

# ProVen Health VCT plc

Ordinary Shares

Top-up Offer for Subscription

For up to 1.7 Million New Ordinary Shares



Managed by  
Beringea LLP



## **THIS DOCUMENT IS IMPORTANT**

IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA").

Your attention is drawn, in particular, to the Risk Factors set out on pages 3 & 4

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# Historical Summary

Date the Ordinary Shares were first Listed	March 2001
Funds raised by the Company as at the date of this Document	£19.6 million
NAV per Ordinary Share as at 31 October 2010 (adjusted for the dividend paid on 26 November 2010)	46.5p
Total dividends paid per Ordinary Share since the Company's formation	16.5p
Total return (NAV plus dividends paid) per Ordinary Share since the Company's formation	63.0p

## Expected Timetable for the Offer

Offer opens	24 January 2011
Final closing dates and deadline for receipt of Applications, unless fully subscribed earlier: <sup>1</sup>	
2010/2011 Offer	5.00 p.m. on 5 April 2011
2011/2012 Offer	5.00 p.m. on 31 May 2011 <sup>1</sup>
First admission	within 10 business days of the first allotment <sup>2</sup>
Dealings commence	within 10 business days of each allotment <sup>2</sup>
Share and tax certificates sent out	within 15 business days of each allotment <sup>2</sup>

<sup>1</sup> The Directors reserve the right to extend the 2011/2012 Offer at their absolute discretion. The Offer will close earlier than the dates stated above if it is fully subscribed.

<sup>2</sup> New Ordinary Shares will be allotted and issued in respect of valid applications received for the 2010/2011 Offer on 5 April 2011 and any other date prior to 5 April 2011 on which the Directors decide, and for the 2011/2012 Offer on 31 May 2011 and any other dates after 5 April 2011 on which the Directors decide.

## Enquiries

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## Important Notice

This Document, which constitutes a financial promotion for the purposes of section 21 of FSMA, has been approved, for the purposes of that section only, by Beringea LLP, which is authorised and regulated by the Financial Services Authority. In approving this Document, Beringea LLP is acting solely for the Company and no-one else and will not regard any other person as its customer or be responsible to anyone other than the Company for providing the protections afforded to customers of Beringea LLP or for providing advice in relation to the proposals described herein. There is no guarantee that the Company's investment objectives will be attained. If you are in any doubt as to what action to take, you should contact an independent financial adviser. The levels and bases of reliefs from taxation described in this Document are those currently available. These may change and their value depends on an Investor's individual circumstances. No person has been authorised to issue any advertisements or give any information, or make any representations in connection with the Offer, other than those contained in this Document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Company. This document does not constitute either a prospectus or listing particulars.

# Risk Factors

As a prospective Investor, there are a number of risk factors of which you should be aware before investing in New Ordinary Shares. Prospective Investors should read the whole of this Document and not rely solely on the information in the 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 New 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 and are not set out in order of priority. 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 the New Ordinary Shares.

The attention of Investors is drawn specifically to the following risk factors:

- Prospective Investors should be aware that the value of the New Ordinary Shares may fluctuate and an Investor may not receive back the full amount originally invested, and there is no certainty as to any level of dividends.
- Levels, bases of, and relief from, taxation are subject to change. Such changes could be retrospective. The tax reliefs described are based on current legislation, practice and interpretation. The ability of Investors to secure the tax reliefs available to investors in VCTs depends on their individual circumstances.
- Changes in legislation concerning VCTs in general, and Qualifying Investments and Qualifying Trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives, and may reduce the returns to Investors.
- There can be no assurances that the Company will meet its objectives or that sufficient suitable investment opportunities will be identified.
- It is the intention of the Directors that the Company be managed so as to qualify as a VCT, but there can be no guarantee that such status will be maintained. If the Company fails to meet the qualifying requirements for VCTs, this could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.
- In order to comply with VCT legislation, Qualifying Investments made from funds raised under the Offer will be in unquoted companies with gross assets of not more than £7 million prior to investment and fewer than 50 full time (or equivalent) employees. Such companies generally have a higher risk profile than larger, quoted companies.
- Qualifying Investments made by the Company will be in companies whose securities are not readily marketable and, therefore, may be difficult to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.
- Although the Company may agree conventional venture capital rights in connection with some of its investments, as a minority investor it may not be in a position to fully protect its interests.
- Investors should be aware that the sale of New Ordinary Shares within five years of their subscription will require the repayment of the 30% income tax relief obtained on the subscription for these shares. Accordingly, an investment in the Company should be considered as a longer term investment.
- Past performance of the Company or of other funds managed by the Investment Manager is not an indication of the future performance of the Company.

- Although it is anticipated that the New Ordinary Shares will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, there is likely to be an illiquid market primarily because the initial tax relief is only available to those subscribing for newly issued shares. It may, therefore, be difficult for shareholders to sell their New Ordinary Shares. In addition, it is likely that the market value of the New Ordinary Shares will be less than their underlying net asset value.
- The total dividends per Share paid during a financial period may exceed the increase, if any, in the NAV per Share arising from income and realised and unrealised gains during the period. If this is the case, the NAV per Share will fall over the period.
- Whilst it is the intention of the Directors that the Company will buy back Ordinary Shares from Shareholders at a discount to NAV of not more than 10%, there can be no guarantee that the Company will buy back Ordinary Shares from Shareholders or that if it does the discount to NAV will not be greater than 10%. Share buy backs will be subject to applicable legislation and VCT regulations and the availability of sufficient cash in the Company for follow-on investments and operational requirements. The number of Ordinary Shares bought back in each year by the Company will be a maximum of 10% of the number of Ordinary Shares in issue.

# Chairman's Letter

## Introduction and Reasons for the Offer

The Board of the Company has decided to offer Investors the opportunity to subscribe for New Ordinary Shares. The funds raised under the Offer may be used to make new Qualifying Investments and non-Qualifying Investments and/or to fund dividend payments, share buy-backs or operating expenses of the Company.

Investors in the Offer will gain immediate access to a more mature portfolio of investments than they would by investing in a new VCT share class and may, therefore, potentially see comparatively higher levels of dividends over the first few years of their investment. Investors will also be entitled to receive the tax benefits of investing in a VCT, subject to the usual restrictions.

## Investment Objective and Dividend Policy

ProVen Health VCT plc aims to provide Investors with an attractive return by maximising the stream of tax-free dividend distributions from the capital gains and income generated from a diversified portfolio of investments in the health sector.

In the last two financial years, the Company has made three dividend payments, each of 1p per Ordinary Share. However, this is no indication of the level or frequency of future dividend payments.

## Tax Benefits for Investors

Investors will be eligible to benefit from the significant tax advantages available for investment in VCTs, including 30% income tax relief on their initial investment (which will be forfeited if the shares are held for less than 5 years) and tax-free dividends. In addition, the sale of VCT shares is not subject to capital gains tax.

The 30% income tax relief provides Investors with an initial investment uplift (after issue costs) of 35%. The initial "uplift" cannot be realised immediately, however, as the 30% income tax relief will be forfeited if the New Ordinary Shares are sold within 5 years.

Further details of tax legislation as it relates to investors in VCTs are given below under the heading "Taxation".

## Structure of the Offer and Pricing of the Offer Shares

The Company is seeking to raise, through the issue of up to 1.7 million New Ordinary Shares, a gross amount of approximately £850,000. This is the maximum amount it is allowed to raise without the issue of a full FSA approved prospectus.

New Ordinary Shares will be issued at the Offer Price calculated on the basis of the following Pricing Formula:

**The Offer Price is the Net Asset Value of an Ordinary Share in the Company most recently announced to the Stock Exchange, divided by 0.945 (to allow for issue costs of 5.5%), rounded up to the nearest tenth of a penny.**

As at the date of this Document, the most recently published NAV per Ordinary Share, as adjusted for the dividend of 1p per Ordinary Share paid on 26 November 2010, is 46.5p. Based on this NAV, the New Ordinary Shares would be issued at an Offer Price of 49.3p per Share.

The Company normally announces its latest NAV per Share on a quarterly basis, although it may announce a new NAV between the normal quarterly dates if there is a material movement. The next scheduled NAV announcement following the date of this document is expected to be in March 2011, prior to the first allotment of New Ordinary Shares under the Offer. Such announcements may have an upwards or downwards impact on the NAV of the Ordinary Shares and, therefore, on the Offer Price. Consequently, the Offer Price may change between the date on which an Investor's Application Form is posted and the date on which New Ordinary Shares in respect of that Application are allotted.



Subscription monies not used to acquire New Ordinary Shares and amounting to more than £1 will be refunded, without interest.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares of the Company, including for all future dividend payments.

### **Additional New Ordinary Shares for Shareholders in ProVen Health VCT and other ProVen VCTs**

Investors who are already shareholders in ProVen Health VCT will receive additional New Ordinary Shares equivalent to 2% of the amount subscribed by them under the Offer. Investors who are already Shareholders in ProVen VCT or ProVen Growth and Income VCT will receive additional New Ordinary Shares equivalent to 1% of the amount subscribed by them under the Offer. The cost of the additional New Ordinary Shares will be borne by the Investment Manager.

### **Track Record**

Although it was originally launched in February 2001, ProVen Health VCT (formerly known as Noble Health Fund VCT and before that Sitka Health Fund VCT) has only been managed by Beringea since 1 February 2009. The performance to 31 January 2009 is, therefore, not attributable to Beringea.

Prior to the appointment of Beringea as the Investment Manager, the Board of ProVen Health VCT undertook a review of the Company's investment strategy. The outcome of this was a preference for later stage unquoted investments, which fits well with Beringea's experience and expertise. Since Beringea's appointment, a number of quoted investments and two unquoted investments have been realised. Two quoted investments and one unquoted investment have been put into administration and have been treated as realised in the accounts of the Company. In the longer term it is expected that the proportion of later stage investments in the portfolio will increase.

The performance of the Ordinary Shares for both the period prior to Beringea's appointment as Investment Manager (i.e. from March 2001, when they were first listed, to 31 January 2009) and for the period under Beringea's management (1 February 2009 to 31 October 2010, the latest date for which results have been announced) was as follows, although prospective investors should be aware that past performance is no guide to the future:

Reporting Date	Net Asset Value per Share	Cumulative Dividends paid per Share	Total Return per Share
31 January 2009	51.5p	13.5p	65.0p
31 October 2010 <sup>1</sup>	46.5p	16.5p	63.0p

<sup>1</sup> Adjusted for the dividend paid on 26 November 2010

Dividends of 1p per Ordinary Share were paid on 4 December 2009, 11 June 2010 and 26 November 2010, although this is no guide to future dividend payments.

### **Current Trading and Prospects**

As at 31 October 2010, the latest date for which results have been announced, the total assets attributable to the Ordinary Shares were £9.1 million, of which £5.1 million (56%) was invested in 11 Qualifying Investments. The balance of the assets was invested in non-Qualifying Investments, liquidity funds and cash deposits. Since 31 October 2010, apart from the dividend of 1p per Ordinary Share paid on 26 November 2010 (total net cash payment of £159,000) and a further investment of £212,000 in Population Genetics Technologies, there has been no material change to the Ordinary Share net assets.

A summary of a number of portfolio companies is given below.



Altacor, the Company's largest investment, is a specialty pharmaceutical company selling ophthalmic products. The investment is valued at £1,091,000, a 25% premium to the investment cost, and comprises 12% of the Ordinary Share assets.

Population Genetics Technologies is an example of an early stage investment within the portfolio. The company has developed a system that will make DNA sequencing much cheaper than currently and will, therefore, allow the use of sequencing in routine research studies, drug development and diagnostics. The investment is valued at £1,017,000 and comprises 11% of the total value of the Ordinary Share assets.

Onyx Research Chemicals provides a wide range of chemical services to the life sciences and pharmaceutical industries. The company has more than 40 expert scientists specialising in the synthetic and analytical aspects of drug development. The investment is valued at £895,000, 10% of the total value of the Ordinary Share assets.

Omni Dental Sciences is a supplier of dental products to dental surgeries and chemists. The investment is valued at £675,000, 7% of the total value of the Ordinary Share assets.

The remaining investments include 3 quoted companies, of which Vectura Group and IS Pharma are the largest by value (95% of the total quoted company portfolio valuation at 31 October 2010).

One investment with an original investment cost of £600,000 is fully provided against.

Further information on the Company and its portfolio can be obtained from the Company's audited accounts for the year to 31 January 2010, the half year accounts for the period to 31 July 2010 and the interim management statement to 31 October 2010 all of which are available on request from Beringea by calling 0845 686 0225 or can be downloaded at [www.provenvcts.co.uk](http://www.provenvcts.co.uk).

### **Investment Outlook**

Beringea has now been the Company's Investment Manager for nearly two years. During this period Beringea has made further investments into several portfolio companies with good growth potential, in order to ensure that they can take advantage of expansion opportunities, as well as making a number of realisations.

The investment portfolio is currently weighted towards early and mid-stage investments and the Investment Manager is now targeting investments in later stage businesses which will complement the existing portfolio as it continues to mature, as well as seeking opportunities for further realisations.

### **The Investment Manager**

The Company's investments are managed by Beringea, an award-winning specialist in investing in small and medium sized unquoted companies. The Beringea Group has been established for over 25 years and has managed VCTs since their inception in 1996. The Beringea investment team has over 60 years of combined investment experience in the unquoted company sector.

In its opinion, the Investment Manager is highly selective in making investments and has well-established processes in place to ensure a high standard of quality control. The Investment Manager also pursues a proactive approach to post-investment management including, where possible, appointing one of its executives to the board of each of the companies in which the Company invests.

### **Investment Strategy**

The Company's investment strategy is to create a balanced portfolio in the health sector by investing in revenue generating companies which have proven management and technology or business propositions which are protected by patents or know-how and where there are barriers to entry for competitors.

Where appropriate, the Company will invest alongside other VCTs managed by the Investment Manager. This should enable the Company to benefit from investing in larger businesses than it would otherwise be able to. The allocation of investment opportunities between the VCTs managed by the Investment Manager and their various share classes is governed by a co-investment policy, more details of which are given on page 9.

Prior to investing the new funds raised by the Offer in Qualifying Investments and non-Qualifying Investments or using them to fund dividend payments, share buy-backs or operating expenses of the Company, the Company will generally invest them in cash and liquidity funds, although investments may be made in other investments as deemed appropriate by the Board.

### **Share Buy Back Policy**

Since Beringea became the Company's Investment Manager a share buy back policy has been re-instated. Under this policy the Directors aim to provide Shareholders who wish to sell their Shares with an opportunity to do so, by operating an active policy of purchasing Shares in the market. Subject to maintaining a level of liquidity in the Company which the Directors consider sufficient for follow-on investments and operational requirements, it is the intention that the Company will buy back Ordinary Shares at a discount no greater than 10% to the most recently announced NAV per Ordinary Share (as adjusted for any dividends paid since the announcement). The number of Ordinary Shares bought back in each year by the Company will be a maximum of 10% of the number of Ordinary Shares in issue.

### **Reporting to Shareholders**

The Company provides financial, portfolio and valuation information to Shareholders on a quarterly basis through its annual and half year reports and interim management statements. Beringea also advises Shareholders about new investments and developments in the portfolios through a newsletter, normally produced twice a year. A shareholder event is normally held once a year for all Beringea managed VCTs, including ProVen Health VCT, at which a number of portfolio companies give presentations. This also allows Shareholders to meet the directors of the Company and the investment management team.

### **Costs**

Beringea has agreed to meet all the costs of the Offer in return for an initial fee of 5.5% of the monies raised. Out of the fees, Beringea will be responsible for paying all the costs of the Offer including, where appropriate, initial commission payable to authorised financial advisers, normally at a rate of either 3% or 2.25% on the amount of successful Applications submitted through them. Authorised financial advisers who opt to receive initial commission at the rate of 2.25% will also be entitled to be paid annual trail commission of 0.375% by the Company; the trail commission is subject normally to a maximum cumulative payment of 2.25% of the Offer Price.

Beringea is entitled to receive an annual investment management fee of 2.5% of the Company's Net Assets, calculated and paid on a quarterly basis, and a fee for administration and company secretarial services of £30,000 plus VAT per annum. However, the Annual Running Costs of the Company are capped at 3.6% of its Net Assets; any excess will either be paid by the Investment Manager or refunded to the Company by way of a reduction to the Investment Manager's fees.

In addition, as is customary in the venture capital industry, a performance incentive may be payable to the Investment Manager in the future, dependent on the Company achieving certain performance targets.

The performance fees payable by ProVen Health VCT will be, for each financial year after the Condition is satisfied (including the financial year in which it is first satisfied), an aggregate amount equal to 20% of the Excess Return. Unless decided otherwise by the independent non-executive directors of ProVen Health VCT the amount of performance fee paid in any financial year shall not exceed an amount equal to 5% of the net asset value of ProVen Health VCT as shown in the accounts by reference to which the amount of the performance fee has been calculated. Any amount which cannot be paid as a result shall be carried forward and paid, with interest, at such time or times as such payment can be made without contravening the 5% limit. In the event

that a Target Return is not achieved in respect of any financial year, the shortfall of such return will be carried forward into subsequent periods and the performance fee will only be paid once all previous and current Target Returns have been met.

### **Duration of the Company**

It is not intended that the Company should have a limited life and there is no requirement for the Directors of the Company to put to Shareholders a resolution concerning the continuation of the Company as a VCT within five years of the closing date of the Offer.

### **Co-investment**

It is expected that the Company may co-invest the funds raised under the Offer alongside the other VCTs managed by the Investment Manager, namely ProVen VCT, ProVen Growth and Income VCT and ProVen Planned Exit VCT. In order to ensure that new investment opportunities are apportioned fairly between the VCTs and their various share classes, their allocation is governed by the terms of a co-investment agreement. This broadly provides that each new investment will be apportioned to those VCTs for which it meets their investment policy, and the various Share classes within each relevant VCT, pro-rata to the VCT value of their investments. A share class will not generally be apportioned part of any new investment once its VCT qualifying percentage has reached 75%. Each follow-on investment will be offered first to those share classes that already have an investment in the target company, pro-rata to the VCT value of their existing investments. There are also override provisions designed to ensure that each company retains its VCT qualifying status.

### **Application Procedure**

The Terms and Conditions of Application, which should be read in full, are set out on pages 18 to 21 of this Document.

Investors are invited to subscribe an amount in pounds sterling, rather than apply for a particular number of New Ordinary Shares. The minimum subscription amount is £5,000.

There is no maximum individual subscription level under the Offer but the maximum investment on which tax reliefs on investments in VCTs are currently available is £200,000 in each of the 2010/2011 and 2011/2012 tax years.

New Ordinary Shares will normally be allocated on a first-come, first served basis, but the Directors reserve the absolute discretion to determine the basis of allocation. 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, Applications in respect of which any verification of identity which the Company or Receiving Agent consider may be required for the purposes of the Money Laundering Regulations has not been satisfactorily supplied. Investors and/or Independent Financial Advisers are advised to check the status of the Offer on [www.provenvcts.co.uk](http://www.provenvcts.co.uk) or telephone Beringea on 0845 686 0225 to avoid submitting Applications which may be rejected because the Offer is oversubscribed.

An Application Form is attached at the back of this Document, together with explanatory notes. Completed Application Forms should be sent or hand delivered to **Beringea LLP, 39 Earlham Street, London, WC2H 9LT**, together with a remittance for the full amount payable in respect of the Application. The final closing date for Applications for New Ordinary Shares to be issued in the 2010/2011 tax year is 5 April 2011 and for New Ordinary Shares to be issued in the 2011/2012 tax year is 31 May 2011, unless fully subscribed earlier. The Receiving Agent will acknowledge receipt of Applications.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

**Enquiries**

If you have any questions about the Offer please contact your financial adviser or call Beringea LLP, the Investment Manager of the Company, on 0845 686 0225 or email [info@beringea.co.uk](mailto:info@beringea.co.uk). Please note that Beringea is not permitted to give investment advice.

Yours sincerely

**Charles Pinney**

**Chairman**

**ProVen Health VCT plc**

24 January 2011

# Taxation

The following is only a summary of the law concerning the tax position of individual investors in VCTs. Potential Investors who are in any doubt about the taxation consequences of investing in a VCT are recommended to consult a professional adviser.

## i. Tax reliefs

The tax reliefs set out below are available to individuals aged 18 or over who subscribe under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should seek professional advice.

### (a) Income tax

#### (i) *Relief from income tax on investment*

Income tax relief at the rate of 30% will be available on subscriptions for shares up to a maximum of £200,000 in any tax year. This relief is limited to the amount which reduces the Investor's income tax liability to nil.

The effect of this relief for an Investor subscribing £10,000 for shares is shown below:

	No VCT tax relief	30% income tax relief
Initial investment	£10,000	£10,000
30% income tax relief	—	(£3,000)
Effective investment cost	£10,000	£7,000

To obtain relief an Investor must subscribe on his own behalf, although the shares may subsequently be transferred to a nominee. Investments to be used as security for, or financed by, loans may not qualify for relief, depending on the circumstances.

#### (ii) *Dividend relief*

An Investor who acquires in any tax year VCT shares having a value of up to £200,000 will not be liable to income tax on dividends paid by the VCT on those shares.

#### (iii) *Purchasers in the market*

An individual purchaser of existing VCT shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

#### (iv) *Withdrawal of relief*

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period.

### (b) Capital gains tax

#### (i) *Relief from capital gains tax on the disposal of shares*

A disposal by an Investor of shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

*(ii) Purchasers in the market*

An individual purchaser of shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph (b) (i) above).

**ii. Obtaining Tax Reliefs**

The Company will provide to each Investor a certificate which the Investor may use to claim income tax relief, either by obtaining from HMRC an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

**iii. Investors not Resident in the UK**

Investors not resident in the UK should seek professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

**iv. Withholding Taxation**

No taxation will be withheld at source on any income arising from the Shares and the Company assumes no responsibility for such withholding.

**v. Withdrawal of Approval**

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

## Conditions to be met by Venture Capital Trusts

### i. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on the main market of the London Stock Exchange (the Finance (No. 3) Act 2010 will allow a quotation on any regulated market in the EU or European Economic Area);
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by value of its investments in shares or securities in Qualifying Investments;
- (e) have at least 30% by value of Qualifying Investments in ordinary shares carrying no preferential rights to dividends, assets on a winding up, or any rights to redemption;
- (f) have at least 10% by value of each of its Qualifying Investments in any single company or group in ordinary shares which carry no preferential rights to dividends or assets on a winding-up and no rights to be redeemed;
- (g) not have more than 15% by value of its investments in a single company (other than a VCT or a company which would, if its shares were Listed, qualify as a VCT); and
- (h) not retain more than 15% of its income derived from shares and securities in any accounting period.
- (i) for funds raised on or after a date, expected to be 6 April 2011, (e) above will be replaced by a requirement to have at least 70% by value of Qualifying Investments in “eligible shares”, which will include ordinary shares with certain preferential rights to dividends, but no preferential rights on a winding-up nor any rights to be redeemed.

### ii. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions and for which no more than £1 million was subscribed by the VCT in any one tax year (nor more than £1 million in, broadly, any period of 6 months straddling two tax years). The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £7 million immediately before and £8 million immediately after the investment, apply the money raised for the purposes of a Qualifying Trade within certain time periods and not be controlled by another company. In any twelve month period the company can receive no more than £2 million from VCT funds and Enterprise Investment Schemes raised after 5 April 2007. The company must have fewer than 50 full time (or equivalent) employees at the time of making the investment. In certain circumstances, an investment in a company by a VCT can be split into part Qualifying Investment and part non-Qualifying Investment.

### iii. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on the PLUS market and the Alternative Investment Market) and must carry on a Qualifying Trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The Qualifying Trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a Relevant Qualifying Subsidiary (see below) at the time of the issue of shares or securities to the VCT (and at all times thereafter). The trade must be carried on wholly or mainly in the UK but the company need not be UK resident. From a date expected to be 6 April 2011, this requirement will be replaced by one that stipulates that investee companies must merely have a permanent establishment in the UK. A company intending to carry on a Qualifying Trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.



A Qualifying Company may have no subsidiaries other than Qualifying Subsidiaries which must be more than 50% owned.

A Relevant Qualifying Subsidiary can be a 90% directly held subsidiary of the company invested in, its wholly owned subsidiary, or a 90% owned subsidiary of a directly held wholly owned subsidiary.

#### iv. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, in order to facilitate the launch of a VCT, HMRC may approve a VCT notwithstanding that certain of the tests are not met at the time of application, provided HMRC is satisfied that the tests will be met within certain time limits. In particular, in the case of the tests described at i(d), (e) and (i) above, approval may be given if HMRC is satisfied that this will be met throughout an accounting period of the VCT beginning no more than three years after the date on which approval takes effect.

The Directors intend to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as a VCT and that such approval will be maintained. HMRC has granted the Company approval under section 274 ITA as a VCT. The Company intends to comply with section 274 ITA and has retained PricewaterhouseCoopers LLP to advise it on VCT taxation matters.

#### v. Withdrawal of Approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. Withdrawal of approval generally has effect from the time when notice 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 of the tests were satisfied.

**The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.**

# Definitions

In this Document the following words and expressions shall, unless the context requires otherwise, have the following meanings:

<b>“2010/2011 Offer”</b>	Offer for subscription for New Ordinary Shares in respect of the 2010/2011 tax year as described in this Document
<b>“2011/2012 Offer”</b>	Offer for subscription for New Ordinary Shares in respect of the 2011/2012 tax year as described in this Document
<b>“Actual Return”</b>	net asset value per Ordinary Share of ProVen Health VCT on 31 January in each year plus the aggregate amount of dividends per Ordinary Share of ProVen Health VCT paid up to that date after adding back any performance fees already paid in relation to ProVen Health VCT
<b>“Admission”</b>	admission of the New Ordinary Shares issued pursuant to the Offer to the premium segment of the Official List and to trading on the London Stock Exchange’s market for listed securities
<b>“Annual Running Costs”</b>	annual costs incurred by the Company in the ordinary course of its business excluding trail commission and performance incentive fees
<b>“Applicant”</b>	an investor whose name appears in an Application Form
<b>“Application”</b>	offer to subscribe for New Ordinary Shares under the Offer made by an Applicant by completing an Application Form
<b>“Application Amount”</b>	amount (in pounds sterling) due from an Applicant in respect of his Application or such part (if any) of his Application as is accepted
<b>“Application Form”</b>	application form contained at the end of this Document
<b>“Articles”</b>	Articles of Association of the Company
<b>“Beringea Group”</b>	Beringea LLC and its subsidiaries (including Beringea)
<b>the “Company”</b>	ProVen Health VCT plc
<b>“Condition”</b>	net asset value per Ordinary Share of ProVen Health VCT on 31 January in any year plus the aggregate amount of dividends per Ordinary Share of ProVen Health VCT paid up to that date being equal to or greater than 174p of which not less than 50p shall be in the form of dividends
<b>“Directors” or “Board”</b>	directors of the Company as at the date of this Document
<b>“Document”</b>	this document
<b>“Excess Return”</b>	amount by which the Actual Return exceeds the Target Return
<b>“Existing Ordinary Shares”</b>	Ordinary Shares in issue at the date of this Document
<b>“FSA”</b>	Financial Services Authority
<b>“FSMA”</b>	Financial Services and Markets Act 2000
<b>“HMRC”</b>	HM Revenue & Customs
<b>“ITA”</b>	Income Tax Act 2007
<b>“Investment Manager” or “Beringea”</b>	Beringea LLP
<b>“Investor”</b>	an individual investor, who is a UK resident aged 18 or over, investing no more than £200,000 in VCTs in any one tax year
<b>“Listed”</b>	admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities

<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Money Laundering Regulations”</b>	Money Laundering Regulations 2007
<b>“Net Assets”</b>	gross assets less all liabilities (excluding contingent liabilities)
<b>“Net Asset Base Value”</b>	net amount (after issue costs of 5.5%) subscribed by an Applicant for New Ordinary Shares or, if less, the net asset value of an Ordinary Share as determined from the annual audited accounts of the Company at the end of the preceding financial year
<b>“Net Asset Value” or “NAV”</b>	net asset value per Ordinary Share or New Ordinary Share (as applicable)
<b>“New Ordinary Shares”</b>	new Ordinary Shares available for subscription pursuant to the Offer
<b>“Offer” or “Offer for Subscription”</b>	offer for subscription for New Ordinary Shares pursuant to the terms of this Document
<b>“Offer Price”</b>	issue price per New Ordinary Share pursuant to the Pricing Formula
<b>“Official List”</b>	official list of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company
<b>“PGI VCT”</b>	ProVen Growth & Income VCT plc
<b>“Pricing Formula”</b>	formula for determining the price at which New Ordinary Shares will be issued to an Applicant as described in the Chairman’s Letter and the Terms and Conditions
<b>“ProVen Health VCT”</b>	ProVen Health VCT plc
<b>“ProVen VCT”</b>	ProVen VCT plc
<b>“Qualifying Company”</b>	a company satisfying the conditions of Chapter 4 of Part 6 ITA as described in the Taxation section of this Document
<b>“Qualifying Investment”</b>	an investment in an unquoted company which satisfies the requirements of Chapter 4 of Part 6 ITA, as described in the Taxation section of this Document
<b>“Qualifying Subscriber”</b>	an individual who subscribes for Shares under the Offer and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
<b>“Qualifying Subsidiary”</b>	a subsidiary company which falls within the definition of Qualifying Subsidiary contained in section 302 ITA, as described in the Taxation section of this Document
<b>“Qualifying Trade”</b>	a trade complying with the requirements of Chapter 4 of Part 6 ITA
<b>“Receiving Agent”</b>	Beringea LLP
<b>“Registrar”</b>	Computershare Investor Services PLC
<b>“Relevant Qualifying Subsidiary”</b>	a relevant subsidiary company which falls within the definition of Relevant Qualifying Subsidiary contained in section 301 ITA, as described in the Taxation section of this Document
<b>“Shares”</b>	Ordinary Shares and/or New Ordinary Shares (as applicable)
<b>“Shareholders”</b>	holders of Ordinary Shares and/or New Ordinary Shares (as applicable)
<b>“Target Return”</b>	initial net asset value per Ordinary Share in ProVen Health VCT of 94p as increased in line with the base rate of National Westminster Bank plc averaged over a financial year plus 2% per annum on a compound basis for each financial period commencing with the financial period ended 31 January 2002

<b>“Terms and Conditions”</b>	terms and conditions of Application as set out on pages 18 to 21 of this Document
<b>“UK Listing Authority”</b>	Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA
<b>“Venture Capital Trust” or “VCT”</b>	a company approved as a venture capital trust under section 274 ITA by the Board of HMRC

# Terms and Conditions of Application

- 1 In these Terms and Conditions which apply to all Applications pursuant to the Offer, save where the context otherwise requires, words and expressions defined in this Document have the same meanings when used in these Terms and Conditions, the Application Form and the explanatory notes in relation thereto.

The minimum Application Amount is £5,000.

The contract created by the acceptance of an Application under the Offer will be conditional on Admission becoming effective.

- 2 The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain share certificates and application monies pending clearance of successful Applicants' cheques and banker's drafts. The Company may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the Applicant, through the post at the risk of the person(s) entitled thereto or by BACS transfer to the bank account specified on the Application Form. In the meantime, Application monies will be retained by the Receiving Agent in a separate account. Multiple Applications by Investors are permitted.

- 3 By completing and delivering an Application Form, you:

- (i) offer to subscribe for the amount of money specified in your Application Form or such lesser amount for which your Application is accepted, which shall be applied to purchase New Ordinary Shares on the basis of the Pricing Formula set out below and subject to the conditions contained in this Document, including these Terms and Conditions, and subject to the memorandum and articles of association of the Company.

The price at which Shares will be issued to an Investor (the "Offer Price") will be calculated on the basis of the following Pricing Formula:

**The Offer Price is the Net Asset Value of an Ordinary Share in the Company most recently announced to the Stock Exchange, divided by 0.945 (to allow for issue costs of 5.5%), rounded up to the nearest tenth of a penny.**

- (ii) agree that, in consideration of the Company agreeing that it will not on or prior to the Offer closing issue or allot any New Ordinary Shares which are the subject of the Offer to any person other than by means of the procedures referred to in this Document, your Application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Application Form;
- (iii) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Ordinary Shares until you make payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it and the Receiving Agent 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 the Company of such late

payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such New Ordinary Shares and may issue or allot such New Ordinary 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 banker's draft accompanying your Application, without interest;

- (iv) agree that, in respect of those New Ordinary 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 by the Receiving Agent;
- (v) agree that any monies refundable to you may be retained by the Receiving Agent pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations, and that such monies will not bear interest;
- (vi) authorise the Registrar and/or Receiving Agent to send share certificate(s) in respect of the number of New Ordinary Shares for which your Application is accepted and/or a crossed cheque for any monies returnable, (or BACS transfer to the bank account specified in the Application Form), by post, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the Company in respect of such New Ordinary Shares;
- (vii) agree that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed 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 to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law before any court of competent jurisdiction;
- (viii) confirm that, in making your Application, you are not relying on any information or representation in relation to the Company other than the information contained in this Document and, accordingly, you agree that no person responsible solely or jointly for this Document, or any part thereof or involved in the preparation thereof shall have any liability for such information or representation;
- (ix) irrevocably authorise the Receiving Agent and/or Registrar and/or any person authorised by them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent to execute any document required therefor;
- (x) agree that, having had the opportunity to read this Document, you shall be deemed to have had notice of all information and statements concerning the Company and the New Ordinary Shares contained herein;
- (xi) confirm that you have reviewed the restrictions contained in paragraph 5 below and 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 New Ordinary Shares with a view to their offer, sale or delivery to or for the benefit of any US Person or a resident of Canada;
- (xii) declare that you are an individual aged 18 or over;
- (xiii) agree that all documents and cheques sent by post to, by, or on behalf of, the Company or the Receiving Agent will be sent at the risk of the Applicant;

- (xiv) agree, on request by the Company, to disclose promptly in writing to the Company, any information which the Company may reasonably request in connection with your Application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Company to disclose any information relating to your Application as it considers appropriate;
  - (xv) agree that Beringea will not treat you as a customer by virtue of your Application being accepted or owe you any duties or responsibilities concerning the price of the New Ordinary Shares or the suitability for you of New Ordinary Shares or be responsible to you for providing the protections afforded to its customers;
  - (xvi) where applicable, authorise the Company to make on your behalf any claim to relief from income tax in respect of any dividends paid by the Company;
  - (xvii) declare that the Application Form has been completed to the best of your knowledge;
  - (xviii) undertake that you will notify the Company if you are not or cease to be either a Qualifying Subscriber or beneficially entitled to the New Ordinary Shares; and
  - (xix) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Ordinary Shares and that the New Ordinary Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.
- 4 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, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him 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 UK wishing to make an Application to satisfy himself 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 by such territory.
- 5 The New Ordinary Shares have not been and will not be registered under the Securities Act, as amended, 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.
- 6 The basis of allocation will be determined by the Company as set out under the heading "Structure of the Offer and Pricing of the Offer Shares" in the Chairman's letter. There is no maximum individual subscription level under the Offer but the maximum investment on which tax reliefs on investments in VCTs are currently available is £200,000 in each of the 2010/2011 and 2011/2012 tax years. Dealings prior to the issue of certificates for New Ordinary 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 Offer will not be withdrawn after dealings in the New Ordinary Shares have commenced.
- 7 Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA number will normally be paid either:
- (i) 3% of the amount invested by their client (and no trail commission); or



- (ii) 2.25% of the amount invested by their client plus an annual trail commission, usually of 0.375% per annum of the Net Asset Base Value of the New Ordinary Shares held by their client who submitted his or her application under the Offer through the authorised financial intermediary. The trail commission in respect of applications for New Ordinary Shares is expected to be paid first in June 2012 and annually thereafter (provided that the financial adviser continues to act for the client and the client continues to hold the New Ordinary Shares) for up to six years, subject normally to a maximum aggregate annual trail commission of 2.25% of the Offer Price, and will cease to be payable if the Company is wound up.

Beringea will maintain a register of intermediaries entitled to trail commission. Beringea will be entitled to rely on a notification from an Investor that he has changed his adviser, in which case the trail commission will cease to be payable to the original adviser and will be payable to the new adviser. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for trail commission.

Beringea LLP will collate the Application Forms bearing the financial intermediaries' stamps and calculate the initial commission payable which will be paid within 14 days of each allotment.

- 8 Financial intermediaries may agree to waive initial commission in whole or in part in respect of an Application Amount. If this is the case, then the Application Amount will be increased by an amount equivalent to the commission waived.
- 9 Money Laundering Regulations

*Important note for Application Amounts of 15,000 Euros (approximately £13,000) or more*

The verification of identity requirements of the Money Laundering 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 the Application being treated as invalid or in delay in confirming the Application has been accepted.

If the Application Amount exceeds 15,000 Euros (approximately £13,000 as at the date of this Document) payment should be made by means of a UK clearing bank cheque drawn in your name on an account in your name. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write your name, address and date of birth on the back of the cheque or banker's draft and:

- (i) if a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- (ii) if a cheque is drawn by a third party, you must ensure that both of the following documents are enclosed with the Application Form: a certified copy of your passport (or your driving licence bearing a photograph and signature of the individual) and a recent (dated within three months preceding the date of Application) original bank or building society statement (or utility bill) in your name. A copy passport or driving licence should be certified as a true and correct copy of the original by a solicitor or bank. Original documents will be returned to you by post at your risk.

# Notes on How to Complete the Application Form

*Please send your completed Application Form together with your cheque or banker's draft and proof of identity if required (please see paragraph 9 of the Terms and Conditions on page 21 of this Document in this regard) to:*

**ProVen Health VCT Top-up Offer, c/o Beringea LLP, 39 Earlham Street, London, WC2H 9LT**

*If you have any questions on how to complete the Application Form please contact Beringea on 0845 686 0225 or 0207 845 7820. Please note for legal reasons Beringea will not be able to provide advice on the merits of the Offer or give any personal tax, investment or financial advice.*

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## SECTION 1

Please insert your full name and permanent address in BLOCK CAPITALS, your daytime telephone number, date of birth and national insurance number in Section 1 of the Application Form. Your national insurance number, which you will find on your pay slip, is required to ensure you obtain your income tax relief. Joint applications are not permitted, but husbands, wives and civil partners may apply separately. Please insert your email address if you wish to receive updates regarding the progress of the Company by email.

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## SECTION 2

**Please note that the minimum investment is £5,000,** which may be split between the two tax years.

Specify the amount you wish to invest in New Ordinary Shares under the 2010/2011 Offer in Box A (state nil if appropriate).

Specify the amount you wish to invest in New Ordinary Shares under the 2011/2012 Offer in Box B (state nil if appropriate).

Specify the total amount to be invested in New Ordinary Shares under the Offer (i.e. the sum of Boxes A and B) in Box C.

**Make cheques payable to "ProVen Health VCT Top-up Offer".** Cheques must be from a recognised UK bank account and your payment must relate solely to this application.

If you are applying for New Ordinary Shares under both the 2010/2011 Offer and the 2011/2012 Offer, you must submit a separate cheque or banker's draft for each tax year. Cheques may be post dated to 6 April 2011 for applications under the 2011/2012 Offer.

If the value of the New Ordinary Shares applied for exceeds 15,000 Euros (approximately £13,000 as at the date of this Document) payment should be made by means of a UK clearing bank cheque drawn in your name on an account in your name. If this is not practicable and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write your name, address and date of birth on the back of the cheque or banker's draft and:

- (i) if a building society cheque or banker's draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited;
- (ii) if a cheque is drawn by a third party, you must ensure that both of the following documents are enclosed with the Application Form: a certified copy of your passport (or your driving licence bearing a photograph and signature of the individual) and a recent (dated within three months preceding the date of Application) original bank or building society statement (or utility bill) in your name. A copy passport or driving licence should be certified by a solicitor or bank. Original documents will be returned to you by post at your risk.

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### SECTION 3

Investors who are already Shareholders in ProVen Health VCT will receive additional New Ordinary Shares equivalent to 2% of the amount subscribed under the Offer. Investors who are already shareholders in ProVen VCT or PGI VCT will receive additional New Ordinary Shares equivalent to 1% of the amount subscribed under the Offer.

If you are an existing shareholder in ProVen Health VCT, ProVen VCT or PGI VCT, please complete this section in order to claim your additional New Ordinary Shares.

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### SECTION 4

Read the declaration below and sign and date the Application Form.

**If this form is completed and signed by the Investor named in Section 1:**

By signing this form I HEREBY DECLARE THAT:

- (i) I have received the Document dated 24 January 2011 and have read the Terms and Conditions therein and agree to be bound by them;
- (ii) I will be the beneficial owner of the New Ordinary Shares issued to me under the Offer;
- (iii) I have read and understood the risk factors set out on pages 3 to 4 of this Document; and
- (iv) To the best of my knowledge and belief, the personal details I have given are correct.

**If this form is completed and signed by an authorised financial intermediary or any other person apart from the Investor:**

By signing this form on behalf of the individual whose details are shown above, I make a declaration (on behalf of such individual) on the terms of sub-paragraphs (i) to (iii) above and attach the power of attorney under which I have authority to sign on behalf of such individual.

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### SECTION 5

Please complete the mandate instruction if you wish to have dividends paid directly into your bank or building society account. If any Application is not accepted in full, the balance of the Application Amount may be repaid (without interest) to the bank account specified.

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### SECTION 6

Authorised financial intermediaries who are entitled to receive commission should stamp and complete Section 6, giving their full name and address, telephone number and details of their authorisation under the Financial Services and Markets Act 2000. An authorised signatory must sign on behalf of the authorised financial intermediary. The right is reserved to withhold payment of commission if the Company, in its sole discretion, is not satisfied that the financial intermediary is authorised.

Please complete the appropriate box to indicate which commission structure you would prefer. If you wish to waive some or all of your commission, please insert ALL or a percentage of the New Ordinary Shares in respect of which you wish commission to be waived and reinvested in additional New Ordinary Shares.

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# APPLICATION FORM

## ProVen Health VCT Top-up Offer for Subscription

Before completing this Application Form you should read the Terms and Conditions and the Notes on How to Complete the Application Form. The Offer opens on 24 January 2011 and the closing date in respect of the 2010/2011 Offer will be 5.00 p.m. on 5 April 2011 and in respect of the 2011/2012 Offer will be 5.00 p.m. on 31 May 2011 (or earlier if the maximum subscription has been reached before then).

Please send this Application Form together with your cheque or banker's draft and proof of identity if required, to **ProVen Health VCT Top-up Offer, c/o Beringea LLP, 39 Earlam Street, London, WC2H 9LT.**

Please complete in block capitals

### Section 1

Title (Mr/Mrs/Miss/Ms/Other)		Surname	
Forename(s) in full			
Date of Birth	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	National Insurance Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

(You should be able to find your NI number on a payslip, form P45 or P60, a letter from the Inland Revenue, a letter from the DWP, or pension order book)

Permanent residential address			
		Postcode	
E-mail			
	Please insert your email address to receive updates regarding the progress of the Company by email		
Telephone (work)		Telephone (home)	

### Section 2

I offer to subscribe the following amount for New Ordinary Shares on the Terms and Conditions of Application set out in this Offer Document and the Memorandum and Articles of Association of the Company.

**The minimum Application Amount (which may be spread across two tax years) is £5,000.**

2010/11 Offer (tax year 2010/2011)	£	<b>A</b>
2011/12 Offer (tax year 2011/2012)	£	<b>B</b>
<b>TOTAL INVESTMENT (A+B)</b>	£	<b>C</b>

**I ENCLOSE (A) CHEQUE(S) OR BANKER'S DRAFT(S) DRAWN ON A UK CLEARING BANK, MADE PAYABLE TO "ProVen Health VCT Top-up Offer"**

(Note: If you are applying for New Ordinary Shares in both the 2010/2011 tax year and the 2011/2012 tax year, you must submit a separate cheque or banker's draft for each of the tax years).

### Section 3

Please indicate if you are an existing shareholder in ProVen Health VCT, ProVen VCT or ProVen Growth and Income VCT:

ProVen Health VCT	
ProVen VCT (Ordinary, C or D Shares)	
ProVen Growth & Income VCT (Ordinary or D Shares)	

### Section 4

Signature		Date	
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## Section 5

All dividends on Shares held in the Company may be paid directly into bank and building society accounts. In order to facilitate this, please complete the mandate instruction form below.

If you are an existing shareholder in the Company this instruction applies to all your shareholdings in the Company and completing the form below will direct the Company to send all dividend payments due on all your shareholdings to this bank account.

Dividends paid directly to your account will be paid in cleared funds on the dividend payment dates.

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 register of members of ProVen Health VCT plc to the bank account listed below.

I understand that if my Application is not accepted in full, the balance of Application monies may also be repaid (without interest) to the bank account listed below.

Bank or Building Society reference number and details:

(1)	Sort Code Number
(2)	Name of Bank/Building Society
	Title of Branch
	Address of Branch
(3)	Account Number
(4)	Signature
	Date

The Company and Beringea do not accept responsibility if any details quoted by you are incorrect.

## Section 6

For completion by authorised financial intermediaries only

Name of firm:		Stamp	
Address:			
Telephone:			
Fax:			
E-mail Address:			
Name of Contact:			
Preferred commission structure – Please state commission percentages under the preferred commission structure (either 3% or 2.25% plus trail) so that the percentages total either 3% or 2.25%, as appropriate.			
		3%	2.25% plus trail
A: Commission to be paid to authorised financial intermediary			
B: Commission to be waived and invested in additional shares for your client			
Signature of authorised signatory of authorised financial intermediary		Date	

The details set out in this Application Form should be checked carefully by the authorised financial intermediary as they supersede details given in any accompanying letters or forms

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