

Registration Document New Ordinary Share Offer

ProVen VCT plc

Sponsored by
Howard Kennedy Corporate Services LLP

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Risk Factors

As a prospective Investor, there are a number of risk factors which you should be aware of before investing in the New Ordinary Shares. Prospective Investors should read the whole of the Prospectus 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 Directors draw the attention of potential Investors to the following risk factors which may affect the Company's performance and/or the availability of tax reliefs:

- 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. The Company will face competition for investment opportunities and there can be no assurances 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, the Qualifying Companies must be unquoted and have gross assets of not more than £7 million prior to investment. Likewise, each company must have less than 50 full time (or equivalent) employees at the time of investment (there are proposals to increase the employees and gross assets limit with effect from 6 April 2012). Such companies generally have a higher risk profile than larger, quoted companies.
- Qualifying Investments made by the Company will be in companies whose shares 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.
- As a minority investor the Company will not control the boards of directors of investee companies and 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.
- The Company is seeking up to £15 million through the Offer. To the extent that a smaller level of funds is raised, the portfolio may be less diversified than if the Offer had been fully subscribed.
- Past performance of the funds managed by the 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 a premium listing on 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.
- A significant proportion (22.8% as at 31 August 2011) of the Ordinary Shares' net assets is concentrated in one investment, Espresso Group Limited. This concentration will be reduced by raising funds under the Offer. This is not unusual in a relatively mature venture capital portfolio but potential investors should be aware that the future investment performance of the Ordinary Shares will be more dependent on this investment as a result.
- The Company's objective of achieving a total return greater than that available from investment in a portfolio of quoted companies is only a target and is not guaranteed. The value of an investment in the Company depends on the performance of its underlying assets and that value and the income derived from the investment may go down as well as up.
- The UK economy is showing only very limited signs of recovery. Without improvement it is possible that the current difficult economic climate will adversely affect the prospects for both existing portfolio companies and any new investments.
- The conversion of the Company's Ordinary Shares and C Shares which is scheduled to take place in October 2012 may not happen then or at all. In the unlikely event that the conversion does not take place, the Ordinary Share portfolio will be less diversified than if the conversion does take place.
- The total dividends per Share paid during a financial period may exceed the increase, if any, in the NAV per New Ordinary Share arising from net income and realised and unrealised gains during the period. If this is the case, the NAV per New Ordinary Share will fall over the period.
- Whilst it is the intention of the Directors that the Company will buy back New 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 New 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.

Part 1

Introduction and Performance

Introduction

A Venture Capital Trust ("VCT") is a form of investment company which is listed on the London Stock Exchange. VCTs were introduced by the UK government to enable individuals to invest in small, unquoted UK companies with high growth potential while benefitting from a range of attractive tax reliefs. The money raised from individual investors is pooled together and invested by a professional manager in a portfolio of such companies.

ProVen VCT is an established VCT, originally launched in February 2001. ProVen VCT raised £30.1 million from Ordinary Share issues between 2000 and 2008, £14.6 million from C Share issues between 2006 and 2008 and £8.3 from D Share issues between 2008 and 2010.

The Company initially invested funds in cash and fixed interest securities which were progressively realised in order to meet the Company's operating expenses and to make venture capital investments.

Details of the Company's investment portfolio are set out on pages 5 to 8 of this document and financial information on the Company is set out in Part 8.

Performance

The historic performance of all the share classes of the Company from their admission to the Official List and to trading on the London Stock Exchange's market for listed securities to 31 August 2011 (the latest date for which results have been announced) is set out in the table below.

<i>Company performance to 31 August 2011</i>	<i>Ordinary Shares (listed April 2000)</i>	<i>C Shares (listed March 2007)</i>	<i>D Shares (listed March 2009)</i>
Net asset value per Share (pence)	55.9	82.0	88.8
Total dividends per Share (pence)	107.70	4.8	-
Total Return per Share (pence) (1)	163.60	86.8	88.8
Total Return on initial NAV (1)	73%	(8%)	(6%)
Return on FTSE All Share Total Return index over same period (2)	31%	3%	54%
Performance relative to other VCT issues in the same tax year (3)	1/13	20/27	N/A

Sources:

- (1) Total Return = latest net asset value per Share plus cumulative dividends paid.
- (2) FT.com - from initial listing date to 31 August 2011 (Total Return includes dividends reinvested).
- (3) Tax Efficient Review - VCT Performance Page as at 7 December 2011, based on annual rate of return since launch.

Investors are reminded that the past performance of investments made by the Company or the Manager should not be regarded as an indication of the future performance of investments made by the Company.

Part 2

Investment Portfolio

Investment Portfolio

At 31 August 2011 (being the end of the last financial period for which unaudited interim financial information is available), the Company's Ordinary Share fund had investments in 16 companies of which 14 were Qualifying Investments with a cost of approximately £10.5 million and a valuation of approximately £11.8 million, its C Share fund had investments in 19 companies of which 18 were Qualifying Investments with a cost of approximately £7.9 million and a valuation of approximately £9.4 million and its D Share fund had investments in 8 companies of which 7 were Qualifying Investments with a cost of approximately £2.0 million and a valuation of approximately £1.8 million.

As at 31 August 2011, ProVen VCT's unaudited net asset value was 55.9p per Ordinary Share, 82.0p per C Share and 88.8p per D Share, as determined by its Board.

There have been no material changes to the Company's investment portfolio since 31 August 2011. [The Company is currently reviewing a number of other investment opportunities, but no binding commitments to invest have been made. If the Company completes any of the potential investments it is currently considering funds will be sourced from its existing cash resources].

Summary of investment portfolio

The list of active current investments (unaudited) in the Ordinary Share, the C Share and the D Share Portfolios set out below constitutes a comprehensive and meaningful analysis of the Company's portfolio as at the date of this document, the valuations being as at 31 August 2011, the latest date for which results have been announced. This list is intended to demonstrate the track record of the Company and the types of companies in which it has invested. It is not intended that funds raised through the Offer will invest in the same portfolio of companies.

In subscribing for Ordinary Shares Investors will not be participating initially in the investment portfolios relating to the C Shares and the D Shares. However, it is intended that the Ordinary Share and the C Share portfolios will merge, in accordance with the Company's articles of association, in October 2012. There is currently no intention to merge the D Share portfolio with the Ordinary Share or C Share portfolio.

<i>Ordinary Share Portfolio: Top ten venture capital investments (by value)</i>	Cost £'000	Valuation £'000	% of portfolio by value*
Espresso Group Limited <i>Supplier of on-line digital educational content for schools</i>	1,317	3,492	22.8%
SPC international Limited <i>Provider of repair and refurbishment services for electronic equipment</i>	1,618	1,673	10.9%
Think Limited <i>Digital media agency</i>	403	1,591	10.4%
Eagle Rock Entertainment Limited <i>Independent producer, publisher and distributor of music programming</i>	1,010	1,176	7.7%
Campden Media Limited <i>Magazine publisher and conference organiser</i>	1,289	1,170	7.6%
Donatantonio Limited <i>Importer and distributor of Mediterranean food ingredients</i>	582	719	4.7%
Tossed Limited <i>Operator of takeaway food stores specialising in healthy eating</i>	578	697	4.5%
Ashford Colour Press Limited <i>Book printer</i>	500	430	2.8%
Fjordnet Limited <i>Digital design agency</i>	200	278	1.8%
Pilat Media Group Limited	172	276	1.8%

Supplier of business management software to broadcasters

	7,669	11,502	75.0%
Other venture capital investments	2,875	304	2.0%
Total venture capital investments	10,544	11,806	77.0%
Liquidity fund investments		3,400	22.2%
Cash at bank and in hand		124	0.8%
		15,330	100.0%

* The percentage of the portfolio by value is shown before the impact of the funds raised under the Offer. Assuming full subscription, and no increase in the size of the Offer, the existing Ordinary Share assets will represent approximately 52.8% of the enlarged Ordinary Share assets and the largest investment by value, Espresso Group Limited, will represent 11.1% of the total net asset value.

C Share Portfolio: Top ten venture capital investments (by value)

	Cost £'000	Valuation £'000	% of portfolio by value
Think Limited	403	1,591	13.4%
Fjordnet Limited	800	1,114	9.4%
Donatantonio Limited	885	1,095	9.2%
Lazurite Limited	1,000	957	8.1%
Charterhouse Leisure Limited	700	652	5.5%
SPC International Limited	403	610	5.1%
Chess Technologies Limited	600	561	4.7%
Tossed Limited	425	511	4.3%
Celebrus Technologies Limited	470	470	4.0%
Overtis Group Limited	605	324	2.7%
	6,291	7,885	66.4%
Other venture capital investments	1,605	1,497	12.6%
	7,896	9,382	79.0%
Liquidity fund investments		1,350	11.4%
Cash at bank and in hand		1,144	9.6%
'C' Share pool total		11,876	100.0%

D Share Portfolio: Venture capital investments (by value)

	Cost £'000	Valuation £'000	% of Portfolio By value
MatsSoft Limited	650	650	8.8%

Celebrus Technologies Limited	300	300	4.1%
Tossed Limited	223	268	3.6%
APM Healthcare Limited	188	188	2.6%
Monica Vinader Limited	138	138	1.9%
Fjordnet Limited	276	134	1.8%
Cinergy International Limited	115	104	1.4%
Senselogix Limited	92	92	1.2%
	1,982	1,874	25.4%
Liquidity fund investments		4,450	60.4%
Cash at bank and in hand		1,042	14.2%
'D' Share pool total		7,366	100.0%

Since 31 August 2011 the Company has made the following investments:-

Utility Exchange Online Limited:	O shares – zero	C shares - £65,000	D shares - £234,000
Overtis Group Limited	O shares - £20,000	C shares - £31,000	D shares - zero

Further details of the five largest venture capital investments in the Ordinary Share portfolio by value are as follows:

Espresso Group Limited

Espresso Group is the UK's leading provider of digital education content for schools, delivered over the internet. The company launched its first service, *Espresso Primary*, in 2000. Following the ProVen VCT's initial investment into Espresso in 2001, the number of subscribers to *Espresso Primary* grew rapidly, and the company featured in the *Times Tech Track 100* list of the UK's fastest growing technology companies three years in a row. Over 9500 UK primary schools now subscribe to Espresso Primary, representing around 45% of all UK primary schools.

In 1997, Espresso acquired the educational business of Channel 4 and used the content acquired through this acquisition to develop a service for secondary schools, called *4 Learning Clipbank*. Nearly 20% of the UK's secondary schools now subscribe to this service.

Espresso has also expanded internationally. It launched its first overseas service in Sweden in 2007. This was followed in April 2011 by the launch of Espresso Elementary in the USA. During the first six months of offering this service Espresso acquired over 500 subscribing schools. It is expecting further rapid growth in the USA over the next few years.

The Company's investment in Espresso comprises ordinary shares representing 20.1% of the company's equity. It is currently valued at 2.5 times cost.

SPC International Limited

SPC is involved in the repair and refurbishment of electronic equipment. The company established additional operations and capacity in Thailand in 2008 and India in 2009 to add to the existing facilities in the UK, France and Slovakia. This has resulted in considerable growth during 2011.

Eagle Rock Entertainment Group Limited

Eagle Rock Entertainment is a leading independent producer, publisher and distributor of music programming for television and DVD, digital and blue-ray, comprising live concerts and documentaries. To date, it has achieved 22 "Platinum" and "Multi-Platinum" awards and 16 "Gold" awards for its US releases and in 2011 won its first Grammy Award for its film about The Doors, "When You're Strange".

Eagle Rock is continually expanding its extensive catalogue. Recent high profile releases include "Stones in Exile", filmed with the collaboration of The Rolling Stones, and "Almost The Truth: The Lawyer's Cut", which tells the story of Monty Python through brand new interviews with the Pythons and a generous helping of clips from Python material. All of Eagle Rock's content is available for multi-media exploitation including broadcast, digital distribution and physical goods.

Campden Media Limited

Campden Media is a specialist business-to-business information provider that creates high-quality content which is delivered in print, online, at conferences and exhibitions, and via research reports. Campden Media is a global business with offices in London, New York and Singapore.

ProVen VCT recently made a further investment in Campden Media to finance the acquisition of The Institute For Private Investors, an American company which provides educational and networking resources for ultra high net worth investors. The acquisition will give Campden the preeminent position in both the European and US Wealth Management conference and publishing markets.

Think Limited

Think is a leading digital agency specialising in working with clients to develop their digital strategies and thereafter designing and building digital solutions. From its Newcastle and London offices the company serves international clients such as Blackberry, BUPA and Sony. Think recently launched the highly acclaimed "Pottermore" website in partnership with JK Rowling. The company has achieved substantial growth since ProVen VCT's investment in 2009. It recently secured second place in the prestigious *Drum's Recommended Agency Register Top 100* and has achieved a top-ten placing in the *Deloitte Fast 50* for three years running.

The above information has been derived from the unaudited interim accounts of the Company for the six months ended 31 August 2011.

There has been no significant change to the Company's trading or financial position since 31 August 2011, the date to which the latest half year report was prepared.

Further information on the Company and its Ordinary Share portfolio can be obtained from the Company's audited accounts for the year to 28 February 2011 and the half year report for the period to 31 August 2011, which are available on request from Beringea by calling 0845 686 0225 or at www.provenvcts.co.uk.

Part 3

Investment Policy

Investment Objectives

The Company's investment objective is to achieve long term returns greater than those available from investing in a portfolio of quoted companies, by investing in

- a portfolio of carefully selected Qualifying Investments in small and medium sized unquoted companies with excellent growth prospects;
- a portfolio of non-Qualifying Investments including cash deposits, money market funds, fixed interest securities, secured loans and investments which would be Qualifying Investments but for the requirements of Chapter 4 of Part 6 of the Income Taxes Act 2007 (as amended);

within the conditions imposed on all VCTs, and to minimise the risk of each investment and the portfolio as a whole.

Investment Strategy

The Company's investment strategy is to invest in unquoted companies which have the potential for rapid growth, to provide them with the capital they need to take full advantage of this. Some of the key criteria used to select investments include:

- a proven, successful business model;
- clear potential for rapid growth in revenues and profits
- a defensible market position;
- a strong, balanced and well motivated management team with a proven track record of achievement and a substantial shareholding in the business;
- an attractive entry price for the Company;
- the ability to structure the investment with a proportion of secured loan notes in order to reduce risk;
- a clearly identified route for a profitable realisation within a 3-4 year period

The Company may also invest in companies at other stages of development, including those requiring capital for management buy-outs, but will not invest in start-ups. Investments will be spread across a range of different sectors.

Asset Allocation

Over the three years following the Offer, approximately 75% of the funds raised will be progressively invested in Qualifying Investments. Initially, whilst suitable Qualifying Investments are being identified, the funds will be invested in a portfolio of non-Qualifying Investments including cash deposits, money market funds, fixed interest securities, secured loans and investments. Progressively, this portfolio will be realised in order to fund investments in Qualifying Investments. Following the initial three year investment period the maximum exposure of the Ordinary Share portfolio to Qualifying Investments will be 80%. The remaining portion of the Ordinary Share portfolio will be retained in non-Qualifying Investments to fund the annual running costs of the Company, to reduce the risk profile of the overall portfolio and to fund any further investments in its investee companies.

It is expected that after investing 75% of its assets in Qualifying Investments, the Ordinary Share portfolio will have at least 20 investments (assuming full subscription) to provide diversification and risk protection, with a maximum Qualifying Investment in each portfolio company in each tax year of £1 million. Under current VCT legislation a Qualifying Company's gross assets may not exceed £7 million prior to investment, although there are proposals to increase this limit from 6 April 2012. No single investment will represent more than 15% of the Company's investments at the time the investment is made.

Risk Management

With many years experience of managing the risks involved in investing in unquoted companies, Beringea has designed the investment strategy to reduce risk as much as possible. Key risk management features include:

- *Broad portfolio of companies* – The Company will invest in a broad portfolio of different companies, thereby reducing the potential impact of poor performance by any individual investment;
- *Low-risk non-qualifying investments* - These will include cash deposits, money market funds, fixed interest securities and secured loans, with the intention of generating maximum yield consistent with minimising the risk to Investors' capital;
- *Stage of investment* – The Company will only invest in established companies, normally to provide capital for expansion ;
- *Rigorous investment process* – Beringea has established rigorous procedures for reviewing and approving potential investments, as described above, aimed at ensuring a high standard of investment decision-making;
- *Investment into loan notes and preference shares* – Investments will be structured, where appropriate, with a substantial proportion of the funding in the form of loan notes or preference shares, which must be repaid in priority to ordinary shares on a sale of the investee company. Consequently, the investment risk is significantly reduced. Some or all of the loan notes and preference shares may be repaid during the life of the investment, thereby reducing the Company's exposure without affecting the percentage of the equity it holds;
- *Close monitoring of investments / Position on the board of the company* – Beringea will closely monitor the performance of all investments in order to identify any problems and to enable it to take swift corrective action, including in certain circumstances the replacement of under-performing managers;
- *Control over key decisions by investee companies* – Beringea will negotiate detailed legal agreements with each investee company giving it significant influence over the development of the business. Generally, one of Beringea's investment managers will be appointed to the board of each investee company;
- *Co-investment* – The ability to invest the funds raised under the Offer alongside other funds managed by Beringea, such as ProVen Growth and Income VCT and, for healthcare investments, ProVen Health VCT, will enable the Company to invest in larger and more mature businesses than it might otherwise be able to access, thereby reducing the risk of the investment portfolio

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, in accordance with its articles of association, have the ability to borrow a maximum amount which is equal to the nominal capital of the Company and its adjusted distributable and undistributable reserves, currently equal to £34.5 million. There are no plans to utilise this facility at the current time.

The Directors do not intend to vary the Company's investment policy, which will be adhered to for at least three years following the Offer. However, should a change in the investment policy (including the conditions above) be deemed appropriate this will be done with Shareholders' approval and in accordance with the Listing Rules.

Part 4

The Manager and the Board

Award Winning Fund Manager

The Fund will be managed by Beringea, winner of the 2008 VCT Fund Manager of the Year Award at the Growth Company Awards. The Beringea Group has specialised in managing investments in unquoted companies for over 20 years and has managed ProVen VCT since it was launched. Beringea also manages venture capital funds on behalf of institutional investors. Total venture capital funds under management by the Beringea Group are over £225 million.

Beringea has won several awards for its management of VCTs:

- VCT Fund Manager of the Year 2008 – Growth Company Awards
- Specialist Investment Vehicle of the Year 2008 (for ProVen Growth & Income VCT) – Quoted Company Awards
- VCT of the Year 2003 (for ProVen Growth & Income VCT) – Investor All-Stars Awards

The Management Team

The investment management team comprises the following five executives, who have more than 60 years combined experience of making venture capital investments. They are:

Trevor Hope (aged 41)

Trevor is Chief Investment Officer for Beringea. He has over eleven years experience of investing in unquoted companies, during which he has made over 45 investments. Trevor started his career in unquoted investing with 3i plc, for whom he worked in the UK and USA, before joining Beringea in 2003. His experience of financing small companies also includes eight years working in corporate banking for Barclays and The Royal Bank of Scotland. Trevor has an MBA and is an ACIB.

Karen McCormick (aged 35)

Karen joined the Manager as an Investment Director in 2007. She previously worked as a consultant with The Boston Consulting Group and Kurt Salmon Associates, where her project work focused on developing growth strategies and hands-on implementation. Karen has an MBA from INSEAD and a BSBA from Boston University.

Stéphane Méry (aged 46)

Stéphane has 10 years experience as a venture capital fund manager in the healthcare sector and focuses on making investments in this sector for the VCTs managed by the Manager, including ProVen VCT. Previously, he was Associate Director at Smithkline Beecham and also worked at the American consulting firm, ZS Associates. Stéphane has an MBA from INSEAD.

Malcolm Moss (aged 52)

Malcolm is a Senior Managing Director and founder of Beringea LLC.. In addition to sitting on the Boards of ProVen VCT, ProVen Growth & Income VCT and ProVen Planned Exit VCT he sits on the investment committees of the Beringea Group's three other venture funds (InvestCare Partners, The Global Rights Fund II and Invest Michigan Growth Capital Fund). Malcolm has a BA and an MBA.

Stuart Veale (aged 52)

Stuart has 24 years of private equity investment experience. Prior to joining Beringea, Stuart was a senior director with LDC (the private equity arm of Lloyds TSB) and head of their Thames Valley office. He started his career in venture capital with 3i. Stuart has an MA and an MBA from the London Business School.

The Board

The Board of the Company comprises non-executive directors, all of whom (except Malcolm Moss) are independent of the Manager. The Board is responsible for the Company's affairs, including determining the investment policy of the Company. Investment proposals will be originated by the Manager and formally approved by the Board.

Directors of the Company:

Andrew Davison FCA (aged 68), Chairman

Andrew has over 30 years experience of the financial services industry. He was formerly Managing Director of NatWest Ventures, which specialised in private equity investments, and is a former council member of the British Venture Capital Association. He is the Chairman of City of London Investment Group plc, a director of Downing Distribution VCT 2 plc and a director of other unquoted companies.

Barry Dean FCA (aged 62)

Barry has over 25 years experience in the private equity industry including 14 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited. He is currently a director of Henderson Private Equity Investment Trust plc, Downing Absolute Income VCT 2 plc and Elderstreet VCT plc. He is also an Advisory Committee Member for Parallel Private Equity LLP and a member of the Investment Committee of Beamreach Capital LLP.

Malcolm Moss (see above)

Practices and Operation

The Board is responsible for the overall control and management of the Company with responsibility for its affairs, including determining its investment policy. However, investment proposals will be originated by Beringea, which has full discretion to make investment decisions on behalf of the Company.

The Board will meet regularly throughout the year (normally at least quarterly), and all necessary information will be supplied to the Directors on a timely basis to enable them to discharge their duties effectively. Additionally, special meetings will take place or other arrangements made when Board decisions are required in advance of regular meetings.

The provisions of the UK Corporate Governance Code have been complied with for the last financial year and up to the date of this document save that (i) new directors do not receive a full, formal and tailored induction on joining the Board (however such matters are addressed on an individual basis as they arise), (ii) shareholders are not given the opportunity to meet any new non-executive directors at a specific meeting other than the annual general meeting (since the Company does not have major shareholders), (iii) the non-executive directors do not have service contracts, but consultancy agreements instead (whereas the UK Corporate Governance Code recommends fixed term renewable service contracts) and (iv) the Company has not appointed a formal nomination committee (as the Company considers itself to be small and comprises wholly non-executive directors). Appointments of new directors of the Company are dealt with by the full Board which has specific terms of reference in order to fulfil its duties with respect to matters relating to remuneration.

Audit Committee

The Company has an Audit Committee, comprising Barry Dean, as Chairman, and Andrew Davison. The committee is expected to meet not less than twice a year and has defined terms of reference and duties. The Company's auditors and other individuals may be invited to attend meetings of the audit committee. The committee has responsibility for, among other things, planning and reviewing the Company's annual and interim financial statements, making recommendations as to the appointment, re-appointment and removal of, and overseeing the relationship with, its auditors, keeping under review the Company's internal controls and risk management systems, and considering matters of corporate governance. The audit committee also oversees the Company's compliance with legal requirements, accounting standards, financial and regulatory reporting requirements, the Listing Rules and the Disclosure and Transparency Rules and on ensuring that effective systems for internal financial control and for reporting non-financial operating data are maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and interim statements of the Company will remain with the Board.

Remuneration Committee

The Company has a Remuneration Committee, comprising all of the Directors, with Andrew Davison as Chairman. It is expected to meet at least once a year. Professional advisers and other persons with relevant

experience may be invited to attend meetings of this committee. The committee has responsibility for determining, within agreed terms of reference, the Company's policy on the remuneration of its Directors. Under such terms of reference the committee will have the power to review the remuneration payable to its Directors, the terms of service agreements of such Directors and the terms of their severance arrangements. The committee will also be responsible for establishing the criteria for granting and exercising options under any employee share option scheme, reviewing Directors' benefits, including pensions, and setting the level of compensation payments following the departure of a Director. The committee gives full consideration to the UK Corporate Governance Code.

Part 5

Management, Administration and Co-Investment

Beringea, which has been the manager of the Company since it was launched, will be the Manager of the Company. Further details of the investment management agreement (as amended) between Beringea and the Company are set out in Part 10.

Under the agreement the Manager will receive, in relation to the New Ordinary Shares:

- (a) an annual management fee equal to 2% of net asset value, payable quarterly in arrears; and
- (b) a performance incentive fee, which is outlined in more detail below.

The annual running costs of the Company, being the Directors' fees, professional fees and the costs incurred by the Company in the ordinary course of business (including irrecoverable VAT, but excluding any performance fees and annual commission payable to the Manager and trail commissions payable to intermediaries) are capped at 3.25% of the Company's net assets.

The Manager may charge arrangement fees, in line with industry practice, to companies in which it invests. It may also receive directors' fees or monitoring fees from investee companies. The Manager and not the Company will be responsible for all costs incurred on transactions which do not proceed to completion.

Performance Related Incentive Fee

In line with normal VCT practice, the Manager will be entitled to receive a performance related incentive fee in order to align the interests of the Manager as closely as possible with those of the Investors and to encourage and reward exceptional investment performance. The incentive fee structure is designed to encourage significant payments to Investors by means of tax-free dividends, as well as capital growth.

The performance incentive fee payable by the Company to the Manager in relation to the Ordinary Shares for each financial year starting on or after 1 March 2006 is presently 91 per cent of:

- 33 per cent. of the cumulative dividends paid in relation to a relevant financial year starting on or after 1 March 2006 over and above 3 pence per Ordinary Share per annum but less than 6 pence per Ordinary Share per annum; plus
- 20 per cent. of the cumulative dividends paid in excess of 6 pence per Ordinary Share per annum,

less the cumulative amount of any performance incentive fee previously paid in relation to the financial years starting on or after 1 March 2006.

Of the total performance incentive fee, 91% is payable to the Manager and 9% is payable to Downing Corporate Finance Limited.

The payment is inclusive of VAT (if applicable) and is conditional on the Performance Value being at least 130 pence per Ordinary Share. Dividend payments will be disregarded in calculating the performance fee to the extent that they exceed cumulative gross realised capital gains and net income. The amount paid in relation to any one financial year pursuant to the performance incentive fee cannot exceed 20% of the dividends paid to holders of Ordinary Shares in relation to that year.

Subject to the approval of the Shareholders at a general meeting of the Company convened for 26 January 2012, the present performance incentive fee arrangements in respect of the Ordinary Shares will be terminated and, for the financial years starting after 29 February 2012, a performance incentive fee will be payable in relation to the Ordinary Shares if, at the end of a financial year, the New Performance Value exceeds the Hurdle. In this event the performance incentive fee will be equal to 20% of the amount by which the New Performance Value exceeds the Initial Net Asset Value, multiplied by the average number of Ordinary Shares in issue during the relevant financial year, less the amount of any performance incentive fee already paid in relation to previous financial years starting after 29 February 2012 (which will not include the Residual PIF).

If, after 29 February 2012, the New Performance Value is less than or equal to the Hurdle in any financial year, no performance incentive fee will be payable in respect of that financial year.

The new performance incentive fee per Ordinary Share payable in relation to a financial year will be reduced, if necessary, to ensure that (i) the cumulative new performance incentive fee per Ordinary Share payable in relation to financial years starting after 29 February 2012 does not exceed 20% of Cumulative Dividends per Ordinary Share paid in relation to those financial years and (ii) the New Total Return per Ordinary Share is at least equal to the Hurdle.

In consideration of the Manager's performance in managing the Original Ordinary Share Portfolio, a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited, will be payable. This performance incentive fee will be equal to 20% of the aggregate profit realised on the sale of Espresso Group Limited and Think Limited, subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011).

The new performance incentive arrangements will apply to all Ordinary Shares in issue, including any Ordinary Shares issued pursuant to the Offer and the conversion of the C Shares into Ordinary Shares, which is expected to take place in October 2012. All fees paid under the new performance incentive arrangements will be inclusive of VAT, if applicable. The Manager will receive 91% of all fees paid under the new performance incentive arrangements and Downing Corporate Finance Limited will receive 9%.

Administration and Advisory Arrangements

Downing Management Services Limited provide certain administration services, financial advisory services and services in connection with share repurchases to the Company, for an annual fee which in the year to 28 February 2011 was £56,870. The fees are subject to VAT and are increased annually in line with the Retail Prices Index. Further details of the administration agreement (and variations thereto) between DMS and the Company are set out in Part 10 of this document.

Custody Arrangements

The Company's certificated investments will be held by the Manager, under the terms of the investment management agreement referred to in paragraph 1.1 of Part 10 (the "Investment Management Agreement"). Certificated investments may also be held by a custodian appointed by the Company from time to time, under the terms of the Investment Management Agreement. Uncertificated investments will be held by a dematerialised custodian, which is currently Evolution Securities Limited, a private company limited by shares incorporated in England on 14 November 1988 with registered number 2316630 and with registered address 9th Floor, 100 Wood Street, London EC2V 7AN, under the terms of the Investment Management Agreement. The Manager is responsible for appointing and dealing with the dematerialised custodian in accordance with the procedures and controls set out in the Investment Management Agreement and the Manager's usual terms and conditions in force from time to time. Neither the Manager nor any custodian appointed by the Company will take legal ownership of the Company's assets.

Duration

Although it is not intended that the Company should have a limited life, the articles of association of the Company contain provisions requiring its directors to propose a resolution at its annual general meeting in 2019 to seek confirmation from its Shareholders that it should continue as a VCT and, if passed, a similar resolution will be proposed at five yearly intervals thereafter.

Co-investment Policy

The Company's ability to invest the funds raised under the Offer alongside funds from other VCTs managed by Beringea (together "the Companies"), will enable the Company to invest in larger and more mature businesses than it might otherwise be able to invest in, thereby reducing the risk of the investment portfolio.

In order to ensure that new investment opportunities are apportioned fairly between the Company's various share classes, including the funds raised pursuant to the Offer, their allocation is governed by the terms of a co-investment agreement, further details of which are set out at paragraph 1.7 of Part 10. This broadly provides that new investments which meet the Company's investment strategy will be offered first to the Company,

ProVen Growth & Income VCT and, if they are in the healthcare sector, ProVen Health VCT. These investments will be apportioned to share pools in these companies in the order in which the pools were raised. For share pools of the same vintage the allocation will be in proportion to the total VCT investment value of the relevant share pools. The amount that is apportioned to each share class will be restricted, in order to ensure good portfolio diversification.

Investments which meet the investment policy of Proven Planned Exit VCT will normally be offered first to Proven Planned Exit VCT

For each follow-on investment, the amount to be invested will be offered first to those share classes of the Companies that already have an investment in the target company, pro-rata to their existing investment

Reporting to Shareholders

The Directors strongly believe in the importance of good communication with 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. The Manager 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, at which a number of portfolio companies give presentations. This allows Shareholders to meet the Directors and the investment management team.

Shareholders may elect to receive information by e-mail and, in that case, should ensure that their e-mail address is entered at the appropriate place on the Application Form. Information will also be available on the Company's web site and released, where required, to the London Stock Exchange.

Dividend Policy

ProVen VCT has a policy of maximising dividend payments to shareholders by distributing profits realised on the sale of investments, subject to maintaining the net asset value per share at an appropriate level. The amount and timing of profits realised from the sale of investments cannot be guaranteed, however, and there may be fluctuations in the amount of dividends paid each year.

Part 6

Tax Position of Investors

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.

Tax Reliefs

The tax reliefs set out below are available to individuals aged 18 or over who subscribe for New Shares 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 New 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 New 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 New 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 their New 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 New Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph (b)(i) above).

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.

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.

Withholding Taxation

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

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.

Part 7

Tax Position of the Company

The Company has to satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below.

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 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) for funds raised after 5 April 2011, have at least 70% by value of Qualifying Investments in ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed although they may have certain preferential rights to dividends;
- (f) have at least 10% by value of its Qualifying Investments in any single company or group in ordinary shares which carry no preferential rights to dividends;
- (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.

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 not 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). There are proposals to remove the £1m limit with effect from 6 April 2012. 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 (there are proposals to increase the gross assets limits with effect from 6 April 2012), 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, Enterprise Investment Schemes and Corporate Venturing Schemes, raised after 5 April 2007. There are proposals to increase this limit with effect from 6 April 2012. The company must have fewer than 50 full time (or equivalent) employees at the time of making the investment (there are proposals to increase the employees limit with effect from 6 April 2012). In certain circumstances, an investment in a company by a VCT can be split into part Qualifying Investment and part non-Qualifying Investment.

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 company need not be UK resident. but investee companies must 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% held subsidiary of a wholly owned subsidiary.

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 test described at (d) and (e) under the heading "Qualification as a VCT" 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 satisfies 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.

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.

Part 8

Financial Information on the Company

Introduction

Audited statutory accounts of the Company for the years ended 28 February 2009, 28 February 2010 and 28 February 2011, in respect of which the Company's auditors, Deloitte & Touche LLP, registered auditor of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, a member of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such report did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts are available at 39 Earlham Street, London WC2H 9LT.

Unaudited interim accounts of the Company for the six months ended 31 August 2010 and the six months ended 31 August 2011 are available at 39 Earlham Street, London WC2H 9LT. These interim accounts have not been audited or reviewed by the Company's auditors.

These financial statements are prepared under UK Generally Accepted Accounting Practice (UK GAAP) and also contain a description of the Company's financial condition, changes in financial condition and results of operations for each of the above financial years.

Historic Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited statutory accounts for the periods ending 28 February 2009, 28 February 2010 and 28 February 2011, and in the unaudited interim accounts for the six months to 31 August 2010 and the six months to 31 August 2011 of the Company, as follows:

ProVen VCT

	Audited Statutory Accounts for Year Ended 28 February 2009	Audited Statutory Accounts for Year Ended 28 February 2010	Unaudited Interim Reports for 6 Months Ended 31 August 2010	Audited Statutory Accounts for Year Ended 28 February 2011	Unaudited Interim Reports for 6 Months Ended 31 August 2011
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Company information	45	58	Back cover	62	Back cover
Financial highlights	2	1	1	1	1
Chairman's statement	4	3	3	3	3
Investment manager's report	6	6	6	6	7
Review of investments	9	11	N/A	10	N/A
Summary of investment portfolio	8	10	18	9	18
Summary of investment movements	8	10	21	9	21
Report of the Directors	17	21	N/A	24	N/A
Directors' remuneration report	25	32	N/A	36	N/A
Corporate Governance	22	28	N/A	32	N/A
Independent Auditors' report	27	35	N/A	39	N/A
Income statement	29	37	13	41	13
Reconciliation of movements	30	39	12	43	16
Balance sheet	31	40	8	44	9
Cash flow statement	32	41	17	45	17
Notes to accounts/financial statements	33	42	22	46	22

Operating and Financial Review

ProVen VCT Ordinary Share Fund

	28 February 2009 (Audited)	28 February 2010 (Audited)	31 August 2010 (Unaudited)	28 February 2011 (Audited)	31 August 2011 (Unaudited)
Total net assets	£13,824,000	£12,929,000	£12,136,000	£15,378,000	£15,341,000
Changes in net assets	(£6,645,000)	£895,000	(£793,000)	£3,242,000	(£37,000)
Net asset value per share	57.7p	54.8p	47.8p	61.0p	55.9p
Dividends paid/proposed for the year/period	15.5p	8.0p	-	6.25p	-

ProVen VCT C Share Fund

	28 February 2009 (Audited)	29 February 2010 (Audited)	31 August 2010 (Unaudited)	28 February 2011 (Audited)	31 August 2011 (Unaudited)
Total net assets	£11,053,000	£10,996,000	£10,370,000	£11,142,000	£11,840,000
Changes in net assets	(£2,047,000)	(£57,000)	(£626,000)	(£772,000)	£698,000
Net asset value per share	75.6p	75.5p	71.4p	76.8p	82.0p
Dividends paid/proposed for the year/period	2.0p	-	-	-	-

ProVen VCT D Share Fund

	28 February 2009 (Audited)	28 February 2010 (Audited)	31 August 2010 (Unaudited)	28 February 2011 (Audited)	31 August 2011 (Unaudited)
Total net assets	-	£5,097,000	£7,585,000	£7,446,000	£7,333,000
Changes in net assets	-	£5,097,000	£2,488,000	(£139,000)	(£113,000)
Net asset value per share	-	92.2p	92.3p	90.0p	88.8p
Dividends paid/proposed for the year/period	-	-	-	-	-

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments:

- (i) for the financial years ended 28 February 2009, 28 February 2010 and 28 February 2011 is set out in the sections headed "Chairman's statement" and "Investment manager's report" in the audited statutory accounts of the Company for the years ended 28 February 2009, 28 February 2010 and 28 February 2011 and
- (ii) for the six months ended 31 August 2010 and 31 August 2011 is set out in the sections headed "Chairman's statement", "Investment managers review" and "Summary of investment portfolio" in the unaudited interim accounts of the Company for the six months ended 31 August 2010 and 31 August 2011.

	Audited Statutory Accounts for Year Ended 28 February 2009	Audited Statutory Accounts for Year Ended 28 February 2010	Unaudited Interim Reports for 6 Months Ended 31 August 2010	Audited Statutory Accounts for Year Ended 28 February 2011	Unaudited Interim Reports for 6 Months Ended 31 August 2011
<i>Nature of Information</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's statement	4-5	3-5	3-5	3-5	3-6
Summary of investment portfolio	8-15	10-19	18-20	9-22	18-20
Investment manager's report	6-7	6-8	6-7	6-7	7-8

No Significant Change

Since 31 August 2011 (being the end of the last financial period of the Company for which unaudited interim financial information has been published), there has been no significant change in the financial or trading position of the Company.

Historical Financial Information Incorporated by Reference

The audited statutory accounts for the years ended 28 February 2009, 28 February 2010 and 28 February 2011 and the unaudited interim accounts for the six months to 31 August 2010 and to 31 August 2011 are being incorporated by reference into this document.

Part 9

Directors' Interests

- The interests of the Directors and their connected persons in the share capital of the Company (i) as at 7 December 2011 (being the latest practicable date prior to the publication of this document) are, and (ii) after the Offer has closed will be, as follows (assuming the Offer is fully subscribed at an Offer Price of 51.5p per New Ordinary Share, the Directors' indicative commitments in the Offer are met in full):

Name	As at 7 December 2011		After the Offer has closed	
	Number	%	Number	%
Andrew Davison	29,039 Ordinary Shares	0.106	29,039 Ordinary Shares	0.051
	9,335 C Shares	0.065	9,335 C Shares	0.065
	2,637 D Shares	0.032	2,637 D Shares	0.032
Barry Dean	10,300 C Shares	0.071	10,300 C Shares	0.071
			19,417 Ordinary Shares	0.034
Malcolm Moss	3,165 D Shares	0.038	3,165 D Shares	0.038

- Save as disclosed in paragraph 1 above, none of the Directors or their connected persons has any interest (whether beneficial or otherwise) in the issued share capital of the Company.
- Each of the Directors has entered into an appointment letter with the Company, further details of which are set out in paragraph 1.6 of Part 10. None of the Directors has a service agreement with the Company.
- No loan or guarantee has been granted or provided by the Company to any of its Directors.
- Malcolm Moss is a partner in the Manager, which is a party to the material contracts set out in paragraph 1.1, 1.3, 1.4, 1.8(ii) and 1.9 of Part 10 of this document. Malcolm Moss will not vote on any Board matter where he has a conflict of interest. Save as disclosed in this paragraph, no Director has an interest in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or significant to the business of the Company.
- Save as disclosed in paragraph 7 below, no remuneration or benefits are, to date, payable to the Directors and no amounts have been set aside by the Company for pensions, retirement or similar benefits.
- It is estimated that, under the arrangements in force at the date of this document, the aggregate fees payable for the financial period ending 29 February 2012 by ProVen VCT to its Directors will not exceed £67,000 (plus VAT where applicable). The aggregate fees (and benefits in kind) paid to the Directors and Nicholas Lewis (who retired as a director of the Company on 24 August 2010) for the year ended 28 February 2011 were as follows:

	Fees
Andrew Davison	£25,000
Barry Dean	£21,000
Nicholas Lewis	£2,000
Malcolm Moss	£15,000

- The following are directorship (unless otherwise stated) and partnership (including limited liability partnership) interests held by the Directors in the five years prior to the date of this document and the principal activities of the said Directors outside the Company where these are significant with respect to the Company:

Current Directorships

Andrew Davison

Frank Bruce & Company Limited
A.M.B. Investments Limited
Ludgate Twenty Three Limited
City of London Investment Group plc

Previous directorships

Pucklechurch Development Company Limited
Logical Water Limited
The Ethical AIM plc

ProVen VCT plc
Downing Distribution VCT 2 plc

ProVen Growth and Income VCT plc
Pennine AIM VCT 5 plc
Pennine Downing AIM VCT 2 plc

Malcolm Moss

Global Rights Development Limited
ProVen Holdings Limited
ProVen Acquisition Limited
Beringea Limited
ProVen Private Equity Limited
GRF II Special Partner (GP) Limited
ProVen VCT plc
ProVen Growth and Income VCT plc
Overtis Group Limited
Lazurite Limited
Campden Media Limited
Beringea LLP
Donatantonio Group Limited
ProVen Planned Exit VCT plc

Blazergold Limited
Angelina Ballerina Limited
Cravenstreet Limited

Barry Dean

Henderson Private Equity Investment Trust plc
Elderstreet VCT plc
ProVen VCT plc
Downing Absolute Income VCT 2 plc
St James LP
St James II LP

Kleinwort Capital Partners Limited**
Intermed Holdings Limited
*
KBDC ExecCo Limited

9. Except as stated in paragraph 5 of this Part 9, as at the date of this document, the Directors and members of the Management Team do not have any conflicts of interests between their duties to the Company and their private interests or other duties. There are no family relationships between the Directors as at the date of this document.
10. As at the date of this document, none of the Directors has:
- (i) any convictions in relation to indictable offences or convictions in relation to fraudulent offences in the previous five years;
 - (ii) been declared bankrupt or been subject to any individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as director or senior manager for the previous five years; or
 - (iii) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for the previous five years.

Part 10

Material Contracts

The following is a summary of all contracts (not being contracts entered into in the ordinary course of business) to which the Company is a party for the two years preceding publication of this document which are or may be material and all other contracts (not being contracts entered into in the ordinary course of business) entered into by the Company which contain a provision or provisions under which that Company has an obligation or entitlement which is material to it as at the date of this document:

1.1 *Investment Management Agreement*

An investment management agreement (the “ProVen IMA”) dated 9 February 2000 between ProVen VCT and the Manager, as amended by deeds of variation dated 31 May 2006 and 14 November 2006 whereby the Manager agreed to provide investment management services to ProVen VCT in respect of its portfolios of qualifying investments. The ProVen IMA is terminable by either party at any time by one year’s prior written notice. The ProVen IMA is subject to earlier termination in the event of, inter alia, a party committing a material breach of the ProVen IMA and or becoming insolvent, and by ProVen VCT if the Manager is guilty of fraud, wilful deceit or gross negligence or ceases to carry on business or materially fulfil its obligations under the ProVen IMA or the Directors resolve that it is desirable to terminate the ProVen IMA to preserve the status of ProVen VCT as a venture capital trust.

The Manager will receive a fee equal to 2 per cent. per annum of the net assets of the ProVen VCT C Share fund and the ProVen VCT Ordinary Share fund (exclusive of VAT) and, assuming certain conditions are satisfied, will be entitled to receive a further incentive fee (inclusive of VAT).

No incentive fee will be paid in respect of the Ordinary Share fund unless the Performance Value per Ordinary Share is at least 130p. Furthermore, for an incentive fee to be payable, ProVen VCT must have paid cumulative dividends equal to 3p per Ordinary Share per annum for the financial years starting on 1 March 2006. If, in relation to a financial year starting on or after 1 March 2006, ProVen VCT has achieved these targets, the Manager will be entitled to receive an incentive fee based on cumulative dividends paid from 1 March 2006. This will be equal to 91 per cent. of (i) 33 per cent. of the cumulative dividends paid from 1 March 2006 over and above 3 pence per Ordinary Share per annum but less than 6 pence per Ordinary Share per annum: plus (ii) 20 per cent. of the cumulative dividends paid from 1 March 2006 in excess of 6 pence per Ordinary Share per annum, less the amount of any incentive fee previously paid to the Manager.

No incentive fee will be paid in respect of the C Share fund unless ProVen VCT has returned to investors in aggregate an amount equal to 25p in the £1 of the funds raised under the C Share offer made on 14 November 2006 and the Performance Value per C Share is at least 130p. If, in relation to a financial year starting on or after 1 March 2010, ProVen VCT has achieved these targets, the Manager will be entitled to receive an incentive fee based on cumulative dividends paid from 1 March 2010. This will be equal to 33 per cent. of the cumulative dividends paid from 1 March 2010 over and above 3 pence per C Share per annum but less than 6 pence per C Share per annum plus 20 per cent. of the cumulative dividends paid from 1 March 2010 in excess of 6 pence per C Share per annum, less the amount of any incentive fee previously paid to the Manager. After the conversion of the C Shares into new Ordinary Shares, the new Ordinary Shares received in exchange for such shares will become subject to the performance incentive fee arrangements applying to the Ordinary Shares.

The annual running costs of ProVen VCT are capped at 3.25 per cent. of its net assets, any excess will either be paid by the Manager or refunded by way of a reduction to its fees.

For the three financial periods ended 28 February 2009, 28 February 2010 and 28 February 2011, ProVen VCT paid £1,206,734, £623,000 and £968,000 respectively (including VAT) to the Manager for its investment services to ProVen VCT under the ProVen IMA. Fees of £791,000 (including VAT) have been paid to date to the Manager for the period ending 29 February 2012.

The ProVen IMA was varied by the deeds of variation as set out in paragraph 1.4 below.

1.2 Administration Agreement

An administration and advisory agreement (the “ProVen Administration Agreement”) dated 31 May 2006 whereby DMS provides certain administration services, financial advisory services and services in connection with share repurchases to ProVen VCT, for an annual fee of £38,000 (plus VAT and increases in the Retail Prices Index). The ProVen Administration Agreement commenced on 31 May 2006 and is for a minimum period of three years, thereafter terminable by either party at any time by one year’s prior written notice, subject to earlier termination by either party in the event of, *inter alia*, the other becoming insolvent or committing a material breach of the ProVen Administration Agreement and, by ProVen VCT if, *inter alia*, it ceases to be a VCT for tax purposes, or if DMS is materially unable to carry out its obligations. The ProVen Administration Agreement contains provisions whereby ProVen VCT indemnifies DMS against any liability, not due to their default, in respect of any negligence or fraud.

For the financial periods ending 28 February 2009, 28 February 2010 and 28 February 2011, ProVen VCT paid £48,000, £53,000 and £57,000 respectively (including VAT) to DMS for its administration and advisory services. Fees of £45,000 (including VAT) have been paid to date to DMS for the period ending 29 February 2012.

The ProVen Administration Agreement was amended by the deeds of variation set out at paragraph 1.5 below.

1.3 Downing Corporate Finance Incentive Fee Deed

A deed relating to the performance incentive fee arrangements payable to DCF dated 31 May 2006 between ProVen VCT, the Manager and DCF (the “DCF Deed”) whereby ProVen VCT agreed to pay DCF a proportion of the performance incentive fee which relates to Beringea’s performance of its services pursuant to the ProVen IMA.

If, in relation to a financial year starting on or after 1 March 2006, ProVen VCT has achieved the targets set out at paragraph 1.1 above, DCF will be entitled to receive an incentive fee (inclusive of VAT) equal to 9 per cent. of (i) 33 per cent. of the cumulative dividends paid from 1 March 2006 over and above 3 pence per Ordinary Share per annum but less than 6 pence per Ordinary Share per annum; plus (ii) 20 per cent. of the cumulative dividends paid from 1 March 2006 in excess of 6 pence per Ordinary Share per annum, less the amount of any incentive fee previously paid to DCF.

For the financial periods ending 28 February 2010 and 28 February 2011, ProVen VCT paid £4,000 and £32,000 respectively (including VAT) to DCF under the DCF Deed. £26,000 has been paid to date to DCF for the period ending 29 February 2012.

This deed will be varied to reflect the proposed new performance incentive arrangements payable to the Manager, which are subject to the approval of Shareholders at the general meeting of the Company to be held on 26 January 2012 (or any adjournment thereof).

1.4 Deeds of Variation to Investment Management Agreement

A deed of variation to the ProVen IMA (the “ProVen Deed of Variation”), dated 19 November 2008, between ProVen VCT and the Manager whereby the ProVen IMA was amended so as to contain the rights and obligations of the Manager and ProVen VCT in relation to the D Shares, and to contain revised termination provisions in relation to all share classes of ProVen VCT.

The Manager will receive an annual management fee equal to 2 per cent. of the net assets of the D Share fund in respect of 12 month periods commencing with the period ending 28 February 2010. If the ProVen IMA is terminated prior to 29 February 2012, the Manager will receive compensation equivalent to 2% per annum of the net funds raised for ProVen VCT under the First D Share Linked Offer for the period from the termination date to 29 February 2012.

The performance incentive fee payable to the Manager in relation to the Ordinary Share and C Share funds remains unchanged. In relation to the Fund, provided the Performance Value is at least 130 pence per D Share and ProVen VCT has returned to Investors in aggregate an amount equal to 25p in the £1 of the funds raised under the First D Share Linked Offer then, in relation to a financial year starting on or after 1 March 2012, the Manager will be entitled to receive an incentive fee (inclusive of VAT, if applicable) equal

to: (i) 33 per cent. of the cumulative dividends paid in relation to financial years starting on or after 1 March 2012 over and above 3 pence per D Share per annum but less than 6 pence per D Share per annum; plus (ii) 20 per cent. of the cumulative dividends paid in relation to financial years starting on or after 1 March 2012 in excess of 6 pence per D Share per annum, less the cumulative amount of any incentive fee previously paid to the Manager in relation to the D Shares for the financial years starting on or after 1 March 2012. The amount paid to the Manager in any one year pursuant to the performance incentive fee cannot exceed 20 per cent of the dividends paid to shareholders in that year.

If the ProVen IMA is terminated, prior to 29 February 2012, by ProVen VCT in circumstances in which the Manager is not at fault, then the Manager will receive compensation equivalent to 2 per cent. per annum of the net assets of the investment fund of ProVen VCT comprised of the subscription monies raised under the First D Share Linked Offer for the period from the date of termination until 29 February 2012 (pro rata in the financial period in which termination takes place), such compensation to be calculated, and to be payable, on the termination date. Furthermore, if the ProVen IMA is terminated at any time by ProVen VCT in circumstances in which the Manager is not at fault, the Manager will receive the following percentage of the performance incentive fees in relation to the Ordinary Share fund, the C Share fund and the net assets of the investment fund of ProVen VCT comprised of the subscription monies raised under the First D Share Linked Offer that it would otherwise have been entitled to had the agreement not been so terminated, in relation to the following periods: 100 per cent. in relation to the financial year in which the termination date falls; 75 per cent. in relation to the following financial year; 50 per cent. in relation to the next financial year; and 25 per cent. in relation to the next financial year. Such payments will become payable on the dates when the relevant performance incentive fees would have become payable had the ProVen IMA not been so terminated.

A deed of variation to the ProVen IMA, dated 19 November 2009, between ProVen VCT and Beringea whereby the ProVen IMA was amended (i) so as to revise the termination provisions with regards to Qualifying Investments made from the Fund (ii) so that the performance incentive fee payable to Beringea requires the same return to Investors in respect of the new D Shares and (iii) so that if the ProVen IMA is terminated, prior to 29 February 2013, by ProVen VCT in circumstances in which the Manager is not at fault, then the Manager will also receive compensation equivalent to 2 per cent. per annum of the net assets of the investment fund of ProVen VCT comprised of the subscription monies raised under the further D Share offer for the period from the date of termination until 28 February 2013 (pro rata in the financial period in which termination takes place), such compensation to be calculated, and to be payable, on the termination date.

Subject to the approval of the Shareholders at a general meeting of the Company to be held on 26 January 2012 (or any adjournment thereof), a conditional deed of variation to the ProVen IMA, dated 8 December 2011, between ProVen VCT and Beringea whereby the present performance incentive fee arrangements in respect of the Ordinary Shares will be terminated and, for the financial years starting after 29 February 2012, the Manager will be entitled to receive a performance incentive fee in relation to the Ordinary Shares if, at the end of a financial year, the New Performance Value exceeds the Hurdle. In this event the performance incentive fee will be equal to 20% of the amount by which the New Performance Value exceeds the Initial Net Asset Value, multiplied by the average number of Ordinary Shares in issue during the relevant financial year, less the amount of any performance incentive fee already paid in relation to previous financial years starting after 29 February 2012 (which shall not include Residual PIF). If, after 29 February 2012, the New Performance Value is less than or equal to the Hurdle in any financial year, no performance incentive fee will be payable in respect of that financial year. The new performance incentive fee per Ordinary Share payable in relation to a financial year will be reduced, if necessary, to ensure that (i) the cumulative new performance incentive fee per Ordinary Share payable to Beringea in relation to financial years starting after 29 February 2012 does not exceed 20% of Cumulative Dividends per Ordinary Share paid in relation to those financial years and (ii) the New Total Return per Ordinary Share is at least equal to the Hurdle. In consideration of its performance in managing the Original Ordinary Share Portfolio, the Manager will also be entitled to receive a performance incentive fee linked to the profit achieved on the future disposal of two investments from this portfolio, Espresso Group Limited and Think Limited. This performance incentive fee will be equal to 20% of the aggregate profit realised on the sale of Espresso Group Limited and Think Limited, subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011). The new performance

incentive arrangements will apply to all Ordinary Shares in issue, including any Ordinary Shares issued pursuant to the Offer and the merger of the C Shares and the Ordinary Shares, which is expected to take place in October 2012. All fees paid under the new performance incentive arrangements will be inclusive of VAT, if applicable.

1.5 *Deeds of Variation to Administration Agreement*

A deed of variation to the ProVen Administration Agreement, dated 19 November 2008, between ProVen VCT and DMS, whereby the ProVen Administration Agreement was amended so as to increase the annual fees payable to DMS by an amount equal to 0.1% of the gross proceeds of the First D Share Linked Offer (plus VAT and increases in the Retail Prices Index), subject to a minimum amount of £5,000 (plus VAT and increases in the Retail Prices Index), in relation to the financial years of the Company starting on 1 March 2009.

A deed of variation to the ProVen Administration Agreement, dated 19 November 2009, between ProVen VCT and DMS, whereby the ProVen Administration Agreement was amended so that the annual fees mentioned in the paragraph above were also to include the gross proceeds of the further D Share offer.

1.6 *Directors' Letters of Appointment*

Letters of appointment between ProVen VCT and each of its Directors, dated 9 February 2000 in the case of Andrew Davison, 10 May 2006 in the case of Barry Dean and 1 October 2008 in the case of Malcolm Moss, under which each Director is required to devote such time to the affairs of ProVen VCT as the Board reasonably requires consistent with his role as a non-executive Director. The letters are terminable on 3 months notice either side.

1.7 *Co-investment Agreement*

A co-investment agreement (the "Co-investment Agreement") dated 17 October 2011 between ProVen VCT, PGI VCT, ProVen Health VCT plc and ProVen Planned Exit VCT under which the Company will co-invest the funds raised under the Offer alongside the other Share funds, Proven Growth & Income VCT, ProVen Planned Exit and, for healthcare investments, ProVen Health VCT, which are also managed by Beringea (the Company, Proven Growth & Income VCT, ProVen Planned Exit and ProVen Health VCT together the "Companies").

New investments which meet the Company's investment strategy will be offered first to the Company, ProVen Growth & Income VCT and, if they are in the healthcare sector, ProVen Health VCT. [These investments will be apportioned to the various share classes pro-rata in the order in which they were raised.

Investments which meet the investment policy of Proven Planned Exit VCT will normally be offered first to Proven Planned Exit VCT.

For each follow-on investment, the amount to be invested will be offered first to those share classes of the Companies that already have an investment in the target company, pro-rata to their existing investment.

1.8 *2009 Offer Agreements*

(i) 2009 HK Offer Agreement

An offer agreement (the "2009 HK Offer Agreement") dated 19 November 2009 between PGI VCT (1), ProVen VCT (2), the Directors (3) and Howard Kennedy (4) whereby Howard Kennedy has agreed to act as sponsor to the Offer.

Under the 2009 HK Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Directors have given certain limited warranties to the other parties and ProVen VCT and PGI VCT have also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2009 HK Offer Agreement, both the warranties and the indemnity being

customary for this type of agreement. As is customary for an agreement of this nature, the 2009 HK Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

(ii) *2009 Beringea Offer Agreement*

An offer agreement (the “2009 Beringea Offer Agreement”) dated 19 November 2009 between PGI VCT (1), ProVen VCT (2), the Directors (3), Beringea (4) and Beringea LLC (5) whereby Beringea has agreed to use its reasonable endeavours to procure subscribers for the New D Shares. Beringea is to receive 5.5% of the gross proceeds of the Offer, out of which it has agreed to pay the costs of the Offer, including Howard Kennedy’s fees and initial commissions, but not annual trail commissions to authorised financial intermediaries.

Under the 2009 Beringea Offer Agreement, which may be terminated by Beringea in certain circumstances of breach, the Directors and Beringea have given certain limited warranties to the other parties, and the Companies have also agreed to indemnify Beringea in respect of a breach by any of the Directors of their warranties and/or the Prospectus not being true and accurate, both the warranties and the indemnity being customary for this type of agreement. As is customary for an agreement of this nature, the 2009 Beringea Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

1.9 *2011 Offer Agreements*

(i) *2011 HK Offer Agreement*

An offer agreement (the “2011 HK Offer Agreement”) dated 8 December 2011 between ProVen VCT (1), the Directors (2), Howard Kennedy (3), Beringea (4) and Beringea LLC (5) whereby Howard Kennedy has agreed to act as sponsor to the Offer.

Under the 2011 HK Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Company, the Directors and have given certain limited warranties to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the 2011 HK Offer Agreement. As is customary for an agreement of this nature, the 2011 HK Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. The Manager’s ultimate parent, Beringea LLC, has guaranteed the Manager’s liability under the 2011 HK Offer Agreement.

(ii) *2011 Beringea Offer Agreement*

An offer agreement (the “2011 Beringea Offer Agreement”) dated 8 December 2011 between ProVen VCT (1), the Directors (2), Beringea (3) and Beringea LLC (4) whereby Beringea has agreed to use its reasonable endeavours to procure subscribers for the New Shares. The Manager is to receive 6.5% of the gross proceeds of the Offer, together with an annual commission of 0.2% of gross funds raised for a period of 5 years, out of which it has agreed to pay the costs of the Offer, including professional fees, marketing expenses and commission to authorised financial advisors. Beringea’s fee will be reduced by the aggregate subscription amount for the additional New Ordinary Shares issued to Investors whose applications are received before 31 January 2012.

The 2011 Beringea Offer Agreement, which may be terminated by Beringea in certain circumstances of breach. As is customary for an agreement of this nature, the 2011 Beringea Offer Agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. The Manager’s ultimate parent, Beringea LLC, has guaranteed the Manager’s liability under the 2011 Beringea Offer Agreement.

Part 11

Other Information relating to the Company

1. Incorporation and Administration

- 1.1 ProVen VCT was incorporated in England and Wales as a public company with limited liability on 18 January 2000 with the name of ProVen VCT plc and with registered number 3911323.
- 1.2 The principal activity of the Company is to operate as a VCT. The principal legislation under which the Company operates, and the New Shares will be created, is the 2006 Act and regulations made thereunder. The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000. Since incorporation, the Company has not had any employees or subsidiaries.
- 1.3 The Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 266 of the 1985 Act. This status was revoked on 15 July 2004. The Company will carry on its business in accordance with its Articles. On 9 February 2000, the Registrar of Companies issued the Company with a certificate under section 117 of the 1985 Act entitling the Company to commence business and borrow.

2. Share Capital

- 2.1 The issued fully paid share capital of the Company as at the date of this document and as it is expected to be after the Offer has closed (assuming the Offer is fully subscribed) is as follows:

<i>Date of this document</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	27,392,840	£1,369,642
C Shares	14,414,223	£3,603,555
D Shares	8,256,901	£82,569

<i>After the Offer</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares		
C Shares		
D Shares		

- 2.2 ProVen VCT was incorporated with an authorised share capital of £1,050,000 divided into 50,000 redeemable preference shares of £1 each and 20,000,000 Ordinary Shares. The 50,000 redeemable preference shares were redesignated as, and sub-divided into, 1,000,000 Ordinary Shares on 29 March 2000. The authorised share capital of ProVen VCT was increased on 8 February 2000 to £1,250,000 by the creation of 4,000,000 additional Ordinary Shares, on 21 March 2005 to £1,750,000 by the creation of 10,000,000 additional Ordinary Shares, on 20 December 2006 to £8,000,000 by the creation of 25,000,000 C Shares and on 9 December 2008 to £8,200,000 by the creation of 20,000,000 D Shares, by ordinary resolution in each case.
- 2.3 The Company is currently authorised to purchase in the market and cancel up to 14.9 per cent. of its Ordinary Share capital, 14.9 per cent. of its C Share capital and 14.9 per cent of its D Share capital in issue.
- 2.4 Save in connection with the Offer, or as referred to in paragraphs 3.5(1) below, no material issue of Ordinary Shares (other than pro rata to existing holders) will be made within one year from the date of this document without the approval of Shareholders in general meeting.
- 2.5 Except for commission payable to authorised financial intermediaries in connection with the Offer, no share or loan capital of the Company has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage, or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- 2.6 DTR 5 of the Disclosure and Transparency Rules requires a Shareholder to notify the Company of the

percentage of its Shares he holds if such percentage reaches, exceeds or falls below 3 per cent. or subsequent 1 per cent. thresholds. The Company will make such information public, through a Regulatory News Service. The Company is not aware of any person, not being a member of its administrative, management or supervisory bodies, who, as at the date of this document, is directly or indirectly interested in 3% or more of the issued share capital of the Company. None of the Company's major holders of Shares have voting rights that are different from other holders of Shares. The Company is not aware of any persons who, directly or indirectly, exercise or could exercise control over the Company.

- 2.7 The C Shares are convertible into Ordinary Shares, on the basis of their relative net asset values at the time of conversion, in accordance with articles 176 to 182 of the Articles. Conversion of the C Shares is expected to take place in October 2012, unless the Directors resolve that a *force majeure* circumstance has arisen or is imminent or that, in their opinion, it is in the best interests of Shareholders that conversion should take place on a different date.

3. Resolutions passed by the Company

- 3.1 The following resolutions of ProVen VCT were passed at a general meeting, and separate class meetings of the holders of Ordinary Shares and C Shares (other than resolution 8) held on 9 and 23 December 2008:

Ordinary Resolutions

- (1) THAT, the authorised share capital of the Company be and is hereby increased from £8,000,000 to £8,200,000 by the creation of 20,000,000 D Shares each having attached thereto the rights and privileges and being subject to the limitations and restrictions set out in the articles of association of the Company as amended by resolution 7;
- (2) THAT, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (as amended and in force from time to time) (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that Section) in connection with (i) the Offer up to an aggregate nominal amount of £100,000 and (ii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of 10% of the issued D Share capital of the Company immediately following the final closing of the Offer, during the period commencing on the passing of this special resolution and expiring on 8 December 2013 (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry and all previous authorities given by the Directors in accordance with Section 80 of the Act, other than pursuant to Resolution 7 passed at the annual general meeting of the Company held on 17 July 2008, be and are hereby revoked, provided that such revocation shall not have retrospective effect;

Special Resolutions

- (3) THAT, in substitution for any existing power under Section 95 of the Act, other than pursuant to Resolution 8 passed at the annual general meeting of the Company held on 17 July 2008, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered, during the period commencing on the passing of this special resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in general meeting), pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act, pursuant to special resolution 1 above, as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities in connection with:
- (i) the Offer;
 - (ii) an offer of securities by way of rights; and

- (iii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) and (ii) above) of equity securities up to an aggregate nominal amount of 10% of the issued D Share capital of the Company immediately following the final closing of the Offer,

but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired;

- (4) THAT, subject to the sanction of the High Court the amount standing to the credit of the share premium account of the Company be cancelled;
- (5) THAT, subject to the sanction of the High Court the amount standing to the credit of the share premium account of the Company as a result of the issue of the D Shares be cancelled;
- (6) THAT, in substitution for any existing authority, other than pursuant to Resolution 9 passed at the annual general meeting of the Company held on 17 July 2008, but without prejudice to the exercise of any such power prior to the date hereof, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Act) of D Shares provided that:
 - (i) the maximum aggregate number of D Shares authorised to be purchased is such number thereof being 14.9% of the issued D Shares immediately following the final closing of the Offer;
 - (ii) the maximum price paid for a Share is an amount exclusive of expenses, equal to 105% of the average of the middle market prices shown in the quotations for a D Share in the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that D Share is purchased;
 - (iii) the minimum price which may be paid for a D Share is 1p;
 - (iv) this authority shall take effect from the date of the passing of the resolution and shall expire at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the resolution, whichever is the earlier; and
 - (v) the Company may make a contract or contracts to purchase D Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of D Shares in pursuance of any such contract or contracts;
- (7) THAT, the articles of association of the Company be amended (i) by the replacement of the year "2012" with the year "2016" in article 174, (ii) to reflect the increase in its share capital and the rights and restrictions to be attached to the D Shares, (iii) to reflect further changes that have been brought into force by the Companies Act 2006 and (iv) make certain changes as to the conduct of class meetings, in each case as set out in the amended articles of association produced to the meeting and, for the purpose of identification, initialled by the Chairman; and

Ordinary Resolution

- (8) THAT, the deed of variation dated 19 November 2008 to the management agreement dated 9 February 2000 (as amended) between Beringea Limited and the Company (including the revised annual management fee, performance incentive fee and termination arrangements contained therein) be approved.

3.2 The following resolutions were passed at the annual general meeting of ProVen VCT held on 7 July 2009:

- (1) That the Directors be generally and unconditionally authorised, in accordance with section 80 of the 1985 Act, to allot (i) Ordinary Shares up to a maximum nominal amount representing approximately 10% of the Ordinary Shares in issue at the date of the resolution (ii) C Shares up to a maximum nominal amount representing approximately 10% of the C Shares in issue at the date of the resolution, such authority to expire at the later of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended by ProVen VCT in general meeting);

- (2) To empower the Directors of the Company, pursuant to section 95 of the 1985 Act, to allot equity securities for cash pursuant to the authority set out at (1) above as if Section 89(1) of the 1985 Act did not apply to such allotment, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended);
 - (3) That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the 1985 Act) of D Shares of up to a maximum of 14.9% of the issued Ordinary Shares, the C Shares and the D Shares immediately prior to the passing of the resolution at such price as they may determine provided the minimum price is 5p per Ordinary Share, 25p per C Share and 1p per D Share and the maximum price is no more than 105% of the average middle market price of such Shares as derived from Official List for the five business days immediately preceding the day on which those Shares are purchased, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously varied, revoked or renewed);
- 3.3 The following resolutions were passed at the annual general meeting of ProVen VCT held on 17 December 2009:

Ordinary Resolution

- (1) That the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to allot 'D' ordinary shares of 1 pence each in the capital of the Company ("D' Shares") of up to a maximum nominal amount that is equal to the nominal value of the authorised but unissued 'D' Shares at the date of this resolution, representing 2.96% of the Company's issued share capital at the date of this resolution, provided that this authority shall expire at the later of the conclusion of the Company's annual general meeting next following the passing of this resolution and the expiry of 15 months from the passing of this resolution (unless previously revoked, varied or extended by the Company in general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority.

Special Resolution

- (2) To empower the Directors pursuant to Section 570(1) of the Act to allot or make offers or agreements to allot 'D' Shares for cash pursuant to the authority referred to in resolution 1 as if Section 561 of the Act did not apply to any such allotments and so that:
 - (i) reference to allotment in this resolution shall be construed in accordance with Section 560 of the Act; and
 - (ii) the power conferred by this resolution shall enable the Company to make any offer or agreement 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 offer or agreement notwithstanding the expiry of such power;

and this power (unless previously revoked, varied or extended by the Company in general meeting) shall come to an end at the conclusion of the annual general meeting of the Company next following the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution.

- 3.4 The following resolutions were passed at the annual general meeting of ProVen VCT held on 24 August 2010:
- (1) That the Directors be generally and unconditionally authorised, in accordance with section 551 of the 2006 Act, to allot (i) Ordinary Shares, or to grant rights to subscribe for or to convert any securities into Ordinary Shares, up to a maximum nominal amount of £3,000,000 (representing approximately 234% of the Ordinary Share capital in issue at the date of the resolution) (ii) C Shares, or to grant rights to subscribe for or to convert any securities into C Shares, up to a maximum nominal amount of £364,283 (representing approximately 10% of the C Shares in issue at the date of the resolution) and (iii) D Shares, or to grant rights to subscribe for or to convert any securities into D Shares up to a maximum nominal amount of £8,099 (representing approximately 10% of the D Shares in issue at the date of the

resolution), such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended by ProVen VCT in general meeting);

- (2) That the proposed amendments to the investment policy of the Company set out on page 24 of the Directors' Report and Accounts of the Company for the year ended 28 February 2010 be and they are hereby approved
- (3) To empower the Directors of the Company, pursuant to section 570(1) of the 2006 Act, to allot, as defined in section 560(2) of the 2006 Act, equity securities (as defined in Section 560(1) of the 2006 Act) for cash pursuant to the authority set out at (1) above as if Section 561(1) of the 2006 Act did not apply to such allotment, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended);
- (4) That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the 2006 Act) of up to a maximum of 14.9% of the issued Ordinary Shares, the C Shares and the D Shares immediately prior to the passing of the resolution at such price as they may determine provided the minimum price is 5p per Ordinary Share, 25p per C Share and 1p per D Share, exclusive of all expenses and the maximum price is no more than 105% of the average middle market price of such Shares as derived from Official List for the five business days immediately preceding the day on which those Shares are purchased, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously varied, revoked or renewed);
- (5) That the articles of association produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

3.5 The following resolutions were passed at the annual general meeting of ProVen VCT held on 24 August 2011:

- (1) That the Directors be generally and unconditionally authorised, in accordance with section 551 of the 2006 Act, to allot (i) Ordinary Shares, or to grant rights to subscribe for or to convert any securities into Ordinary Shares, up to a maximum nominal amount of £2,200,000 (representing approximately 159% of the Ordinary Share capital in issue at the date of the resolution) (ii) C Shares, or to grant rights to subscribe for or to convert any securities into C Shares, up to a maximum nominal amount of £362,495 (representing approximately 10% of the C Shares in issue at the date of the resolution) and (iii) D Shares, or to grant rights to subscribe for or to convert any securities into D Shares up to a maximum nominal amount of £8,270 (representing approximately 10% of the D Shares in issue at the date of the resolution), such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended by ProVen VCT in general meeting);
- (2) To empower the Directors of the Company, pursuant to section 570(1) of the 2006 Act, to allot, as defined in section 560(2) of the 2006 Act, equity securities (as defined in Section 560(1) of the 2006 Act) for cash pursuant to the authority set out at (1) above as if Section 561(1) of the 2006 Act did not apply to such allotment, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously revoked, varied or extended);
- (3) That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the 2006 Act) of up to a maximum of 4,122,471 Ordinary Shares, representing approximately 14.9% of the issued Ordinary Shares, 2,160,469 C Shares representing approximately 14.9% of the C Shares and 1,232,216 D Shares representing approximately 14.9% of the D Shares immediately prior to the passing of the resolution at such price as they may determine provided the minimum price is 5p per Ordinary Share, 25p per C Share and 1p per D Share, exclusive of all

expenses and the maximum price is no more than 105% of the average middle market price of such Shares as derived from Official List for the five business days immediately preceding the day on which those Shares are purchased, such authority to expire at the earlier of the conclusion of the Company's next annual general meeting and 15 months from the date of the resolution (unless previously varied, revoked or renewed);

- (4) That the articles of association of the Company be amended by the replacement of the year "2016" with the year "2019" in article 174.
- 3.6 The following resolutions will be proposed at a general meeting of ProVen VCT to be held on 26 January 2012:

Ordinary Resolutions

- (1) THAT pursuant to article 151(1) of the Company's articles of association, the Directors be and are hereby authorised to offer holders of shares in the Company the right to receive shares pursuant to the Company's dividend reinvestment scheme, credited as fully paid, instead of cash in respect of the whole (or some part to be determined by the Board) of all or any dividend declared in the period commencing on the date of this resolution and ending, subject to the passing of resolution (5) below, on either the fifth anniversary of this resolution or, if resolution 5 is not passed, the date of the Company's next annual general meeting;
- (2) THAT the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company in connection with a dividend reinvestment scheme during the period commencing on the passing of this resolution and expiring on the fifth anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted after such expiry and that all previous authorities given to the Directors be and they are hereby revoked, provided that such revocation shall not have retrospective effect;
- (3) THAT the new performance fee arrangements relating to the Company's ordinary shares, details of which are set out on pages • to • of the circular of the Company dated 8 December 2011 (the "Circular") be approved.
- (4) THAT the commission payable to Beringea LLP, the Company's investment manager, pursuant to the Company's offer for subscription of ordinary shares, details of which are set out on page • of the Circular, be approved.

Special Resolutions

- (5) THAT the proposals involving the making of a tender offer (the "Tender Offer") for up to [5,415,884] Ordinary Shares of 5p each in the capital of the Company (the "Ordinary Shares") at a price of 48.6p per Ordinary Share as described in the circular to shareholders dated 8 December 2011 (the "Circular"), a copy of which is produced to the meeting and initialled by the Chairman for identification purposes, be approved and, for the purposes of giving effect thereto, the contract (the "Contract") for the purchase by the Company of Ordinary Shares from those persons as are set out in the schedule to the Contract, the terms of which are set out in the Circular, be and it is hereby approved and the Company be and is hereby authorised to enter into the Contract (the authority conferred on the Company by this special resolution to expire on 7 December 2012).
- (6) THAT the Directors be and are hereby empowered in accordance with section 570(1) of the Act during the period commencing on the passing of this resolution and expiring on the fifth anniversary of this resolution (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the general authority conferred upon the Directors in resolution (2) above as if section 561 of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with a dividend reinvestment scheme but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

- (7) THAT article 151(1) of the Company's articles of association be amended to delete the words "date of the Annual General Meeting next following" in line 10 and substituting the words "fifth anniversary of" therefor.

4. Articles of Association

The Articles provides that the Company's principal objects are to carry on the business of an investment company and a VCT. The following is a summary of certain provisions of the current Articles. Copies of the Articles are available for inspection at the address set out in paragraph 5.20 of this Part 11 below.

4.1 Voting Rights

Subject to any disenfranchisement and to any special terms as to voting on which any shares may be issued, on a show of hands every member present in person shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for each share of which he is a holder.

4.2 Issue of shares

Subject to the provisions of the 2006 Act and the Articles relating to authority, pre-emption rights and otherwise and any resolutions passed by the Company, all unissued shares are at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper, provided that no such share is issued at a discount.

4.3 Transfer of shares

4.3.1 The instrument of transfer of any shares must be in usual form or in such other form as the Directors may approve and must be signed by or on behalf of the transferor (and in the case of a transfer of a partly paid share by the transferee).

4.3.2 The Directors may, in their absolute discretion refuse to register any share transfer unless it is in respect of a fully paid share, it is in respect of a share on which the Company does not have a lien, it is in respect of only one class of shares, it is in favour of not more than four joint holders as transferees and the instrument of transfer has been left at the Company's registered office, or at such other place as the Directors may from time to time determine, to be registered, accompanied by the certificate for the shares and such evidence as the Directors may reasonably require to prove the title of the transferor, and the due execution by him of the transfer.

4.4 Variation of Rights

Subject to the provisions of the 2006 Act, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of that class) be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

4.5 Alteration of Capital

4.5.1 The Company may by ordinary resolution increase its share capital or consolidate all or any of its share capital into shares of a larger amount.

4.5.2 The Company may by special resolution sub-divide its shares into shares of a smaller amount, and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more such shares shall have some preferred or other advantage or be subject to such restrictions as compared with the other or others as the Company has power to attach to shares.

4.5.3 The Company may by special resolution reduce its share capital, any capital redemption reserve fund and any share premium account in any manner authorised by law and by ordinary resolution cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal value of the shares so cancelled.

4.6 Dividends and distributions

The Articles provide that:

- 4.6.1 the Ordinary Shares entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the Ordinary Shares and from income received and accrued which is attributable to the Ordinary Shares;
- 4.6.2 the C Shares entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares; and
- 4.6.3 the deferred shares (to the extent that any are in issue) entitle their holders to a non-cumulative dividend at a fixed rate of 1 per cent. of the nominal amount on the date six months after the date of the conversion of the C Shares but shall confer no other right to share in the profits of the Company. Given the likely repurchase of the deferred shares following conversion it is not expected that any dividends will accrue or be paid on such shares.
- 4.6.4 the D Shares entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets attributable to the D Shares and from income received and accrued which is attributable to the D Shares.

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. Subject to the above, the Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlement to a dividend arises. All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

4.7 Duration and winding up

The Directors must put a resolution to the annual general meeting of the Company in 2019 and, if passed, to every fifth subsequent annual general meeting, proposing that the Company should continue as a VCT for a further five year period. If any such resolution is not passed, the Directors shall draw up proposals for the reorganisation, reconstruction or voluntary winding up of that Company for submission to its members at a general meeting to be convened by the Directors on a date no more than nine months after such annual general meeting. Implementation of the proposals will require the approval of members by ordinary resolution. For the purposes of this Article, a resolution will not have been carried only if those members in person or by proxy who vote against the resolution hold in aggregate not less than twenty five per cent of the issued share capital of the Company at such time entitled to attend and vote at such a meeting.

4.8 Directors

- 4.8.1 Unless otherwise determined by the Company in general meeting, the Directors shall not be less than 2 and not be more than 10 in number.
- 4.8.2 The business of the Company shall be managed by its Directors who may exercise all such powers and do all such acts and things as may be done or exercised by the Company.
- 4.8.3 A Director who is in any way, directly or indirectly, interested in any transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the 2006 Act, the nature of his interest.
- 4.8.4 Provided that he has declared his interest in accordance with paragraph 4.8.3 above, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit, which he derives from such office, interest, any such transaction or arrangement.
- 4.8.5 A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company, unless his interest arises only because the case falls within one or more of the specified paragraphs.

- 4.8.6 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- 4.8.7 The Directors are to be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £100,000 per annum, together with such additional fees as the Company may determine in general meeting. Such fees are to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.
- 4.8.8 At the annual general meeting of the Company next following his appointment he shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. The Company may, in general meeting, appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

4.9 Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital. The Directors shall restrict the borrowings of the Company and, by the exercise of the Company's voting and other rights or powers of control over its subsidiary undertakings (if any), secure that they restrict its borrowings, so that the aggregate amount at any time outstanding in respect of money borrowed by the group, shall not, without the previous sanction of an ordinary resolution of the Company, exceed the "Adjusted Capital and Reserves" amount (as such term is defined in the Articles), which is effectively the aggregate of the nominal capital of the Company issued and paid up and the amount standing to the credit of the consolidated reserves of the Company, less specified adjustments, exclusions and deductions.

4.10 General Meetings

An annual general meeting shall be held once a year, within 15 months of the previous annual general meeting. The Directors may, whenever they see fit, and shall on requisition in accordance with statute, proceed with proper expedition to convene a general meeting.

An annual general meeting shall be called by at least 21 clear days' notice in writing and any other general meeting shall be called by at least 14 clear days' notice. Notice may be via electronic communication. Notice shall be given to all members, other than those who are not entitled under the Articles to receive notice. A general meeting may be called by shorter notice if it is agreed: (i) in the case of an annual general meeting, by all member entitled to attend and vote; and (ii) in the case of a general meeting other than an annual general meeting, by a majority in the number of the members having a right to attend and vote, being a majority holding at least 95 per cent. in nominal value of the shares giving that right.

Every notice calling a general meeting shall specify the place, day and hour of the meeting. Every notice must include a prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote instead of him and that a proxy need not be a member of the Company.

In the case of any general meeting at which businesses other than routine business is to be transacted, the notice shall specify the general nature of such business. The notice shall say whether any resolution is to be proposed as an ordinary resolution or special resolution. In the case of an annual general meeting, the notice shall also specify the meeting as such.

4.11 Uncertificated Shares

The Articles are consistent with CREST membership and allow for the holding and transfer of shares in uncertificated form pursuant to the Regulations.

5. Additional Information

- 5.1 The Directors, whose names appear on page 47 of this document, and the Company, each accept responsibility for the information contained in this document. The Directors and the Company declare that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.
- 5.2 Beringea LLP was incorporated in England and Wales on 27 January 2009 as a limited partnership under the Limited Partnerships Act 2000. The registered number of Beringea is OC342919 and its registered office is 39 Earlham Street, London WC2H 9LT (telephone number 020 7845 7820). Beringea is authorised by the Financial Services Authority to conduct venture capital business.
- 5.3 Deloitte & Touche LLP, members of the Institute of Chartered Accountants of England & Wales, of Stonecutter Court, of 1 Stonecutter Street, London EC4A 4TR have been the only registered auditors of the Company since its incorporation.
- 5.4 The Board is responsible for the determination and calculation of the Company's net asset value and intends to announce it at least quarterly, through a regulatory information service. The Board believes that, by announcing the Company's financial results on a regular basis, it should help to provide a fairer market price for its Shares.
- 5.5 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's financial position or profitability.
- 5.6 The Company's annual report and accounts will be made up to 28 February and sent to Shareholders normally in June. The Company's next accounting period will end on 28 February 2012. Shareholders also receive unaudited half-year accounts for the period to the end of August in each year which will normally be sent to Shareholders in October.
- 5.7 Valuation of listed investments and investments traded on AIM or other public stock markets will be stated at closing bid prices. Where quoted investments are subject to restrictions, an appropriate discount to the latest market price may be applied with regard to International Private Equity and Venture Capital ("IPEVC") valuation guidelines. Investments not listed on a public stock market will be stated at Directors' valuation. The Directors will value these investments in accordance with the IPEVC valuation guidelines.
- Investments will be valued by the Board on 28 February, 31 May, 31 August and 30 November of each year and these net asset values will be communicated to Shareholders by DCF through the Regulatory News Service. The Company will also announce when there has been a major change to net asset value, for instance as a result of a disposal of an investment or if the Company undertakes a fundraising and needs to announce an interim valuation.
- 5.8 A detailed description of the investment policy which will be pursued by the Company is set out in Part 3. The Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with this published investment policy. These investment policies are in line with Chapter 15 of the Listing Rules and Part 6 ITA and the Company will not deviate from them. The Company is subject to various rules and regulations in order to continue to qualify as a VCT, as set out in Part 7 of this document. Any material breach of the investment policy or such rules and regulations will be notified to Shareholders through the Regulatory News Service. The Company will not conduct any trading activity. No more than 10%, in aggregate, of the value of the total assets of a VCT at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds have themselves published investment policies which permit them to invest more than 15% of their total assets in other listed closed-ended investment funds.
- 5.9 Where information set out in this document has been sourced from a third party the source has been identified at the relevant place in the document and the Company confirms that this information has

been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

- 5.10 The Offer is only being made in the United Kingdom. In particular, neither this document nor the Securities Note nor the Summary constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) ("The Securities Act") or qualify for sale under the laws of any state of the United States or under applicable laws in Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Neither this document, the Securities Note nor the Summary nor any copy of any of them may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or any other jurisdiction where to do so would violate the laws of that jurisdiction, nor may any of them be distributed to any US person (within the meaning of Regulation S under the Securities Act).
- 5.11 A typical Investor will be an individual (not a corporate), who is aged 18 or over and pays UK income tax who already has a portfolio of non-VCT investments such as unit trusts/OEICs, investment trusts and direct shareholdings in listed companies and may include retail, institutional and sophisticated investors and high net-worth individuals. The individual should be willing to invest over the medium to long term and be comfortable with higher risk investments.
- 5.12 The Directors believe that the Offer has the potential to constitute a significant gross change in the Company, including an increase in the net assets of the Company by the amount of the net funds raised under the Offer. Subject to the level of subscription of the Offer, an increase in net assets could have certain consequences, potentially including a reduction in the annual expense ratio of the Company, increasing the size and range of investments which the Company could undertake and increasing the number of investments the Company would be required to make in order to meet the VCT eligibility rules. The effect of the Offer on the earnings of the holders of existing Ordinary Shares, C Shares and D Shares is expected to be positive since although the proceeds of the Offer will be held as a separate pool of assets attributable to the Ordinary Shares, the fixed costs of operating the Company will be spread over a larger asset base, thereby reducing the running cost per Share. The effect of the Offer on the earnings of the potential holders of New Ordinary Shares is expected to be positive.
- 5.13 The Company has been advised that no stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the New Ordinary Shares issued under the Offer.
- 5.14 The transfer on sale of any New Ordinary Shares will be liable to ad valorem stamp duty normally at the rate of 0.5% of the amount or value of the consideration (rounded up to the nearest £5). An unconditional agreement to transfer New Ordinary Shares also gives rise to an obligation to account for SDRT, which is payable within seven days of the start of the month following that in which the agreement was entered into. The payment of stamp duty gives rise to a right to repayment of any SDRT paid. There will be no stamp duty or SDRT on the transfer of the New Ordinary Shares into CREST unless such a transfer is made for consideration in money or money's worth, in which case a liability to SDRT will arise usually at a rate of 0.5%. A transfer of New Ordinary Shares effected on a paperless basis through CREST will generally be subject to SDRT at a rate of 0.5% of the value of the consideration. Following the issue of the New Ordinary Shares pursuant to the Offer, the Company is not likely to be a close company for tax purposes.
- 5.15 The Company has no current borrowings nor any borrowing requirements and the Directors have no current intention of making any borrowings.
- 5.16 ProVen VCT entered into deeds of variation to its investment management agreement with Beringea on 31 May 2006, 14 November 2006, 19 November 2008 and 19 November 2009, an administration and

advisory agreement with DMS on 31 May 2006, a deed of variation to this administration and advisory agreement with DMS on 19 November 2008 and 19 November 2009, a deed relating to performance incentive arrangements with DCF on 31 May 2006, offer agreements with PGI VCT, the Directors, Howard Kennedy, Beringea and Beringea LLC on 14 November 2006 and 19 November 2008, an offer agreement with PGI VCT, the Directors, Beringea and Beringea LLC on 19 November 2009, an offer agreement with the Directors, Howard Kennedy, Beringea and Beringea LLC on 8 December 2011 and a director's letter of appointment with Barry Dean on 10 May 2006 and Malcolm Moss on 1 October 2008.

Further details of these agreements and the fees paid to Beringea, DMS and DCF thereunder are set out in Part 10 of this document. Beringea is a related party as it is the Company's investment manager. DCF and DMS were each a related party as Nicholas Lewis, a former director of the Company, is also a director of, and substantial shareholder in, DCF and a director of DMS, which is a subsidiary of DCF.

For each of the financial periods ended 28 February 2009, 28 February 2010 and 28 February 2011 and for the current financial year to date, apart from the agreements referred to in this paragraph 5.16 above, the Company has not been a party to any related party transactions for the purposes of Regulation (EC) No. 1606 / 2002.

- 5.17 Except as noted in paragraph 5 of Part 9, none of the Company's service providers have any conflict, or potential conflict, as between their duty to the Company and duties owed by them to third parties and other interests.
- 5.18 Howard Kennedy, the Sponsor, of 19 Cavendish Square, London W1A 2AW and Beringea, of 39 Earlham Street, London WC2H 9LT, have each given and not withdrawn their written consent to the issue of this document with the references to them in the form and context in which they appear.
- 5.19 Copies of this document, the Securities Note and the Summary are available for inspection on the National Storage Mechanism's website <http://www.hemscott.com/nsm.do> following the date of publication and may be obtained, free of charge, whilst the Offer remains open, from the Company's registered office or from Beringea, 39 Earlham Street, London WC2H 9LT (telephone 020 7845 7820, email provenvcts@beringea.co.uk), or can be downloaded at www.provenvcts.co.uk.
- 5.20 Copies of the following documents are available for inspection at the offices of Howard Kennedy at 19 Cavendish Square, London W1A 2AW and at the registered office of the Company at 39 Earlham Street, London WC2H 9LT during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offer:
- (a) the Articles;
 - (b) the material contracts referred to in Part 10;
 - (c) the consent letters referred to at paragraph 5.18 above;
 - (d) the audited accounts of the Company for the periods ended 28 February 2009, 28 February 2010 and 28 February 2011 and the unaudited half-year reports of the Company for the six months to 31 August 2010 and 31 August 2011; and
 - (e) the Prospectus.

Dated: 8 December 2011

Definitions

The following definitions are used throughout this document and, except where the context requires otherwise, have the following meanings.

2011/2012 Offer	the Company's offer for subscription in respect of the 2011/2012 tax year
2012/2013 Offer	the Company's offer for subscription in respect of the 2012/2013 tax year
1985 Act	the Companies Act 1985 (as amended and to the extent in force from time to time)
2006 Act	the Companies Act 2006 (as amended and to the extent in force from time to time)
Admission	admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities
Articles	the articles of association of the Company, as amended from time to time
Beringea Group	Beringea LLC and its subsidiaries (including Beringea)
C Shares	the C ordinary shares of 25p each of ProVen VCT
Company or ProVen VCT	ProVen VCT plc
C Share Adjustment	subject to the C Share Conversion having taken place, the amount by which the value of C Share Portfolio increases or decreases between 31 August 2011 and the C Share Conversion, divided by the Pro-Forma Number of Ordinary Shares (as adjusted to take account of any dividends paid on C Shares between 31 August 2011 and the C Share Conversion)
C Share Conversion	the conversion of the C Shares into Ordinary Shares, that is expected to take place in October 2012
C Share Portfolio	the portfolio of investments created by investing the proceeds raised from the issue of C Shares prior to the Offer
Cumulative Dividends	the cumulative amount of dividends paid by the Company in relation to the financial years starting on 1 March 2012 and finishing on the 28 February of the relevant financial year
DCF	Downing Corporate Finance Limited
Directors or Board	the directors of the Company from time to time (as the context permits)
DMS	Downing Management Services Limited
FA 2009	the Finance Act 2009
First D Share Linked Offer	the D Share linked offer of the Company and ProVen Growth & Income VCT which opened on 20 November 2008 and which closed on 30 October 2009
HMRC	HM Revenue & Customs
Howard Kennedy	Howard Kennedy Corporate Services LLP

Hurdle	the greater of: (i) 1.25 times the Initial Net Asset Value. and (ii) the Initial Net Asset Value increased, as from 31 August 2011, by the Bank of England base rate plus 1% per annum
Initial Net Asset Value	the net asset value per Ordinary Share as at 31 August 2011 less the amount of the Interim Dividend and the related performance incentive payment to be paid to Beringea
Interim Dividend	the interim dividend proposed to be paid on 2 February 2012 to holders of Ordinary Shares on the register on 6 January 2012
Investor	an individual aged 18 or over who is resident in the United Kingdom who subscribes for shares in the Offer
ITA	Income Taxes Act 2007 (as amended)
London Stock Exchange	London Stock Exchange plc
Manager or Beringea	Beringea LLP
Management Team	means the persons detailed on page 11 of Part 4 under the heading "The Management Team"
New Ordinary Shares	the Ordinary Shares being offered for subscription pursuant to the Prospectus
New Performance Value	in respect of the relevant financial year end, the sum of (i) the net asset value per Ordinary Share at that date, (ii) all dividends per Ordinary Share paid in relation to financial years starting after 29 February 2012 up to the relevant financial year, (iii) all performance related incentive fees per Ordinary Share paid by the Company to the Manager in relation to financial years starting after 29 February 2012, (iv) any C Share Adjustment (whether relating to that or any prior financial year), and (v) any Residual PIF Adjustment (whether relating to that or any prior financial year)
New Total Return	the net asset value per Ordinary Share at the relevant financial year end, plus Cumulative Dividends per Ordinary Share
Offer	the offer for subscription of Ordinary Shares as described in the Prospectus
Offer Price	the net asset value of an Ordinary Share most recently announced to the London Stock Exchange, divided by 0.945 (to allow for issue costs of 5.5%) rounded up to the nearest tenth of a penny per Ordinary Share. The net asset value per Ordinary Share used in the calculation of the Offer Price will be the net asset value most recently announced to the London Stock Exchange, less the amount of any dividend to be paid, for which the record date is prior to the relevant allotment date (and any related performance incentive fee)
Official List	the Official List of the UK Listing Authority
Ordinary Shares	the ordinary shares of 5p each in the capital of ProVen VCT (ISIN number GB00B3DD2110), including New Ordinary Shares where the context permits

Original Ordinary Share Portfolio	the portfolio of investments created by investing the proceeds raised from the issue of Ordinary Shares prior to the Offer
Performance Value	for financial years of the Company ending before 1 March 2012, for the relevant financial year end, the sum of (i) the net asset value per share as at that date and (ii) all distributions per share declared and/or paid since the first admission of the shares to the Official List of the UK Listing Authority
PGI VCT	ProVen Growth and Income VCT plc
Pro-Forma Number of Ordinary Shares	the pro-forma number of Ordinary Shares in issue on 31 August 2011, assuming (a) that the actual number of C Shares in issue at the date of the C Share Conversion had converted into Ordinary Shares on 31 August 2011 (using the relative net asset value per share of Ordinary Shares and C Shares on that date), and (b) that the number of Ordinary Shares in issue on 31 August 2011 included the new Ordinary Shares subsequently issued under the Offer
ProVen Health VCT	ProVen Health VCT plc
ProVen VCTs	ProVen VCT, PGI VCT, ProVen Health VCT and Proven Planned Exit VCT plc
Prospectus	together, this document, the Securities Note and the Summary
Qualifying Company	a company satisfying the conditions of as described in Part 7 of this document
Qualifying Investment	an investment in an unquoted company which satisfies the requirements of Chapter 4 of Part 6 ITA, as described in Part 7 of this document
Qualifying Subscriber / Qualifying Investor	an individual who subscribes for New Ordinary Shares and is aged 18 or over and satisfies the conditions of eligibility for tax relief available to investors in a VCT
Qualifying Subsidiary	a subsidiary company which falls within the definition of Qualifying Subsidiary contained in section 302 ITA, as described in Part 7 of this document
Qualifying Trade	a trade complying with the requirements of Chapter 4 of Part 6 ITA
Residual PIF Adjustment	the performance incentive fee relating to the sale of Espresso Group Limited and Think Limited, as set out on page 15 ("Residual PIF"), divided by the number of Ordinary Shares in issue on 31 August 2011, assuming that the number of Ordinary Shares in issue on 31 August 2011 included the New Ordinary Shares subsequently issued under the Offer or (b) if the C Share Conversion has not taken place, the Residual PIF divided by the Pro-Forma Number of Ordinary Shares
Securities Note	the share securities note that, together with this document and the Summary, constitutes the Prospectus
Shares	shares in the capital of ProVen VCT
Shareholder	a holder of Shares

Summary	the summary that, together with this document and the Securities Note, constitutes the Prospectus
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
Venture Capital Trust or VCT	a venture capital trust as defined by section 259 ITA

Corporate Information

Directors of ProVen VCT plc (Non-executive)

Andrew John Davison (Chairman)
Barry Malcolm Dean
Malcolm Kennedy Hunt Moss

Company Secretary to the Company

Grant Whitehouse

Registered Office of the Company

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Investment Manager

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Administrator

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Sponsor to the Company and the Offer

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Solicitors to the Company and the Offer

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Registered Auditors

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Royal Bank of Scotland
London Victoria Branch
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London SW1E 6RA

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Registrars

Capita Registrars
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