

Registration Document

ProVen VCT plc

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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:

Risk Factors relating to the Company

- 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.
- In July 2013 HMRC issued a consultation paper, "Venture Capital Trusts share buy-backs", which proposes restricting tax relief on subscription for shares in a VCT after 5 April 2014, where, within a certain period (6 months was used as an example in the consultation paper), the investor had disposed of shares in that VCT, or a VCT with the same or similar investment management. If introduced, such proposals may lead to a restriction on income tax relief available to an Investor for the issue of New Ordinary Shares, if within a period to be specified the subscriber had disposed of shares in any of the ProVen VCTs. The paper also suggests that limits may be placed on the amount of tax free dividends a VCT can pay.
- 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 £15 million prior to investment. Likewise, each company must have less than

250 full time (or equivalent) employees at the time of investment. The Company may invest in businesses which are considerably smaller than the maximum size allowed by the VCT legislation. They may also have a short trading history. Investment in small unquoted companies involves substantially higher risk than investing in larger, longer established businesses such as those listed on the main market of the London Stock Exchange. In particular, small companies often have limited product lines, markets and/or financial resources and may be dependent for their management on a smaller number of key individuals.

- 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, with an over allotment facility of up to a further £5 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.
- A significant proportion (28.3% as at 31 August 2013) of the Company's net assets is concentrated in five investments. The largest single investment represented 7.3% of the net assets at that date. 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 these investments as a result.
- Although the Company aims to make investments in small and medium sized unquoted companies with excellent growth prospects, some of the existing investee companies which have been in the portfolio for several years have limited scope for future growth. The directors' valuation of these companies takes this limited growth potential into account.
- 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 total dividends per New Ordinary 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 the Company is targeting an annual dividend yield of 5% per annum, there is no guarantee that this will be achieved. The Company's ability to pay dividends may be adversely affected by a lack of distributable reserves, insufficient cash and/or a change in legislation.

Risk Factors relating to the New Ordinary Shares

- 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. There is no certainty about the amount and timing of future dividends, if any, or that any dividends will be paid.
- 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.
- 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 5%, 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 5%. 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

The Manager and the Board

The Manager

The Company is managed by Beringea, an award winning, specialist venture capital firm which manages more than £100 million of VCT assets. Beringea has over 25 years experience of managing investments in unquoted companies and has managed the Company since it was launched in 2000. Beringea is part of an international fund management group which manages more than \$500 million of venture capital assets. Further details of the investment management arrangements between Beringea and the Company are set out in Part 6.

The Management Team

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

Malcolm Moss

Malcolm is a founding partner of Beringea LLC. Over the last 25 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. 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 four other venture capital funds (InvestCare Partners, The Global Rights Fund II, Invest Michigan Growth Capital Fund and Invest Michigan Growth Capital Fund 2). Malcolm has a BA and an MBA.

Stuart Veale

Stuart is Managing Partner of Beringea and has 25 years of private equity investment experience. Prior to joining Beringea, Stuart was a senior director with LDC (the private equity arm of the Lloyds Banking Group) 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.

Trevor Hope

Trevor is Chief Investment Officer for Beringea. He has over fifteen 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 which 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

Karen joined Beringea 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

Stéphane has 10 years experience as a venture capital fund manager in the healthcare sector and focuses on making investments in this sector for 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.

Robert Hodgkinson

Rob joined Beringea as an Investment Manager in 2013. He has five years of experience in finance, including two years in social venture capital at Venturesome and a six month secondment in the Social Investment Team at the Cabinet Office. He started his career at NM Rothschild with M&A experience in the energy, leisure and property sectors. Rob has an MA from Cambridge University and an MBA from INSEAD.

Harry Thomas

Harry is an Analyst and is responsible for sourcing and researching potential investments and producing financial models for both the equity-based and debt-based UK investment teams. His previous experience includes working in real estate, for two start-ups and on a parliamentary campaign. Harry graduated from St Andrew's University with a degree in history.

Management Retention

The Company has agreed long-term performance incentive arrangements with the Manager, which are designed to enable it to attract and retain talented investment managers, by rewarding them for delivering outstanding investment performance. More details of the performance incentive arrangements are given on pages 10 and 11.

The Board

The Directors have overall responsibility for the Company's affairs, including monitoring the performance of the Manager and ensuring that the VCT status of the Company is maintained.

The Directors, all of whom are non-executive, have experience of corporate governance of listed companies. A majority of the Directors is independent of the Manager.

Andrew Davison FCA, Chairman

Andrew has over 30 years experience of the financial services industry. He was formerly Managing Director of NatWest Ventures, which specialised in venture capital investments, and is a former council member of the British Venture Capital Association. He has been a director of a number of quoted and unquoted companies.

Barry Dean FCA

Barry has over 25 years experience in the venture capital industry, including 14 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited, a longstanding "mid-market" private equity fund manager. He is currently a director of Downing Absolute Income VCT 2 plc and Elderstreet VCT plc. He also acts as an adviser to an Italian private equity fund management business.

Lorna Tilbian

Lorna is an executive director and Head of the Media Sector at Numis Securities Limited. Lorna has been a top-ranked media analyst by Institutional Investor and Thomson Reuters Extel from 1987 to 2012. She was previously a director at SG Warburg and West LB Panmure. Lorna is a non-executive director of Jupiter Primadona Growth Trust.

Malcolm Moss

Malcolm is a founding partner 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 other venture capital funds (Invest Michigan Growth Capital Fund and Invest Michigan Growth Capital Fund 2).

Practices, Operation and Corporate Governance

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 and formally approved by its investment committee.

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, Andrew Davison and Lorna Tilbian. 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 half year 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 ensures 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 half year reports of the Company will remain with its Board.

Remuneration Committee

The Company has a Remuneration Committee, comprising all of its 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.

Current and Past Directorships

The Directors are currently, or have been within the last five years, members of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below.

Andrew Davison

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Frank Bruce & Company Limited A.M.B. Investments Limited Ludgate Twenty Three Limited	The Ethical AIM plc (dissolved) ProVen Growth and Income VCT plc Pennine AIM VCT 5 plc

ProVen VCT plc Downing Income VCT 3 plc	Pennine Downing AIM VCT 2 plc City of London Investment Group plc
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Barry Dean

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Elderstreet VCT plc ProVen VCT plc Downing Absolute Income VCT 2 plc St James LP St James II LP	KBDC ExecCo Limited (dissolved) Henderson Private Equity Investment Trust plc

Malcolm Moss

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Global Rights Development Limited ProVen Holdings Limited ProVen Acquisition Limited Beringea LLP Beringea Limited ProVen Private Equity Limited GRF II Special Partner (GP) Limited ProVen VCT plc ProVen Growth and Income VCT plc Overtis Group Limited (in administration) ProVen Planned Exit VCT plc Campden Media Limited Donatantonio Group Limited Vigilant Applications Limited	Lazurite Limited Angelina Ballerina Limited Cravenstreet Limited

Lorna Tilbian

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
ProVen VCT plc Jupiter Primadona Growth Trust plc Numis Securities Limited Pitchcroft Limited Pitchwell Limited Numis Corporation plc	

None of the Directors have any convictions in relation to fraudulent offences during the previous five years.

Malcolm Moss is a non-executive director of Overtis Limited, which appointed administrators on 31 May 2012 with a shortfall owing to creditors of £498,952.

Save in respect of The Ethical AIM plc which, prior to being dissolved, was in liquidation, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager, during the previous five years.

There have been no official public incriminations of and/or sanctions on any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever 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, during the previous five years.

Dividend Policy

The Company has a target of paying dividends each year which will equate to a yield of approximately 5% of net asset value. The board believes that this target is consistent with the NAV remaining broadly stable over time, although this will depend on the returns achieved by the Company's investments and cannot be guaranteed. The Company may pay a special dividend in addition to the target 5% yield, in the event of there being a realisation or series of realisations from the portfolio which results in an exceptionally large gain. Dividend payments will, however, depend on the amount and timing of profits realised from the sale of investments, which cannot be guaranteed. There is no certainty that any dividends will be paid. The average annual dividend yield from the Company over the past five financial years to 28 February 2013 has been 7.3% of NAV, although this is not a guide to the future level of dividend payments.

Part 2

The Manager

Beringea is the Company's fund manager and is a limited liability partnership incorporated and registered in England and Wales under number OC342919 pursuant to the Limited Liability Partnership Act 2000. Its telephone number is 020 7845 7820. The registered office and principal place of business of Beringea is 39 Earlham Street, London WC2H 9LT. Beringea is authorised and regulated by the Financial Services Act (under number 496358). The principal legislation under which Beringea operates is the Limited Liability Partnership Act 2000 and the applicable provisions of the 2006 Act (and regulations made thereunder). Beringea is owned by Beringea LLC which is a US limited liability company.

Management Fees

Under the terms of its investment management agreement, the Manager is entitled to receive an annual management fee equal to 2% of net assets, payable quarterly, and a performance incentive fee, which is outlined in more detail below.

In line with normal VCT practice, the Manager is entitled to receive a performance related incentive fee in relation to the Ordinary Shares 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 performance related incentive fee structure is designed to encourage significant payments to Investors by means of tax-free dividends, as well as capital growth.

The Manager is 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 greater of (i) 117.2p per Ordinary Share and (ii) 92.9p per Ordinary Share increased from 31 August 2011 by, approximately, the Base Rate + 1% per annum, (the "Hurdle"). In this event the performance incentive fee will be equal to 20% of the amount by which the New Performance Value exceeds 92.9p per Ordinary Share 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 (which shall not include, for the avoidance of doubt, Residual PIF).

If 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 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 a financial year does not exceed 20% of Cumulative Dividends per Ordinary Share paid in relation to those financial years and (ii) the Total Return per Ordinary Share is at least equal to the Hurdle.

As at the date of this document, the Performance Value was 103.4p, comprising an NAV of 98.4p and Cumulative Dividends of 5.0p.

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 (including any dividends received by the Company from such investee companies at any time), subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011).

All fees paid under the performance incentive arrangements will be inclusive of VAT, if applicable.

There was no performance fee payable to Beringea by the Company in respect of the financial year ended 28 February 2013.

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, liquidity funds, fixed interest securities and non-Qualifying venture capital investments;

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

The Company's investment policy covers several areas as follows:

The Company seeks to make investments in VCT qualifying companies with the following characteristics:

- a strong, balanced and well motivated management team with a proven track record of achievement and a substantial shareholding in the business;
- a defensible market position;
- good growth potential;
- 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; and
- a clearly identified route for a profitable realisation within a 3-4 year period.

The Company invests in companies at various stages of development, including those requiring capital for expansion and management buy-outs, but not in start-ups. Investments are spread across a range of different sectors.

Other investments

Funds not invested in qualifying investments will be held in cash, liquidity funds, fixed interest securities of A-rating or better, investments originated in line with the Company's qualifying VCT policy but which do not qualify under the VCT rules for technical reasons and debt and debt-related securities in growth companies.

Venture capital trust regulations

In continuing to maintain its VCT status, the Company complies with a number of regulations as set out in Part 6 of the Income Tax 2007. How the main regulations apply to the Company is summarised as follows:

1. The Company holds at least 70% of its investments in qualifying companies (as defined by Part 6 of the Income Tax Act 2007);
2. At least 30% (70% in the case of funds raised after 5 April 2011) of the Company's qualifying investments (by value) are held in "eligible shares" – ("eligible shares" generally being ordinary share capital without preferential rights);
3. At least 10% of each investment in a qualifying company is held in "eligible shares" (by cost at time of investment);
4. No investment constitutes more than 15% of the Company's portfolio by value at time of investment);

5. The Company's income for each financial year is derived wholly or mainly from shares and securities;
6. The Company distributes sufficient revenue dividends to ensure that not more than 15% of the income from shares and securities in any one year is retained; and
7. No investment made by the Company causes an investee company to receive more than £5 million of State Aid investment (including from VCTs) in the year ending on the date of the investment.

Borrowings

It is not the Company's intention to have any borrowings. The Company does, however, have the ability to borrow a maximum amount which is equal to the nominal capital of the Company and its distributable and undistributable reserves, currently equal to £46.85 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.

Asset Allocation

Over the three years following the Offer, a proportion of the funds raised will be progressively invested in Qualifying Investments with the objective that ultimately approximately 75% of the Company's assets will be 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, debt and debt related securities in growth companies (directly or indirectly) and non-Qualifying venture capital 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 35 investments (assuming full subscription) to provide diversification and risk protection. Under current VCT legislation a Qualifying Company's gross assets may not exceed £15 million, and it must have fewer than 250 employees, prior to investment. 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 implemented a number of measures designed to reduce risk as much as possible, given the investment strategy. 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, with proven business models, 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 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 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 for the Company to co-invest the funds raised under the Offer alongside other funds managed by Beringea, such as PGI 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 portfolios.

Part 4

Financial Information on the Company

Introduction

Audited statutory accounts of the Company for the years ended 28 February 2011, 29 February 2012 and 28 February 2013, in respect of which the Company's auditors, Deloitte & Touche LLP, registered auditor of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR in respect of the year ended 28 February 2011 and in respect of the years ended 29 February 2012 and 28 February 2013, PKF (UK) LLP, registered auditor of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, both members 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 reports 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 2011 and the six months ended 31 August 2012 are available at 39 Earlham Street, London WC2H 9LT. These interim accounts have not been audited or reviewed by the Companies' 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 2011, 29 February 2012 and 28 February 2013, and in the unaudited interim accounts for the six months to 31 August 2011 and the six months to 31 August 2012 of the Company, and which is incorporated by reference into this document.

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 2011, 29 February 2012 and 28 February 2013, and in the unaudited interim accounts for the six months to 31 August 2012 and the six months to 31 August 2013 of the Company, and which is incorporated by reference into this document, as follows:

ProVen VCT

	Audited Statutory Accounts for Year Ended 28 February 2011	Audited Statutory Accounts for Year Ended 29 February 2012	Unaudited Interim Reports for 6 Months Ended 31 August 2012	Audited Statutory Accounts for Year Ended 28 February 2013	Unaudited Interim Reports for 6 Months Ended 31 August 2013
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Operating and Financial Review

ProVen VCT Ordinary Share Fund

	28 February 2011	29 February 2012	31 August 2012	28 February 2013*	31 August 2013*
	(Audited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Total net assets £000's	15,378	16,711	26,598	47,807	46,854
Changes in net assets £000's	2,449	1,333	9,887	31,096	953
Net asset value per share (pence)	61.0p	49.4p	50.8p	103.3p	98.4p
Dividends paid/proposed for the year/period	8p/6.25p	12.5p/-	-/-	-/5p	5p/2.5p

ProVen VCT C Share Fund

	28 February 2011	29 February 2012	31 August 2012	28 February 2013*	31 August 2013*
	(Audited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Total net assets £000's	11,142	12,594	11,882	n/a	n/a
Changes in net assets £000's	146	1,452	(712)	n/a	n/a
Net asset value per share (pence)	76.8p	87.4p	93.6p	n/a	n/a
Dividends paid/proposed for the year/period	1p/-	-/-	-/-	n/a	n/a

ProVen VCT D Share Fund

	28 February 2011	29 February 2012	31 August 2012	28 February 2013*	31 August 2013*
	(Audited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Total net assets £000's	7,446	7,129	7,289	n/a	n/a
Changes in net assets £000's	2,349	(317)	160	n/a	n/a
Net asset value per share (pence)	90.0p	86.4p	88.6p	n/a	n/a
Dividends paid/proposed for the year/period	-/-	-/-	-/-	n/a	n/a

* The Company's C Shares and D Shares were converted to Ordinary Shares on 30 October 2012. Immediately prior to the conversions, the Ordinary Shares were consolidated such that holders of Ordinary Shares received one new Ordinary Share for every two original Ordinary Shares. Under the conversions, holders of C Shares received approximately 0.9213 new Ordinary Shares for each C Share held previously and holders of D Shares received approximately 0.8720 new Ordinary Shares for each D Share held previously

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 2011, 29 February 2012 and 28 February 2013 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 2011, 29 February 2012 and 28 February 2013 and
- (ii) for the six months ended 31 August 2011 and 31 August 2012 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 2011 and 31 August 2012.

is set out in the sections headed “Chairman’s statement”, “Investment portfolio” and “Investment manager’s report” in the audited statutory accounts for the periods ending 28 February 2011, 29 February 2012 and 28 February 2013 and the unaudited interim accounts of the Company for the six months ended 31 August 2012 and 31 August 2013 as follows:

	Audited Statutory Accounts for Year Ended 28 February 2011	Audited Statutory Accounts for Year Ended 29 February 2012	Unaudited Interim Reports for 6 Months Ended 31 August 2011	Audited Statutory Accounts for Year Ended 28 February 2013	Unaudited Interim Reports for 6 Months Ended 31 August 2012
<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	3	6	4	5	3
Investment portfolio	9	14	19	12	11
Investment manager’s report	6	10	7	9	6

Significant Changes Since 31 August 2013

Since 31 August 2013 (being the end of the last financial period of the Company for which unaudited financial information has been published), there have been no other significant changes 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 2011, 29 February 2012 and 28 February 2013 and the unaudited interim accounts for the six months to 31 August 2011 and to 31 August 2012 are being incorporated by reference, as set out above. Where these documents make reference to other documents, such other documents, together with those pages of the annual and interim accounts that are not referred to above, are not relevant to Investors and are not incorporated into and do not form part of this document.

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NAV per Ordinary Share

As at 31 August 2013, the unaudited NAV per Ordinary Share was 98.4p.

Part 5

Portfolio Information

As at the date of this document, the Company has holdings in 28 companies. At 31 August 2013, the latest date for which valuations have been announced, these holdings had a cost of £20.9 million and a valuation of £24.6 million. In addition, the Company holds assets included cash and liquidity funds of £22.4 million.

The list of active current investments (unaudited) is set out in the table below and constitutes a comprehensive and meaningful analysis of the Company's portfolio as at the date of this document. The valuations are as at 31 August 2013, the latest date for which valuations have been announced, for investments in the portfolio at that date. Additions to the portfolio after 31 August 2013 are valued at cost. All the companies listed below have their headquarters in the United Kingdom.

<i>Portfolio (by value)</i>	Cost £'000	Valuation £'000	% of portfolio by value	Debt/Shares
Espresso Group Limited <i>Supplier of on-line digital educational content for schools</i>	1,317	3,414	7.3%	Shares
Think Limited <i>Digital Media Agency</i>	1,606	2,954	6.3%	Debt and Shares
SPC International Limited <i>Provider of repair and refurbishment services for electronic equipment</i>	2,021	2,582	5.5%	Debt and Shares
Monica Vinader Limited <i>High end jewellery brand</i>	1,447	2,177	4.6%	Shares
Donatantonio Limited <i>Importer and distributor of Mediterranean food ingredients</i>	1,396	2,128	4.5%	Debt and Shares
BlisMedia Limited <i>Mobile marketing specialist</i>	482	1,308	2.8%	Debt and Shares
Utility Exchange Online Limited <i>Provision of utility price comparison services for SMEs</i>	1,110	1,110	2.4%	Debt and Shares
Chess Technologies Limited <i>Manufacturer of electro-optical devices</i>	600	1,037	2.2%	Debt and Shares
Charterhouse Leisure Limited <i>Operator of a chain of casual dining restaurants</i>	700	960	2.0%	Debt and Shares
Cognolink Limited <i>Provider of expert network services to professional investors</i>	949	949	2.0%	Shares
Eagle Rock Entertainment Group Limited <i>Producer, publisher and distributor of music programming for TV,DVD and digital media</i>	1,225	934	2.0%	Debt and Shares
Campden Media Limited <i>Magazine publisher and conference organiser</i>	642	711	1.5%	Debt and Shares
APM Healthcare Limited <i>An aggregator of pharmacies</i>	500	643	1.4%	Debt and Shares
MatsSoft Limited <i>Business process management software</i>	1,010	546	1.2%	Debt and Shares
Pilat Media Group plc <i>Supplier of Business management software to broadcasters</i>	173	510	1.1%	Shares

Other venture capital investments	6,015	2,946	6.3%
Total venture capital investments	21,193	24,909	53.0%
Liquidity fund investments		-	0.0%
Cash at bank and in hand		22,105	47.0%
		47,014	100.0%

Since 31 August 2013, the latest date for which valuations have been announced, the Company has made the following investments:

The information set out in this Part 5 has been extracted from the Company's unaudited half-yearly accounts for the six months ended 31 August 2013.

Part 6

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 the 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, 14 November 2006, 19 November 2008, 19 November 2009, 8 December 2011, 8 November 2012 and 22 October 2013 under which the Manager has agreed to provide investment management services to the Company in respect of its 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 Company (exclusive of VAT) and, assuming certain conditions are satisfied, will be entitled to receive a further incentive fee (inclusive of VAT) as set out below.

The Manager is entitled to receive the performance fee set out on pages 10 and 11.

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 2011, 29 February 2012 and 28 February 2013, ProVen VCT paid £640,000, £704,000 and £920,000 respectively (including VAT) to the Manager for its investment services to ProVen VCT under the ProVen IMA. Fees of £491,000 (including VAT) have been paid to date to the Manager for the period ending 29 February 2014.

1.2 *Administration Agreement*

An administration and advisory agreement (the “ProVen Administration Agreement”) dated 31 May 2006 as amended by deeds of variation dated 19 November 2008 and 19 November 2009 and as novated by DMS to Downing pursuant to a deed of novation dated 27 September 2011, whereby Downing provides certain administration services, financial advisory services and services in connection with share repurchases to ProVen VCT, for an annual fee of £43,000 (plus VAT and increases in the Retail Prices Index). The ProVen Administration Agreement is 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 Downing is materially unable to carry out its obligations. The ProVen Administration Agreement contains provisions whereby ProVen VCT indemnifies Downing against any certain liabilities arising in respect of their appointment.

Pursuant to the deed of variation dated 19 November 2008, the ProVen Administration Agreement was amended so as to increase the annual fees payable to Downing 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.

Pursuant to the deed of variation dated 19 November 2009 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.

For the financial periods ending 28 February 2011, 29 February 2012 and 28 February 2013, ProVen VCT paid £57,000, £61,000 and £52,000 respectively (including VAT) to DMS, and, subsequent to the novation of the ProVen Administration Agreement, to Downing, for its administration and advisory services. Fees of £29,938 (including VAT) have been paid to date to Downing for the period ending 28 February 2014.

1.3 *Downing Incentive Fee Deed*

A deed dated 31 May 2006 between ProVen VCT, the Manager and DCF (the “Downing Deed”), as varied and as novated by DCF to Downing pursuant to a deed dated 13 April 2012 whereby ProVen VCT agreed to pay Downing a proportion of the performance incentive fee which relates to Beringea’s performance of its services pursuant to the ProVen IMA.

For the financial period ending 29 February 2012 ProVen VCT paid £52,336 (including VAT) to DCF and £nil was paid to Downing for the financial period ending 29 February 2013, under the Downing Deed. £Nil has been paid to date to Downing for the period ending 28 February 2014.

1.4 *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, 1 October 2008 in the case of Malcolm Moss and 24 September 2013 in the case of Lorna Tilbian, 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. Other than these letters, none of the Directors has a service contract with the Company. Andrew Davison, Lorna Tilbian, Barry Dean and Malcolm Moss are entitled to receive £30,000, £22,500, £22,500 and £15,000 respectively. The total amount payable to the Directors for the year ended 28 February 2014 is £80,827. In the previous financial year Andrew Davison received £30,000, Barry Dean received £22,000 and Malcolm Moss received £15,000. No amount has been set aside or accrued by the Company to provide pension, retirement or similar benefits to any of the Directors. No benefits are provided for on termination.

1.5 *Co-investment Agreement*

A co-investment agreement (the “Co-investment Agreement”) dated 17 October 2011, as amended by a deed of variation dated 22 June 2012, 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 2011/2012 Offer and the 2012/2013 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 ProVen Health VCT. These investments will generally be apportioned to the various share classes pro-rata in the order in which they were raised until each pool has 75 per cent. of its total investments in VCT-qualifying investments. 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 the ProVen VCTs that already have an investment in the target company, pro-rata to their existing investment.

1.6 *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 agreed to act as sponsor to the 2011/2012 and 2012/2013 Offer.

Under the 2011 HK Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Company, the Directors and the Company gave certain limited warranties to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor and in respect of certain losses arising under the 2011 HK Offer Agreement. The Manager's ultimate parent, Beringea LLC, 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 agreed to use its reasonable endeavours to procure subscribers for ordinary shares under the 2011/2012 and 2012/2013 Offer. The Manager was entitled to receive 6.5% of the gross proceeds of the 2011/2012 and 2012/2013 Offer, out of which it has agreed to pay the costs of the Offer, including professional fees, marketing expenses and commission to authorised financial advisors. The Manager's ultimate parent, Beringea LLC, has guaranteed the Manager's liability under the 2011 Beringea Offer Agreement.

1.7 2013 Offer Agreements

(i) 2013 HK Offer Agreement

An offer agreement (the "2013 HK Offer Agreement") dated 22 October 2013 between ProVen VCT (1), the Directors (2), Howard Kennedy (3), Beringea (4) and Beringea LLC (5) whereby Howard Kennedy agreed to act as sponsor to the Offer.

Under the 2013 HK Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Company, the Directors and the Company gave certain limited warranties to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor and in respect of certain losses arising under the 2013 HK Offer Agreement. The Manager's ultimate parent, Beringea LLC, guaranteed the Manager's liability under the 2013 HK Offer Agreement.

(ii) 2013 Beringea Offer Agreement

An offer agreement (the "2013 Beringea Offer Agreement") dated 22 October 2013 between ProVen VCT (1), the Directors (2), Beringea (3) and Beringea LLC (4) whereby Beringea agreed to use its reasonable endeavours to procure subscribers for ordinary shares under the Offer. The Manager was entitled to receive 2.5% (in the case of advised investors) and 5.5% (in the case of applications received directly or through execution only brokers) of the gross proceeds of the Offer, out of which it has agreed to pay the costs of the Offer, including professional fees, marketing expenses and commission to authorised financial advisors. The Manager's ultimate parent, Beringea LLC, has guaranteed the Manager's liability under the 2013 Beringea Offer Agreement.

Part 7

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.
- 1.4 The ISN number for the shares in the Company is GB00B8GH9P84.
- 1.5 The Manager is the custodian for the Company's certificated investments and Shore Capital Stockbrokers Limited acts as custodian of the Company's uncertificated investments.

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 and issue costs of 2.5% of gross funds raised) is as follows:

<i>Date of this document</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	47,507,678	£4,750,767.80

<i>After the Offer</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	67,324,751	6,732,475.10

- 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 Following Shareholder approval at an annual general meeting and general meeting held on 24 October 2012, the conversion of the C Shares and D Shares to Ordinary Shares took place on 30 October 2012. Immediately prior to the conversions, the Ordinary Shares were consolidated such that holders of Ordinary Shares received one new Ordinary Share for every two original Ordinary Shares. Under the conversions, holders of C Shares received approximately 0.9213 new Ordinary Shares for each C Share held previously and holders of D Shares received approximately 0.8720 new Ordinary Shares for each D Share held previously.
- 2.4 The Company is currently authorised to purchase in the market and cancel up to 14.9 per cent. of its Ordinary Share capital.
- 2.5 As at today's date, the holdings of Ordinary Shares by the Directors are as follows:

A Davison	27,563
B Dean	19,532
M. Moss	2,760
L Tilbian	-

3. Resolutions passed by the Company

- 3.1 The following resolutions of the Company were passed at its annual general meeting held on 30 July 2013:

Ordinary Resolution

- (1) THAT, in addition to existing authorities, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £2,500,000 (representing approximately 55% of the Ordinary Share capital in issue) provided that the authority conferred by this resolution shall expire on the conclusion of the next annual general meeting held after the passing of this resolution (unless renewed, varied or revoked by the Company in a 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 or rights to be granted after such expiry;

Special Resolution

- (2) THAT, the Directors be and are hereby empowered pursuant to Section 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to the resolution above, as if Section 560(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked 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 equity securities to be allotted after such expiry.

4. Articles of Association

Article 2 of 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 other provisions of the Articles.

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 Acts 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 the Ordinary Shares entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets of the Company pro rata to their respective holding of Ordinary 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 the 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 a Director 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 their 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 the 2006 Act, 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, subject to the 2006 Act, 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 members 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 6 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 liability partnership under the Act. 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 Conduct Authority to conduct venture capital business.
- 5.3 Deloitte & Touche LLP, members of the Institute of Chartered Accountants of England & Wales, of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR were the Company’s registered auditors in respect of the report and accounts of the Company up to and including the year ended 28 February 2011, and for the report and accounts for the years ended 29 February 2012 and 28 February 2013 the Company’s registered auditors were PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, who are members of the Institute of Chartered Accountants of England and Wales.
- 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 have not, since its incorporation, been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or which have had in the recent past, significant effects 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 2014. 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 its 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 objective 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 3 of the Securities Note. Any material breach of the investment policy or such rules and regulations will be notified to Shareholders through the Regulatory News Service. The Company, nor any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company 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 A typical Investor for whom an investment in the Company is designed will be a UK taxpayer who is aged 18 years or over who is professionally advised and already has a portfolio of non-VCT Qualifying 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 comfortable with the risk factors described at the front of this document and be willing to retain the investment for at least five years.
- 5.11 The Company has no current borrowings nor any borrowing requirements and the Directors have no current intention of making any borrowings.
- 5.12 The Company entered into deeds of variation to an investment management agreement with Beringea on 8 December 2011, 8 November 2012 and 22 October 2013; a deed of variation relating to the

performance incentive fee arrangements payable to DCF on 13 April 2012; an offer agreement dated 8 December 2011 with the Directors, Howard Kennedy, Beringea and Beringea LLC; an offer agreement dated 8 December 2011 with the Directors, Beringea and Beringea LLC; a director's letter of appointment with L Tilbian on 24 September 2013; an offer agreement dated 22 October 2013 with the Directors, Beringea and Beringea LLC and an offer agreement dated 22 October 2013 with the Directors, the Sponsor, Beringea and Beringea LLC.

Further details of these agreements and the fees paid to Beringea thereunder are set out in Part 6 of this document. Beringea is a related party as it is the Company's investment manager.

For each of the financial periods ended 28 February 2011, 29 February 2012 and 28 February 2013 and for the current financial year to date, apart from the agreements referred to in this paragraph, the Company has not been a party to any related party transactions for the purposes of Regulation (EC) No. 1606 / 2002.

- 5.13 Malcolm Moss is a partner of the Manager, which is a party to the material contracts referred to in paragraphs 1.1, 1.3, 1.6 and 1.7 of Part 6. Save as disclosed in this paragraph, none of the Directors, the Manager or the Company's other 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.
- 5.14 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.
- 5.15 Other than the Directors, the Company does not have any Shareholders required to notify the Company of their shareholding and no Shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly controlled by any other party and, as at 21 October 2013 (being the latest practicable date prior to the publication of this document) there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.
- 5.16 None of the Company's capital is under option, nor are there any conditional or unconditional agreements for any part of the Company's capital to be put under option.
- 5.17 Shareholders will be informed by means of the half year and/or annual report or through a public announcement if the investment restrictions which apply to the Company as a VCT (as detailed in this document) are breached.
- 5.18 Had the Offer been undertaken on 1 March 2013, the net assets would have increased by the net proceeds of the Offer and the earnings of the Company would have been enhanced by income earned on capital deployed.
- 5.19 No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him to subscribe for or purchase Ordinary Shares unless, in such territory, such offer or invitation could lawfully be made.
- 5.20 Copies of this document, the Securities Note and the Summary have been submitted to the National Storage Mechanism and are available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. 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.
- 5.21 Copies of the following documents are available for inspection at the offices of the Sponsor 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 material contracts referred to in Part 6;

- (c) the consent letters referred to at paragraph 5.14 above;
- (d) the audited accounts of the Company for the periods ended 28 February 2011, 29 February 2012 and 28 February 2013 and the unaudited half-year reports of the Company for the six months to 31 August 2012 and 31 August 2013; and
- (e) the Prospectus.

Dated: 22 October 2013

Definitions

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

1985 Act	Companies Act 1985
2006 Act	Companies Act 2006, as amended from time to time
2011/2012 Offer#	the Company's offer for subscription in respect of the 2011/2012 tax year as described in the prospectus dated 8 December 2011
2012/2013 Offer	the Company's offer for subscription in respect of the 2012/2013 tax year as described in the prospectus dated 8 December 2011
2013/2014 Offer	the Company's offer for subscription in respect of the 2013/2014 tax year as described in the Prospectus
2014/2015 Offer	the Company's offer for subscription in respect of the 2014/2015 tax year as described in the Prospectus
Admission	admission of the New Ordinary Shares to a premium segment on 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
Base Rate	the Bank of England base rate
Beringea Group	Beringea LLC and its subsidiaries (including Beringea)
Company or ProVen VCT	Proven VCT plc
C Shares	the C shares of the Company which were converted into Ordinary Shares on 30 October 2012
Cumulative Dividends	the cumulative amount of dividends per Ordinary Share 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
DMS	Downing Management Services Limited

Downing	Downing LLP
D Shares	the D shares of the Company which were converted into Ordinary Shares on 30 October 2012
Directors or Board	the directors of the Company from time to time (as the context permits)
First D Share Linked Offer	The D Share linked offer of the Company and PGI VCT which opened on 20 November 2008
Further D Share Linked Offer	The D Share linked offer of the Company and PGI VCT which opened on 19 November 2009
Further Ordinary Shares	Ordinary Shares issued under the 2010/2011 and 2011/2012 Offers
HMRC	HM Revenue & Customs
Hurdle	the greater of: (i) 117.3p, or (ii) 92.9p increased, as from 31 August 2011, by approximately Base Rate plus 1% per annum (compound)
Investor	an individual aged 18 or over who is resident in the United Kingdom who subscribes for New Ordinary Shares under the Offer
ITA	Income Tax Act 2007 (as amended)
London Stock Exchange	London Stock Exchange plc
Manager or Beringea	Beringea LLP
Money Laundering Regulations	the Money Laundering Regulations 2007
NAV	the net asset value of the Ordinary Shares
New Ordinary Shares	new Ordinary Shares to be issued under the Offer#
Offer	the offer for subscription of New Ordinary Shares described in the Prospectus, comprising the 2013/2014 Offer and the 2014/2015 Offer
Official List	the Official List of the UK Listing Authority

Ordinary Shares	the ordinary shares of 10p each of the Company (ISIN number GB00B8GH9P84), including New Ordinary Shares where the context permits
Original Ordinary Portfolio	the portfolio of investments created by investing the proceeds raised from the issue of Ordinary Shares prior to the 2011/2012 Offer
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)
PGI VCT	ProVen Growth & Income VCT plc
Pro-Forma Number of Ordinary Shares	37,271,751 Ordinary Shares
ProVen Health VCT	ProVen Health VCT plc
ProVen VCT	ProVen VCT plc
ProVen Planned Exit VCT	ProVen Planned Exit VCT plc
ProVen VCTs	PGI VCT, ProVen VCT, ProVen Health VCT, and ProVen Planned Exit VCT
Prospectus	together, this document, the Securities Note and the Summary
Registration Document	this document
Residual PIF Adjustment	the performance incentive fee relating to the sale of Espresso Group Limited and Think Limited, as set out on page 10 ("Residual PIF"), divided by the Pro-Forma Number of Ordinary Shares
Securities Note	the securities note that, together with this document and the Summary, constitutes the Prospectus
Shares	shares in the capital of the Company
Shareholder	a holder of Shares

Sponsor	Howard Kennedy Corporate Services LLP
Summary	the summary that, together with this document and the Securities Note, constitutes the Prospectus
Total Return	the sum of (i) the audited net asset value per Ordinary Share at the relevant financial year end, (ii) Cumulative Dividends per Ordinary Share and (iii) any Residual PIF Adjustment (whether relating to that or any prior financial year)
UK Listing Authority	the Financial Conduct 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