

pembroke

VCT plc



Circular to Shareholders

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all of your Shares, please send this Circular along with the attached Form of Proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Shares, you should retain this Circular and the accompanying documents.

This Circular does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue any security in the Company. This Circular does not constitute a prospectus or prospectus equivalent document. The Company has published a prospectus dated 1 December 2017 relating to the proposed B Ordinary Share Issue which has been prepared in accordance with the Prospectus Rules made under section 73A of the FSMA. Any decision to subscribe for B Ordinary Shares should only be made in reliance on that document.

Circular to Shareholders of Pembroke VCT plc

Registered in England and Wales under number 08307631

Notice of General Meeting

of the Company to be held at 3 Cadogan Gate, London SW1X 0AS
at 11.00 a.m. on 8 January 2018 seeking Shareholders' approval to the recommended proposals for:

- a) the issue of further B Ordinary Shares and further Ordinary Shares other than *pro rata*; and
- b) the cancellation of the share premium account of the Company.

Your attention is drawn to the letter from the Chairman of the Company set out on pages 6 and 7 of this document which contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meeting.

Whether or not you intend to attend the General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by 11.00 a.m. on 4 January 2018. The completion and depositing of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

The right to vote at the General Meeting is determined by reference to the register of members 48 hours before the time of the General Meeting. Accordingly, to be entitled to vote, Shareholders must be entered in the register of members by 11.00 a.m. on 4 January 2018.

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

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Expected Timetable

Part I

	Date/time
Offer of further B Ordinary Shares opens	1 December 2017
Latest time and date for receipt of the Form of Proxy for use at the General Meeting	11.00 a.m. on 4 January 2018
General Meeting	11.00 a.m. on 8 January 2018
Closing date for receipt of applications under the Offer for final allotment in 2017/18 tax year	12.00 p.m. on 5 April 2018
Closing date for receipt of applications under the Offer for final allotment in 2018/19 tax year	5.00 p.m. on 28 June 2018

The first allotment of B Ordinary Shares under the Offer is expected to take place on 15 January 2018 and admission to listing on the UKLA's Official List and to trading on the premium segment of the London Stock Exchange's main market is expected to take place within ten Business Days of any allotment. Thereafter, it is expected that B Ordinary Shares will be issued and admitted to listing and trading at regular intervals at the Board's discretion.

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

Letter from the Chairman of Pembroke VCT plc

Part I

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

Directors

Jonathan Djanogly (Chairman)
Laurence Blackall
Peter Dubens

Registered office

3 Cadogan Gate
London
SW1X 0AS

1 December 2017

Dear Shareholder

Proposals for a further B Ordinary Share Offer (the “Offer”)

Pembroke VCT plc (the “Company”) is a venture capital trust launched in 2013 which has raised over £43 million pursuant to Ordinary Share offers launched in 2013 and 2014 and three B Ordinary Share offers launched in October 2014, October 2015 and November 2016 (the last of which closed in July 2017 having raised some £13.9 million).

The Offer is seeking to raise £20 million with an over-allotment facility of a further £10 million, which will be invested in accordance with the Company’s published investment policy.

The Board believes that the Proposals will provide an opportunity for existing Shareholders to increase their investment in the Company and for new investors to make an investment in the Company in a tax advantageous manner through an issue of further B Ordinary Shares. Funds raised will be invested in new businesses as well as follow-on investments in existing portfolio companies. Investors should enjoy the benefit of investing in an existing portfolio. For all Shareholders, funds raised will reduce the overall running costs attributable to each Share.

Terms of the B Ordinary Share Issue

In order to be fair to both existing B Ordinary Shareholders and new investors under the Offer, the Offer Price will be adjusted by reference to any movement in the underlying NAV per B Ordinary Share published during the course of the Offer.

Current investment status of the Company’s share class portfolios

As at the date of this document, the Company has made 27 investments with approximately £29 million being invested in the current active portfolio, split between £15 million in the Ordinary Share Pool and £14 million in the B Ordinary Share Pool.

Cancellation of the Share Premium Account

The Company intends, subject to Shareholder and Court approval, to cancel the share premium account of the Company that currently exists in relation to the Ordinary Shares and the B Ordinary Shares, as well as the share premium account that will be created on the issue of the B Ordinary Shares pursuant to the Offer. This cancellation will increase the reserves of the Company which may be treated as distributable, which can be used, among other things, to fund the Company’s payment of dividends and the buyback of Shares. Accordingly, Resolution 3 set out in the notice of General Meeting deals with this proposed cancellation.

The Proposals and the General Meeting

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

1. to approve the issue of further B Ordinary Shares under the Offer and the issue of further Ordinary Shares and B Ordinary Shares;
2. to disapply pre-emption rights in relation to the issue of B Ordinary Shares under the Offer, and of further Ordinary Shares and further B Ordinary Shares, under the authority referred to in paragraph 1 above; and
3. to cancel the share premium account of the Company.

The Company, therefore, intends to convene a General Meeting for 8 January 2018 at 11.00 a.m. at 3 Cadogan Gate, London SW1X 0AS, notice of which is set out on page 9 of this document, to put to Shareholders resolutions to approve the above matters.

If you have any questions in relation to the General Meeting please do not hesitate to contact Simon Male at the Manager (simon.male@pembrokevct.com) but note that he is not able to give investment advice and if you have any doubt as to whether or not you should invest in B Ordinary Shares under the Offer or how you should vote on the Proposals you should seek your own independent advice from a person experienced and authorised to give such advice.

Resolutions

Page 9 of this Circular contains a notice convening a General Meeting of the Company, to be held at 11.00 a.m. on 8 January 2018 at 3 Cadogan Gate, London SW1X 0AS, where the resolutions below will be proposed. The Offer is conditional upon Resolutions 1 and 2 being passed at the General Meeting. Resolution 1 will be proposed as an ordinary resolution, which means that in order for such resolution to be passed more than 50% of the votes cast on that resolution must be in favour. Resolutions 2 and 3 will be proposed as special resolutions, which means that for these resolutions to be passed 75% or more of the votes cast on each resolution must be in favour.

Resolutions 1 and 2 – In accordance with the CA 2006, authority is sought to allot further B Ordinary Shares (under the Offer and subsequent allotments) and further Ordinary Shares (for subsequent allotments) and disapply pre-emption rights in respect of any such allotment. Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution. The shareholder authorities which are sought under the terms of Resolutions 1 and 2 are explained below.

The Directors are seeking the authority of Shareholders to allot (i) up to 30 million B Ordinary Shares pursuant to offer(s) for subscription (including the Offer), (ii) a further amount of Ordinary Shares up to an aggregate nominal amount representing 20% of the issued Ordinary Share capital of the Company from time to time (for use, for example, by way of a top-up offer), and (iii) a further amount of B Ordinary Shares up to an aggregate nominal amount representing 20% of the issued B Ordinary Share capital of the Company from time to time (again for use, for example, by way of a top-up offer) in each case for cash and without first offering such shares to Shareholders *pro rata* to their existing holdings of Ordinary Shares or B Ordinary Shares, as applicable. The maximum allotments referred to represent 20% of the issued Ordinary Share capital and approximately 118% of the issued B Ordinary Share capital of the Company as at the date of this Circular.

If granted, these authorities will expire on 7 April 2019. The Company currently holds no Shares in treasury. Apart from the issue of B Ordinary Shares under the Offer, the Directors do not currently intend to use the general authorities to allot additional Ordinary Shares or B Ordinary Shares, but consider it desirable to have the flexibility to do so in the future.

The authorities contained in Resolutions 1 and 2 are in addition to the authorities granted by Shareholders at the annual general meeting held on 7 September 2017 (including those to allot additional Ordinary Shares or B Ordinary Shares under the dividend investment scheme of the Company).

Resolution 3 – This resolution seeks the approval of Shareholders as required by the CA 2006 to authorise the cancellation of the share premium account of the Company. This share premium account will arise on the issue of B Ordinary Shares pursuant to the Offer, and exists in relation to B Ordinary Shares (and some of the Ordinary Shares) currently in issue. All of the share premium account at the date of the order made by the Court confirming such cancellation will be cancelled, and will be used to establish a new reserve which may be treated as distributable and which can be used, among other things, to fund the Company's buy back of Shares and the payment of future dividends. In accordance with the VCT Rules, such distributable reserves cannot, however, be utilised for such purposes until after three years from the end of the accounting period in which the relevant Shares were issued. This resolution will be proposed as a special resolution.

Action to be taken by Shareholders

If you wish to appoint a proxy to attend, speak and vote on your behalf on the Resolutions but do not intend to attend the General Meeting, it is important that you complete the Form of Proxy and return it to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR by no later than 48 hours prior to the time of the General Meeting i.e. by 11.00 a.m. on 4 January 2018. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you so wish.

Recommendations

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

All of the Directors intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their own aggregate beneficial shareholdings of 625,000 Ordinary Shares and 711,689 B Ordinary Shares, representing approximately 3.4% of the issued Ordinary Shares and approximately 1.3% of the issued B Ordinary Shares as at the date of this Circular.

Yours sincerely,

Jonathan Djanogly
Chairman

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

“Articles”	the articles of association of the Company (as amended from time to time)
“Board” or “Directors”	the board of directors of the Company
“B Ordinary Share Issue”	the issue of the B Ordinary Shares as contemplated in this document
“B Ordinary Share Pool”	the pool of assets and liabilities allocated to the B Ordinary Shares in accordance with the Articles
“B Ordinary Shareholders”	holders of B Ordinary Shares in the Company
“B Ordinary Shares”	the B ordinary shares of 1p each in the capital of the Company
“Business Days”	any day on which banks in London are generally open for business and excepting Saturdays, Sundays and UK public holidays
“CA 2006”	the Companies Act 2006
“Circular”	this document
“Company”	Pembroke VCT plc
“FCA”	the Financial Conduct Authority
“General Meeting”	the general meeting of the Shareholders of the Company convened in accordance with the notice set out at page 9 of this document, or any adjournment thereof
“ITA 2007”	Income Tax Act 2007 (as amended)
“Manager”	Oakley Investment Managers LLP
“NAV”	net asset value
“Offer”	the offer of further B Ordinary Shares as described in this document
“Ordinary Share Pool”	the pool of assets and liabilities allocated to the Ordinary Shares in accordance with the Articles
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Proposals”	the proposals as described in this document
“Prospectus Rules”	the prospectus rules of the FCA
“Regulatory Information Service”	a regulatory information service that is on the list of regulatory information services maintained by the FCA
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Shareholders”	holders of shares in the Company, of whichever class
“Shares”	shares in the Company, of whichever class
“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 of 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

Notice is hereby given that a general meeting of Pembroke VCT plc (the “Company”) will be held at 3 Cadogan Gate, London SW1X 0AS on 8 January 2018 at 11.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions, as to Resolution 1 which will be proposed as an ordinary resolution and Resolutions 2 and 3 which will be proposed as special resolutions of the Company:

Ordinary Resolution

1. THAT, in addition to any existing authorities, in accordance with section 551 of the Companies Act 2006 (the “Act”), the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot and grant rights to subscribe for or to convert any security into:
 - a. B ordinary shares of 1p each in the capital of the Company (“B Ordinary Shares”) up to an aggregate nominal amount of £300,000 in connection with offer(s) for subscription;
 - b. ordinary shares of 1p each in the capital of the Company (“Ordinary Shares”) for cash up to an aggregate nominal amount representing 20% of the issued Ordinary Share capital from time to time;
 - c. B Ordinary Shares in the capital of the Company for cash and otherwise than pursuant to sub-paragraph a. above, up to an aggregate nominal amount representing 20% of the issued B Ordinary Share capital from time to time; andthat, in connection with the use of the authority, the Directors may pay commission(s) including in the form of fully or partly paid shares in accordance with article 9 of the Articles; and provided that this authority shall, unless renewed, extended, varied or revoked by the Company, expire on 7 April 2019 save that the Company may, before such expiry, make offers or agreements which would or might require Ordinary Shares or B Ordinary Shares to be allotted and the Directors may allot Ordinary Shares or B Ordinary Shares in pursuance of such offers or agreements notwithstanding that the authority conferred by this resolution has expired.

Special Resolutions

2. THAT, in accordance with section 570(1) of the Act, the Directors be and are hereby given power to allot or make offers or agreements to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authorities conferred by Resolution 1 above as if section 561 of the Act did not apply to any such allotment, and so that:
 - a. reference to the allotment in this resolution shall be construed with section 560 of the Act, and
 - b. the power conferred by this resolution shall enable the Company to make offers or agreements before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offers or agreements notwithstanding the expiry of such power.
3. THAT, subject to the approval of the High Court of Justice, the amount standing to the credit of the share premium account of the Company, at the date the court order is made confirming such cancellation, be and is hereby cancelled.

By order of the Board of Pembroke VCT plc
The City Partnership (UK) Limited
Company Secretary
1 December 2017

Appointment of proxies

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

Appointment of proxy using hard copy Form of Proxy

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

To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and
- received by Share Registrars Limited no later than 48 hours prior to the time of the meeting i.e. by 11.00 a.m. on 4 January 2018.

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

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

Electronic appointment of proxies

6. As an alternative to completing this hard-copy Form of Proxy, you can appoint a proxy electronically by emailing a scanned copy of the signed Form of Proxy to proxies@shareregistrars.uk.com. For an electronic proxy appointment to be valid, your appointment must be received by Share Registrars Limited no later than 48 hours prior to the time of the meeting i.e. by 11.00 a.m. on 4 January 2018.

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

Appointment of proxy by joint members

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

Changing proxy instructions

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

Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

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

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
- By sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - By sending an e-mail to proxies@shareregistrars.uk.com with a signed revocation attached to the email such that the revocation would have been valid had it been sent by ordinary mail.

In either case, the revocation notice must be received by the Company no later than 11.00 a.m. on 4 January 2018.

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

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

Communication

10. Except as provided above, members who have general queries about the meeting should contact the company secretary by post at The City Partnership (UK) Limited, 110 George Street, Edinburgh EH2 4LH, or by email at Doreen@city.uk.com (no other methods of communication will be accepted).

You may not use any electronic address provided either:

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

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

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Form of Proxy

Pembroke VCT plc (Company)
General Meeting

Please insert your name and address below using capital letters.

Name of Shareholder:
Address:

Before completing this form, please read the explanatory notes

I/We being a member of the Company appoint the Chairman of the meeting or (see note 2)

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as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting of the Company to be held on 8 January 2018 at 11.00 a.m. and at any adjournment of the meeting.

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

RESOLUTIONS	Vote for	Vote against	Vote withheld
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Ordinary Resolution

1. To authorise the allotment and issue of further B Ordinary Shares and Ordinary Shares			
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Special Resolutions

2. To disapply pre-emption rights in relation to the above allotments and issues			
3. To cancel the share premium account			

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

Signature
Date

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pembroke
VCT plc

3 Cadogan Gate, London SW1X 0AS

Registered in England and Wales
Company number 08307631