary Shares and a Promoter Fee of 2.5% on all such subscriptions with the over-allotment facility fully utilised).</p>
E.2a	Reason for the Offer and use of proceeds	<p>By making the Offer the Company intends to raise funds for the B Ordinary Share Pool and then use a minimum of 70% (80% after 1 April 2020) of the proceeds of the Offer to acquire over a period not exceeding three years (and subsequently maintain) a portfolio of Qualifying Investments for the B Ordinary Share Pool in accordance with the published investment policy of the Company.</p> <p>Pending investment in Qualifying Investments, the proceeds of the Offer will be invested in non-Qualifying Investments, some of which will have an expected realisation date which meets the cash requirements of the Company.</p> <p>The estimated maximum net proceeds of the Offer, assuming a full subscription of £30 million of B Ordinary Shares and a Promoter Fee of 2.5% on all such subscriptions (with the over-allotment facility fully utilised), is £29,250,000.</p>
E.3	Terms and conditions of the Offer	<p>Up to £20 million of B Ordinary Shares are being made available at the Offer Price under the Offer, with an over-allotment facility for up to a further £10 million of B Ordinary Shares. The B Ordinary Shares are payable in full upon application.</p> <p>Offer Price, Commission and Adviser Charges</p> <p>Commission is not permitted to be paid to Intermediaries who provide a personal recommendation to UK retail clients on investments in VCTs. Instead of commission being paid by the VCT, a fee will usually be agreed between the Intermediary and Investor for the advice (“Adviser Charge”). This fee can either be paid directly by the Investor to the Intermediaries or 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 in section 11). The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out below.</p> <p>Commission is permitted to be paid to Intermediaries in certain limited situations, such as in respect of execution only clients (where no advice or personal recommendation has been provided). The level of the Promoter Fee reflects whether or not commission is payable.</p> <p>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.</p> <p>Promoter Fee (no Adviser commission payable)</p> <p>With the exception of those Investors who make Early Applications (see below), Oakley will be paid a Promoter Fee of 2.5% on accepted applications under the Offer (where it is not required to pay commission to an Intermediary).</p>

Summary continued

Element	Disclosure requirement	Disclosure
E.3 continued	Terms and conditions of the Offer continued	<p>In the case of Investors who make Early Applications (with no Intermediary commission) before 5.00 p.m. on 12 January 2018, Oakley will receive a fee of 1.5% except in those cases where the Applicants invest directly (which will attract a Promoter Fee of 3% for new investors, reduced to 1% for existing shareholders).</p> <p>Promoter Fee (Adviser commission payable)</p> <p>Oakley will charge a Promoter Fee of 5.5% of the monies subscribed, where it is required to pay commission to an Intermediary.</p> <p>Out of its Promoter 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.</p> <p>Pricing of the Offer</p> <p>The number of B Ordinary Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole B Ordinary Share):</p> $\text{Number of B Ordinary Shares} = \frac{\text{Amount subscribed, less (i) Promoter Fee and (ii) Adviser Charge}}{\text{Latest published NAV per B Ordinary Share}}$ <p>The Offer is conditional on the shareholder resolutions to be proposed at the general meeting on 8 January 2018 being passed.</p>
E.4	Material interests	Not applicable. No interest is material to the Offer.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the securities as part of the Offer and there are no lock-up agreements.
E.6	Dilution	On the basis of full subscription under the Offer of £30 million, including full utilisation of the over-allotment facility at an Offer Price of 103.27 pence per B Ordinary Share, the B Ordinary Shares in issue will be diluted by 52.7%. There will be no dilution of the Ordinary Shares in issue.
E.7	Expenses charged to the Investor	<p>Applications received through execution-only Intermediaries</p> <p>The expenses charged to the Investor under the Offer are 5.5% of gross funds raised for the Company in respect of applications received through execution only brokers or intermediaries not offering financial advice. Where such applicants make Early Applications, the expenses charged to the Investor under the Offer are reduced to 4.5% of gross funds raised for the Company.</p> <p>Applications received directly from Applicants who are not existing Shareholders</p> <p>The expenses charged to the Investor under the Offer are 4% of gross funds raised for the Company in respect of applications received directly from investors who are not existing Shareholders, or 3% where such direct investors make an Early Application.</p> <p>Applications received directly from existing Shareholders and through Intermediaries offering financial advice</p> <p>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 2.5% of gross funds raised through intermediaries offering financial advice. Where such applicants make an Early Application, the expenses charged to the Investor under the Offer are reduced to 1% and 1.5% respectively of gross funds raised for the Company.</p>

Risk Factors

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

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

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

Risks associated with holding shares in a VCT

- The B Ordinary Shares will usually trade at a discount to their underlying net asset value. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up and an Investor may not get back the amount invested.
- Although the B Ordinary Shares to be issued under the Offer will be listed on the Official List and admitted to trading on the London Stock Exchange, shares in VCTs are inherently illiquid and there may be a limited market in the B Ordinary Shares primarily because the initial tax relief is only available to those subscribing for newly issued B Ordinary Shares 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 VCT Rules 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 (£14.2 million as at the date of this document) and it is, therefore, likely that it will not be exhausted prior to the expiry of the relevant three year period. Under the current law, any cancellation of the share premium resulting from any B Ordinary Share issue under the Offer would be subject to shareholder approval and court approval.

Risk Factors continued

- 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.
- On 24 June 2016 it was announced that the UK electorate had voted to leave the European Union ("EU"). At the date of this document there is significant uncertainty over the form of the UK's eventual trade and regulatory position relative to the EU. As the Company is impacted by European-led legislation while the UK remains a part of the EU, the future regulatory environment is therefore subject to significant uncertainty. However, at least in the short term and until the terms of the UK's withdrawal from the EU has been agreed, the Company will continue to be subject to European-led legislation, as enacted into UK legislation.
- Valuations of unquoted companies are determined by the Directors within IPEVC guidelines. However, these valuation policies take account of stock market price earnings ratios for the relevant industry sectors, discounted for non-marketability, and, therefore, the valuation of the portfolio and opportunities for realisation depend on stock market conditions.
- The Company's investments may be difficult to realise. There may also be constraints imposed on the realisation of investments by reason of the need to maintain the VCT status of the Company.
- 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.

Risks associated with the likely underlying investments

- There can be no guarantee that the Company will meet all its objectives or that suitable investment opportunities will be identified.
- Smaller unquoted companies, usually with limited trading records, requiring venture capital, frequently experience significant change. Investments in such companies carry substantially higher risks than would an investment in larger or longer-established businesses.
- Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in the main market. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Proper information for determining their value or the risks to which they are exposed may also not be available.
- 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.

Risk Factors continued

- In November 2015, new VCT Rules 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), together with further restrictions on the use of VCT funds received by investee companies. However, the Directors do not believe that these changes have affected, or will affect opportunities for investment, or follow-on investments in companies already in the Company's portfolio.

Risks associated with the 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; or
 - (d) arrange for the Company to acquire investments from or dispose of investments to any Interested Party or any investment fund or account advised or managed by any such person.

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

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

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

Risks associated with Exposure to Non-Qualifying Investments

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

- The performance of the Company's Non-Qualifying Investments is affected by the selection of funds and managers by the Manager and by investment decisions of such portfolio managers. There is no guarantee (whether from the Manager or any other party) that the Company will meet its investment objective.
- Initially, whilst suitable Qualifying Investments are being identified in accordance with the Company's investment policy, the assets allocated to the B Ordinary Share Pool will be invested in a range of Non-Qualifying Investments. The risks stated above may have a greater impact on the B Ordinary Share Pool's assets during the period until the Company's funds are fully invested.

Risks associated with Certain Non-Qualifying Investments

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

- Investments in the other funds may involve a high degree of risk, including the significant risk of loss of all or part of the amounts invested. The underlying funds may pursue speculative investment policies. These underlying funds will generally fall in the category commonly known as "hedge funds" or "alternative investments". Some investments may also be made in funds which trade in commodities futures and options, currencies and currency contracts or financial instruments. All the aforementioned investments carry a significant amount of risk, including but not limited to, concentration risk, liquidity risk, the risk associated with leverage, and exposure to loss from counterparty default.

Risk Factors continued

- 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	1 December 2017
Deadline for receipt of Early Applications (for application for reduced Promoter Fees)	5.00 p.m. on 12 January 2018
Deadline for receipt of applications for final allotment in 2017/18 Offer	12.00 p.m. on 5 April 2018
Deadline for receipt of applications for final allotment in 2018/19 Offer	5.00 p.m. on 28 June 2018
First allotment in respect of applications under the 2017/18 Offer	15 January 2018
Subsequent allotments in respect of applications under the 2017/18 Offer	On or before 5 April 2018
Anticipated final allotment in respect of applications under the 2018/19 Offer	29 June 2018

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 2018/19 tax year, may be extended by the Directors at their absolute discretion to a date no later

than 30 November 2018 (and the anticipated allotment date under the 2018/19 Offer will be extended accordingly).

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 52
Expected maximum net proceeds of the Offer if the over-allotment facility is utilised*	£29,250,000
Expected maximum net proceeds of the Offer if the over-allotment facility is not utilised*	£19,500,000
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is fully utilised**	53,711,179
Maximum number of B Ordinary Shares in issue following the Offer if the over-allotment facility is not utilised**	44,269,909

* assuming an Offer Price of 103.27 pence per B Ordinary Share

** assumes Promoter Fee of 2.5% 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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SW1X 0AS

Administrator and Company Secretary

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Joint Promoters

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Kin Capital Limited

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London

NW1 5RA

Manager

Oakley Investment Managers LLP

3 Cadogan Gate

London

SW1X 0AS

Registrars and Receiving Agent

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(assisted by Share Registrars Limited)

110 George Street

Edinburgh

EH2 4LH

Solicitors

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No.1 London Bridge

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SE1 9BG

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Auditor

Grant Thornton UK LLP

30 Finsbury Square

London

EC2P 2YU

Chairman's Letter

Dear Investor,

I am pleased to announce that Pembroke VCT plc has launched a new share offer to raise up to £20 million. After having raised over £43 million since 2013, Pembroke has invested £29 million in 27 companies. The Board is pleased with the performance to date and the continued progress of the portfolio. The additional cash will allow the Company to grow its existing portfolio of investments and take advantage of a healthy pipeline of prospective investment opportunities.

Existing Portfolio of Investments – New investors will gain immediate access to a maturing portfolio of growing businesses and to a well-established dividend-paying VCT. These assets include high growth opportunities such as Plenish, Five Guys and Alexa Chung. 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 42% of the investments (by value) made to date have been into businesses that are now trading profitably at the operating profit level.

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

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

Patient Capital Review – The Budget statement on 22 November 2017 heralded changes to the VCT regime which will nonetheless leave the Company's investment strategy unchanged. The aim of the changes is to halt the flow of VCT funds into companies that provide a low risk investment opportunity where the up-front tax relief provides most of the return. Companies seeking investment for their long-term growth and development, where the investment is at genuine risk, will not be impacted.

Investments made following Royal Asset of the Finance Bill, expected in Summer 2018, will be subject to two tests, based on the views of a 'reasonable' person: i) does the company intend to grow and develop over the long term, and ii) is there the risk of a loss of capital to the investor of an amount greater than the net return? The Company believes its current portfolio and future pipeline meets these tests without difficulty, and will not see any meaningful changes to its investment strategy.

Investment Strategy – The Company's objective remains the same; Pembroke provides investors with access to a series of carefully researched investments focusing on the consumer retail and lifestyle segments. Pembroke will continue to invest in a diversified portfolio of smaller unquoted companies, with a preference for companies that are producing profits. The objective is to generate significant returns, whilst enabling Investors to benefit from substantial tax advantages.

Pembroke seeks opportunities which are capable of significant organic growth and sustainable cash generation. 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 target an annual dividend of 3 pence per Share. B Ordinary Shareholders received a 2 pence dividend per Share on 26 October 2017 and, subject to performance, the intention is to pay at least another 1 pence dividend shortly after 5 April 2018. However, this is a statement of intention, and no forecast or projection should be implied or inferred.

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 NEX. The Company will invest in a diverse range of smaller companies which the Manager considers are capable of organic growth and, in the long term, sustainable cash flow generation. It is likely that investment will be biased towards consumer-facing businesses with an established brand or where brand development opportunities exist, with a concentration in sectors where the 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 42% 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.

It is anticipated that, at any time, up to 30% of investments will be held in Non-Qualifying Investments (20% from 1 April 2020), recognising that no single investment will represent more than 15% of net assets. Until suitable Qualifying Investments are identified, the net proceeds of the Offer will be invested in Non-Qualifying Investments which may include certain money market securities, listed securities and cash deposits. To the extent that any such investment results in the Manager or another member of the Oakley Group receiving an additional management fee on any assets of the Company, the Manager has agreed to refund those additional amounts to the Company so there is no "double dipping".

Tax Benefits

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

- income tax relief of 30% on the amount invested up to £200,000 per tax year;
- 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 20%)	£60,000
Money multiple based on effective cost of investment	3.6x
Overall tax saving	£120,000

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

The Company proposes to raise subscriptions from Investors through both the 2017/18 Offer and the 2018/19 Offer. Investors will be able to subscribe for shares both before and after the end of the current tax year (5 April 2018) 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.
- These networks have been 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 LLP 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 Initial B Share Offer, 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 2017 is summarised in the table opposite.

The Management Team has developed a consistent track record of investing in small companies, targeting businesses capable of significant organic growth, as illustrated in the table below. Prior to the date of this document, the team has invested, in total, £31.9 million) and has generated a total fair value, including unrealised investments and dividends to date, of £40.8 million (source: unaudited figures provided by the Manager*).

The Pembroke Portfolio

Pembroke has made a total of 29 investments up to 30 September 2017, which is also the date of the latest unaudited accounts. The current active portfolio consists of 27 investments, of which 26 have received funding wholly or in part from the B Ordinary Share class.

In total, £29.0 million has been invested at 30 September 2017 in the current portfolio constituents, split between £15.0 million in the Ordinary Share Pool and £14.0 million in the B Ordinary Share Pool (see table opposite).

Approximately 42% of the investments (by value) made to date are in businesses which are now trading profitably at the operating profit level.

All investments in the Ordinary Share Pool portfolio have been held for over twelve months and, therefore, have been revalued at fair value either based on the most recent follow-on investment rounds or on valuation multiples applied to trading performance. The Ordinary Share Pool investments have increased in valuation to £20.8 million representing an overall "money multiple" including realisations of 1.4x to 30 September 2017 (source: unaudited figures provided by the Manager*). With the exception of KX U, Unbolted and Heist, all investments in the B Ordinary Share Pool portfolio have been held within the Pembroke portfolio for over twelve months and, therefore, have been revalued at fair value (unaudited) either based on the most recent follow-on investment rounds or on valuation multiples applied to trading performance. Of those investments, the B Ordinary Share Pool investments have increased in value to £16.0 million representing an overall "money multiple" including realisations of 1.2x to 30 September 2017 (source: unaudited figures provided by the Manager*).

*see paragraph 6.21 of Part 4.

Part 1 – Investment Activity and Performance continued

Summary of Pembroke investment performance*

Share Class	Maximum holding period (months)	Equity (cost) £	Debt (cost) £	Total invested (cost) £	Equity fair value £	Debt inc. accrued interest £	Current valuation £	Proceeds realised £	Return on investment £	Weighted return on investment £
Ordinary	55	11,355,609	4,302,800	15,658,409	16,586,453	4,210,270	20,796,723	1,285,195	22,081,918	1.41x
B Ordinary	31	8,682,267	6,209,800	14,892,067	10,146,891	5,868,918	16,015,809	1,135,060	17,150,869	1.15x
		20,037,876	10,512,600	30,550,476	26,733,344	10,079,188	36,812,532	2,420,256	39,232,788	

*The relevant figures for equity and debt investments (at cost) include amounts allocated to realised investments. Equity fair values and debt balances are of those investments held at the date of this document, with unaudited valuations as at 30 September 2017. Proceeds realised consist of principal amounts repaid/interest paid in relation to any loan notes, together with proceeds on investments exited, prior to the date of this document.

Summary of Pembroke B Ordinary Share portfolio*

	First investment	Holding period (months)	Equity (cost) £	Debt (cost) £	Total invested (cost) £	Equity fair value £	Debt inc. accrued interest £	Current valuation £	Return on investment
Health and Fitness									
Boom Cycle	Jul 15	29	724,979	200,000	924,979	724,979	203,008	927,987	1.0x
Plenish	Jul 15	29	1,050,035	–	1,050,035	1,054,621	–	1,054,621	1.0x
Dilly & Wolf	Jul 15	29	100,000	25,000	125,000	–	–	–	0.0x
KX U	Mar 17	8	80,000	900,000	980,000	80,000	921,501	1,001,501	1.0x
Hospitality									
Chilango	Dec 15	24	85,000	–	85,000	85,000	–	85,000	1.0x
Five Guys UK	Sep 15	27	–	570,400	570,400	628,586	681,343	1,309,929	2.3x
La Bottega	Aug 15	28	–	650,000	650,000	–	100,000	100,000	0.2x
Chucs Bar & Grill	Jul 15	29	225,011	820,000	1,045,011	115,192	958,572	1,073,764	1.0x
Second Home	Apr 15	32	960,022	–	960,022	1,623,551	–	1,623,551	1.7x
Sourced Market	Jan 16	23	816,767	250,000	1,066,767	728,592	253,644	982,236	0.9x
Bel-Air**	Apr 16	20	300,000	–	300,000	300,000	–	300,000	1.0x
Apparel and Accessories									
Kat Maconie	Nov 16	12	–	200,000	200,000	–	217,458	217,458	1.1x
Troubadour Goods	Nov 15	25	150,000	–	150,000	158,859	–	158,859	1.1x
Bella Freud	Jun 15	30	–	800,000	800,000	–	870,893	870,893	1.1x
Bella Freud Perfume	Jul 16	16	–	50,000	50,000	–	53,370	53,370	1.1x
Chucs Limited	Apr 15	32	100,000	125,000	225,000	–	26,882	26,882	0.1x
ME+EM	Aug 15	28	800,000	–	800,000	974,403	–	974,403	1.2x
Alpha Charlie	Apr 16	20	988,961	–	988,961	1,338,961	–	1,338,961	1.4x
Heist Studios	Jul 17	4	748,242	–	748,242	748,242	–	748,242	1.0x
Media and Technology									
Boat International Media	May 15	31	–	1,300,000	1,300,000	–	1,582,247	1,582,247	1.2x
Rated People	Apr 16	20	55,480	–	55,480	52,698	–	52,698	0.9x
Zenos Cars	Nov 15	25	25,000	105,000	130,000	–	–	–	0.0x
Blaze	Mar 15	33	352,697	–	352,697	413,134	–	413,134	1.2x
Wishi	Sep 16	14	153,433	–	153,433	153,433	–	153,433	1.0x
Unbolted	Nov 16	12	250,033	–	250,033	250,033	–	250,033	1.0x
Total			7,965,660	5,995,400	13,961,060	9,430,284	5,868,918	15,299,202	1.1x

*Includes all investments in active portfolio companies as at the date of this document, with the valuations being the unaudited valuations as at 30 September 2017.

** See page 39

Part 1 – Management Team

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

Peter Dubens

Managing Partner and Co-Founder of Oakley

Peter is an entrepreneur, best known for founding the Oakley Group, a privately owned asset management and advisory group comprising private equity, venture capital, corporate finance and capital introduction operations, managing over €1.5 billion in aggregate.

Oakley Capital Private Equity invests in and supports the continued growth and development of some of Europe's leading companies and seeks to build long-term relationships with talented entrepreneurial founders and managers. Over the past ten years Oakley has built expertise in three core sectors: TMT, Digital Consumer and Education, and has strong credentials and networks in these areas. Oakley Capital comprises three mid-market private equity funds comprising Fund I (€288 million), Fund II (€524 million) and Fund III which closed at €800 million in September 2017. The Funds generate strong returns for their limited partners as well as Oakley Capital Investments Limited, an 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

Chief Investment Officer

Andrew is responsible for executing the fund's strategy, leading the investment team, deal origination and supporting portfolio companies.

Andrew sits on the board of a number of Pembroke's current investments and helps the founders and management teams develop their strategies and support them in delivering their goals. Prior to becoming Managing Director of Pembroke, Andrew worked with a number of Oakley's earlier stage portfolio companies including KX, Tom Aikens and James Perse. Before joining Oakley, Andrew ran a number of businesses working across a range 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.

Amjid Zaman

Chief Operating Officer

Amjid joined the Oakley Group in 2008, initially as Managing Director within its private equity fund. Amjid has over eight years operating experience within high growth technology businesses, and a further nine years' experience within private equity. Amjid's focus at Oakley has been on investments which have required a high degree of operational/financial management and execution. Amjid has been involved in the restructure and development of Broadstone, Time Out and Daisy Data Centres. In addition, Amjid has worked on M&A activities for Broadstone, and Headland Media, and has developed performance analytics for Host Europe and Emesa. Before joining Oakley, Amjid executed Pipex Communication's buy and build strategy where he was Group Financial Controller, and was tech start up Humyo.com's Chief Financial Officer. Amjid trained as a chartered accountant with Deloitte and Touche, and holds a BA (Hons) in Engineering Science from Oxford University.

Part 1 – Management Team continued

Simon Male

Investment Director

Simon joined the Oakley Group in 2016 and is responsible for sourcing and evaluating new investment opportunities, managing investment and M&A transactions across the portfolio, handling investor communications and monitoring the financial and regulatory status of the Company. Before joining Oakley, Simon worked in the investment banking divisions of Lazard and Dresdner Kleinwort advising corporates in the consumer, technology and industrial sectors on acquisitions, divestments and capital structure. He began his career as a strategy consultant with LEK.

Simon has a BSc and MSc in Economics from the University of Bristol and an MBA from London Business School.

Simon Porter

Investment Analyst

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

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

William Goodwin

Portfolio Financial Controller

William joined the Oakley Group in 2017 and is responsible for ensuring accurate and timely financial reporting by the Pembroke portfolio companies. He assists in co-investor relations and disseminating best accounting practice across the portfolio. Before joining Oakley, William was Group Financial Controller for an international investment group and was previously founder of his own small business.

William holds a MEng in Civil Engineering from the University of Bristol and qualified as a Chartered Accountant with Beaver & Struthers in 2016.

Tamara Warren

Executive Team Assistant

Tamara joined the Oakley Group in 2014 as Executive Team Assistant to Pembroke and is also responsible for investor relations enquiries. She graduated from Oxford Brookes University in 2012 with honours in business and marketing management and previously worked as a personal assistant and BAA Buyer for Ralph Lauren menswear.

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 he is currently a member of the Exiting the EU Select Committee.

Laurence Blackall

Independent non-executive Director

Laurence has had a 30-year career in the information, media and communication industries. After an early career at Virgin and the SEMA Group he was a director of Frost & Sullivan before moving to McGraw Hill where he was a vice-president in its computer and communications group. He then went on to found AIM listed Internet Technology Group plc in 1995 and successfully negotiated its sale in 2000 for a consideration of almost £150 million. Laurence was also instrumental in the creation of Pipex Communications plc. He has interests in a range of leisure and TMT businesses and currently holds a number of directorships in public and private UK companies. 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 Group, a privately owned asset management and advisory group comprising private equity, venture capital, corporate finance and capital introduction operations, managing over €1.5 billion.

Oakley Capital Private Equity invests in and supports the continued growth and development of some of Europe's leading companies and seeks to build long-term relationships with talented entrepreneurial founders and managers. Over the past ten years Oakley has built expertise in three core sectors: TMT, Digital Consumer and Education, and has strong credentials and networks in these areas. Examples of investments in these sectors include Facile.it, Italy's leading price comparison website; Parship Elite Group, Germany's largest matchmaking website; and more recently, Casa and atHome, online property listing portals; Schülerhilfe, Germany's leading provider of after school tutoring and TechInsights, a global leader in the intellectual property and technology services market. Oakley Capital comprises three mid-market private equity funds comprising Fund I (€288 million), Fund II (€524 million) and Fund III which closed at €800 million in September 2017. The Funds generate strong returns for their limited partners as well as Oakley Capital Investments Limited, an 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

For the purposes of the VCT Rules, the Ordinary Share Pool of assets is already fully invested, while the B Ordinary Share Pool of assets is 65% invested. The B Ordinary Shares do not have any rights in relation to the Ordinary Share Pool and the assets in it (and likewise the Ordinary Shares do not have any rights in relation to the B Ordinary Share Pool and the assets in it); costs and expenses which relate to both pools will be allocated between the pools as the Board or the Manager believes most appropriate, which will generally be *pro rata* to the net asset value of the respective pools. The funds raised by the issue of B Ordinary Shares will be invested for the benefit of the B Ordinary Share Pool (to which the Ordinary Shares will have no economic rights under the Articles). Those funds will be invested in accordance with the Company's investment policy (and for the avoidance of doubt, assets of the Ordinary Share Pool and the B Ordinary Share Pool may be invested in the same underlying companies).

The current investment policy is set out below:

Investment Objectives

The Company will seek to invest in a diversified portfolio of smaller companies, principally unquoted companies but possibly also including stocks quoted on AIM or NEX, selecting companies which the Manager believes provide the opportunity for value appreciation. Pending investment in suitable Qualifying Investments, the Manager will invest in investments intended to generate a positive return, which may include funds, money market securities, gilts, listed securities and cash deposits. The Company will continue to hold up to 30% of its net assets 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 NEX. 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 (20% from 1 April 2020), recognising that no single investment will represent more than 15% of net assets (at the time of investment). Until suitable Qualifying Investments are identified, up to 30% of the net proceeds of any offer will be invested in certain money market securities, listed securities 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 NEX, and will invest up to a maximum of 15% (at the time of investment) in any single Qualifying Investment. The Manager will seek to construct a portfolio comprising a diverse range of businesses. It is expected that a substantial proportion of the Qualifying Investments will be in the form of ordinary shares, and in some cases preference shares or loans.

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. From 1 April 2020, this requirement will be 80%. 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 certain money market securities, 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. From 1 April 2020, this will be 20%.

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 (20% from 1 April 2020) will be invested in other funds, with the balance being invested in other investments which may include certain money market securities, listed securities 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.

Part 1 – Investment Policy continued

Gearing

In common with other VCTs, whilst 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 any 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”). 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 NEX-traded shares will be valued at prevailing bid prices in the market, unless it is thought necessary to make any adjustment for illiquidity.

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

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

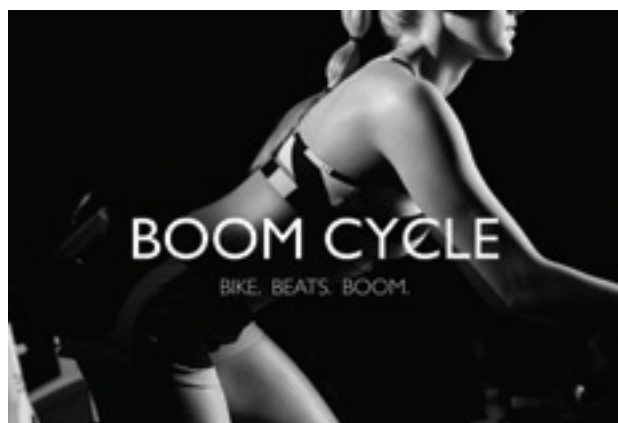
The Company announces its net asset value per Share quarterly through its annual reports, interim accounts and quarterly reports, which will be communicated to Shareholders through Regulatory Information Service announcements.

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

Part 1 – Investment Review

At the date of this document, the Company has investments in 27 companies across four sectors, investing £29 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 may 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

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

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£429,460	£349,860*	12.4%	£nil
B Ordinary Shares	£924,979	£927,987	14.2%	£3,008
Total	£1,354,439	£1,277,847	31.6%	£3,008

*Valuation basis: Cost



KX Gym

KX Gym, founded in 2002, is a private members' gym and spa, which includes a restaurant and clubroom located in Chelsea, London. KX offers members an exclusive, holistic approach to wellbeing, incorporating fitness, diet and relaxation.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£700,000	£827,835*	11.8%	£nil
B Ordinary Shares	–	–	–	–
Total	£700,000	£827,835	11.8%	£nil

*Valuation basis: EBITDA multiple

Part 1 – Investment Review continued



Plenish

Plenish, founded in 2012, is one of the leading cold-pressed juicing businesses in the UK, offering 100% raw organic (unpasteurised) juice. The company has supplemented its juice range with four varieties of nut milk which has been well received by the wholesale and retail markets and is now stocked by several of the UK's major supermarket groups.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£325,000	£1,434,370*	22.7%	£6,016
B Ordinary Shares	£1,050,035	£1,054,621*	17.1%	£nil
Total	£1,375,035	£2,488,991	39.8%	£6,016

*Valuation basis: Price of recent investment



KX U

KX Urban (KX U) is a pay-as-you-go development of the established KX luxury gym brand. It offers a range of gym classes including Hiit & Run, Body Barre, yoga, boxing and spinning within a high quality gym environment with a healthy food and beverage offering. It opened its first site in London's Sloane Square in September 2017.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£980,000	£1,001,501*	11.3%	£19,035
Total	£980,000	£1,001,501	11.3%	£19,035

*Valuation basis: Cost plus accrued interest

Part 1 – Investment Review continued

Hospitality



Chilango

Chilango is a fast-casual Mexican restaurant chain concept based on successful US business models. There are currently ten restaurants across high footfall areas of Central London, and a Manchester outlet that forms the basis for the brand's regional roll-out.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£549,850	£729,792*	2.7%	£nil
B Ordinary Shares	£85,000	£85,000	0.3%	£nil
Total	£634,850	£814,792	3.0%	£nil

*Valuation basis: Price of most recent investment



Five Guys UK¹

Five Guys was founded in 1986 in the US. The company serves a range of hand-made burgers made with fresh locally sourced beef and cooked on a grill, along with fresh-cut fries, served with unlimited toppings. Pembroke has invested in the UK joint venture and currently there are 75 restaurants across the UK with further sites in the pipeline. The brand is now successfully expanding into Europe; however as a VCT, Pembroke is precluded from investing further owing to the company's size.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£1,512,800	£3, 473,350 ²	3.3%	£103,985
B Ordinary Shares	£570,400	£1, 309,929 ²	0.9%	£39,207
Total	£2,083,200	£4, 783,279	4.2%	£143,192

¹Equity holding is partnership interest ²Valuation basis: Sales multiple

Part 1 – Investment Review continued



La Bottega

La Bottega is a chain of Italian delicatessens in London, which serve high quality, authentic Italian food and coffee. Currently, there are four shops trading in London, located in Chelsea, Belgravia, South Kensington and Victoria. The company has launched a new and improved menu in conjunction with new suppliers offering a mixture of healthy and traditional Italian food and continues to see an improvement in its operating results.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£1,960,000	£885,808*	40.0%	£nil
B Ordinary Shares	£650,000	£100,000*	0.0%	£nil
Total	£2,610,000	£985,808	40.0%	£nil

*Valuation basis: Fair value



Chucs Bar & Grill

Chucs Bar & Grill is a restaurant concept reflecting the style and branding of the Chucs retail brand. The first restaurant opened on Dover Street in Mayfair, London in 2014, the second on Westbourne Grove, with two new prestigious sites under development due to open in 2018.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£614,278	£731,471 ¹	18.0%	£21,057
B Ordinary Shares	£1,045,011	£1,073,764 ²	8.6%	£46,901
Total	£1,659,289	£1,805,235	26.6%	£67,901

¹Valuation basis: Fair value ²Valuation basis: Cost

Part 1 – Investment Review continued



Second Home

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. Following the opening of their initial site in east London, a second site has opened in Lisbon with a further two London sites opening by Spring 2018.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£525,074	£3,249,446*	2.8%	£nil
B Ordinary Shares	£960,022	£1,623,551*	1.4%	£ nil
Total	£1,485,096	£4,872,997	4.2%	£ nil

*Valuation basis: Fair value



Sourced Market

Sourced Market, launched in 2007, is a retail, café and restaurant concept that offers a curated selection of locally sourced fresh produce replicating the products and ambience found at a farmers market. The company's first site in St Pancras International in King's Cross has been complemented by a flagship in London's Marylebone since Spring 2016 and a prominent new location in Victoria since November 2016. The group recently completed a fourth site in a smaller format in the Barbican area of the City of London which is trading well. Pembroke continues to support the company in optimisation of current sites and further growth as it rolls out new locations.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£830,000	£903,612*	18.1%	£nil
B Ordinary Shares	£1,066,767	£982,236	12.7%	£26,795
Total	£1,896,767	£1,885,848	30.8%	£26,795

*Valuation basis: Sales multiple

Part 1 – Investment Review continued



Bel-Air Inc

Founded in 2014 and beginning operations a year later, Bel-Air Inc is a Californian-inspired café offering distinctive fresh meats, fish and salads to the premium London breakfast and lunchtime dining market.

Bel-Air's first site in Shoreditch was joined by two further outlets in office locations in Farringdon and the City. Due to poor trading conditions all three sites were closed in November 2017 pending clarification of the company's financial position.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£300,000	£300,000*	7.7%	£nil
Total	£300,000	£300,000	7.7%	£nil

*Valuation basis: Cost

Apparel and Accessories



Kat Maconie

Kat Maconie, founded in 2008, designs and manufactures ladies shoes which are sold online, in department stores and in boutiques globally. The company continues to garner new wholesale distributors and in Summer 2017 the company collaborated with a major Korean television shopping channel, resulting in significant expansion in sales in the Asian market.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£320,000	£711,233*	22.3%	£nil
B Ordinary Shares	£200,000	£217,458	–	£12,033
Total	£520,000	£928,691	22.3%	£12,033

*Valuation basis: Last equity raise

Part 1 – Investment Review continued



Troubadour

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 through new wholesale accounts throughout Europe, America and Asia. The brand continues to develop its product line and has further enhanced its designs bringing together hardwearing textiles and its signature leather in modern, desirable luggage and business accessories.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£590,000	£1,171,722*	33.3%	£nil
B Ordinary Shares	£150,000	£158,859*	4.5%	£nil
Total	£740,000	£1,330,581	37.8%	£nil

*Valuation basis: Price of most recent investment



Bella Freud

The eponymously named Bella Freud company, led by its founder, designs and produces a range of high-end men's and women's clothing, focusing on knitwear. Currently, its products are available at the Company's flagship store on Chiltern Street in London, through its website and through a range of luxury boutiques and department stores in the UK, Asia and the US.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£400,000	£1,013,544*	23.0%	£nil
B Ordinary Shares	£800,000	£870,893	17.2%	£nil
Total	£1,200,000	£1,884,437	40.2%	£nil

*Valuation basis: Price of recent investment

Part 1 – Investment Review continued



Bella Freud Parfum

With the continuing success of her fashion brand, Bella Freud launched a series of fragrances incorporating five scents blending modernity and heritage, including Je t'aime Jane, Ginsberg is God, and 1970. The brand is now stocked through international retailers in the US, Hong Kong, Europe and Australia and has a product range which spans perfume, candles, scented matches and gift sets.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£190,000	£147,207*	22.5%	£nil
B Ordinary Shares	£50,000	£53,370	–	£nil
Total	£240,000	£200,577	22.5%	£nil

*Valuation basis: Fair value



Chucs

Chucs is a luxury brand of men's leisure wear. The company will seek routes to realise value in the Chucs brand through commercial partnerships with third party partners.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£990,039	£73,118*	0.0%	£ nil
B Ordinary Shares	£225,000	£26,882	11.7%	£ nil
Total	£1,215,039	£100,000	11.7%	£ nil

*Valuation basis: Fair value

Part 1 – Investment Review continued



ME+EM

ME+EM, founded in 2008, is a contemporary women's wear brand founded by Clare Hornby, designing and producing its collections primarily through catalogues and online, with one permanent retail site in Connaught Street, Bayswater, and a pop-up location on Elizabeth Street, Belgravia. The range now consists of dresses, knitwear, denim, separates and accessories. The brand targets women aged 30-55 who are busy and fashion conscious, offering a classic aesthetic embodying designer quality but at an affordable price. Recognising the ongoing potential of the company, Pembroke made a further equity investment and converted some of its previous loans in the last year to capitalise on the growth potential of the brand.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£800,000	£974,403*	4.2%	£ nil
Total	£800,000	£974,403	4.2%	£ nil

*Valuation basis: Cost



Alexa Chung

The iconic model and designer launched her own fashion label in May 2017. It offers luxury womenswear and has already achieved substantial wholesale success across its first three seasonal collections. The business will produce four in-season collections per year internationally, with a large number of wholesale stockists in over 15 countries, supplemented by a direct online sales channel. Pembroke participated in a rights issue in Summer 2017 resulting in a marginally increased stake in the company.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£988,961	£1,338,961*	18.6%	£nil
Total	£988,961	£1,338,961	18.6%	£nil

*Valuation basis: Most recent equity raise

Part 1 – Investment Review continued



Heist

Established in 2015, Heist is a premium hosiery manufacturer that seeks to redefine how tights can feel and wear.

Its ambitions are to evolve rapidly from being a London fashion editors' favourite to becoming the go-to shapewear brand for discerning women worldwide.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£748,242	£748,242*	8.4%	£nil
Total	£748,242	£748,242	8.4%	£nil

*Valuation basis: Cost

Part 1 – Investment Review continued

Media and Technology



Boat International Media

Recognised as the pre-eminent worldwide media group serving the superyacht industry, Boat International Media provides information and services across traditional print, digital media and high-quality events. In 2016 the team re-branded Show Boats magazine under the Boat International USA title.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£2,100,000	£1,873,525*	21.6%	£24,066
B Ordinary Shares	£1,600,000	£1,582,247*	–	£78,214
Total	£3,700,000	£3,455,772	21.6%	£102,280

*Valuation basis: EBITDA multiple



Rated People

Rated People, founded in 2005, is one of the UK's leading online market places for homeowners to find tradesmen for home improvement work. The company embarked on a new funding round in 2017 at an improved valuation, having implemented a number of cost saving initiatives and enhanced its customer service offering.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£585,738	£458,648*	1.9%	£nil
B Ordinary Shares	£55,480	£52,698*	0.3%	£nil
Total	£641,218	£511,346	2.2%	£nil

*Valuation basis: Price of recent investment

Part 1 – Investment Review continued



Blaze

Blaze designs products which enhance bike safety. Their flagship product is the Blaze Laserlight, which projects a laser image onto the ground five to six metres ahead of the cyclist to ensure other road users are aware of the cyclist's presence. The company has entered the global cycle-hire market with a broadened product offer, being featured throughout London's new Santander Cycle fleet, currently being rolled out across the capital. The company is also in discussions with the organisers of a number of other large city cycle hire schemes globally.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£200,000	£284,920*	2.3%	£nil
B Ordinary Shares	£352,697	£413,134*	4.1%	£nil
Total	£552,697	£698,054	6.5%	£nil

*Valuation basis: Fair value



Stillking Films

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, Quantum of Solace, Narnia, Mission Impossible 4 (Ghost Protocol) and Mars, and created music videos for artists including Beyoncé, Kanye West, Blur, Madonna and One Direction.

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	£1,451,770	£2,112,862*	5.0%	£nil
B Ordinary Shares	–	–	–	–
Total	£1,451,770	£2,112,862	5.0%	£nil

*Valuation basis: Fair value

Part 1 – Investment Review continued



Wishi Fashion

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

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£153,433	£153,433*	4.7%	£nil
Total	£153,433	£153,433	4.7%	£nil

*Valuation basis: Cost



Unbolted

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

Share Class	Cost	Valuation	Equity holding	Income recognised in period
Ordinary Shares	–	–	–	–
B Ordinary Shares	£250,033	£250,033*	4.4%	£nil
Total	£250,033	£250,033	4.4%	£nil

*Valuation basis: Price of recent investment

The cost figures and valuations set out on pages 34 to 46 are as at 30 September 2017 (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 (see paragraph 6.21 of Part 4).

'Income recognised in period' refers to the six months period ended 30 September 2017.

Part 1 – Case Studies

The following case studies from the Pembroke portfolio are intended to provide indicative information as to the type of investment the Manager might consider alongside the rationale and investment structures used for the investment. The following do not represent all of the Qualifying Investments from the Company's portfolio. The valuations (which are shown either as revalued at 30 September 2017 or, in the case of later investments or follow-on investments since that date, at cost) are unaudited and provided by the Manager.



Initial investment:	March 2014
Investment Cost*:	£1,485,096
Equity acquired:	4.64%
Fair value at 30.09.17:	£4,872,997
Board seat:	No
Valuation uplift:	+228%

*£525,075 from the Ordinary Share Pool,
£960,022 from the B Ordinary Share Pool

Business description:

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

Their first site on Hanbury Street in East London is at full capacity and has expanded to add an additional 20,000 sq ft, utilising new equity funds raised at a premium in March 2015. The company chose Lisbon for its second site to take advantage of the thriving entrepreneurial sector in the city, with a further two London sites opening by Spring 2018.

Investment structure:

Ordinary equity.

Investment rationale:

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

Post investment developments:

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

Part 1 – Case Studies continued

PLENISH.

Initial investment:	June 2013
Investment cost* :	£1,375,035
Equity acquired:	33.4%
Fair value at 30.09.17:	£2,470,996
Board seat:	Yes
Valuation uplift:	+180%

*£325,000 from Ordinary Share Pool,
£1,050,035 from B Ordinary Share Pool

Business description:

Plenish is a cold-pressed juicing and nut milk company based in London. Plenish produces 100% raw, organic and cold-pressed juice using a range of vegetables and fruits. It has a range of seven juices and in 2016 expanded its range to include four flavours of nut milk which have been well received by the wholesale and retail markets and are now stocked by several of the UK's major supermarket groups.

Investment structure:

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

Investment rationale:

- Highly recognisable brand in the cold pressed juice space
- Growing cold press juicing market in the UK, with the US market valued at \$5 billion growing at 4-8% year on year
- Prominent competitor to significant incumbent in UK nut milk space, a rapidly growing category for those seeking a non-dairy milk option

Post investment developments:

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

ALEXACHUNG

Initial investment:	April 2016
Investment cost*:	£988,961
Equity acquired:	18.6%
Fair value at 30.09.17:	£1,000,000
Board seat:	Yes

*all from B Ordinary Share Pool

Business description:

Following her well-recognised career success in modelling, TV presenting, writing and fashion collaborations with H&M and Marks & Spencer, Alexa Chung sought a backer for the launch of her own fashion label in May 2017. The resulting collection reflects Alexa's own personality and fashion direction, offering accessible luxury womenswear to a global market. It has and has already achieved substantial wholesale success across its first three seasonal collections. It will produce four in-season collections per year internationally, with a large number of wholesale stockists in over fifteen countries, supplemented by a direct online sales channel.

Pembroke participated in a rights issue in Summer 2017 resulting in a marginally increased stake in the company.

Investment structure:

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

Investment rationale:

- Iconic model and fashion lead with large social media following
- Opportunity to combine immediate brand recognition with an innovative range of womenswear targeting the affordable luxury design segment, a move widely anticipated by the fashion press
- Proven pre-launch interest from wholesalers across the globe including Galeries Lafayette, Kadewe, Lane Crawford, Net-a-Porter and Selfridges

Post investment developments:

- Well publicised launch event widely reported in the fashion and mainstream press, generating immediate retail interest in the first collection, which achieved strong sales
- Wholesale customers now number over 80 groups worldwide
- Company is now selling its third collection with design work ongoing in support of subsequent collections

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 varied on 3 October 2014 and 1 December 2017 (the “IMA”). Pursuant to the IMA, the Manager provides discretionary and advisory investment management services to the Company in respect of its portfolio of investments. The Manager acts as the Alternative Investment Fund Manager to the Company.

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 £30 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 0.1% 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, any Performance Fee payable and, in any rolling period of 12 months, does not include the lesser of “X” and the aggregate value of any fundraising costs, audit fees, administration, accounting and company secretarial costs, share registrars’ fees, London Stock Exchange fees, printing and mailing costs in respect of the Audited Accounts, interim accounts and circulars to shareholders, fees in respect of regulatory announcements made through a Regulatory Information Service, corporate broking fees, insurance premiums and remuneration of the Board (including employers’ national insurance contributions). For such time as the Net Asset Value of the Company is £100,000,000 or less, “X” is £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, “X” is £500,000.

Performance Incentive Fees

As is customary in the venture capital industry, the Manager will receive a performance related Performance Fee when the Company has performed well and in order to ensure that the interests of the Manager and Shareholders are aligned and to provide a strong incentive to the Manager. The Performance Fee is calculated as 20% (exclusive of VAT) of any amounts distributed to Shareholders in excess of £1 per Share. The Performance Fee in relation to the return on the Ordinary Shares is subject to satisfaction of a hurdle which is that

Ordinary Shareholders have received in aggregate a return equivalent to at least 8% per annum per Share (calculated on a daily basis and not compounded) on the amount subscribed per Share (100 pence) 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 (100 pence) 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.

The Company paid a 3 pence per Share dividend to Ordinary Shareholders in September 2014, a 0.6 pence per Share dividend to Ordinary Shareholders in October 2015, a 2 pence per Share dividend to Ordinary Shareholders in October 2016, a 2 pence per Share dividend to Ordinary Shareholders in October 2017 and the intention is to pay a further 1 pence per Share dividend shortly after 5 April 2018.

Part 1 – The Manager, Management Arrangements and Costs continued

As anticipated, the B Ordinary Shareholders received their first dividend of 2 pence per Share in October 2016, with a further dividend of 2 pence per Share in October 2017.

The B Ordinary Share will target an annual dividend of 3 pence 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 may repurchase shares which Shareholders wish to sell, at a discount of no more than 5% to net asset value per Share, less transaction costs payable 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 granted at the 2017 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 April 2016 acknowledges that in relation to smaller listed companies some of the provisions of the Code will be disproportionate or less relevant and that externally managed investment companies typically have a board structure which may affect the relevance of certain of its provisions.

Accordingly, the Company will comply with all the provisions of the Code save that (i) new Directors do not receive a full, formal and tailored induction on joining the Board (such matters are addressed on an individual basis as they arise), but any newly appointed Director will be given a comprehensive introduction to the Company's business, including meeting the Company's advisers, and full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary, (ii) the Company does not conduct a formal review as to whether there is a need for an internal audit function as the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust and (iii) as all the Directors are non-executive, it is not considered appropriate to appoint a nomination or remuneration committee. Peter Dubens, a Director of the Company, is also a member of the Audit Committee. Since he is a member with a majority interest in the Manager, he is not considered to be independent. However, the Independent Board believes that this relationship results in enhanced communication between the Company and the Manager as well as closer supervision of the Manager's performance. The Independent Board, therefore, believes that this appointment is to the advantage of the Company.

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

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

Part 1 – The Manager, Management Arrangements and Costs continued

Status of the Company

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

Taxation and HM Revenue & Customs approval

The Directors intend to manage the Company's affairs in order that it continues to comply with the legislation applicable to VCTs. In this regard Philip Hare & Associates LLP has been appointed to advise on tax matters generally and, in particular, on VCT status. HM Revenue & Customs has granted the Company approval as a VCT, and Philip Hare & Associates LLP will assist the Manager (but report directly to the Board) in monitoring 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 confirmation that the B Ordinary Shares will be regarded as VCT eligible shares.

Life of the Fund

Given the changes made to the VCT Rules in 2015 and the consequent shortage of 'evergreen' VCTs unaffected by the new rules, the Directors sought, and were granted, Shareholder approval to extend the life of the Fund on a rolling basis (such that it became 'evergreen' with no fixed termination date). However, the Directors intend to keep under review whether it is in the best interest of Shareholders for the fund to continue 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 as Joint Promoter), in return for which it shall receive the Promoter Fee on the value of each application for B Ordinary Shares accepted by the Company.

With the exception of those Investors who make Early Applications, Oakley will be paid a Promoter Fee of 2.5% on accepted applications under the Offer (5.5% if Oakley is required to pay commission to an Intermediary).

In the case of Investors who make Early Applications (with no Intermediary commission) before 5.00 p.m. on 12 January 2018, Oakley will receive a fee of 1.5% except in those cases where the Applicants invest directly (which will attract a Promoter Fee of 3%).

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:

- 1% for valid applications received by 5.00 p.m. on 12 January 2018

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 2.0% of the Company's net asset value (and to the extent that they exceeded that cap, the Manager would bear those costs). The Manager is entitled to an annual management fee of the amount by which the Annual Running Costs (other than the annual management fee) are less than 2.0%. It is, therefore, expected that the Annual Running Costs payable by the Company each year will be 2.0% of its net asset value.

The City Partnership (UK) Limited provide certain administrative, accounting and company secretarial services to the Company for an annual fee (currently at a rate of £65,828 per annum (subject to increase by an amount equal to 0.05% of any further funds raised by the Company in any future share issues), plus VAT at the relevant rate, payable quarterly in advance and increases annually in line with RPI.

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 0.1% of the net asset value.

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

Details of the Offer

It is proposed to raise in aggregate up to £30 million by means of the Offer, being the principal offer of £20 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 1 December 2017 and it is expected to remain open until 12.00 p.m. on 5 April 2018 in relation to the 2017/18 tax year, and until 5.00 p.m. on 28 June 2018 in relation to the 2018/19 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 2018/19 Offer, may be extended by the Directors at their absolute discretion to a date no later than 30 November 2018.

Investors must ensure that any subscriptions in relation to the 2017/18 tax year are received before 12.00 p.m. on 5 April 2018 and that subscriptions in relation to the 2018/19 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 2.5% (disregarding the over-allotment facility) will be approximately £19,500,000. There is no minimum aggregate subscription below which the Offer will not proceed. The Company will pay Oakley a Promoter 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).

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

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 15 January 2018. Successful applicants will be notified by post.

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

Summary of Offer Costs and Charges payable by Investors

Promoter Fee	Advised	Execution only	Direct Investor (not an existing Shareholder)	Direct Investor (existing Shareholder)
1% Early application discount (until 12.01.18)	1.5%	4.5%	3%	1%
Normal application (after 12.01.18)	2.5%	5.5%	4%	2%

The Promoter Fee is paid by the Investor by means of a deduction from their sum submitted which is used to purchase B Ordinary Shares.

An Intermediary who has given advice to his client may ask that the payment of his fee be facilitated by the Company where the client has included the Intermediary’s Adviser Charge in the sum remitted with the application. If this is the case, section 11 should be updated on the Application Form.

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

Commission

Commission is payable to Intermediaries by Oakley out of the Promoter Fee. 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. Those Intermediaries who are permitted to receive commission will receive an initial commission of: i) up to 4.5% of the amount invested by their clients under the Offer in a single payment; or ii) up to 3% of the amount invested by their clients under the Offer initially and 0.5% each year thereafter for a maximum of four years.

	Advised (initial only)	Advised (initial and ongoing)	Execution only
Initial Intermediary fees			
Initial advisory fees	up to 4.5%	up to 3%	–
Commission available	–	–	up to 3%
Continuing annual fee			
IFA advisory fee	–	up to 0.5%	–
Execution only commission	–	–	up to 0.5%

All figures in the above table are percentages of the sum remitted with the application less any Adviser Charges the payment of which is to be facilitated by the Company.

Additionally, provided that the Intermediary continues to act for the Investor and the Investor continues to be the beneficial owner of the B Ordinary Shares, and subject to applicable laws, regulations and FCA rules, the Company reserves the right to agree trail commission with Intermediaries on an individual basis up to 0.5% of the sum submitted per annum 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 and is normally available for a period of up to four years.

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. 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 11). The Investor will be issued fewer B Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula. The Adviser Charge is inclusive of VAT, if applicable.

Dividend Investment Scheme

The Company has adopted 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 9 on 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 The City Partnership (UK) Limited on 0131 243 7210 to request a DIS application form.

Part 2 – Taxation Considerations for Investors

1. Individual Shareholders

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

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 2018 for the tax year 2017/18 and £200,000 on or after 6 April 2018 for the tax year 2018/19. 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.

Part 2 – Taxation Considerations for Investors continued

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. From 1 April 2020, this requirement will increase to 80%. At least 70% by value of those Qualifying Holdings must be ordinary shares which carry no preferential rights to assets on a winding-up nor any rights to be redeemed, although they may have certain preferential rights to dividends;
 - 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. From 6 April 2018, a company which is deemed to be a Knowledge Intensive Company may receive up to £10 million of State Aid investment in a twelve month period;
 - 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;
 - xi. no investment made by the Company in a company which causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of State Aid investment (including from VCTs) over the company's lifetime;
 - 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;
 - xiii. no funds received from an investment into a company can be used to acquire another existing business or trade; and
 - xiv. the VCT must not make a Non-Qualifying Investment other than those specified in section 274 ITA 2007.
2. In order, however, to facilitate the launch of VCTs, there is a relaxation of some of these tests during the Company's first and, in the case of the test referred to in 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 NEX are treated as unquoted.
 - ii. have gross assets of £15 million or less immediately pre-investment and £16 million or less immediately post investment (in the case of companies which have Qualifying Subsidiaries (see below), the test is applied on a group basis);
 - iii. must have a permanent establishment in the UK;
 - iv. not be able to control (whether on its own or together with a connected person) any company which is not a Qualifying Subsidiary;
 - v. not be controlled by another company (on its own or together with a connected person);
 - vi. have fewer than 250 employees immediately pre-investment (500 for a Knowledge Intensive Company); and
 - vii. not have any property managing subsidiaries which do not fall into the definition of relevant Qualifying Subsidiaries (see below).

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.

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

Qualifying Companies

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(xiv) 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) to 1(xiv) 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 above 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 1 pence each issued fully paid to the subscribers to the memorandum of the Company (the “Subscriber Shares”) which are held by HK Nominees Limited and HK Registrars Limited.
- 2.2 The following resolutions were passed by the Company at a general meeting held on 5 January 2017:
 - 2.2.1 that the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £250,000 in connection with the offer(s) for subscription and further amounts up to an aggregate nominal amount representing 10% of the issued Ordinary Share and B Ordinary Share capital of the Company from time to time, such authority expiring on 4 April 2018 unless revoked, varied or extended by the Company in general meeting;
 - 2.2.2 that the pre-emption rights in respect of the above allotments be disapplied; and
 - 2.2.3 that, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company at the date an order is made confirming such cancellation by the Court, be cancelled.
- 2.3 The following resolutions were passed by the Company at its annual general meeting held on 7 September 2017:
 - 2.3.1 that, in accordance with article 147 of the Company’s articles of association and in addition to existing authorities, the Directors of the Company be authorised to allot and issue Ordinary Shares and B Ordinary Shares pursuant to the terms and conditions of the dividend investment scheme adopted by the Company on 3 December 2015 up to an aggregate nominal amount representing 10% of the issued Ordinary Share and B Ordinary Share capital of the Company from time to time, such authority expiring the earlier of the annual general meeting to be held in 2018 and the date which is 15 months after the date the resolution was passed;
 - 2.3.2 that the pre-emption rights in respect of the above allotments be disapplied; and
 - 2.3.3 that the Company be authorised to make market purchases of up to 14.99% of its issued Ordinary Share capital and up to 14.99% of its issued B Ordinary Share capital from time to time, the minimum price being 1 pence per Share, the maximum price which may be paid for a Share is an amount equal to 105% of the average of the middle market prices shown in the quotations for the relevant share class in the London Stock Exchange Daily Official List for the five Business Days immediately preceding the day on which that Share is purchased, such authority expiring on the earlier of the annual general meeting to be held in 2018 and the date which is 15 months after the date the resolution was passed.
- 2.4 At a general meeting of the Company convened for 8 January 2018 the following resolutions are being put to Shareholders:
 - 2.4.1 that the Directors of the Company be authorised to allot B Ordinary Shares up to an aggregate nominal value of £300,000 pursuant to offer(s) for subscription and further amounts up to an aggregate nominal amount representing 20% of the issued B Ordinary Share and Ordinary Share capital of the Company from time to time, such authority expiring on 7 April 2019 unless revoked, varied or extended by the Company in general meeting;
 - 2.4.2 the pre-emption rights in respect of the above allotments be disapplied; and
 - 2.4.3 subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company at the date an order is made confirming such cancellation by the Court, be cancelled.
- 2.5 On 27 November 2012, 50,000 Redeemable Preference Shares in the Company were allotted and issued to Oakley Capital Management Limited and paid up as to one quarter so as to enable the Company to obtain a certificate under section 761 of the CA 2006. The Redeemable Preference Shares were redeemed on 13 July 2013 and cancelled on 24 July 2013 by the Company out of the proceeds of the original Ordinary Share offer.

Part 4 – Additional Information continued

- 2.6 The issued share capital history of the Company since 31 March 2014 is as follows:
- 2.6.1 During the year ended 31 March 2015, the Company issued 1,979,400 B Ordinary Shares. As at 31 March 2015, the issued share capital of the Company comprised 18,141,202 Ordinary Shares and 1,979,400 B Ordinary Shares, none of which were held in treasury.
 - 2.6.2 During the year ended 31 March 2016, the Company issued 6,137,377 B Ordinary Shares, and repurchased 50,000 Ordinary Shares. As at 31 March 2016, the issued share capital of the Company comprised 18,091,202 Ordinary Shares and 8,116,777 B Ordinary Shares, none of which were held in treasury.
 - 2.6.3 During the year ended 31 March 2017, the Company issued 1,095 Ordinary Shares and 7,169,034 B Ordinary Shares. During the year the Company did not repurchase any Shares. As at 31 March 2017, the issued share capital of the Company comprised 18,092,297 Ordinary Shares and 15,285,811 B Ordinary Shares, none of which were held in treasury.
 - 2.6.4 Since 31 March 2017 to 30 November 2017 (being the latest practicable date prior to the publication of this document), the Company issued 1,832 Ordinary Shares and 10,107,568 B Ordinary Shares. No Shares have been repurchased by the Company in that period. As at 30 November 2017 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company comprised 18,095,005 Ordinary Shares and 25,387,368 B Ordinary Shares, none of which were held in treasury.
- 2.7 Save as disclosed in this paragraph 2 and pursuant to the Offer, since the date of its incorporation, no share or loan capital of the Company or any subsidiary has been issued or agreed to be issued, or (except pursuant to the Offer) is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages, or other special terms have been granted by either the Company or any subsidiary, in connection with the issue or sale of any such capital.
- 2.8 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- 2.9 Save as disclosed in this document and pursuant to the Offer, no material issue of Shares (other than to Shareholders *pro rata* to existing holdings) will be made within one year without the prior approval of Shareholders in general meeting.
- 2.10 The Shares will be in registered form and temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B89W2T50 and the SEDOL code is B89W2T5. The ISIN of the B Ordinary Shares is GB00BQVC9S79 and the SEDOL code is BQVC9S7. The LEI of the Company is 213800RLWAGHVUX8HR40.
- 2.11 The issued share capital of the Company is, at the date of this document, 18,095,005 Ordinary Shares and 25,387,368 B Ordinary Shares. Assuming full subscription under the Offer, full utilisation of the over-allotment facility, an Offer Price of 103.27 pence per B Ordinary Share and a Promoter Fee of 2.5% on all such subscriptions, the issued share capital of the Company will be 18,095,005 Ordinary Shares and 53,711,179 B Ordinary Shares.
- 2.12 The Company will be subject to the continuing obligations of the UK Listing Authority and the London Stock Exchange with regard to the issue of securities for cash and the provisions of section 561 of the CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to share capital of the Company which is not subject to the disapplications referred to in sub-paragraphs 2.3.2 and 2.4.2 above.

3. Articles of Association

- 3.1 The articles of association of the Company provide that its principal object is to carry on the business of a venture capital trust and that the liability of members is limited.
- 3.2 The articles contain provisions to the following effect:
- 3.2.1 **Voting Rights**
Subject to any disenfranchisement as provided in paragraph 3.2.5 below and subject to any special terms as to voting on which any shares may be issued, on a show of hands every member present in person (or being a corporation, present by 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.

Part 4 – Additional Information continued

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

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

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

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

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

3.2.3 Transfer of Shares

Subject to paragraph 3.2.15 below, the Shares are in registered form and will be freely transferable. All transfers of Shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer of a Share shall be executed by or on behalf of the transferor and, in the case of a partly paid share by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid Share, provided that such refusal does not prevent dealings taking place on an open and proper basis and may also refuse to register any instrument of transfer unless:

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

3.2.4 Dividends

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

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

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

3.2.5 Disclosure of Interest in Shares

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

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

Part 4 – Additional Information continued

3.2.6 Distribution of Assets on Liquidation

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

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

3.2.7 Changes in Share Capital

3.2.7.1 Without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or in the absence of such determination, as the Directors may determine. Subject to the CA 2006, the Company may issue shares, which are, or at the option of the Company or the holder are, liable to be redeemed.

3.2.7.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amounts, sub-divide its shares or any of them into shares of smaller amounts, or cancel or reduce the nominal value of any shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount so cancelled or the amount of the reduction.

3.2.7.3 Subject to the CA 2006, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, and may also, subject to the CA 2006 (and by resolution of the holders of the shares repurchased where such shares are convertible shares), purchase its own shares.

3.2.8 Special Reserve

The Articles provide for the special reserve resulting from the cancellation of the Company's share premium account on 26 March 2014 following the initial Ordinary Share issue to be available for use in relation to dividends on and share buy-backs of all share classes of the Company, including the B Ordinary Shares.

3.2.9 Variation of Rights

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

3.2.10 Directors

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

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

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

A Director of the Company may continue or become a Director or other officer, servant or member 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.

Part 4 – Additional Information continued

3.2.11 Directors' Interests

- 3.2.11.1 A Director who is in any way, directly or indirectly, interested in a transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the CA 2006, the nature of his interest.
- 3.2.11.2 Provided that he has declared his interest in accordance with paragraph 3.2.11.1, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit that he derives from such office or interest or any such transaction or arrangement.
- 3.2.11.3 A Director shall not vote nor be counted in the quorum at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through the Company, unless his interest arises only because the case falls within one or more of the following paragraphs:
- 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 3.2.12.3 below, the ordinary remuneration of the Directors shall be such amount as the Directors shall from time to time determine (provided that unless otherwise approved by the Company in general meeting the aggregate ordinary remuneration of such Directors, including fees from the Company, shall not exceed £100,000 per year) to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 3.2.12.2 Any Director who, by request of the Directors, performs special services for any purposes of the Company may be paid such reasonable extra remuneration as the Directors may determine.

Part 4 – Additional Information continued

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 2001. The new B Ordinary Shares to be issued under the Offers have been made eligible for settlement in CREST.

3.2.16 General Meetings

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

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

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

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

If within 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.

Part 4 – Additional Information continued

4. Directors and Other Interests in the Company

- 4.1 DTR 5 of the Disclosure Guidance and Transparency Rules requires a Shareholder to notify the Company of the percentage of its shares he holds if such percentage reaches, exceeds or falls below 3% or subsequent 1% thresholds. The Company will make such information public through a Regulatory Information Service. With the exception of Roy Nominees Limited, which as at 30 November 2017, being the last practicable date prior to publication of this document, holds 3,534,000 Ordinary Shares and UBS Private Banking Nominees Limited which, as at 30 November 2017 holds 4,503,400 B Ordinary Shares (being approximately 19.5% and 17.7% 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 2.5% on all such subscriptions at an Offer Price of 103.27 pence 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%	586,689	1.1%
Laurence Blackall	200,000	1.1%	100,000	0.2%
Jonathan Djanogly	25,000	0.1%	25,000	0.0%

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

- 4.3 Save as disclosed above, no Director nor any person connected with any Director has any interest in the share capital or loan capital of the Company whether beneficial or non-beneficial and no shares in the capital of the Company are being reserved for allocation to existing Shareholders or Directors.
- 4.4 The Company's major shareholders do not have different voting rights.
- 4.5 Peter Dubens has a controlling interest in Oakley and is also a member of the Manager (holding a majority of the membership interest). As the investment manager of the Company, the Manager is a related party for the purposes of the Listing Rules of the FCA. By virtue of Oakley being an associate of Peter Dubens for the purposes of the Listing Rules, any transactions between the Manager and the Company, or Oakley and the Company, are potentially related party arrangements.
- 4.6 No Director is or has since the period from the Company's incorporation been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company and remains in any respect outstanding or unperformed.
- 4.7 No loans made or guarantees granted or provided by the Company to or for the benefit of any Director are outstanding.
- 4.8 There are no service contracts in existence between the Company and any of its Directors nor are any such contracts proposed. The services of the Directors are provided to the Company pursuant to letters of appointment dated 15 February 2013 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 5.7 below. All the Directors are non-executive. Save in respect of these letters of appointment, no member of any administrative, management or supervisory body has a service contract with the Company.
- 4.9 There are no family relationships between any of the Directors or members of the Manager or between any of the Directors and the 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):

Part 4 – Additional Information continued

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 Double Digit Media Limited Flora Park General Partner Limited Hypersonica Limited Manoir Hotels Limited Oakley Capital Investments Limited Pembroke VCT plc Send For Help Limited Shadeweir Inns Limited Whiteweir Inns Limited	Daisy Holdings Limited EXMS 11 Limited (in liquidation) KVH Media Group Limited
Peter Dubens 5GFR LLP Alpha Charlie Limited Avondale Film Partnership LLP Boat Bidco Limited Boat International Group Limited Emplane Limited Harwood Film Partnership LLP Kizbel (Bermuda) Limited KX Café UK Limited KX Chelsea Limited KX Group Holding Limited KX Gym UK Limited KX Holdings Limited KX Spa UK Limited KX U Limited KXDNA Limited Middlesex (Bermuda) Limited North Technology Group LLC NSG (Bermuda) GP Limited NSG Apparel BV 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 Oakley Capital Investments Limited Oakley Capital Limited Oakley Capital Management (Bermuda) Limited Oakley Capital Management Limited Oakley Capital Partners LLP Oakley Investment Managers LLP Ocean Family Foundation Palmer Capital Associates Limited Palmer Capital LLP	Broadstone Group Executive Limited Daisy Data Centre Solutions Limited Daisy Holdings Limited Global Licensing Limited Healthy & Eatali Limited Host Europe Holdings Limited* KX Covent Garden Limited Oakley Absolute Return Limited Oakley Advisory Limited Oakley Capital Corporate Finance LLP (dissolved) Oakley Opportunities Fund Limited Palmer Capital Associates Management Limited Pembroke VCT 2 plc Principia Investment Management Limited Profounders Capital Limited Star Air Media (Group) Limited (dissolved) Star Air Media (Holdings) Limited (dissolved)

Part 4 – Additional Information continued

Current Directorships and partnership interests	Previous Directorships and partnership interests
Pembroke Investment Managers LLP Pembroke Managers Limited Pembroke VCT plc Principia Fund Management (Bermuda) 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 Plc Time Out Group MC Limited Time Out New York Limited Tomasoni TopSail S.p.A	

* 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 The Company has taken out directors' and officers' liability insurance for the benefit of the Directors.
- 4.13 The estimated aggregate remuneration, including benefits in kind, to be paid to the Directors by the Company in the financial period ended 31 March 2017, based on the arrangements currently in place with each Director, will not exceed £100,000.
- 4.14 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.
- 4.15 There are no restrictions agreed by any Director or member of the Manager on the disposal within a certain time period of their holdings in the Company's securities.
- 4.16 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.
- 4.17 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 5.7 below which refers to the Directors' Letters of Appointment.
- 4.18 The audit committee of the Company (the "Committee") comprises Laurence Blackall (Chairman) and Jonathan Djanogly and meets at least twice a year. The Company's auditor may be required to attend such meetings. The Committee shall prepare a report each year addressed to the Shareholders for inclusion in the Company's annual report and accounts. The duties of the Committee are, *inter alia*:
- 4.18.1 to review and approve the interim and annual results of the Company and the statutory accounts before submission to the Board;
 - 4.18.2 to review management accounts;
 - 4.18.3 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
 - 4.18.4 to consider matters of corporate governance as may generally be applicable to the Company and make recommendations to the Board in connection therewith as appropriate.
- The Company does not have a remuneration committee.

Part 4 – Additional Information continued

5. Material Contracts

The following constitutes a summary of the principal contents of each material contract entered into by the Company, otherwise than in the ordinary course of business, in the two years immediately preceding the date of this document or which are expected to be entered into prior to Admission. Save as set out below, 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 Offer Agreement – Current B Share Offer

Under an Offer Agreement dated 1 December 2017 and made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor 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, with the exception of those Investors who make Early Applications (see below), Oakley will be paid a Promoter Fee of 2.5% on accepted applications under the Offer (where it is not required to pay commission to an Intermediary). If Oakley is required to pay commission to an Intermediary, Oakley will be paid a Promoter Fee of 5.5% on accepted applications.

In the case of Investors who make Early Applications (with no Intermediary commission) before 5.00 p.m. on 12 January 2018, Oakley will receive a Promoter Fee of 1.5% on any applications except those through direct investments (which will attract a Promoter Fee of 3%).

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 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 5.5% 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 2019. 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 higher)) for the Manager and one-half year's director's fees for each Director. The Company has also agreed to indemnify the Sponsor in respect of its role as sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

5.2 Offer Agreement – 2016/17 B Share Offer

Under an Offer Agreement dated 30 November 2016 made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor agreed to act as sponsor to the Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2016/17 B Share Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of Shares. Under this Offer Agreement, the Company paid Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for Shares received pursuant to the 2016/17 B Share Offer.

Oakley paid all costs and expenses of or incidental to the 2016/17 B Share Offer and subsequent admission of B Ordinary Shares including commission payable to Kin Capital. The Company paid a promoter fee on the value of each application for B Ordinary Shares accepted by the Company under that offer. Total initial costs payable by the Company under the Offer Agreement were limited to 5% of the gross proceeds of the 2016/17 B Share Offer.

Under this Offer Agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors gave certain warranties and indemnities. Warranty claims must be made by no later than 60 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2018. The warranties and indemnities were in usual form for a contract of this type and the warranties were subject to limits of £100,000 for Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the 2015/16 B Share Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as sponsor and under the Offer Agreement. The Offer Agreement could be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus had arisen or any breach of warranty had occurred.

Part 4 – Additional Information continued

5.3 Offer Agreement – 2015/16 B Share Offer

Under an Offer Agreement dated 29 October 2015 made between the Company (1), the Directors (2), the Sponsor (3), the Manager (4), Oakley (5) and Kin Capital (6), the Sponsor agreed to act as sponsor to the Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2015/16 B Share Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of Shares. Under this Offer Agreement, the Company paid Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for Shares received pursuant to the 2015/16 B Share Offer.

Oakley paid all costs and expenses of or incidental to the 2015/16 B Share Offer and subsequent admission of B Ordinary Shares including commission payable to Kin Capital. The Company paid a promoter fee on the value of each application for B Ordinary Shares accepted by the Company under that offer. Total initial costs payable by the Company under the Offer Agreement were limited to 5% of the gross proceeds of the 2015/16 B Share Offer.

Under this Offer Agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital, the Company and the Directors gave certain warranties and indemnities. Warranty claims must be made by no later than 60 days after the date of the publication of the audited accounts of the Company for the accounting year ending 31 March 2017. The warranties and indemnities were in usual form for a contract of this type and the warranties were subject to limits of £100,000 for Oakley, £100,000 for Kin Capital and £2,000,000 (or 70% of gross funds raised under the 2015/16 B Share Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director. The Company also agreed to indemnify the Sponsor in respect of its role as sponsor and under the Offer Agreement. The Offer Agreement could be terminated, *inter alia*, if any statement in the Prospectus is untrue, any material omission from the Prospectus had arisen or any breach of warranty had occurred.

5.4 Investment Management Agreement

An agreement (the "IMA") dated 15 February 2013 and made between the Company and the Original Manager whereby the Original Manager agreed to provide discretionary investment management and advisory services to the Company in respect of its portfolio of Qualifying Investments and Non-Qualifying Investments. On 1 July 2014 the IMA was novated to the Manager and on 3 October 2014 and 1 December 2017 the IMA was varied.

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

The Manager has agreed with the Company that it will indemnify the Company if the total Annual Running Costs of the Company are more than 2% of net asset value. Otherwise the Manager will receive an annual management fee only if, and to the extent that, the Annual Running Costs (disregarding any annual management fee payable) amount to less than 2% of the Company's NAV. In such a case the management fee (exclusive of VAT) will be payable quarterly 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 5.5 below the Performance Fee is calculated separately on the Ordinary Shares and the B Ordinary Shares and the Performance Fee on the Ordinary Shares is conditional on 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.

Part 4 – Additional Information continued

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.

5.5 Investment Management Agreement Amendment Agreement

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

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

5.6 Investment Management Agreement Further Amendment Agreement

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

5.7 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 4.8 above whereby he is required to devote such time to the affairs of the Company as the Board reasonably requires consistent with his role as non-executive Director. The Chairman of the Company is entitled to receive an annual fee of £20,000 and each other Director an annual fee of £15,000. Each party can terminate the relevant agreement by giving to the others at least three months’ notice in writing to expire at any time on or after the date 15 months from the respective commencement date of the letter. In respect of the last reporting period to 31 March 2017, Jonathan Djanogly received £20,000, Laurence Blackall received £15,000 and Peter Dubens received £nil.

5.8 Administration Agreement

An agreement dated 15 February 2013 (as varied on 3 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. Further to an amendment agreement entered into between the Company and the Administrator on 3 October 2014, following the launch of the Initial B Share Offer the annual fee was increased to take into account the creation of the B Ordinary Share class (with it being agreed that the annual fee would be based upon gross funds raised by the Company under all of its offers). The administration fee is currently charged at a rate of £65,828 per annum (subject to increase by an amount equal to 0.05% of any further funds raised by the Company in any future share issues), plus VAT at the relevant rate. The annual fee is payable quarterly in advance and increases annually in line with RPI.

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

Part 4 – Additional Information continued

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) during the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 6.3 The Company has not, nor has it had since incorporation, any employees and it neither owns nor occupies any premises.
- 6.4 The Manager will receive management fees and other payments from the Company as described in paragraph 5 above. 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.
- 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 £20 million is raised under the Offer (with the over-allotment facility not being utilised and a Promoter Fee of 2.5% on all such subscriptions) the net proceeds will amount to approximately £19,500,000. If the over-allotment facility is utilised, and the maximum of £30 million is raised, the net proceeds will amount to approximately £29,250,000.
- 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 and Wales as auditors.
- 6.11 The Company has given notice to the Registrar of Companies, pursuant to section 833 of the CA 2006, of its intention to carry on business as an investment company, which will enhance its ability to pay dividends out of income.
- 6.12 Save for the fees paid to the Directors of the Company as detailed in paragraph 5.7 above, the fees payable for investment adviser services under the IMA, the fees payable to Palmer for its services in relation to the Initial B Share Offer, the fees payable to Oakley for its services in relation to the 2015/16 B Share Offer, the 2016/17 B Share Offer and the Current B Share Offer, and the irrevocable and unconditional commitments to subscribe for B Ordinary Shares from each Director in relation to the Initial B Share Offer, there have been no other related party transactions or fees paid by the Company during the Reporting Period, or since 30 September 2017 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 2017.

Shareholders' equity	£
Called up share capital	434,399
Legal reserve (share premium account)	27,526,580
Other reserves (excludes revenue reserve)	18,694,384
Total	46,655,363

There has been no material change in the capitalisation of the Company since 30 September 2017.

- 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.

Part 4 – Additional Information continued

- 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 31 and 32 which contains information about the policies which it will follow relating to asset allocation, risk diversification and which includes maximum exposure.
- 6.19 Shareholders will be informed, by means of the interim and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 6.20 The Manager has given, and has not withdrawn, its written consent to the issue of this document with the inclusion of its name in this document in the form and context in which they are included.
- 6.21 The Manager accepts responsibility for the financial information contained in or referred to on pages 49 and 34 to 46 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 this document with the inclusion of its name in the form and context in which it is included.
- 6.24 The issued share capital of the Company as at the date of this document is 18,095,005 Ordinary Shares and 25,387,368 B Ordinary Shares. Assuming a full subscription of £30 million at an Offer Price of 103.27 pence per B Ordinary Share (with the over-allotment facility fully utilised and a Promoter Fee of 2.5% on all such subscriptions), the existing Shares would represent 39.4% of the enlarged issued share capital of the Company.
- 6.25 As at 30 September 2017, the date to which the most recent financial information on the Company has been drawn up, the unaudited NAV per Ordinary Share was 113.19 pence and unaudited NAV per B Ordinary Share was 103.27 pence.
- 6.26 The information contained in this document sourced from third parties has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render such information inaccurate or misleading. Where such information has been included in this document, the source of that information has been identified.
- 6.27 The results of the Offer will be announced through a Regulatory Information Service within three Business Days of the closing date of the Offer.
- 6.28 The Company and the Directors consent to the use of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of securities by financial intermediaries, from the date of the Prospectus until the close of the Offer. The Offer is expected to close on or before 5.00 p.m. on 29 June 2018, unless previously extended by the Directors to a date no later than 30 November 2018. There are no conditions attaching to this consent. Financial intermediaries may use the Prospectus in the UK.
- 6.29 Information on the terms and conditions of the Offer will be given to investors by financial intermediaries at the time that the Offer is introduced to investors. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out in paragraph 6.28.**

Part 4 – Additional Information continued

- 6.30 The maximum number of B Ordinary Shares which are the subject of this Prospectus is 30,000,000 B Ordinary Shares.
- 6.31 Any forward looking statements in this Prospectus do not in any way seek to qualify the working capital statement in paragraph 6.13 of this Part 4 and will be updated as required by the Prospectus Rules, the Listing Rules and the Disclosure Guidance & Transparency Rules, as appropriate.

7. Financial Information

A. Introduction

The Company's auditor is Grant Thornton UK LLP, registered auditor, of 30 Finsbury Square, London EC2P 2YU and regulated by the Institute of Chartered Accountants in England and Wales, and has been the only auditor of the Company since its incorporation on 26 November 2012.

The financial information in relation to the Company contained in the following section of this Part 4 has been extracted without material adjustment from the audited statements and accounts of the Company for the periods ended 31 March 2015, 31 March 2016 and 31 March 2017 and the unaudited interim accounts for the six-month periods ended 30 September 2016 and 30 September 2017 (the "Reporting Period"), and in respect of the audited statements, the Company's auditor made unqualified reports under section 495, section 496 and section 497 of the CA 2006 Act and which have been delivered to the Registrar of Companies and such accounts did not contain any statements under section 498(2) or (3) of the CA 2006, as applicable.

The financial statements contained in the annual reports for the period ended 31 March 2015 were prepared under United Kingdom Generally Accepted Accounting Practice, and the financial statements of the Company for the period ended 31 March 2016 and 31 March 2017 were prepared under Financial Reporting Standard 102. The Company and the Directors confirm that the financial statements contained in the annual report for the period ended 31 March 2015 were in a form which is consistent with that which was adopted in the financial statements of the Company for the periods ended 31 March 2016 and 31 March 2017, 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.

B. Published Annual Report and Accounts and Interim Accounts

Historical Financial Information

The annual reports and interim accounts for the Reporting Period contain descriptions 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 these documents make reference to other documents, such other documents, together with those pages of the annual reports and the interim accounts 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	31.03.15	31.03.16	31.03.17	30.09.16	30.09.17
Income statement	Page 37	Page 39	Page 43	Page 30	32
Reconciliation of movements in shareholders' funds	Page 42	n/a	n/a	n/a	n/a
Statement of changes in equity	n/a	Page 42	Page 46	Page 37	39
Balance sheet	Page 38	Page 40	Page 44	Page 33	35
Cash flow statement	Page 40	Page 44	Page 48	Page 41	43
Accounting policies	Pages 43-44	Pages 46-47	Pages 50-51	n/a	n/a
Notes to the accounts	Pages 43-53	Pages 46-56	Pages 50-61	Page 44	46
Independent auditor's reports	Pages 34-35	Pages 36-37	Pages 39-41	n/a	n/a

Part 4 – Additional Information continued

Operating and Financial Review

Nature of information	31.03.15	31.03.16	31.03.17	30.09.16	30.09.17
Chairman's statement	Page 5	Page 5	Page 5	Pages 6-7	Pages 6-7
Investment Adviser's Review	Pages 8-21	Pages 8-9	Pages 8-9	Pages 8-9	Page 8
Statutory Reports	Pages 23-33	Pages 25-35	Pages 26-37	Pages 28-45	Page 30-47

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.

C. No Significant Change

Since 30 September 2017 (being the end of the last financial period of the Company for which unaudited 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 unaudited valuations as at 30 September 2017). No further investments have been made by the Company since 30 September 2017.

	Cost £	Revaluations £	Interest accrued £	Total £
Unlisted equity investments				
Health and Fitness				
Boom Cycle	1,154,439	(79,600)	–	1,074,839
KX Gym	700,000	127,835	–	827,835
Plenish	1,275,035	1,095,961	–	2,370,996
Dilly & Wolf	270,000	(270,000)	–	–
KX U Ltd	80,000	–	–	80,000
Hospitality				
Chilango	634,850	179,942	–	814,792
Five Guys UK	–	2,295,281	–	2,295,281
La Bottega	960,000	(960,000)	–	–
Chucs Bar & Grill	489,289	(132,368)	–	356,921
Second Home	1,485,096	3,387,901	–	4,872,997
Sourced Market	1,646,767	(14,563)	–	1,632,204
Bel-Air*	300,000	–	–	300,000
Apparel and Accessories				
Kat Maconie	320,000	391,233	–	711,233
Troubadour Goods	740,000	590,581	–	1,330,581
Bella freud (retail)	250,000	583,333	–	833,333
Bella Freud Perfume	90,000	(67,500)	–	22,500
Chucs Limited	750,039	(750,039)	–	–
ME+EM	800,000	174,403	–	974,403
Alpha Charlie	988,961	350,000	–	1,338,961
Heist Studios	748,242	–	–	748,242
Media and Technology				
Boat International Media	1,700,000	(358,509)	–	1,341,491
Rated People	641,218	(129,872)	–	511,346
Zenos Cars	525,000	(525,000)	–	–
Blaze	552,697	145,357	–	698,054
Stillking Films	1,451,770	661,092	–	2,112,862
Wishi Fashion Limited	153,433	–	–	153,433
Unbolted	250,033	–	–	250,033
	18,956,869	6,695,468	–	25,652,337

*See page 39 of the Prospectus

Part 4 – Additional Information continued

	Cost £	Revaluations £	Interest accrued £	Total £
Loan stock investments				
Health and Fitness				
Boom Cycle	200,000	–	3,008	203,008
KX Gym	–	–	–	–
Plenish	100,000	–	17,995	117,995
Dilly & Wolf	125,000	(125,000)	–	–
KX U Ltd	900,000	–	21,501	921,501
Hospitality				
Chilango	–	–	–	–
Five Guys UK	2,083,200	–	404,798	2,487,998
La Bottega	1,650,000	(664,192)	–	985,808
Chucs Bar & Grill	1,170,000	–	278,314	1,448,314
Second Home	–	–	–	–
Sourced Market	250,000	–	3,644	253,644
Bel-Air	–	–	–	–
Apparel and Accessories				
Kat Maconie	200,000	–	17,458	217,458
Troubadour Goods	–	–	–	–
Bella freud (retail)	950,000	–	101,104	1,051,104
Bella Freud Perfume	150,000	–	28,077	178,077
Chucs Limited	465,000	(365,000)	–	100,000
ME+EM	–	–	–	–
Alpha Charlie	–	–	–	–
Heist Studios	–	–	–	–
Media and Technology				
Boat International Media	1,700,000	–	414,281	2,114,281
Rated People	–	–	–	–
Zenos Cars	105,000	(105,000)	–	–
Blaze	–	–	–	–
Stillking Films	–	–	–	–
Wishi Fashion Limited	–	–	–	–
Unbolted	–	–	–	–
	10,048,200	(1,259,192)	1,290,180	10,079,188
Total fixed asset investments				
	29,005,069	5,436,276	1,290,180	35,731,525
Current asset investments	–			–
Debtors	1,638,569			1,638,569
Creditors	(407,765)			(407,765)
Cash	9,693,034			9,693,034
Total assets	39,928,907	5,436,276	1,290,180	46,655,363

Part 4 – Additional Information continued

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 documents referred to in paragraphs 6.20, 6.22 and 6.23 above;
- 9.3 the audited statutory accounts of the Company for the periods ended 31 March 2015, 31 March 2016 and 31 March 2017 and the unaudited interim accounts for the six-month periods ended 30 September 2016 and 30 September 2017;
- 9.4 the Circular; and
- 9.5 this document.

Dated: 1 December 2017

Part 5 – Definitions

“2015/16 B Share Offer”	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 29 October 2015
“2016/17 B Share Offer”	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 30 November 2016
“2017/18 Offer”	the offer for subscription of Shares under the Offer in respect of the 2017/2018 tax year as described in this document
“2018/19 Offer”	the offer for subscription of Shares under the Offer in respect of the 2018/2019 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”	the fee (inclusive of VAT) payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in B Ordinary Shares, and detailed on the Application Form
“AIM”	AIM, the market of that name operated by the London Stock Exchange
“Annual Running Costs”	<p>the annual costs and expenses incurred by or on behalf of the Company in the ordinary course of its business (including those management fees payable to the Manager pursuant to this agreement but excluding (i) any performance incentive fees payable pursuant to this agreement and (ii) in any rolling period of 12 months, the lesser of X, as defined in paragraph (a) below, and the aggregate of the items set out in paragraph (b) below), together with any irrecoverable value added tax on those annual costs and expenses. For the purposes of this definition of “Annual Running Costs”:</p> <p>(a) X is, for such time as the Net Asset Value of the Company is £100,000,000 or less, £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, X is £500,000; and</p> <p>(b) the items referred to above are:</p> <ul style="list-style-type: none"> (i) Auditors’ fees; (ii) administration, accounting and company secretarial fees; (iii) share registrars’ fees; (iv) London Stock Exchange fees; (v) printing and mailing costs in respect of the Audited Accounts, interim accounts and circulars to shareholders; (vi) fees in respect of regulatory announcements made through a Regulatory Information Service; (vii) corporate broking fees; (viii) insurance premiums; and (ix) remuneration of the Board (including employers’ national insurance contributions)
“Applicant”	a person who makes an application 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)

Part 5 – Definitions continued

“B Ordinary Share Pool”	the pool of assets and liabilities allocated to the B Ordinary Shares in accordance with the Articles
“B Ordinary Shares”	B Ordinary shares of 1 pence each in the capital of the Company
“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)
“Circular”	the circular to Shareholders dated 1 December 2017
“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
“Disclosure Guidance & Transparency Rules”	the disclosure guidance and transparency rules of the FCA
“Early Application”	a valid application under the Offer received on or before 5.00 p.m. on 12 January 2018
“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 8 January 2018 at 11.00 a.m. at 3 Cadogan Gate, London SW1X 0AS (and any adjournment thereof)
“HMRC”	Her Majesty’s Revenue & Customs
“IMA”	the investment management agreement between the Company and the Original Manager dated 15 February 2013 (novated to the Manager on 1 July 2014) and amended on 3 October 2014 and on 1 December 2017 (as amended from time to time) and as described more fully in Part 4 of this document
“Independent Board”	those members of the Board from time to time who are independent of the Manager
“Initial B Share Offer”	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company dated 3 October 2014
“Intermediary”	firm who signs the Application Form and whose details are set out in Box 10 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
“NEX”	the NEX Exchange, a Recognised Investment Exchange under the Financial Services and Markets Act 2000 and a Recognised Stock Exchange under S1005 (1)(b) ITA2007 operated by NEX Group Plc

Part 5 – Definitions continued

“ITA 2007”	Income Tax Act 2007 (as amended)
“Joint Promoters”	Oakley and Kin Capital
“Kin Capital”	Kin Capital Limited, an appointed representative of Kin Capital Partners 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
“Launch Offer”	the offer for subscription of Ordinary Shares further to a prospectus issued by the Company on 15 February 2013 and which closed on 31 January 2014
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc
“Management Team”	the management team of the Company details of whose members are set out on pages 28 and 29
“Manager”	Oakley Investment Managers LLP, which is authorised and regulated by the FCA
“ML Regulations”	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended)
“NAV” or “net asset value”	net asset value
“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 on 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 1 pence each in the capital of the Company
“Original Manager”	Oakley Capital Management Limited
“Palmer”	Palmer Capital LLP
“Performance Fee”	the performance related incentive fee payable to the Manager as described on page 49 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 of this document

Part 5 – Definitions continued

“Professional Client”	a Professional Client (as defined in section 3.5 of the FCA’s Conduct of Business Sourcebook)
“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 1 December 2017 relating to the Offer
“Prospectus Rules”	the prospectus rules of the FCA
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Investments”	shares in, or securities of, a Qualifying Company held by a VCT which meets the requirements described in Chapter 4 of Part 6 ITA 2007
“Qualifying Limit”	the Investor’s subscription limit of £200,000 per tax year
“Qualifying Purchaser”	an individual who purchases Shares from an existing Shareholder and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
“Qualifying Subscriber”	an individual, aged 18 or over, who subscribes for Shares within the Qualifying Limit
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FCA
“Reporting Period”	the period from 1 April 2014 to 30 September 2017
“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 1 December 2017. The expression “Application Form” means the application form for use in accordance with these Terms and Conditions of application and posting it (or delivering by hand during normal business hours) it to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH 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 the Application Form forms part of these Terms and Conditions of application.
11. Investors should be aware of the following requirements in respect of the ML Regulations for applications of the sterling equivalent of €15,000 (for these purposes approximately £13,404, 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):

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

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, rounded up to the nearest 1 pence

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

- (i) Promoter Fee (execution-only transaction) of 2.5% = £250
Number of B Ordinary Shares = $(10,000 - 250 - 0) \div 1 = 9,750$
- (ii) Promoter Fee (advised) of 2.5% = £250
Example Adviser Charge = £225
Number of B Ordinary Shares = $(10,000 - 250 - 225) \div 1 = 9,525$
- (iii) Promoter Fee (advised) of 2.5% = £250
Example Adviser Charge = £400
Number of B Ordinary Shares = $(10,000 - 250 - 400) \div 1 = 9,350$
- (iv) Promoter Fee (advised received by 12 January 2018) of 1.5% = £150
Example Adviser Charge = nil (fee being paid directly by client to Intermediary)
Number of B Ordinary Shares = $(10,000 - 150 - 0) \div 1 = 9,850$
- (v) Promoter Fee (direct investment and application received by 12 January 2018) of 3% = £300
Example Adviser Charge = nil (direct application)
Number of B Ordinary Shares = $(10,000 - 300 - 0) \div 1 = 9,700$

Applications received and accepted on or before 5.00 p.m. on 12 January 2018 will benefit from a reduction in the Promoter Fee of 1% of the amount subscribed.

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 11). The Investor will be issued fewer B Ordinary 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 up to 0.5% of the sum submitted per annum 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 and is normally available for a period of up to four years.

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, 110 George Street, Edinburgh EH2 4LH.

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

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 reinvest dividends due on Shares held by a nominee. In the event of termination, the Scheme Administrator shall, subject to condition 11 above, pay to each Applicant all of the monies held in the Offer Account on his or her behalf.
13. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH.
14. The Scheme Administrator shall be entitled to amend the DIS Terms and Conditions on giving one months' notice in writing to all participating Applicants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Applicants unless in the Scheme Administrator's opinion the change materially affects the interests of Applicants. Amendments to the DIS Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Applicants may be effected without notice.
15. By completing and delivering the DIS application form, the Applicant:
 - i) agrees to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - ii) declares that a loan has not been made to the Applicant or any associate of the Applicant which would not have been made, or would not have been made on the same terms, but for the Applicant offering to subscribe for, or acquiring, Shares and that the Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
16. Currently, subscriptions by individuals aged 18 or over for eligible shares in venture capital trusts only attract tax reliefs if in any tax year such subscriptions to all venture capital trusts by such individuals do not exceed £200,000 (including subscriptions pursuant to dividend investment schemes). 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 Shareholder's own risk.

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

Additional Notes

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

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

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

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

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 9 – 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 (2017/18 and 2018/19) 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, 110 George Street, Edinburgh EH2 4LH.

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 9 – Notes on the Application Form

It is essential that you complete all relevant parts of the Application Form in accordance with the instructions in these notes. Please send the completed Application Form, together with your cheque or bankers' draft, by post, or deliver it by hand (during normal business hours), to The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH. If you have any questions on how to complete the Application Form please contact The City Partnership (UK) Limited on telephone 0131 243 7210, or email ra@city.uk.com, or speak to your financial adviser.

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

1. 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 Charges – see Option B in Box 11 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.

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 ra@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. Application Forms accompanied by a post-dated cheque will not be processed until the cheque can be presented and will not be treated as being received by the Receiving Agent until that date.

Your electronic transfer, cheque or 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 at least the sterling equivalent of €15,000 (for these purposes approximately £13,404, as at the date of this document, or more). The verification of identity requirements in the ML Regulations will apply and verification of the identity of the Applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or result in a delay.

If the amount of your application is for the sterling equivalent of €15,000 or more (for these purposes approximately £13,404, 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 9 – Notes on the 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 ML Regulations 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, e-mail address, daytime telephone number, National Insurance number and date of birth. If applicable provide details of other countries where you are a tax resident and provide your tax identification number for each jurisdiction. You must inform us if you are a US citizen.
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 1 December 2017.

Administration of Shareholder Account

The dividends paid by the Company can be taken as cash. Sections 7 and 8 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 7 nor 8 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 7 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 8 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 Charges or payment of commission from the subscription the Applicant has provided – appropriately authorised financial advisers should complete Sections 10 and 11 or 12, 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 13 of the Application Form.

Part 9 – 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 BLOCK 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, 110 George Street, Edinburgh EH2 4LH so as to arrive by no later than 12.00 p.m. on 5 April 2018 in respect of an application for Shares to be made in relation to the 2017/18 tax year or 5.00 p.m. on 29 June 2018 in respect of an application for Shares to be made in relation to the 2018/19 tax year. The closing date of the Offer, and the deadline for receipt of applications for the final allotment with respect to the 2018/19 Offer, may be extended by the Directors at their absolute discretion to a date no later than 30 November 2018. 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, 110 George Street, Edinburgh EH2 4LH so as to arrive by no later than 12.00 p.m. on 5 April 2018 in respect of an application for Shares to be made in relation to the 2017/18 tax year or 5.00 p.m. on 29 June 2018 in respect of an application for Shares to be made in relation to the 2018/19 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 2017/2018 (income tax year 2017/2018)

A £

Application for Shares in 2018/2019 (income tax year 2018/2019)

B £

Total (A+B)*

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

C £

Box Da Total per cheque/bankers' draft

£

Box Db Total per Electronic Transfer

£

*Including any adviser charges to be facilitated (see Section 11B of this form)

2. Personal Details

Title*:	Forenames*:	Surname*:
Address*:		
Post Code*:	Daytime Telephone Number:	
Previous address (if less than 3 years at current address):		
Email Address:		
Date of Birth*:	National Insurance Number*:	
Countries where you are tax resident*:		
Please tick this box if you are a US citizen*: <input type="checkbox"/>		
Please provide your taxpayer identification number (TIN) for each jurisdiction of tax residence other than the UK*:		

*Mandatory fields

Part 9 – Application Form continued

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:

5. 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:

Please tick this box if you would prefer to receive the receipt of your application by email* instead of post.

☐

*we will require your email address to be provided in section 2 above.

Administration of Shareholder Account

Please complete Sections 6, 7 and 8 as applicable.

6. Communication Preferences

Electronic Communications (Companies Act 2006)

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

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

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

Please complete either:

A.

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

Email address:

or B.

If you would prefer to receive hard copy documents please tick the box to opt out of electronic communications

☐

You have the right to **opt out** of electronic communications at any time and to revert to paper format delivered by post by emailing enquiries@shareregistrars.uk.com or by writing to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

Part 9 – Application Form continued

PRIVACY NOTICE

Your personal data will be used by Oakley Investment Managers LLP, Oakley Capital Limited, The City Partnership (UK) Limited, Pembroke VCT plc and any other third party advisers to the above as follows:

- To process your application and verify your identity
- To allot your shares and provide the relevant documentation in connection with your shareholding if your application is successful
- To pay dividends, administer the Dividend Investment Scheme and process other corporate actions as necessary
- To provide you with any reports or information required by law

If we rely on your consent as our legal basis for processing your personal information you have the right to withdraw that consent at any time by contacting us by telephone on 0207 766 6900, by email at info@pembrokevct.com or in writing to: Pembroke VCT plc, 3 Cadogan Gate, London SW1X 0AS.

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

7. 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:

8. 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:

9. Dividend Investment Scheme

I wish to participate in the Dividend Investment Scheme ☐

I hereby accept the terms and conditions of 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.

Part 9 – Application Form continued

10. 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:
Internal Reference Number:	

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 11

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 12

11. 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 10)

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 10 a one-off fee for advice relating to my investment. I hereby instruct the deduction of the following amount from my subscription and its remittance to my Financial Adviser on my behalf:

£

I understand that if my Adviser's fee includes VAT, I may remain liable for the VAT element.

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

Signed by Applicant:

Confirmed by Adviser:

Part 9 – Application Form continued

12. Introductory Commission of up to 3% in total of the sum subscribed

(for applications in respect of which financial intermediaries have offered NO financial advice or their client is a Professional Client) (To be completed by you and the Intermediary whose details are in Section 10)

% of the sum subscribed which should be paid to the Intermediary

% of the sum subscribed which should be waived in favour of additional shares for the Applicant by the Intermediary

Signed by Applicant:

Confirmed by Adviser:

13. Direct Payment of One-Off Fees and Introductory 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 10)

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