

# pembroke

VCT plc



Circular to Shareholders



## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or otherwise transferred all of your Shares, please send this Circular along with the attached Form of Proxy at once to the purchaser, 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 29 August 2018 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 9.00 a.m. on 27 September 2018 seeking Shareholders' approval to the recommended proposals for:

- a) the issue of further B Ordinary Shares other than *pro rata*;
- b) the approval of an offer agreement;
- c) the approval for a former director of the Company to invest in the Offer; and
- d) 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 unanimous 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 9.00 a.m. on 25 September 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 9.00 a.m. on 25 September 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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## Part I

# Expected timetable

Offer of further B Ordinary Shares opens	29 August 2018
Latest time and date for receipt of the Form of Proxy for use at the General Meeting	9.00 a.m. on 25 September 2018
General Meeting	9.00 a.m. on 27 September 2018
Closing date for receipt of applications under the Offer for final allotment in 2018/19 tax year	12.00 noon on 5 April 2019
Closing date for receipt of applications under the Offer for final allotment in 2019/20 tax year	5.00 p.m. on 16 August 2019

Allotment of B Ordinary Shares under the Offer in the 2018/19 tax year will take place on or before 5 April 2019 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.

## Part I

# Letter from the Chairman of Pembroke VCT plc

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

### Directors

Jonathan Djanogly (Chairman)  
Laurence Blackall  
David Till

### Registered office

3 Cadogan Gate  
London  
SW1X 0AS

29 August 2018

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 £48 million pursuant to two Ordinary Share offers launched in 2013 and 2014 and four B Ordinary Share offers launched in October 2014, October 2015, November 2016 and December 2017 (the last of which closed in July 2018 having raised some £6.7 million).

The Offer is seeking to raise £20 million with an over-allotment facility of a further £20 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 in a diverse portfolio of investments 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.

### Current investment status of the Company's share class portfolios

As at the date of this document, the Company has made 32 investments with approximately £35.3 million being invested in the current active portfolio, split between £15.0 million in the Ordinary Share Pool and £20.2 million in the B Ordinary Share Pool.

### Subscription under the Offer

Peter Dubens, a former director of the Company, intends to invest £400,000 under the Offer (the "PD 2018 Subscription").

### 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.

### Offer Agreement

Pursuant to an offer agreement, the Manager will receive a Promoter Fee of 3.5% of the value of each valid Application accepted by the Company.

As Peter Dubens is a former director of the Company and as the Manager is the Company's investment manager, the PD 2018 Subscription and the payment of the Promoter Fee to the Manager under the Offer Agreement constitute related party transactions under the Listing Rules, requiring the approval of the Independent Shareholders. For the purpose of determining what action the Company is required to take in respect of the Offer Agreement and the PD 2018 Subscription, the Listing Rules require the Offer Agreement and the PD 2018 Subscription to be aggregated with any other transactions entered into with Peter Dubens, the Manager or their associates in the past 12 months that have not been approved by Shareholders. There have been three such transactions, namely (i) the offer agreement relating to the 2017 Offer, details of which are set out in paragraph 1.2 of Part 2, (ii) the agreement that the Manager and the Company entered on 1 December 2017 amending the Company's investment management agreement, details of which are set out in paragraph 1.7 of Part 2 and (iii) a subscription by Peter Dubens for 188,235 B Ordinary Shares under the 2017 Offer. Under the Listing Rules, the aggregate value of those transactions requires Shareholders to approve the Offer Agreement and the PD 2018 Subscription.

### 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 after three years, which can be used, among other things, to fund the Company's payment of dividends and the buyback of Shares. Accordingly, resolution 5 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 issue further B Ordinary Shares under the Offer and further B Ordinary Shares;
2. to enter into the Offer Agreement;
3. to proceed with the PD 2018 Subscription;
4. to disapply pre-emption rights in relation to the issue of B Ordinary Shares under the Offer and further B Ordinary Shares, under the authority referred to in paragraph 1 above; and
5. to cancel the share premium account of the Company.

The Company intends, therefore, to convene a General Meeting for 27 September 2018 at 9.00 a.m. at 3 Cadogan Gate, London SW1X 0AS, notice of which is set out on pages 15 and 16 of this document, to put to Shareholders the Resolutions to approve the above matters.

If you have any questions in relation to the General Meeting please do not hesitate to contact Tamara Warren at the Manager (tamara.warren@pembrokevct.com) but note that the Manager 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

Pages 15 and 16 of this Circular contains a notice convening a General Meeting of the Company, to be held at 9.00 a.m. on 27 September 2018 at 3 Cadogan Gate, London SW1X 0AS, where the Resolutions below will be proposed. The Offer is conditional upon Resolutions 1, 2 and 4 being passed at the General Meeting. Resolutions 1, 2 and 3 will be proposed as ordinary resolutions, which means that in order for such Resolutions to be passed, more than 50% of the votes cast on those Resolutions must be in favour. Resolutions 4 and 5 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.

**Resolution 1** – In accordance with the CA 2006, authority is sought to allot further B Ordinary Shares under the Offer and subsequent allotments. Resolution 1 will be proposed as an ordinary resolution. The shareholder authority which is sought under the terms of Resolution 1 is explained below.

The Directors are seeking the authority of Shareholders to allot (i) up to 40 million B Ordinary Shares pursuant to offer(s) for subscription (including the Offer) and (ii) 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 (for use, for example, by way of a top-up offer), representing 93% of the issued Share capital of the Company as at the date of this Circular.

If granted, these authorities will expire on 26 December 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 authority to allot additional B Ordinary Shares, but consider it desirable to have the flexibility to do so in the future.

**Resolution 2** – This Resolution seeks the approval of Shareholders to the Offer Agreement, under which the Promoter Fee is payable to the Manager. The Board, having been so advised by Howard Kennedy, as sponsor to the Offer, believes that the Offer Agreement is fair and reasonable as far as the Shareholders are concerned. Resolution 2 will be proposed as an ordinary resolution.

**Resolution 3** – This Resolution seeks the approval of Shareholders to the PD 2018 Subscription. Resolution 3 will be proposed as an ordinary resolution.

**Resolution 4** – In accordance with the CA 2006, authority is sought to allot the B Ordinary Shares under the Offer and subsequent allotments) under Resolution 1 whilst disapplying pre-emption rights in respect of any such allotments. Resolution 4 will be proposed as a special resolution.

The authorities contained in Resolutions 1 and 4 are in addition to the authorities granted by Shareholders at the general meeting held on 8 January 2018 and 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 5** – 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. Resolution 5 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 9.00 a.m. on 25 September 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.

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. David Till, a Director, is a member of the Manager which is a related party of the Company under the Listing Rules. Accordingly, David Till has not taken part in the Board's consideration of the Offer Agreement.

The Board, which has been so advised by Howard Kennedy, as sponsor to the Company, believes that the Offer Agreement and the PD 2018 Subscription are fair and reasonable as far as the Shareholders are concerned. In providing its advice, Howard Kennedy has taken into account the Board's commercial assessment of the Offer Agreement and the PD 2018 Subscription.

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 325,000 Ordinary Shares and 125,000 B Ordinary Shares, representing approximately 1.80% of the issued Ordinary Shares and approximately 0.40% of the issued B Ordinary Shares as at the date of this Circular. Peter Dubens, who is a former director of the Company and who has a controlling interest in the Manager, will not vote on Resolutions 2 and 3 in respect of his holdings of Shares in the Company as he is not an Independent Shareholder, and Peter Dubens and the Manager have undertaken to take all reasonable steps to ensure that their Associates will not vote on Resolutions 2 and 3 respectively.

Yours sincerely

Jonathan Djanogly  
Chairman

## Part II

# Additional information

### 1. Material Contracts

Other than the contracts listed in paragraphs 1.1 to 1.9 below, the Company has not entered into (i) any contract (not being a contract entered into in the ordinary course of business) within the two years preceding the date of publication of this Circular which is or may be material or (ii) any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Circular:

#### 1.1 Offer Agreement – Offer

Under an offer agreement dated 29 August 2018 and made between the Company (1), the Directors (2), Howard Kennedy (3) and the Manager (4), Howard Kennedy agreed to act as sponsor to the Offer and the Manager undertook as agent of the Company to use its reasonable endeavours to procure subscribers under the Offer. The Company will be entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares under the Offer. Under the Offer Agreement, the Manager will be paid a Promoter Fee of 3.5% of the value of each Application accepted by the Company.

The Manager will pay all the direct costs and expenses of or incidental to the Offer and Admission, excluding any annual trail commission but including commission payable to the Distributor. Total initial costs payable by the Company under the Offer Agreement are limited to 3.5% of the gross proceeds of the Offer.

Under the Offer Agreement, which may be terminated by the parties in certain circumstances, the Manager, 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 2020.

The warranties and indemnities are in usual form for a contract of this type and the warranties are subject to limits of £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 Howard Kennedy in respect of its role as sponsor and under the Offer Agreement. The Offer Agreement may be terminated, *inter alia*, if any material statement in the Prospectus is untrue, any material omission from the Prospectus arises or any material breach of warranty occurs.

#### 1.2 Offer Agreement – 2017 Offer

Under an offer agreement dated 1 December 2017 (the "2017 Offer Agreement") and made between the Company (1), the Directors (2), Howard Kennedy (3), the Manager (4), Oakley (5) and Kin Capital Limited (6), Howard Kennedy agreed to act as sponsor to the Offer and Oakley and Kin Capital Limited undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2017 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares under the 2017 Offer. Under the 2017 Offer Agreement, with the exception of those investors who made an application under the 2017 Offer that was received on or before 5.00 p.m. on 12 January 2018 ("2017 Early Applications") (see below), Oakley was paid a promoter fee of 2.5% on accepted applications under the 2017 Offer (where it is not required to pay commission to an intermediary). If Oakley was required to pay commission to an intermediary, Oakley was paid a promoter fee of 5.5% on accepted applications.

In the case of investors under the 2017 Offer who made 2017 Early Applications (with no intermediary commission), Oakley received a promoter fee of 1.5% on any applications except those through direct investments (which attracted a promoter fee of 3%).

Oakley paid all costs and expenses of or incidental to the 2017 Offer and admission of B Ordinary Shares issued under the 2017 Offer including commission payable to Kin Capital Limited. The Company paid the promoter fee on the value of each application for B Ordinary Shares under the 2017 Offer accepted by the Company. Total initial costs payable by the Company under the 2017 Offer Agreement were limited to 5.5% of the gross proceeds of the 2017 Offer.

Under the 2017 Offer Agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital Limited, 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 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 Limited and £2,000,000 (or 70% of gross funds raised under the 2017 Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director.

The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2017 Offer Agreement. The 2017 Offer Agreement could be terminated, *inter alia*, if any material statement in the prospectus relating to the 2017 Offer was untrue, any material omission from the prospectus relating to the 2017 Offer arises or any material breach of warranty occurs.

#### 1.3 Offer Agreement – 2016 Offer

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



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

Under the 2016 Offer Agreement, which could be terminated by the parties in certain circumstances, the Manager, Oakley, Kin Capital Limited, 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 Limited and £2,000,000 (or 70% of gross funds raised under the 2016 Offer (whichever is higher)) for the Manager and one-half year's director's fees for each Director. The Company also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2016 Offer Agreement. The 2016 Offer Agreement could be terminated, *inter alia*, if any material statement in the prospectus relating to the 2016 Offer is untrue, any material omission from the prospectus relating to the 2016 Offer had arisen or any material breach of warranty had occurred.

#### 1.4 Offer Agreement – 2015 Offer

Under an offer agreement dated 29 October 2015 (the "2015 Offer Agreement") 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 2015 Offer and Oakley and Kin Capital undertook as agents of the Company to use their respective reasonable endeavours to procure subscribers under the 2015 Offer. The Company was entitled to any interest earned on subscription monies prior to the allotment of B Ordinary Shares. Under the 2015 Offer Agreement, the Company paid Oakley a commission of either 2% or 5% of the aggregate value of accepted applications for B Ordinary Shares received pursuant to the 2015 Offer.

Oakley paid all costs and expenses of or incidental to the 2015 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 the 2015 Offer. Total initial costs payable by the Company under the 2015 Offer Agreement were limited to 5% of the gross proceeds of the 2015 Offer.

Under the 2015 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 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 2015 Offer Agreement. The 2015 Offer Agreement could be terminated, *inter alia*, if any material statement in the prospectus relating to the 2015 Offer is untrue, any material omission from the prospectus relating to the 2015 Offer had arisen or any material breach of warranty had occurred.

#### 1.5 Investment Management Agreement

An agreement (the "IMA") dated 15 February 2013 and made between the Company and Oakley Capital Management Limited (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, as defined in the Prospectus, 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. 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, details of which are set out in paragraph 1.6 below, the Performance Fee is calculated separately on the Ordinary Shares and the B Ordinary Shares. The Performance Fee on the Ordinary Shares is conditional on Ordinary Shareholders having received a return of 8% per annum per Ordinary 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 offer for subscription of Ordinary Shares pursuant to a prospectus issued by the Company on 15 February 2013 and as from 31 March 2014 in respect of Ordinary Shares issued under the subsequent top up offer made by the Company in 2014. 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.

## Part II

# Additional information continued

For the purposes of calculating performance related incentive fees, account will be taken of all forms of distributions that may be made by the Company and as well as dividends, will include share buy-backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received or deemed to be received by Shareholders (excluding any income tax relief on subscription).

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

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

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

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

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

### 1.6 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) (the "Investment Management Agreement Amendment Agreement") providing the following:

- (a) the Performance Fee (as described in paragraph 1.5 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.

### 1.7 Investment Management Agreement Further Amendment Agreement

On 1 December 2017, the Manager and the Company entered into a further amendment agreement to the IMA 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 less than £350,000 and, for such time as the Net Asset Value of the Company exceeds £100,000,000, is less than £500,000.

### 1.8 Directors' Letters of Appointment

Each of Jonathan Djanogly and Laurence Blackall has entered into an agreement with the Company dated 15 February 2013 and David Till has entered into an agreement with the Company dated 28 August 2018, 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 2018, Jonathan Djanogly received £20,000, Laurence Blackall received £15,000 and Peter Dubens, a former director of the Company, received £nil, having waived any Director's fee.

### 1.9 Administration Agreement

An agreement dated 15 February 2013 (as varied on 3 October 2014) ("Administration Agreement") and made between the Company and The City Partnership (UK) Limited (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 offer for subscription by the Company for B Ordinary Shares, 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 £82,275 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.

## 2. No significant change

Since 31 March 2018 (being the end of the last financial period of the Company for which audited financial information has been published), there has been no significant change in the financial or trading position of the Company.

## 3. Directors' interests in Shares

The interests of the Directors and their immediate families in the share capital of the Company, all of which are beneficial, at the date of this document and as they are expected to be following the Offer, and of persons connected to the Directors and their immediate families and the existence of which is known to, or could with reasonable diligence, be ascertained by that Director will be as set out below together with the percentages which such interests represent of the Shares in issue assuming that the Offer is fully subscribed (with the over-allotment facility being utilised in full), a Promoter Fee of 3.5% on all such subscriptions at an Offer Price of 112 pence per B Ordinary Share:

Director	Number of Ordinary shares	% of Ordinary shares in issue	Number of B Ordinary shares		% of B Ordinary shares in issue	
			present	following Offer	present	following Offer
Laurence Blackall	200,000	1.11%	100,000	100,000	0.32%	0.15%
Jonathan Djanogly	25,000	0.14%	25,000	25,000	0.08%	0.04%
David Till	100,000	0.55%	–	89,285	–	0.13%

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. Substantial share interests

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 28 August 2018, being the last practicable date prior to publication of this document, holds 3,717,000 Ordinary Shares and UBS Private Banking Nominees Limited which, as at 28 August 2018 holds 6,048,106 B Ordinary Shares (being approximately 20.54% and 19.07% 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.

## 5. Miscellaneous

- 5.1** 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.
- 5.2** Howard Kennedy is acting for the Company and no one else in connection with the advice given to the Board referred to in this Circular. Howard Kennedy is authorised and regulated in the United Kingdom by the FCA (firm reference number 523524).
- 5.3** Howard Kennedy has given and not withdrawn its consent to (i) the issue of this Circular with references to its name in the form and context in which such references appear and (ii) the inclusion of the statement on page 7 of this Circular that it has advised the Board that it considers the Offer Agreement and the PD 2018 Subscription to be fair and reasonable as far as the Shareholders are concerned.
- 5.4** 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 the Manager operates is the Limited Liability Partnerships Act 2000.

## Part II

# Additional information continued

**5.5** The issued share capital of the Company as at the date of this document is 18,095,005 Ordinary Shares and 31,709,002 B Ordinary Shares.

**5.6** As at the date of this Circular, no warrants or options to subscribe for Shares are outstanding.

**5.7** As at the date of this Circular, the Company does not hold any treasury Shares.

**5.8** Save for the fees paid to the Directors of the Company as detailed in paragraph 1.8 above, the fees payable for investment adviser services under the IMA, the fees payable to Palmer Capital LLP for its services in relation to the offer for subscription for B Ordinary Shares pursuant to a prospectus issued by the Company on 3 October 2014 (the "Initial B Share Offer"), the fees payable to Oakley for its services in relation to the offer for subscription for B Ordinary Shares pursuant to prospectuses issued by the Company on 29 October 2015, the 2016 Offer, the 2017 Offer, the fees payable to the Manager under the current Offer and the irrevocable and unconditional commitments to subscribe for B Ordinary Shares from each Director and Peter Dubens, a former director of the Company, in relation to share offers subsequent to the Initial B Share Offer, there have been no other related party transactions or fees paid by the Company since 1 April 2015.

**5.9** None of the Directors has a service contract with the Company and no such contract is proposed.

## 6. Documents available for Inspection

Copies of the following documents are available for inspection from the date of this Circular at the registered office of the Company at 3 Cadogan Gate, London SW1X 0AS during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until the conclusion of the General Meeting and will also be available for inspection at the place of the General Meeting during, and for at least 15 minutes before, the General Meeting:

**6.1** the Articles;

**6.2** the document referred to in paragraph 5.3 above;

**6.3** the audited statutory accounts of the Company for the periods ended 31 March 2016, 31 March 2017 and 31 March 2018;

**6.4** the Prospectus; and

**6.5** this document.

29 August 2018

## Part III

# Definitions

"2015 Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company on 29 October 2015
"2016 Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company on 30 November 2016
"2017 Offer"	the offer for subscription of B Ordinary Shares as described in the prospectus issued by the Company on 1 December 2017
"Admission"	the admission of the B Ordinary 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
"Applicant"	a person who subscribes for B Ordinary Shares under the Offer
"Application"	an application for B Ordinary Shares under the Offer
"Application Form"	the application form for use in respect of the Offer
"Articles"	the articles of association of the Company (as amended from time to time)
"Associates"	has the meaning given in the Listing Rules
"Board" or "Directors"	the board of directors of the Company
"B Ordinary Share Issue"	the issue of the B Ordinary Shares pursuant to the Prospectus
"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"	means any days 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
"Distributor"	Portlight Limited
"FCA"	the Financial Conduct Authority
"Form of Proxy"	the form of proxy in Part IV of this document
"General Meeting"	the general meeting of the Shareholders of the Company convened in accordance with the notice set out on pages 15 and 16 of this document, or any adjournment thereof
"HMRC"	Her Majesty's Revenue & Customs
"Howard Kennedy"	Howard Kennedy Corporate Services LLP
"Independent Shareholder"	Shareholders other than the Manager and its Associates.
"Intermediary"	a firm which signs an Application Form and whose details are set out in an Application Form
"Investor"	individuals aged 18 or over who subscribe for B Ordinary Shares under the Offer (and "Investor" means any one of them)

## Part III

# Definitions continued

"ITA 2007"	Income Tax Act 2007 (as amended)
"Listing Rules"	the listing rules issued by the FCA in accordance with section 73A of FSMA
"Manager"	Oakley Investment Managers LLP
"NAV"	net asset value
"Non-Qualifying Investments"	the assets of the Company that are not Qualifying Investments
"Oakley"	Oakley Capital Limited
"Offer"	the offer of further B Ordinary Shares as described in this document
"Offer Agreement"	the agreement dated 29 August 2018 under which the Manager is entitled to the Promoter Fee
"Offer Price"	the price per B Ordinary Share under the Offer
"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
"PD 2018 Subscription"	the subscription by Peter Dubens, a former Director, for £400,000 of B Ordinary Shares under the Offer
"Promoter Fee"	the fee payable to the Manager for acting as the promoter of the Offer, details of which are set out on page 6
"Proposals"	the proposals as described in this document
"Prospectus"	the prospectus dated 29 August 2018 relating to the Offer
"Prospectus Rules"	the prospectus rules of the FCA
"Qualifying Investments"	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
"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
"Shares"	shares in the Company, of whichever class
"UKLA"	the UK Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of Financial Services and Markets Act 2000
"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

## Part IV

# Notice of General Meeting

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 27 September 2018 at 9.00 a.m for the purposes of considering and, if thought fit, passing the following resolutions, resolutions 1 to 3 which will be proposed as ordinary resolutions and resolutions 4 and 5 which will be proposed as special resolutions of the Company:

### Ordinary Resolutions

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:
  - a. B Ordinary Shares up to an aggregate nominal amount of £400,000 in connection with offer(s) for subscription; and
  - b. 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 Shares from time to time; and

that, 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 26 December 2019 save that the Company may, before such expiry, make offers or agreements which would or might require B Ordinary Shares to be allotted and the Directors may allot B Ordinary Shares in pursuance of such offers or agreements notwithstanding that the authority conferred by this resolution has expired.
2. THAT, the Offer Agreement, details of which are set out on page 6 of the circular issued to the Company's Shareholders dated 29 August 2018 (the "Circular"), be approved.
3. THAT, the PD 2018 Subscription, details of which are set out on page 6 of the Circular, be approved.

### Special Resolutions

4. 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.
5. 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.

For the purpose of these resolutions, words and expressions defined in the Circular shall have the same meanings in these resolutions, save where the context requires otherwise.

By order of the Board of Pembroke VCT plc  
The City Partnership (UK) Limited  
*Company Secretary*  
29 August 2018

## Part IV

# Notice of General Meeting continued

### Notes to the Notice of General Meeting of Pembroke VCT plc

#### 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 9.00 a.m. on 25 September 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](mailto:proxies@shareregistrars.uk.com). For an electronic proxy appointment to be valid, your appointment must be received by Share Registrars Limited no later than 48 hours prior to the time of the meeting i.e. by 9.00 a.m. on 25 September 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 apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy 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](mailto:proxies@shareregistrars.uk.com) with a signed revocation attached to the email such that the revocation would have been valid had it been sent by ordinary mail.

In either case, the revocation notice must be received by the Company no later than 9.00 a.m. on 25 September 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](mailto:Doreen@city.uk.com) (no other methods of communication will be accepted).

You may not use any electronic address provided either:

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

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

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## Part IV

# Form of Proxy

### Pembroke VCT plc (the "Company")

#### General Meeting Form of Proxy

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(s) of the Company appoint the Chairman of the meeting or (see note 2)

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting of the Company to be held on 27 September 2018 at 9.00 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
<b>Ordinary Resolutions</b>			
1. To authorise the allotment and issue of B Ordinary Shares			
2. To approve the Offer Agreement			
3. To approve the PD 2018 Subscription			
<b>Special Resolutions</b>			
4. To disapply pre-emption rights in relation to the allotment and issue in Resolution 1 above			
5. 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

pembroke  
VCT plc

3 Cadogan Gate, London SW1X 0AS

Registered in England and Wales  
Company number 08307631