

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant, financial or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in ProVen VCT plc (the Company), please pass this document to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was arranged or effected for onward transmission to the purchaser or transferee. The Enhanced Buyback Facility is not being made, directly or indirectly, in or into a Restricted Territory. In particular, Shareholders with registered or mailing addresses in a Restricted Territory should note that this document is being sent for the purposes of the General Meeting only. The distribution of this document and/or an Enhanced Buyback Facility Application Form into certain jurisdictions other than the UK is, or may be, restricted by law and, therefore, persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document must not be forwarded to, or transmitted into, a Restricted Territory. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document should read the section entitled 'Overseas Shareholders' in Part VI of this document before taking any action.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

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# **PROVEN VCT PLC**

(Registered in England and Wales with registered number 03911323)

## **Enhanced Buyback Facility and Notice of General Meeting**

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You will find set out at the end of this document notice of the General Meeting to be held at 10.00 a.m. on 21 March 2013 at the offices of Beringea LLP, 39 Earlham Street, London WC2H 9LT to approve resolutions to effect the proposals contained herein. To be valid, the form of proxy should be returned not less than 48 hours before the General Meeting, either by post or by hand (during normal business hours only) to Beringea LLP, 39 Earlham Street, London WC2H 9LT. For further information on the General Meeting or the completion of the proxy form, please telephone Beringea on 020 7845 7820 between 9.00 a.m. and 5.00 p.m. on any Business Day. Please note that Beringea cannot provide advice on the merits of the Enhanced Buyback Facility or give any financial, legal, tax or investment advice.

The procedure for, and the terms and conditions of, the Enhanced Buyback Facility are set out in this document and on the Enhanced Buyback Facility Application Form (at the end of this document). Completed Enhanced Buyback Facility Application Forms should be returned to Beringea LLP, 39 Earlham Street, London WC2H 9LT by post or hand delivered (during normal business hours only). For further information on the completion of the Enhanced Buyback Facility Application Form, please telephone Beringea on 020 7845 7820 between 9.00 a.m. and 5.00 p.m. on any Business Day. Please note that Beringea cannot provide advice on the merits of the Enhanced Buyback Facility or give any financial, legal, tax or investment advice.

**Your attention is also drawn to the section entitled Action to be Taken on page 7 and to Part III (Risk Factors) of this document.**

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## EXPECTED TIMETABLES

### **General Meeting**

Latest time and date for receipt of forms of proxy 10.00 a.m. on 19 March 2013

General Meeting 10.00 a.m. on 21 March 2013

### **Enhanced Buyback Facility**

Enhanced Buyback Facility Record Date 5.00 p.m. on 14 February 2013

Enhanced Buyback Facility opens 15 February 2013

Enhanced Buyback Facility closes 12.00 noon on 22 March 2013

Purchase of Existing Shares and issue of New Shares

2012/2013 Tax Year Applications 27 March 2013

2013/2014 Tax Year Applications 8 April 2013

Admission of and dealings in New Shares commences within 3 Business Days of allotment

Share and Tax Certificates for New Shares dispatched within 15 Business Days of allotment

The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting. If Resolution 1 is not approved, the Enhanced Buyback Facility will be withdrawn. The Board also reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares on dates later than those stated above.

## PART I – LETTER FROM THE CHAIRMAN

### PROVEN VCT PLC

(Registered in England and Wales with registered number 03911323)

**Directors:**

Andrew Davison  
Barry Dean  
Malcolm Moss

**Registered Office:**

39 Earlham Street  
London  
WC2H 9LT

15 February 2013

Dear Shareholder

**Enhanced Buyback Facility and Notice of General Meeting**

You will have already received details of the Top-up Offer by the Company launched on 19 November 2012 seeking to raise up to £4 million of further capital for the Company. The Board is now also pleased to be offering an opportunity for Shareholders to participate in an enhanced buyback facility.

One of the benefits of investing in a VCT is that investors are entitled to receive income tax relief on their subscription for shares (subject to an investor's personal circumstances, annual investment limits and reducing the income tax liability to nil), currently at the rate of 30%. Once these shares have been held for five years (the current required holding period), investors can sell them without losing this upfront income tax relief. Should they wish to, investors may then reinvest the proceeds into new VCT shares and obtain further income tax relief. Such sales would, however, generally be at a discount, typically around 10% (if through a normal share buyback), to the net asset value of such shares and the purchase of new shares are then subject to further issue costs.

Enhanced buyback facilities are, in effect, loyalty schemes, providing VCT shareholders with a lower cost, one step process to enable them to realise their existing holding and reinvest in the same VCT, with such reinvestment attracting upfront income tax relief (subject to a shareholder's personal circumstances). The VCT benefits from the retention of capital enabling it to continue investing in accordance with its investment policy.

Participants in an enhanced buyback facility are not adding to their existing shareholding in the Company. Shareholders interested in increasing the size of their investment in the Company may wish to consider participating in the Top-up Offer, details of which can be downloaded from [www.provenvcts.com](http://www.provenvcts.com). Shareholders may participate in both the Enhanced Buyback Facility and the Top-up Offer, but should note that VCT tax reliefs will only be available for Qualifying Shareholders on aggregate investments in VCTs of up to £200,000 in any one tax year.

Full details of the Enhanced Buyback Facility are set out in this document and an Enhanced Buyback Facility Application Form can be found at the end of this document. You will also find, at the end of this document, a notice of the General Meeting, together with a proxy form for use at the meeting, at which resolutions will be proposed in connection with the Enhanced Buyback Facility and other matters, as more fully detailed below.

**Enhanced Buyback Facility**

A summary of the terms of the Enhanced Buyback Facility is as follows:

- The Enhanced Buyback Facility opens on 15 February 2013 and will close at 12.00 noon on 22 March 2013.
- The Company is making a tender offer to purchase from Shareholders up to a maximum of 11,445,910 Existing Shares (this being 24.99% of the issued share capital of the Company as at 14 February 2013).
- The purchase will be subject to the Shareholder (or, where the Existing Shares are held by a nominee, the beneficial shareholder) agreeing to reinvest all of the proceeds of sale in the purchase of New Shares.

- Participation in the Enhanced Buyback Facility is open to all Shareholders and, if such Shareholder is a nominee, the existing beneficial holder of Shares (with the exception of Shareholders and beneficial holders of Shares in certain overseas jurisdictions, for legal compliance reasons) on the register on 14 February 2013.
- Shareholders eligible to participate may tender up to their Basic Entitlement (this being 24.99% of their holding on the register on 14 February 2013, rounded down to the nearest whole share) and an additional amount in excess of their Basic Entitlement up to 100% of their holding (this excess will be satisfied to the extent other Shareholders do not participate, up to the maximum amount available for purchase under the Enhanced Buyback Facility (i.e. 11,445,910 Existing Shares), subject to scaling back if oversubscribed).
- The Company will purchase the Existing Shares at the Tender Price, this being a price equal to the most recently published net asset value per Share (adjusted for any dividends subsequently paid) at the time of purchase, rounded down to the nearest 0.1p.
- The sale proceeds will then be used to purchase New Shares at the Issue Price, this being a price equal to the most recently published net asset value per Share (adjusted for any dividends subsequently paid) at the time of issue, divided by 0.97 (to take into account estimated costs of 3% of providing the facility), rounded up to the nearest 0.1p.
- Applications under the Enhanced Buyback Facility can be in respect of one or both of the 2012/2013 and 2013/2014 tax years.
- The net effect for participating Shareholders is that Shareholders will 'substitute' 1,000 Existing Shares for approximately 970 New Shares in the Company.
- The reinvestment will qualify for upfront income tax relief of up to 30% of the amount reinvested for Qualifying Shareholders.

**Further details of the Enhanced Buyback Facility can be found in Part II (the Enhanced Buyback Facility) of this document, including an illustration of the Tender Price and the Issue Price. Part II also includes a section on 'Frequently Asked Questions'. An Enhanced Buyback Facility Application Form is at the end of this document.**

Implementation of the Enhanced Buyback Facility requires the approval of Shareholders to enable the Company both to purchase Existing Shares and to issue New Shares under CA 2006 and the Articles. Such approval is being sought pursuant to Resolution 1 to be proposed at the General Meeting. The implementation of the Enhanced Buyback Facility is, therefore, subject to the passing of Resolution 1.

Shareholders should note that participation in the Enhanced Buyback Facility may not be suitable for some Shareholders (in particular, where Existing Shares have not been held for the requisite five-year holding period to maintain any upfront income tax relief obtained on original subscription or where capital gains tax deferral relief attaches to such shares). For the purposes of the five-year holding period, Existing Shares resulting from the consolidation of the original ordinary shares and conversion of the C shares and D shares into Shares, have a deemed acquisition date of the date the original ordinary shares, C shares or D shares (as the case may be) were acquired and not the date of the consolidation or conversion (as the case may be).

Where the Tender Price is greater than the Original Issue Price, Shareholders may be subject to an income tax charge in respect of the amount by which the Tender Price exceeds the Original Issue Price. In addition, where Existing Shares were bought from a third party, and were not within the annual VCT investments limits, there may also be a capital gains tax charge in respect of the amount by which the Original Issue Price, at which the Existing Shares were issued by the Company, exceeds the purchase price from such third party.

**You are strongly recommended to consult with your independent financial or other professional adviser before completing the Enhanced Buyback Facility Application Form.**

## **Cancellation of Share Premium and Capital Redemption Reserves**

A share premium account and a capital redemption reserve form part of a company's capital and, save with the approval of shareholders by special resolution and the approval of the Court, those reserves may not be used to fund distributions, assist in writing-off losses or finance repurchases of a public company's shares. Cancelling share premium and capital redemption reserves allows a company to create a special reserve that can assist in writing-off losses, which in turn will enhance the ability for a company to make distributions and implement share buybacks.

The Company has previously cancelled its share premium for these purposes. However, the issue of Shares pursuant to recent offers has resulted in, and the New Shares to be issued pursuant to the Enhanced Buyback Facility and current offer will result in, the creation of further share premium. The Enhanced Buyback Facility will also increase the existing capital redemption reserves resulting from buybacks undertaken by the Company.

The Board, therefore, also proposes pursuant to Resolution 2 at the General Meeting to seek the approval of Shareholders, such approval being required pursuant to CA 2006, to cancel the amounts standing to the credit of the share premium account and the capital redemption reserve of the Company as at a future date (as will be determined by the Board) when sanction of this additional authority by the Court is obtained. This resolution will enable the Company to cancel any share premium and capital redemption reserves which may arise as a result of the Enhanced Buyback Facility and will provide the Board with flexibility in managing the Company's reserves in a manner which it believes will best promote the interests of the Company and the Shareholders.

## **General Meeting**

Notice of the General Meeting to be held at the offices of Beringea LLP, 39 Earlham Street, London WC2H 9LT at 10.00 a.m. on 21 March 2013 is set out at the end of this document.

Resolution 1 is a composite resolution which will provide the authorities to implement the Enhanced Buyback Facility.

Paragraph (i) of Resolution 1 will authorise the Board to purchase Shares at a fixed price equal to the latest published net asset value per Share prior to the date of purchase, rounded down to the nearest 0.1p.

Paragraph (ii) of Resolution 1 will authorise the Board to issue New Shares at a fixed price equal to the latest published net asset value per Share prior to the date of allotment, divided by 0.97 (to take into account the costs of the Enhanced Buyback Facility), rounded up to the nearest 0.1p and the proceeds of which may be used in whole or in part by the Company to purchase shares in the capital of the Company.

Paragraph (iii) of Resolution 1 disapplies pre-emption rights in connection with the issue of such New Shares.

The maximum number of Shares which may be bought back and issued under this authority is 11,445,910 shares (representing 24.99% of the issued share capital as at 14 February 2013, this being the latest practicable date prior to publication of this document) and the authority will only be used for the Enhanced Buyback Facility. The shares purchased pursuant to this authority will be cancelled. The authority conferred by Resolution 1 will be in addition to the existing general allotment and buyback authorities and will lapse on the conclusion of the annual general meeting of the Company to be held in 2013.

Resolution 2 will authorise the cancellation of the amount standing to the credit of the share premium account and the capital redemption reserve of the Company as at the date an order is made confirming such cancellation by the Court.

Each Resolution will be proposed as a special resolution requiring the approval of 75% or more of the votes cast at the General Meeting.

## Action to be Taken

Before taking any action, you are recommended to read the further information set out in this document.

### General Meeting

- You will find at the end of this document the form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy (by post or electronically) so as to be received not less than 48 hours before the time appointed for holding of the General Meeting.
- Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

### Enhanced Buyback Facility

- If you do not wish to participate or are not eligible to participate in the Enhanced Buyback Facility, no further action is required. You do not need to participate in the Enhanced Buyback Facility. Even if you are not able to, or do not wish to, participate in the Enhanced Buyback Facility, you should not in any way be disadvantaged by it, subject to the costs being no greater than 3% of the proceeds of sale of Existing Shares.
- The Enhanced Buyback Facility is open to all Shareholders and, where Existing Shares are held by a nominee, beneficial holders of Existing Shares (other than certain Overseas Shareholders and certain Overseas Beneficial Holders) on the Record Date.
- If you are eligible, and wish to participate in the Enhanced Buyback Facility, you are requested to complete the Enhanced Buyback Facility Application Form at the end of this document and return it, together with your share certificate(s) and/or other documents of title, to Beringea LLP, 39 Earlham Street, London WC2H 9LT by post or hand delivered (during normal business hours only). You should also note the following:
  - If your Existing Shares are held by a nominee, both the nominee and the beneficial shareholder should complete the Enhanced Buyback Facility Application Form in order for the beneficial shareholder to be eligible for VCT tax reliefs.
  - If your Existing Shares are held in CREST, holdings will first need to be rematerialised into certificated form in order to participate (see page 14). Such CREST Shareholders are advised that it may take up to two weeks to rematerialise their holding. Shareholders should contact their financial adviser and/or Capita Registrars to facilitate this.
  - If you have queries about your holdings and/or date(s) of acquisition, you should contact Capita Registrars to confirm holdings and date(s) of registration on the Register of Members (please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (GMT time) Monday to Friday on 0871 664 0300 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Enhanced Buyback Facility nor give any financial, legal, tax or investment advice. Alternatively, Shareholders can review details of their holding by registering online with the Registrar at [www.capitashareportal.com](http://www.capitashareportal.com) and entering the relevant Shareholders' Investor Code shown on their share certificate.
  - If you have any other queries on the Enhanced Buyback Facility, please contact Beringea on 020 7845 7820 between 9.00 a.m. and 5.00 p.m., Monday to Friday. Beringea cannot provide advice on the merits of the Enhanced Buyback Facility or give any financial, legal, tax or investment advice.

**Returning the Forms**

The address for returning the Enhanced Buyback Facility Application Form and the form of proxy is Beringea LLP, 39 Earlham Street, London WC2H 9LT. A reply paid envelope is provided for your convenience and you may, if you wish, return all the forms in the same envelope. Please remember, however, that to be effective, the forms need to have been returned by the following dates:

Proxy Form: 10.00 a.m. on 19 March 2013

Enhanced Buyback Facility Application Form: 12.00 noon on 22 March 2013

**Recommendation**

The Board believes that the Proposals are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions, as they intend to do in respect of their own holdings of 50,076 Shares, representing approximately 0.11% of the issued share capital of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. Davison', written in a cursive style.

**Andrew Davison**  
Chairman



## **PART II – THE ENHANCED BUYBACK FACILITY**

**If a Shareholder does not wish to participate or is not eligible to participate in the Enhanced Buyback Facility no further action is required.**

**The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn. The Board believes it will have sufficient reserves and/or available proceeds from a fresh issue of shares in the Company to implement the Enhanced Buyback Facility in full. However, as the Tender Price is dependent on the NAV per Share at the time of purchase, the Enhanced Buyback Facility will only be implemented to the extent the Board believes that the Company has sufficient reserves and/or available proceeds to effect the purchase of Existing Shares pursuant to the Enhanced Buyback Facility and for ongoing purposes.**

**Participation in an enhanced buyback facility in respect of Existing Shares which have not been held or deemed held for five years is considered for tax purposes as a disposal and is, therefore, subject to clawback by HMRC of any upfront income tax reliefs obtained on original subscription. Shareholders should be aware that HMRC operate on a 'first in, first out' basis in respect of which Shares in your aggregate holding have been sold.**

**There could also be an income tax charge for Shareholders on any excess of the Tender Price above the Original Issue Price and any capital gains tax deferral relief obtained on subscription for the existing Shares issued before 6 April 2004 in the Company will also be crystallised for payment. Shareholders should, therefore, seek professional advice.**

### **How does the Enhanced Buyback Facility work?**

The Enhanced Buyback Facility comprises a tender offer by the Company to purchase Existing Shares and an offer of New Shares in the Company to be effected as follows:

- The Company is making a tender offer to all Shareholders (other than certain Overseas Shareholders) and, where Existing Shares are held by a nominee, beneficial holders of Existing Shares (other than certain Overseas Beneficial Holders), on the register on 14 February 2013 to purchase up to 24.99% of the issued share capital as at that date.
- Shareholders eligible to participate may tender some or all of their existing holding, such Shareholders who return valid Enhanced Buyback Facility Application Forms:
  - being entitled to sell up to their Basic Entitlement (this being 24.99% of their holding on the register on 14 February 2013, rounded down to the nearest whole share); and
  - being able to tender additional Existing Shares (these being shares held on 14 February 2013) in excess of their Basic Entitlement up to 100% of their holding and which will be satisfied to the extent other Shareholders do not participate up to the maximum amount available for purchase under the Enhanced Buyback Facility (i.e. 11,445,910 Existing Shares) (such excess available will be allocated pro rata to the number of Existing Shares in excess of Basic Entitlements tendered, rounded down to the nearest whole number of shares and subject to the discretion of the Board).
- The purchase will be subject to the participating Shareholder (or, where the Existing Shares are held by a nominee, the beneficial shareholder) agreeing to reinvest all of the proceeds of sale in the purchase of New Shares at the Issue Price.
- Applications under the Enhanced Buyback Facility can be in respect of one or both of the 2012/2013 and 2013/2014 tax years.

- The Tender Price will be a price equal to the most recently published net asset value per Share at the time of purchase (adjusted for any dividends subsequently paid), rounded down to the nearest 0.1p.
- The Issue Price will be a price equal to the most recently published net asset value per Share at the time of allotment (adjusted for any dividends subsequently paid), divided by 0.97 (to take into account the costs of the Enhanced Buyback Facility), rounded up to the nearest 0.1p.
- No financial intermediary commission will be available as part of this transaction.

The net effect for participating Shareholders is that they will 'substitute' 1,000 Existing Shares with approximately 970 New Shares in the Company (the reduction in the value of the investment holding representing the estimated costs of implementing the Enhanced Buyback Facility), with the reinvestment qualifying for upfront income tax relief of up to 30% of the amount reinvested for Qualifying Shareholders, which has been confirmed by HMRC.

There is no requirement for any application monies to be sent by participating Shareholders who apply under the Enhanced Buyback Facility as the cost of the subscription for New Shares will be met from the proceeds of the sale of the Existing Shares.

The maximum number of Existing Shares to be purchased pursuant to the Enhanced Buyback Facility is 11,445,910 (this being 24.99% of the issued share capital of the Company as at 14 February 2013). If the Board considers that the Company does not have sufficient reserves and/or available proceeds from a fresh issue of shares in the Company to lawfully implement the Enhanced Buyback Facility in full or that implementing the Enhanced Buyback Facility in respect of valid applications received would result in the Company having insufficient reserves and/or available proceeds for ongoing purposes (taking into account reserves expected to be created), the Board may reduce the maximum number of Existing Shares to be purchased under the Enhanced Buyback Facility and a Shareholder's entitlement to participate up to his or her Basic Entitlement will be reduced accordingly.

The Enhanced Buyback Facility opens on 15 February 2013 and will close at 12.00 noon on 22 March 2013, although there will be two separate buybacks and issues to enable applications to be made in respect of one or both of the 2012/2013 and 2013/2014 tax years. The Board expects the purchase of Existing Shares and the issue of New Shares pursuant to the Enhanced Buyback Facility to take place on 27 March 2013 in respect of 2012/2013 tax year applications and 8 April 2013 in respect of 2013/2014 tax year applications. Application will be made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to the London Stock Exchange for such shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to take place within three Business Days of allotment. The Board reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares beyond the dates stated above.

The New Shares will be issued in certificated form (though such New Shares can subsequently be admitted to CREST) and will rank, from the date of issue, *pari passu* in all respects with the existing issued share capital of the Company.

The results of the Enhanced Buyback Facility, including the Tender Price(s) and Issue Price(s), will be announced to the London Stock Exchange through a Regulatory Information Service.

### **Consequences of participating in the Enhanced Buyback Facility**

Shareholders should note that participation in the Enhanced Buyback Facility may not be suitable for some Shareholders and **you are strongly recommended to consult with your financial or other professional adviser before completing the Enhanced Buyback Facility Application Form.**

The following is given as a summary of the material factors for consideration, but should not be regarded as an exhaustive list, nor should it be considered financial, legal, tax or investment advice.

- Where Existing Shares have not been held or deemed held for the requisite five-year holding period (i.e. Shares issued after 27 March 2008 in respect of applications in respect of the 2012/2013 tax year and Shares issued after 8 April 2008 in respect of applications in respect of the 2013/2014 tax year), any

upfront income tax relief obtained on original subscription will be subject to clawback by HMRC. HMRC operate a first in, first out basis.

- Existing Shares resulting from consolidation of the original ordinary shares and conversion of the C shares and D shares into Shares, have a deemed acquisition date of the date the original ordinary shares, C shares or D shares (as the case may be) were acquired. Tax reliefs attaching to the original ordinary shares, C shares or D shares are deemed split proportionately between the Existing Shares arising on the share class mergers. The Board would like to remind Shareholders that the date entered on their share certificate(s) may not represent the date on which those shares were originally acquired. Shareholders who are unsure of the original acquisition date are recommended to read the response to question 3 of the frequently asked questions on page 13 and seek professional advice from an authorised financial intermediary or other professional adviser and/or contact Capita Registrars on 0871 664 0300.
- Where Shareholders received capital gains tax deferral relief on their original investment into Existing Shares, the purchase of Existing Shares will be a disposal and will crystallise the deferral for payment. Such Shareholders may be able to utilise their annual capital gains tax allowance.
- Where the Tender Price is greater than the Original Issue Price (i.e. not the re-sale price where Existing Shares were purchased from a third party), Shareholders may be subject to an income tax charge in respect of the amount by which the Tender Price exceeds that Original Issue Price. In addition, where Existing Shares were bought from a third party and were not within the annual VCT investment limits, there may also be a capital gains tax charge in respect of the amount by which the Original Issue Price at which the Existing Shares were issued by the Company exceeds the purchase price from such third party.
- The New Shares issued to participating Shareholders under the Enhanced Buyback Facility will be subject to a new five-year holding period to maintain any new upfront income tax relief obtained on the reinvestment.
- There will be a nominal reduction to participating Shareholders' holdings, which will result in a small reduction to the investment value and any subsequent dividend payments.

**Your attention is also drawn to Part III (Risk Factors) and Part IV (Tax Position of Investors and the Company) of this document.**

### **Costs of the Enhanced Buyback Facility**

The costs of the Enhanced Buyback Facility will be paid by the Company. Costs include professional fees, administration and processing fees (including an administration fee to Beringea of £8,000 plus VAT) and stamp duty. The costs (including stamp duty) are expected to amount to approximately 3% of the proceeds of sale of Existing Shares (assuming approximately 5% of the Existing Shares are tendered for purchase). This cost is applied to participating Shareholders through the allotment process, as referred to above, so that the number of New Shares subscribed for will be approximately 3% less than the number of Existing Shares purchased pursuant to the Enhanced Buyback Facility. Therefore, although there will be a corresponding reduction to the net assets of the Company, the net asset value per Share is not expected to be materially adversely affected, unless the costs of the Enhanced Buyback Facility are greater than 3% of the proceeds (in which event, such reduction would only be of a nominal amount).

No intermediary commission will be payable to financial advisers pursuant to the Enhanced Buyback Facility.

### **Illustration of the Enhanced Buyback Facility**

Based on the most recently published unaudited net asset value of the Shares as at 30 November 2012, the following is an illustration of the effect for a Shareholder who successfully tenders 10,000 Existing Shares and qualifies for the full amount of upfront tax relief.

Existing Shares held	NAV (p)	Purchase		Issue Price (p)	Reinvestment		New Shares issued
		Tender Price (p)	Gross proceeds (£)		Amount reinvested (£)	30% income tax relief (£)	
10,000	102.7	102.7	10,270	105.9	10,269.12	3,080.73	9,697

The Tender Price and Issue Price used above are for illustrative purposes only as the NAV per Share may be different for the purposes of calculating the actual Tender Price(s) and Issue Price(s) (which may be higher or lower than in the example above).

### **Overseas Shareholders and Overseas Beneficial Holders**

Shareholders (and, beneficial holders of Shares, where relevant) with registered or mailing addresses outside the UK, or who are citizens or nationals of, or resident in, a jurisdiction other than the UK, should read the section entitled 'Overseas Shareholders' and Overseas Beneficial Holders in Part VI of this document and the relevant provisions of the Enhanced Buyback Facility Application Form. It is the responsibility of all Overseas Shareholders and Overseas Beneficial Holders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any requirements in relation to the ability of such holders to complete and return an Enhanced Buyback Facility Application Form.

### **Existing Advisory Commission Arrangements**

In respect of existing trail commission arrangements to financial intermediaries, recent regulations introduced by the Financial Services Authority permit such payments to continue, save where subsequent financial advice in respect of the holding is given. As a result, should you decide to seek financial advice from your existing financial intermediary in respect of participating in the Enhanced Buyback Facility, any trail commission which is currently being paid to your financial intermediary pursuant to that holding should cease. In addition, trail commission arrangements are only payable to the financial intermediary where that financial intermediary continues to act in respect of the holding.

To the extent that a holding is disposed of as part of the Enhanced Buyback Facility, the Board has agreed to continue to honour any applicable payment of trail commission to the financial intermediary (subject to the above) in respect of the new holding resulting from the reinvestment (i.e. as if it were the original holding, less the small reduction to the holding representing the costs of participating in the Enhanced Buyback Facility).

### **Further Details**

The full terms and conditions of the Enhanced Buyback Facility are set out in Part VI of this document. Shareholders' attention is also drawn to the risk factors set out in Part III of this document and the potential tax consequences set out in Part IV of this document. Please also refer to the "Frequently Asked Questions" below for further information.

## **FREQUENTLY ASKED QUESTIONS**

### **1. Who should consider taking part in the Enhanced Buyback Facility?**

The Board believes the following Shareholders should consider participating in the Enhanced Buyback Facility (though all Shareholders are recommended to consult their financial intermediary or other professional adviser):

- any Shareholder who holds Existing Shares and has held or deemed to have held them for a period of at least five years (Existing Shares resulting from consolidation of the original ordinary shares and conversion of the C shares and D shares into Shares, have a deemed acquisition date of the date the original ordinary shares, C shares or D shares (as the case may be) were acquired);
- any Shareholder who has acquired Existing Shares in the market or otherwise where no upfront income tax relief was obtained (though such Shareholder is reminded of the first in, first out basis on which Existing Shares are sold as further detailed in response to question 5); and
- any Shareholder who did not obtain capital gains tax deferral on subscription for Existing Shares prior to 6 April 2004.

The Board would like to remind Shareholders that the date entered on their share certificate(s) may not represent the date on which those shares were originally acquired. Shareholders who are unsure of the original acquisition date are recommended to seek professional advice from an authorised financial intermediary or other professional adviser and/or contact Capita Registrars (the Company's registrars) on the contact details provided in response to question 15.

**2. Are there any disadvantages to participating in the Enhanced Buyback Facility?**

The net effect for participating Shareholders is that they will 'substitute' 1,000 Existing Shares with approximately 970 New Shares in the Company (the reduction in the value of the investment holding representing the costs of implementing the Enhanced Buyback Facility), though the reinvestment will qualify for upfront income tax relief of up to 30% of the amount reinvested for Qualifying Shareholders. As a result of this reduction to a Shareholders' holding, there will be a small reduction to the investment value and on any subsequent dividend payments.

If a Shareholder participates in the Enhanced Buyback Facility, the Shareholder will acquire new VCT shares. If that Shareholder qualifies for any upfront income tax relief on the reinvestment in New Shares, the Shareholder will need to hold these shares for five years from the date of issue in order to retain such relief. Sale (or other disposal) of the New Shares prior to the requisite minimum five-year holding period will result in a clawback of such relief by HMRC.

There could also be an income tax charge/clawback and/or a capital gains tax charge on the disposal of the Shareholders' Existing Shares (see paragraph 2 on pages 21 and 22).

**3. In respect of Existing Shares held by Shareholders as a result of the consolidation of the original ordinary shares and the conversion of C shares and D shares into Shares, what is the date of acquisition for the purposes of the five-year holding period?**

Existing Shares resulting from consolidation of the original ordinary shares and conversion of the C shares and D shares into Shares, have a deemed acquisition date of the date the original ordinary shares, C shares or D shares (as the case may be) were acquired and not the date of the consolidation or conversion (as the case may be) or the date on the share certificate.

Former ordinary, C and D shareholders should note that they will have received a new certificate dated either 30 October 2012 or 31 October 2012 when the relevant share classes were consolidated/converted as Shares. This certificate replaced their original share certificate and depending on when such ordinary shares, C shares or D shares were originally acquired may or may not represent a holding which has been held for over five years at the time of purchase pursuant to the Enhanced Buyback Facility. Shareholders are strongly advised to seek professional advice from an authorised financial intermediary or other professional adviser and/or contact Capita Registrars (the Company's registrars) on the contact details provided in response to question 15.

Tax reliefs attaching to the original ordinary shares, C shares or D shares are deemed split proportionately between the Existing Shares arising on the share consolidation or conversion (as the case may be).

**4. What amount of Existing Shares held can be sold?**

Shareholders eligible to participate can apply to sell some or all of their Existing Shares in what is a two step process.

Firstly, Shareholders will, subject to receipt of a valid Enhanced Buyback Facility Application Form, be entitled to sell up to their Basic Entitlement (this being up to 24.99% of their holding on the register on 14 February 2013, rounded down to the nearest whole Existing Share).

Secondly, Shareholders may also tender additional Existing Shares in excess of their Basic Entitlement, up to the maximum available amount, to the extent other Shareholders do not participate for their Basic Entitlement. The excess will be allocated pro rata to the number of Existing Shares in excess of the Basic Entitlement tendered, subject to the discretion of the Board.

**5. If Existing Shares have been bought at different times, which ones are deemed to have been sold?**

VCTs have different rules from normal companies. The first shares bought in the Company by a Shareholder are the first to be sold (i.e. a first in, first out basis). Shareholders are reminded that Existing Shares may have been issued by the Company and/or acquired from another party at different dates. In particular, Shareholders should take into account any Existing Shares issued or resulting from participation in the dividend investment scheme operated by the Company.

**6. What are the tax consequences of the Enhanced Buyback Facility?**

Shareholders are referred to paragraph 2 on pages 21 and 22 in respect of the tax consequences of participating in the Enhanced Buyback Facility. Please note, in particular, the tax consequences of disposing of Existing Shares within the requisite five year holding period or if the Tender Price is greater than the Original Issue Price. Shareholders should seek professional advice from an authorised financial intermediary or other professional adviser.

**7. What should a Shareholder do if Existing Shares are held in CREST?**

If a Shareholder wishes to participate in the Enhanced Buyback Facility and the Existing Shares are held by a nominee and through CREST, please see the answer to the question 8 below.

If Existing Shares are personally held in CREST, holdings will first need to be rematerialised into certificated form in order to participate. Shareholders are recommended to contact their broker or speak with the Company's registrar, Capita Registrars, for assistance in rematerialising holdings. Due to the time it may take to rematerialise holdings, Shareholders are advised to factor in at least two weeks for this process to be effected.

Once in receipt of the share certificate, this must then be submitted, together with the Enhanced Buyback Facility Application Form.

**8. What if Existing Shares are held by a nominee and the beneficial shareholder wishes to participate in the Enhanced Buyback Facility?**

Both the nominee and the beneficial shareholder will need to complete the same Enhanced Buyback Facility Application Form confirming that they wish to proceed by the nominee selling the holding in Existing Shares on behalf of the beneficial shareholder and the beneficial shareholder applying for the New Shares in his or her own name (so as to be able to obtain the income tax relief associated therewith).

A separate Enhanced Buyback Facility Application Form can be requested from Beringea where a nominee holds Existing Shares in one holding for multiple beneficial shareholders or, alternatively, the form at the end of this document can be photocopied.

If Existing Shares are held through CREST, then the nominee will need to liaise with their broker or Capita Registrars (as the case may be) to rematerialise the Existing Shares first (as detailed above). Due to the time it may take to rematerialise holdings, Shareholders and their nominees are advised to factor in at least two weeks for this process to be effected. The New Shares (and the tax certificate) and share certificate will be issued in the name of the beneficial shareholder but the New Shares can then be transferred back to the nominee as required.

**9. Will New Shares be issued in certificated form or through CREST?**

New Shares issued as part of the Enhanced Buyback Facility will be in certificated form. Shareholders can then arrange through their broker or nominees for these New Shares to be subsequently admitted to CREST.

**10. What if Existing Shares are held in more than one registered holding?**

Over time it is possible for a Shareholder to have a number of different registered holdings on the Company's register of members (for example, if different personal details are provided each time new shares are acquired in the Company). An indication of whether a Shareholder has more than one registered holding would be receiving duplicate copies of this Circular for each such holding and potentially having more than one Shareholder Reference Number with Capita Registrars.

If Existing Shares are held in different registered holdings, the maximum participation is up to 24.99% of each holding (i.e. which will amount to 24.99% of Shareholders' aggregate holdings in the Company) and any excess Existing Shares which may be tendered to the extent other Shareholders do not participate or tender up to their basic entitlement. **A separate Enhanced Buyback Facility Application Form must be returned in respect of each such holding (together with the relevant share certificate).**



Additional Enhanced Buyback Facility Application Forms can be requested from Beringea or alternatively the form at the end of this document can be photocopied.

Shareholders should note that the register of members of the Company (which is held by Capita Registrars) is the absolute record of Shareholders' holdings and, as a result, share certificates (whilst an indication of a holding) may not reflect any subsequent transaction undertaken by the Company or a Shareholder.

If a Shareholder has a query as to whether they have more than one registered holding, please contact Capita Registrars (the Company's registrars) on the contact details provided in response to question 15.

**11. What if Shareholders have changed their registered address or moved house?**

Completed Enhanced Buyback Facility Application Forms with a postal address inserted on page 1 of the Enhanced Buyback Facility Application Form which does not match an address of a holding on the Company's register of members will, unless Box 1C is completed, be rejected.

Shareholders who have changed their address or moved house, such that the address for their registered holding(s) on the Company's register of members is not the current address at which such Shareholder now resides (i.e. the address completed on page 1 of the Enhanced Buyback Facility Application Form), are kindly requested to insert the address at which their holding(s) is registered in Box 1C of the Enhanced Buyback Facility Application Form.

Shareholders should note that the register of members of the Company (which is held by Capita Registrars) is the absolute record of Shareholders' registered addresses and, as a result, share certificates may not reflect any change of address which is subsequently advised to Capita Registrars by the Shareholder.

If Box 1C is completed Shareholders will be authorising Capita Registrars to update their registered holding with their new address details and new Share certificates (together with all other future Company literature) will be posted to these new addresses.

**12. What if Shareholders have consolidated their shareholdings into one registered holding?**

If a Shareholder has previously held more than one registered holding on the Company's register of members and that Shareholder has elected to consolidate this holding, such that only one copy of this Circular is received, only one Enhanced Buyback Facility Application Form in respect of that holding will need to be completed. To understand which Existing Shares within a consolidated holding will be deemed to be sold pursuant to the Enhanced Buyback Facility please see the response to question 5. If a Shareholder has a query as to whether they have consolidated their registered holdings, please contact Capita Registrars (the Company's registrars) on the contact details provided in response to question 15.

Shareholders should note that the register of members of the Company (which is held by Capita Registrars) is the absolute record of Shareholders' holdings and, as a result, share certificates (whilst an indication of a holding) may not reflect any subsequent transaction undertaken by the Company or a Shareholder.

**13. Can Shares be transferred and the transferee participate?**

The Enhanced Buyback Facility is being completed using a tender offer with a record date to set participation for Basic Entitlements prior to the date of this document. If Existing Shares have been transferred and such transfer has been recorded in the Company's register of members prior to the Record Date, then the transferee should be entitled to participate. However, if the transfer has not been recorded in the Company's register of members prior to the Record Date, then the transferee will not be entitled to participate.

**14. Can a Shareholder participate in the Enhanced Buyback Facility and not reinvest?**

No. The terms of the Enhanced Buyback Facility do not allow Shareholders to obtain cash from the buyback of their Existing Shares. The process requires a Shareholder to agree to reinvest all of the proceeds of sale in New Shares.

**15. Who should Shareholders contact if they have queries about the Enhanced Buyback Facility or their shareholdings?**

Shareholders who have queries about their holdings and/or date(s) of acquisition should contact Capita Registrars to confirm holdings and date(s) of registration on the Register of Members (please telephone Capita Registrars between 9.00 a.m. and 5.30 p.m. (GMT time) Monday to Friday on 0871 664 0300 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Enhanced Buyback Facility nor give any financial, legal, tax or investment advice. Alternatively Shareholders can review details of their holding by registering online with the Registrar at [www.capitashareportal.com](http://www.capitashareportal.com) and entering the relevant Shareholders' Investor Code shown on their share certificate.

If Shareholders have any additional queries on the Enhanced Buyback Facility, please contact Beringea on 020 7845 7820 between 9.00 a.m. and 5.00 p.m., Monday to Friday. Beringea cannot provide advice on the merits of the Enhanced Buyback Facility or give any financial, legal, tax or investment advice.

**16. What is the procedure for applying pursuant to the Enhanced Buyback Facility?**

To apply to participate in the Enhanced Buyback Facility, Shareholders must complete and return the Enhanced Buyback Facility Application Form (at the end of this document), together with their relevant share certificate(s) to Beringea LLP, 39 Earlham Street, London WC2H 9LT post or hand delivered (during normal business hours only) by 12.00 noon on 22 March 2013.

**17. What if Shareholders cannot locate their share certificate(s)?**

Shareholders should contact Capita Registrars (contact details provided in response to question 15) to arrange to receive a replacement certificate or to complete an indemnity in respect of the lost certificate. Please note that there may be a charge for this service.

**Further details on how to complete the Enhanced Buyback Facility Application Form are set out in Part VI of this document.**



## PART III – RISK FACTORS

Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or result of operations. The risks and uncertainties described below (such as changes in legal, regulatory or tax requirements) are not the only ones the Company or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or result of operations. The value of the Shares could decline due to any of the risk factors described below, and Shareholders could lose part or all of their investment. Shareholders are strongly recommended to consult a financial or other professional adviser before applying to participate in the Enhanced Buyback Facility.

### Risks of the Enhanced Buyback Facility

- Implementation of the Enhanced Buyback Facility is conditional on approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn.
- Shareholders should note that participation in the Enhanced Buyback Facility will be considered, for tax purposes, as a disposal of the Existing Shares. Participation in the Enhanced Buyback Facility in respect of Existing Shares which have not been held or deemed held for five years will, therefore, be subject to clawback by HMRC of any initial income tax reliefs obtained on original subscription. In addition, there could be an income tax charge for Shareholders on any excess of the Tender Price above the Original Issue Price for the Shares that are bought back. Shareholders whose Shares do not qualify for VCT reliefs may also be subject to a capital gains tax charge. Shareholders should seek professional advice and are referred to paragraph 2 in Part IV (Tax Position of Investors and the Company) of this document in respect of the tax consequences of the Enhanced Buyback Facility.
- If New Shares are subscribed under the Enhanced Buyback Facility and are disposed of within five years, the investor will be subject to clawback by HMRC of any income tax relief originally obtained on subscription. Accordingly, an investment in the Company should be considered as a longer term investment.
- Shareholders who benefitted from capital gains tax deferral relief on subscriptions for shares prior to 6 April 2004 should note that a disposal of such shares through the Enhanced Buyback Facility will crystallise the deferred gain and that participation in the Enhanced Buyback Facility will not provide cash to pay the relevant tax liability.
- The Company is responsible for paying the costs of the Enhanced Buyback Facility. Assuming approximately 5% of the Existing Shares are tendered for purchase, the costs of the Enhanced Buyback Facility are expected to amount to approximately 3% of the gross proceeds. If participation is lower, then the proportion of the costs will be higher and the Company will meet such excess costs, although the impact of this on a Shareholder is expected to be nominal.
- The Enhanced Buyback Facility will result in a reduction in the net assets of the Company. However, the net asset value per Share (unless there are excess costs as referred to above) is not expected to be adversely affected as the costs of the Enhanced Buyback Facility are applied against participating Shareholders through the price at which the New Shares are allotted.

### Company Risks

- The value of Shares, and the income from them, can fluctuate and Shareholders may not get back the amount they 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 Qualifying Investors to secure the tax reliefs available to investors in VCTs depends on their individual circumstances.

- Changes in legislation concerning VCTs, in relation to what constitutes qualifying holdings, qualifying trades and qualifying use of funds, may restrict or adversely affect the Company's ability to meet its objectives, and may reduce the returns to Shareholders.
- 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 Board 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.
- If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue or to be wound-up have been announced.
- 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. 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.
- Past performance of the funds managed by the Manager is not an indication of the future performance of the Company.
- Although the Existing Shares issued by the Company are (and it is anticipated that New Shares to be issued pursuant to the Enhanced Buyback Facility will be) admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's 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 Shares. In addition, it is likely that the market value of the New Shares will be less than their underlying net asset value.
- The Company's investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.
- 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.
- Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the value of and returns from Shares and/or its ability to achieve or maintain VCT status.
- 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 total dividends per New Share paid during a financial period may exceed the increase, if any, in the NAV per New Share arising from net income and realised and unrealised gains during the period. If this is the case, the NAV per New Share will fall over the period.

- Whilst it is the intention of the Board that the Company will, ordinarily, buy back New Shares at a discount to NAV of not more than 10%, there can be no guarantee that the Company will buy back New Shares 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 Shares bought back in each year by the Company will be a maximum of 10% of the number of Shares in issue.

## PART IV – TAX POSITION OF INVESTORS AND THE COMPANY

The following paragraphs apply to the Company and to persons holding Shares as an investment who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute financial, legal, tax or investment advice.

If you are in any doubt about your position, or if you may be subject to a tax in a jurisdiction other than the UK, you should consult your financial or other professional adviser.

### A INVESTORS

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Enhanced Buyback Facility and will be dependent on personal circumstance. 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 (including shares issued pursuant to the Enhanced Buyback Facility). Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

#### 1. General VCT Tax Reliefs

##### (a) *Income tax*

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

A Qualifying Investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year. To obtain relief, a Qualifying Investor must subscribe on their own behalf, although the New Shares may subsequently be transferred to a nominee. The relief is given at the rate of 30% on the amount subscribed regardless of whether the Qualifying Investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

###### (ii) *Dividend relief*

A Qualifying Investor, who acquires shares in VCTs in any tax year costing up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

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

A Qualifying Investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph 1(a)(ii) above) but not relief from income tax on the investment (as described in paragraph 1(a)(i) above).

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

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

Dividend relief ceases to be available once the Qualifying Investor ceases to own VCT shares in respect of which it has been given or if the VCT loses its approval within this period, as detailed below.

##### (b) *Capital gains tax*

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

A disposal by a Qualifying Investor of VCT 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) ***Purchases in the market***

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

(c) ***Loss of VCT approval***

For a company to be fully approved as a VCT, it must meet the various requirements for full approval as set out below.

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. 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.

(d) ***Overseas investors***

Investors not resident in the UK should seek professional advice as to the consequences of making an investment in a VCT or in the UK generally.

## **2. Tax Consequences of the Enhanced Buyback Facility**

(a) ***Disposal of Existing Shares by Shareholders***

The disposal of Existing Shares by the Company will be treated, for tax purposes, as a disposal.

**Shareholders are reminded that, although Qualifying Investors will receive initial income tax relief of up to 30% of the amount reinvested, no cash proceeds will be received by participating in the Enhanced Buyback Facility.**

(i) ***Income tax consequences***

The disposal is treated as a repayment of the amount originally subscribed for each Existing Share. To the extent that the proceeds of the disposal per Existing Share are greater than the amount originally subscribed in respect of each Existing Share (i.e. not the re-sale price where Existing Shares were purchased from a third party), the Company will be treated as having made a distribution of the amount of the excess (if any). This amount of excess is a distribution received by a Shareholder which is subject to income tax. The whole payment, including the distribution element, may be treated as a capital receipt where the Shareholder is a company.

The Tender Price of an Existing Share, based on the latest published net asset value of the Shares as at 30 November 2012 would be 102.7p. Shareholders will be subject to an income tax charge on any excess of the Tender Price that is above the Original Issue Price of the Shares that are bought back.

A disposal of Existing Shares which have not been held or deemed held for the minimum five-year holding period will be subject to clawback by HMRC of any upfront income tax reliefs obtained on original subscription.

(ii) ***Capital gains tax consequences***

Any capital gains tax deferral relief obtained on subscription for Existing Shares issued before 6 April 2004 in the Company will be crystallised for payment upon their disposal. Where relevant, Shareholders may be able to utilise their annual capital gains tax allowance.

If a Shareholder qualifies for VCT reliefs in respect of the Existing Shares sold, the disposal will give rise to neither a chargeable gain nor an allowable loss for the purposes of capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

In respect of other Existing Shares, capital gains tax could be payable where shares were acquired from a third party. If the participating Shareholder acquired the Existing Shares for an amount ("the Purchase Price") less than the Original Issue Price, the part of the Tender Price in excess of the Purchase Price up to the Original Issue Price will be subject to capital gains tax.

If the Tender Price for Existing Shares, which do not qualify for the capital gains tax disposal exemption, is less than the Purchase Price for those shares, Shareholders should be entitled to an allowable loss.

Where a Shareholder acquired Existing Shares on more than one occasion, Existing Shares acquired earlier are treated as having been disposed of prior to Existing Shares acquired later (i.e. first in, first out).

(iii) **Stamp duty**

No stamp duty is payable by Shareholders in respect of the Existing Shares sold or the New Shares subscribed.

The Company will pay stamp duty at the rate of 0.5% of the aggregate amount paid for Existing Shares purchased from Shareholders under the Enhanced Buyback Facility.

(b) **Subscription for New Shares by Shareholders and HMRC confirmation**

HMRC have confirmed that usual VCT tax reliefs, including the upfront income tax relief, will be available on the New Shares issued pursuant to the Enhanced Buyback Facility.

### **3. Obtaining Tax Reliefs**

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

### **4. Overseas Shareholders**

Shareholders not resident in the UK should seek their own professional advice as to the consequences of making and holding an investment in a VCT, as they may be subject to tax in other jurisdictions as well as in the UK.

## **B THE COMPANY**

### **1. 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 listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares in Qualifying Investments, 30% of which must be eligible shares (70% for funds raised after 5 April 2011);
- (e) have at least 10% by VCT Value of each Qualifying Investment in eligible shares;
- (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period; and
- (h) not invest in a single company or group in excess of the annual limit.

The term 'eligible shares' means ordinary shares which do not carry any rights to be redeemed or a preferential right to assets on a winding-up or dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person).

### **2. Qualifying Investments**

A Qualifying Investment consists of shares or securities first issued to a VCT (and held by it ever since) by a company satisfying the conditions set out in Chapters 3 and 4 of Part 6 of the Tax Act.

The conditions are detailed, but include that the company: is a Qualifying Company; has gross assets not exceeding £15 million immediately before and £16 million immediately after the investment; applies the money raised for the purposes of a qualifying trade within certain time periods; cannot be controlled by another company; has fewer than 250 full-time (equivalent) employees; and, including the investment, has not obtained more than £5 million of investment from state aided risk capital measures in any rolling 12 month period. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

From 6 April 2012 there is a 'disqualifying purpose' test under which an investment will not be a qualifying investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business.

VCT funds raised after 5 April 2012 cannot be used by a qualifying company to fund the purchase of existing shares in another company.

### **3. Qualifying Companies**

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on ISDX and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial activities). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

The company must have a permanent establishment in the UK, but the company need not be UK resident. 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, in most cases, be at least 51% owned.

### **4. Approval as a VCT**

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

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, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

However, to aid the launch of a VCT, HMRC may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in paragraph 1 above will be met throughout the current or subsequent accounting period and condition (d) in paragraph 1 above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

The Company has obtained approval as a VCT from HMRC. The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT.

### **5. Withdrawal of approval**

Approval of a VCT (full or provisional) may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

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.

Withdrawal of provisional approval has effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

## PART V – ADDITIONAL INFORMATION

### 1. Share capital

As at 14 February 2013 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	Issued and fully paid	
	No. of Shares	£
Shares (10p each)	45,801,961	4,580,196.10

As at 14 February 2013 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

### 2. Directors and their interests

As at 14 February 2013 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued share capital of the Company were as follows:

Director	No. of Shares	% of Issued Share Capital
Andrew Davison	27,563	0.06
Barry Dean	19,753	0.04
Malcolm Moss	2,760	0.01

### 3. Substantial shareholders

As at 14 February 2013 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, directly or indirectly, an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FSA, a holding of 3% or more must be notified to the Company).

### 4. No significant change

Save for the launch by the Company of the Top-up Offer, including the allotment of Shares pursuant thereto on 21 December 2012, there has been no significant change in the financial or trading position of the Company since 31 August 2012, the date to which the Half-Yearly Report was made up to, and the date of this document.



## **PART VI – ENHANCED BUYBACK FACILITY APPLICATION PROCEDURES AND TERMS AND CONDITIONS**

### **ENHANCED BUYBACK FACILITY APPLICATION PROCEDURES**

To apply to participate in the Enhanced Buyback Facility, please complete and return the Enhanced Buyback Facility Application Form (at the end of this document), together with your relevant share certificate(s) to Beringea LLP, 39 Earlham Street, London WC2H 9LT by post or hand delivered (during normal business hours only) by 12.00 noon on 22 March 2013.

Please complete all relevant parts of the Enhanced Buyback Facility Application Form(s) in accordance with the following instructions. **If multiple registered holdings are applicable please complete separate Enhanced Buyback Facility Application Forms for each such holding by copying the form as necessary.**

**You are strongly recommended to consult with your financial adviser or seek other professional advice before completing the Enhanced Buyback Facility Application Form, in particular if Existing Shares have not been held or deemed held for five years or capital gains tax deferral attached to the Existing Shares.**

#### **Section 1 Existing Shares to be Tendered**

A Shareholder should insert in BLOCK CAPITALS, their personal details, including full name, current residential address, date of birth, national insurance number and contact details.

If Existing Shares are held jointly between Shareholders, please insert the first name and address presented on the registered holding.

Completed Enhanced Buyback Facility Application Forms with an address which does not match the address of the holding(s) on the Company's register of members will, save as set out below, be rejected.

Shareholders who have changed their address or moved house, such that the address for their registered holding(s) on the Company's register of members is not the current address at which Shareholders now reside (i.e. the address completed on page 1 of the Enhanced Buyback Facility Application Form), should insert the address at which their holding(s) is registered in Box 1C of the Enhanced Buyback Facility Application Form. If the address inserted in Box 1C does not match the address of the holding(s) on the Company's register of members, the application will be rejected.

By completing Box 1C, Shareholders will be authorising Capita Registrars to update their registered holding with the new address details and new Share certificates (together with all future literature published by the Company) will be posted to this new address.

#### ***Applications which are not for the Basic Entitlement only***

A Shareholder should insert the number of Existing Shares that they wish to tender in the Enhanced Buyback Facility into Box 1A of the Enhanced Buyback Facility Application Form and Box 1B should be left blank.

#### ***Applications which are for the Basic Entitlement only***

If a Shareholder wishes to apply for their Basic Entitlement only to be tendered (i.e. 24.99% of their shareholding as at the Record Date), a cross [x] should be placed in Box 1B of the Enhanced Buyback Facility Application Form and Box 1A should be left blank.

#### ***Which tax year is the application for?***

The Enhanced Buyback Facility is open for both the 2012/13 and 2013/14 tax years. Shareholders are requested to complete the two boxes to confirm what number of their Existing Shares tendered pursuant to the Enhanced Buyback Facility are to be bought back and reinvested in which tax year. If neither box is completed then your application will be deemed to be in respect of the 2012/2013 tax year only.

## **Section 2 To be completed by ALL Shareholders participating in the Enhanced Buyback Facility**

Please sign/execute and date the form in accordance with the instructions thereon. By signing and dating the form, Shareholders will agree to sell Existing Shares and subscribe in their own name or, if completed, the name of the person detailed in Section 3 for New Shares under the terms and conditions of the Enhanced Buyback Facility as set out in this Part VI.

Individual shareholders will need to have their form witnessed by someone that does not have a vested interest in their Shares or is not a family member. For joint shareholders, please ensure all individual registered holders sign and each has their signatures witnessed.

By signing an Enhanced Buyback Facility Application Form, a Shareholder **DECLARES THAT:**

- i. they have read the Enhanced Buyback Facility Terms and Conditions of Application set out in the Circular and agree to be bound by them;
- ii. they are the legal and, unless Section 3 has been completed, the beneficial owner of the Existing Shares being tendered under the Enhanced Buyback Facility;
- iii. unless Section 3 has been completed, they will be the legal and beneficial owner of the New Shares issued to them under the Enhanced Buyback Facility;
- iv. they understand the risk factors associated with the Enhanced Buyback Facility and an investment in the Company;
- v. if such Shareholder is an Overseas Shareholder, (a) they are not resident or located in any Restricted Territory, or in any territory in which it is unlawful to make or participate in the Enhanced Buyback Facility or to use the Enhanced Buyback Facility Application Form in any manner in which the person has used or will use it, (b) they have fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Enhanced Buyback Facility may be made to such Overseas Shareholder under the laws of the relevant jurisdiction; and
- vi. to the best of the Shareholder's knowledge and belief, the personal details given are correct.

Shareholders who currently participate in the dividend reinvestment scheme operated by the Company in respect of their Existing Shares will automatically continue in such scheme in respect of their holding of New Shares. Should Shareholders not wish their New Shares to continue in the dividend reinvestment scheme, they should notify the Company's registrars, Capita Registrars accordingly on the details set out on page 16 of this document.

## **Section 3 Only to be completed for applications by a nominee where the proceeds are to be reinvested for a beneficial shareholder**

Please insert, in BLOCK CAPITALS, the personal details relating to the beneficial shareholder (please ensure full details are provided including full name, address, date of birth, national insurance number and contact details).

The beneficial shareholder must sign/execute and date the form and in doing so DECLARES that (a) they are the beneficial owner of the Existing Shares being tendered under the Enhanced Buyback Facility, (b) they are not resident in any Restricted Territory, or in any territory in which it is lawful to make or participate, in the Enhanced Buyback Facility or to use the Enhanced Buyback Facility Application Form in any manner in which the person has used or will use it and (c) agrees to use the proceeds of sale of the Existing Shares to subscribe for New Shares, such sale and subscription to be under the terms and conditions of the Enhanced Buyback Facility as set out in this Part VI.

Please provide contact details for the nominee to assist with queries in relation to the application.

**Applicants under the Enhanced Buyback Facility should return completed Enhanced Buyback Facility Application Forms, together with share certificates, by 12.00 noon on 22 March 2013 to Beringea LLP, 39 Earlham Street, London WC2H 9LT by post or hand delivered (during normal business hours only).**

## ENHANCED BUYBACK FACILITY TERMS AND CONDITIONS

The following terms and conditions apply to the Enhanced Buyback Facility.

Save where the context otherwise requires, words and expressions defined in the Definitions section of this document have the same meanings when used in these terms and conditions and the Enhanced Buyback Facility Application Form.

The section headed "Enhanced Buyback Facility Application Procedure" in this Part VI and the Enhanced Buyback Facility Application Form form part of these terms and conditions of application.

### General

- (a) The Enhanced Buyback Facility provides the means for Shareholders (other than Shareholders in a Restricted Territory) and, where Existing Shares are held by a nominee, beneficial holders of Existing Shares (other than Overseas Beneficial Holders in a Restricted Territory) to apply to tender some or all of their Existing Shares to the Company for repurchase and to subscribe for New Shares on the terms and subject to the conditions set out in the Circular and the Enhanced Buyback Facility Application Form.
- (b) Shareholders are not obliged to tender any Existing Shares pursuant to the Enhanced Buyback Facility. Shareholders who do not wish to participate in the Enhanced Buyback Facility in respect of Existing Shares should not take any action and should not complete or return the Enhanced Buyback Facility Application Form at the end of this document.

### Conditions

- (c) The Enhanced Buyback Facility is conditional on approval of Resolution 1 to be proposed at the General Meeting. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn.
- (d) The maximum number of Existing Shares to be purchased is 11,445,910 (which represents 24.99% of the issued share capital of the Company as at the Record Date).
- (e) The Enhanced Buyback Facility is open to all Shareholders (other than Shareholders in a Restricted Territory) and, where Existing Shares are held by a nominee, beneficial holders of Existing Shares (other than Overseas Beneficial Holders in a Restricted Territory) on the register on the Record Date. Shareholders who hold their Existing Shares in CREST will need to rematerialise their Existing Shares into certificated form in order to participate in the Enhanced Buyback Facility.
- (f) The Enhanced Buyback Facility opens on 15 February 2013 and will close at 12.00 noon on 22 March 2013. Shareholders can apply for implementation of the Enhanced Buyback Facility in the 2012/2013 tax year or 2013/2014 tax year, or both. The timetable set out on page 3 is expected to apply to the Enhanced Buyback Facility. The Board reserves the right to extend the Enhanced Buyback Facility and to accept applications and to purchase Existing Shares and issue, and arrange for the listing of, New Shares on dates later than those stated on page 3.
- (g) Each Shareholder (other than Shareholders in a Restricted Territory) who returns a valid Enhanced Buyback Facility Application Form is:
  - (i) entitled to apply to sell a number of Existing Shares up to their Basic Entitlement at the Tender Price with the proceeds immediately thereafter being used to purchase New Shares at the Issue Price, rounded down to the nearest whole New Share; and
  - (ii) also entitled to apply to tender additional Existing Shares in excess of their Basic Entitlement up to 100% of their holding and which will be satisfied to the extent other Shareholders do not participate for their Basic Entitlement up to the maximum amount available for purchase under the Enhanced Buyback Facility (i.e. 11,445,910 Existing Shares) (such excess available will be allocated pro rata to the number of Existing Shares in excess of Basic Entitlements tendered, rounded down to the nearest whole number of shares and subject to the discretion of the Board).

- (h) If the Board considers that the Company does not have sufficient reserves and/or available proceeds from a fresh issue of shares in the Company to lawfully implement the Enhanced Buyback Facility in full or that implementing the Enhanced Buyback Facility in respect of valid applications received would result in the Company having insufficient reserves and/or available proceeds for ongoing purposes (taking into account reserves expected to be created), the Board may reduce the maximum number of Existing Shares to be purchased under the Enhanced Buyback Facility and a Shareholder's entitlement to participate up to his or her Basic Entitlement will be reduced accordingly.
- (i) The Enhanced Buyback Facility will be implemented by the Company, the Broker and Capita Registrars (as the Company's and Shareholders' agents) and no cash is required to be paid by participating Shareholders. The Enhanced Buyback Facility is treated as comprising a tender offer to purchase Existing Shares and the issue of New Shares pursuant to an offer for subscription.

### Settlement

- (j) The Receiving Agent will process applications from Shareholders to sell Existing Shares to the Company and to subscribe for New Shares under the Enhanced Buyback Facility.
- (k) Existing Shares in respect of which a valid application is made under the Enhanced Buyback Facility will be purchased by the Broker as agent for the Company at the Tender Price. The proceeds of the sale of the Existing Shares are authorised by each relevant Shareholder to be retained by the Company and used on behalf of that Shareholder or, if applicable, the underlying beneficial holder where the Existing Shares are held by a nominee, to purchase New Shares at the Issue Price.
- (l) New Shares will be issued and credited as fully paid. Application will be made to the UK Listing Authority for the New Shares to be issued to be admitted to the premium segment of the Official List of the UK Listing Authority and to the London Stock Exchange's market for trading on the London Stock Exchange's main market for listed securities. Admission is expected to take place within three Business Days after each allotment.
- (m) The application of the proceeds of the sale of Existing Shares in respect of the subscription for New Shares will fully discharge any obligation of the Company and/or the Broker to pay to a Shareholder the consideration to which he or she is entitled in respect of the purchase of Existing Shares. Any proceeds of sale of the Existing Shares insufficient to purchase a whole New Share will be retained by the Company and used for its own purposes.

### Overseas Shareholders and Overseas Beneficial Holders

- (n) The distribution of this document and an Enhanced Buyback Facility Application Form and making the Enhanced Buyback Facility available to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions.
- (o) No steps have been or will be taken by, the Company, Beringea, Capita Registrars or the Broker or any other person, to qualify the Enhanced Buyback Facility or to authorise the extending of the Enhanced Buyback Facility or the distribution of the Enhanced Buyback Facility Application Form in any territory outside the UK. In particular, the Enhanced Buyback Facility is not being made, directly or indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the Restricted Territories and the Enhanced Buyback Facility cannot be accepted by any such use, means, instrumentality or facility or from within the Restricted Territories. **Accordingly, this document is being sent to Shareholders with registered addresses in the Restricted Territories for the purposes of the General Meeting only.** Receipt of this document and/or the Enhanced Buyback Facility Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, this document and/or the Enhanced Buyback Facility Application Form will be deemed to have been sent for information only and should not be copied or redistributed. Persons receiving such documents or wishing to participate in the Enhanced Buyback Facility should not distribute or send them in, into or from the Restricted Territories or use such

mails or any such means, instrumentality or facility in connection with the Enhanced Buyback Facility and so doing will render invalid any related purported acceptance of the Enhanced Buyback Facility. All accepting Shareholders (and, where relevant, all beneficial holders of Existing Shares) must provide addresses outside the Restricted Territories for the return of documents lodged pursuant to the Enhanced Buyback Facility.

- (p) A Shareholder (and a beneficial holder of Existing Shares, where relevant) will be deemed not to have applied under the Enhanced Buyback Facility if: (i) such Shareholder is unable to make the representation and warranty set out in section 2 of this Part VI; or (ii) such Shareholder completes an Enhanced Buyback Facility Application Form with an address in any of the Restricted Territories or has a registered address in any of the Restricted Territories; or (iii) the Enhanced Buyback Facility Application Form received from him is in an envelope postmarked in, or which otherwise appears to the Company, Beringea, Capita Registrars, the Broker or their agents to have been sent from, a Restricted Territory. The Company, Beringea, Capita Registrars and the Broker reserve the right, in their absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to at paragraph (u) of this Part VI given by any Shareholder is correct and, if such investigation is undertaken and as a result they determine (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.
- (q) If, in connection with making the Enhanced Buyback Facility available and notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Enhanced Buyback Facility Application Form or any related offering documents in, into or from the Restricted Territories or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange of, the Restricted Territories in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported participation in the Enhanced Buyback Facility by the recipient; and (iii) draw the attention of the recipient to the warranties set out at paragraph (u) of this Part VI.
- (r) The terms and conditions set out in this document and the Enhanced Buyback Facility Application Form relating to the participation of Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion.
- (s) Shareholders (and beneficial holders of Existing Shares, where relevant) who are citizens, residents or nationals, of other countries should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent that may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for payment of any such issue, transfer or other taxes or other requisite payments due by whomsoever payable and the Company, the Broker and/or the Receiving Agent and any person acting on either's behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other taxes as such person may be required to pay. The comments set out in this document are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.
- (t) No adviser commission will be paid by the Company pursuant to the Enhanced Buyback Facility.

### **Applications**

- (u) Each Shareholder by whom, or on whose behalf, an Enhanced Buyback Facility Application Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company, the Broker the Receiving Agent and Capita Registrars (so as to bind such Shareholder and their personal or legal representatives, heirs, successors and assigns) that:
  - the execution of the Enhanced Buyback Facility Application Form constitutes an offer to sell the number of Existing Shares inserted or deemed to be inserted in Box 1 of the Enhanced Buyback Facility Application Form and an offer to subscribe for New Shares, such New Shares to be issued to such Shareholder, subject to the Articles and subject to the terms and conditions set out or

referred to in the Circular and the Enhanced Buyback Facility Application Form and that, once lodged, such offers are irrevocable;

- such Shareholder is the legal owner of the Existing Shares on the Record Date and, as applicable, is the beneficial holder and was as at the Record Date, the beneficial holder of the Existing Shares;
- such Shareholder has full power and authority to tender, sell, assign or transfer the Existing Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company (through the Broker as its agent), the Company will acquire such Existing Shares free and clear from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all the rights attaching thereto including the right to receive all dividends and other distributions declared, paid or made after the date of purchase;
- that the execution of the Enhanced Buyback Facility Application Form will, subject to the Enhanced Buyback Facility becoming unconditional, constitute the irrevocable appointment of any Director or officer of, or other person nominated by, the Company as such Shareholder's attorney and agent ("attorney"), and an irrevocable instruction to the attorney, to complete and execute all or any instruments of transfer and/ or other documents at the attorney's discretion in relation to the purchase of the Existing Shares tendered and accepted for purchase and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Enhanced Buyback Facility (and if the appointment of an attorney hereunder shall be unenforceable or invalid or shall not operate so as to afford any Director or officer of the Company the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of this paragraph);
- such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected by the Receiving Agent, the Company and/or the Broker or any of their Directors, members, employees or any person nominated by them in the proper exercise of its or his or her respective powers and/or authorities hereunder;
- in respect of the tendered Existing Shares, such Shareholder will deliver to the Receiving Agent their share certificate(s) and/or other document(s) of title in respect thereof, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such documents to such person as soon as possible after and, in any event, before the closing date or, if earlier, the date of completion of the purchase of Existing Shares and allotment of New Shares;
- such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Existing Shares and/or to subscribe for any New Shares issued under the relevant Enhanced Buyback Facility and/or to perfect any of the authorities expressed to be given hereunder;
- if such Shareholder is an Overseas Shareholder (a) they are not resident or located in any Restricted Territory, or in any territory in which it is unlawful to make or participate in the Enhanced Buyback Facility or to use the Enhanced Buyback Facility Application Form in any manner in which the person has used or will use it, (b) they have fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Enhanced Buyback Facility may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- the execution of the Enhanced Buyback Facility Application Form constitutes a warranty by such Shareholder that the information given by or on behalf of such Shareholder is true and accurate in all respects at the time the Company purchases the Existing Shares and allots the New Shares and that in making the application such Shareholder is not relying on any information or representation in relation to the Company other than that contained in the Circular, and that the Shareholder applying to participate in the Enhanced Buyback Facility accordingly agrees that no person responsible solely or jointly for the Circular or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and



further agrees that, having had the opportunity to read this document, it will be deemed to have had notice of all information in relation to the Company contained in the Circular;

- such Shareholder is not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- the execution of the Enhanced Buyback Facility Application Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Enhanced Buyback Facility and their agreement that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with such Shareholder's application, acceptances of the application and contracts in any other manner permitted by law or any court of competent jurisdiction;
- such Shareholder agrees that mandates in respect of the dividend investment schemes to which the Existing Shares are mandated and information and authorities in respect of payment of dividends direct to bank accounts be transferred to the New Shares allotted through participating in the Enhanced Buyback Facility;
- such Shareholder and/or their financial intermediary (pursuant to which annual trail commission is being paid in respect of a holding in the Company) undertakes to notify the Company if advice is given in respect of a holding in the Company and payments of any such trail commission should cease (though the Company also reserves the right to cease payments if it believes advice may have been given or for any other reason in its absolute discretion).

#### **Additional Provisions**

- (v) The Company reserves the absolute right to inspect (either itself or through the Receiving Agent or other agents) all Enhanced Buyback Facility Application Forms, and may consider void and reject any Enhanced Buyback Facility Application Form that does not in the sole judgment of the Company satisfy the terms and conditions of the Enhanced Buyback Facility. If the Enhanced Buyback Facility Application Form is not completed or in the Company's determination (in its absolute discretion) has not been validly completed, provided that the Enhanced Buyback Facility Application Form is otherwise in order and accompanied by all other relevant documents, the tender may be accepted as a valid tender in whole or part at the Company's discretion. The delivery of share certificate(s) for Existing Shares and all other required documents will be at the risk of the Shareholder participating in the Enhanced Buyback Facility. If the relevant Enhanced Buyback Facility is withdrawn or terminated, all documents lodged will be returned to Shareholders by post (at the risk of the Shareholder) within 14 Business Days. In these circumstances, Enhanced Buyback Facility Application Forms for the Enhanced Buyback Facility will cease to have any effect.
- (w) Existing Shares acquired by the Company (through the Broker as its agent) pursuant to the Enhanced Buyback Facility will be on-market purchases in accordance with the rules of the London Stock Exchange, the UKLA and CA 2006. Existing Shares sold by Shareholders pursuant to the Enhanced Buyback Facility will be acquired with full title guarantee, fully paid and free from all liens, charges, encumbrances and equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto including the right to receive all dividends and other distributions declared, paid or made on or after the date of purchase.
- (x) The failure of any person to receive a copy of the Circular or the Enhanced Buyback Facility Application Form shall not invalidate any aspect of the Enhanced Buyback Facility. Additional copies of this document and Enhanced Buyback Facility Application Forms can be obtained from the Receiving Agent. No acknowledgement of receipt of any Enhanced Buyback Facility Application Forms, share certificates and/or other documents of title will be given.
- (y) References in these terms and conditions to a holder of Existing Shares or a Shareholder shall include references to the person or persons executing an Enhanced Buyback Facility Application Form (including as is applicable, to a beneficial shareholder where the Existing Shares are held by a nominee) and, in the

event of more than one person executing an Enhanced Buyback Facility Application Form, the provisions of this paragraph shall apply to them jointly and to each of them.

- (z) The terms of the Enhanced Buyback Facility shall have effect subject to such non-material modifications as the Board sees fit.



## PART VII – DEFINITIONS

“Admission”	the date(s) on which New Shares allotted pursuant to the Enhanced Buyback Facility are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s main market for listed securities
“AIM”	the Alternative Investment Market, a market operated by the London Stock Exchange
“Articles”	the articles of association of the Company, as amended from time to time
“Basic Entitlement”	the entitlement of each Shareholder to tender 24.99% of their Existing Shares pursuant to the Enhanced Buyback Facility, rounded down to the nearest whole number
“Beringea”	Beringea LLP
“Board”	the board of directors of the Company
“Broker”	Panmure Gordon (UK) Limited (or such other broker as the Company may appoint to act as its agent to implement the Enhanced Buyback Facility)
“Business Day”	any day (other than a Saturday) on which clearing banks are open for normal banking business in Sterling
“CA 2006”	the Companies Act 2006, as amended from time to time
“Capita Registrars”	a trading name of Capita Registrars Limited, the Company’s registrars
“Circular”	this document
“Company”	ProVen VCT plc
“CREST”	the central securities depository for the UK markets
“Directors”	the directors of the Company (and each a “Director”)
“Enhanced Buyback Facility”	the enhanced buyback facility in respect of Existing Shares as contained in this document
“Enhanced Buyback Facility Application Form”	the application form in respect of the Enhanced Buyback Facility at the end of this document
“Enhanced Buyback Facility Terms and Conditions”	the terms and conditions of the Enhanced Buyback Facility set out in Part VI of this document
“Existing Shares”	Shares on the register at 5.00 p.m. on 14 February 2013 (and each an “Existing Share”)
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 21 March 2013
“Half-Yearly Report”	the unaudited half-yearly report and accounts of the Company for the six month period ended 31 August 2012

"HMRC"	HM Revenue & Customs
"ISDX"	the ICAP Securities & Derivatives Exchange, a prescribed market for the purposes of section 118 of FSMA
"Issue Price"	a price equal to the most recently published net asset value per Share at the time of issue of New Shares pursuant to the Enhanced Buyback Facility (adjusted for any dividends subsequently paid), divided by 0.97 and rounded up to the nearest 0.1p
"Listing Rules"	the listing rules of the UKLA
"London Stock Exchange"	London Stock Exchange plc
"NAV" or "net asset value"	net asset value of the Company or as applicable, a Share, calculated in accordance with the Company's normal accounting policies
"New Shares"	new Shares to be issued by the Company pursuant to the Enhanced Buyback Facility (and each a "New Share")
"Official List"	the Official List of the UKLA
"Original Issue Price"	the price at which Existing Shares were originally issued by the Company (adjusted to reflect any consolidation or conversion of the Existing Shares)
"Overseas Beneficial Holders"	beneficial holders of Shares who are resident in, or citizens of, a jurisdiction outside the UK (and each an "Overseas Beneficial Holder")
"Overseas Shareholders"	Shareholders who are resident in, or citizens of, a jurisdiction outside the UK (and each an "Overseas Shareholder")
"Panmure Gordon"	Panmure Gordon (UK) Limited
"Proposals"	the Enhanced Buyback Facility, the cancellation of share premium and capital redemption reserves and the Resolutions to be proposed at the General Meeting
"Qualifying Companies"	unquoted (including an AIM or ISDX listed) companies which satisfy the requirements of Chapter 4 of Part 6 of the Tax Act (and each a "Qualifying Company")
"Qualifying Investments"	investments in a Qualifying Company satisfying the requirements of Chapter 4 of Part 6 of the Tax Act (and each a "Qualifying Investment")
"Qualifying Investors"	individuals aged 18 or over who satisfy the conditions of eligibility for VCT tax reliefs (and each a "Qualifying Investor")
"Qualifying Shareholders"	Qualifying Investors who hold Shares (and each a "Qualifying Shareholder")
"Receiving Agent"	Beringea, in its capacity as the receiving agent to the Enhanced Buyback Facility
"Record Date"	the record date pursuant to which Shareholders' entitlements will be allocated pursuant to the Enhanced Buyback Facility, this being 5.00 p.m. on 14 February 2013

"Resolutions"	the resolutions to be proposed at the General Meeting (and each a "Resolution")
"Restricted Territories"	United States of America, Canada, Australia, Japan and South Africa (and each a "Restricted Territory")
"Shareholders"	holders of Shares (and each a "Shareholder")
"Shares"	ordinary shares of 10p each in the capital of the Company (and each a "Share")
"Sterling"	the official name for the standard monetary unit of the UK
"Tax Act"	Income Tax Act 2007, as amended from time to time
"Tender Price"	a price equal to the most recently published net asset value per Share at the time of purchase of Existing Shares pursuant to the Enhanced Buyback Facility (adjusted for any dividends subsequently paid), rounded down to the nearest 0.1p
"Top-up Offer"	the top-up offer for subscription for Shares, as described in the top-up offer issued by the Company dated 19 November 2012
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UKLA" or "UK Listing Authority"	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VII of the Financial Services and Markets Act 2000
"United States"	the United States of America, its states, territories and possessions including the District of Columbia
"VCT" or "venture capital trust"	a company satisfying the requirements of Chapter 3 of Part 6 of the Tax Act for venture capital trusts
"VCT Value"	the value of an investment calculated in accordance with Section 279 of the Tax Act

## PROVEN VCT PLC

(Registered in England and Wales with registered number 03911323)

### NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of ProVen VCT plc ("the Company") will be held at the offices of Beringea LLP, 39 Earlham Street, London WC2H 9LT at 10.00 a.m. on 21 March 2013, for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions.

#### Special Resolutions

1. That, in addition to existing authorities:

- (i) the Company be generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of Section 693(4) of the Act) of its shares of up to 11,445,910 of its own shares at a fixed price equal to the latest published net asset value per share prior to the date of purchase (adjusted for any dividends subsequently paid and rounded down to the nearest 0.1p), and such fixed price shall, for the purposes of Section 701(3)(b) of the Act, constitute both the maximum and minimum price that may be paid for the shares purchased, pursuant to, or in contemplation of, an enhanced buyback facility;
- (ii) the directors be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all powers of the Company to allot and issue shares in the capital of the Company up to an aggregate nominal amount of £1,144,591, the proceeds of which may be used in whole or part by the Company to purchase shares in the capital of the Company provided that this power shall be limited to the allotment of shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment (adjusted for any dividends subsequently paid) and divided by 0.97 (rounded up to the nearest 0.1p); and
- (iii) the directors be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by paragraph (ii) of this resolution as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment (adjusted for any dividends subsequently paid) and divided by 0.97 (rounded up to the nearest 0.1p), pursuant to, or in contemplation of, an enhanced buyback facility

and the authority and powers conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in 2013, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted and purchased and the directors may allot and purchase shares in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

2. That the amounts standing to the credit of the share premium account of the Company and the capital redemption reserve of the Company as at the date an order is made confirming such cancellation by the Court be cancelled.

Dated 15 February 2013

#### By order of the Board

Grant Whitehouse  
Company Secretary

#### Registered Office:

39 Earlham Street  
London  
WC2H 9LT

**Notes:**

- (a) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Beringea LLP, 39 Earlham Street, London, WC2H 9LT, or electronically at [proxy@beringea.co.uk](mailto:proxy@beringea.co.uk), in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.
- (c) In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
- a. by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Beringea LLP, 39 Earlham Street, London, WC2H 9LT. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
  - b. by sending an e-mail to [proxy@beringea.co.uk](mailto:proxy@beringea.co.uk).
- In either case the revocation notice must be received by Beringea LLP before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Shares of the Company and a copy of the current articles of association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the General Meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 5.00 p.m. on 19 March 2013 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting and in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 5.00 p.m. on 19 March 2013 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (g) As at 14 February 2013, the Company's issued share capital comprised 45,801,961 Shares. The total number of voting rights in the Company as at 14 February 2013 is, therefore, 45,801,961. Information on the number of Shares and voting rights can be found at [www.provenvcts.com](http://www.provenvcts.com).

- (h) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (k) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.
- (l) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

## PROVEN VCT PLC

### FORM OF PROXY

I/We\* .....

(Block Capitals Please)

of .....

being a shareholder(s) of the above-named Company, appoint the Chairman of the General Meeting or

.....  
for the following number of shares  (insert number or all)

to act as my/our\* proxy to vote for me/us\* and on my/our\* behalf at the General Meeting of the Company to be held at the offices of Beringea LLP, 39 Earlham Street, London WC2H 9LT at 10.00 a.m. on 21 March 2013 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given ☐

The proxy is directed to vote as follows:

Resolutions		For	Against	Discretion	Vote Withheld
1. Composite resolution to approve the issue and repurchase of shares in connection with an enhanced buyback facility	Special				
2. Approve the cancellation of the share premium account and capital redemption reserve	Special				

Signature ..... Dated ..... 2013

\* Delete as appropriate.

Notes:

1. The notice of the General Meeting is set out in the circular to shareholders of the Company dated 15 February 2013.
2. Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
3. If you wish to appoint a proxy of your own choice delete the words "the Chairman of the General Meeting" and insert the name and address of the person whom you wish to appoint in the space provided.
4. Any alterations to the Form of Proxy should be initialled.
5. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Beringea LLP, 39 Earlham Street, London, WC2H 9LT or electronically at proxy@beringea.co.uk, in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.



6. In order to revoke a proxy instruction a member will need to inform the Company using one of the following methods:
  - a. by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Beringea LLP, 39 Earlham Street, London, WC2H 9LT. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
  - b. by sending an e-mail to [proxy@beringea.co.uk](mailto:proxy@beringea.co.uk).
7. In either case the revocation notice must be received by Beringea LLP before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note 10 below, the proxy appointment will remain valid.
8. In the case of a corporation, this form must be executed under its common seal or signed on its behalf by its attorney or a duly authorised officer of the corporation.
9. In the case of joint shareholders, any one of them may sign. The vote of the person whose name stands first in the register of members will be accepted to the exclusion of the votes of the other joint holders.
10. Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.



## PROVEN VCT PLC

### ENHANCED BUYBACK FACILITY APPLICATION FORM

Before completing this Enhanced Buyback Facility Application Form you should read the circular issued by the Company dated 15 February 2013 ("Circular"). Definitions used in the Circular apply herein.

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, in particular if you have not held or deemed to have held your Existing Shares for five years or capital gains tax deferral attached to the Existing Shares, you are recommended to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investment in shares and other securities, without delay.

The Enhanced Buyback Facility is only being made available to Shareholders (other than certain Overseas Shareholders) on the register on 14 February 2013. The Enhanced Buyback Facility is not being made, directly or indirectly, in or into a Restricted Territory. The distribution of this and any accompanying documents into a Restricted Territory is or may be restricted by law and therefore persons into whose possession this form and accompanying documents come should inform themselves about, and observe, such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this Enhanced Buyback Facility Application Form and its accompanying documents should read the section headed 'Overseas Shareholders and Overseas Beneficial Holders' in Part VI of the Circular before taking any action.

The Enhanced Buyback Facility is conditional on the approval of Resolution 1 to be proposed at the General Meeting to be held on 21 March 2013. If this resolution is not approved, the Enhanced Buyback Facility will be withdrawn.

**Shareholders who do not wish to participate in the Enhanced Buyback Facility should take no further action.**

**AN APPLICATION UNDER THE ENHANCED BUYBACK FACILITY MAY ONLY BE MADE BY ELIGIBLE SHAREHOLDER(S) ON THE REGISTER ON 14 FEBRUARY 2013. IT IS NOT A NEGOTIABLE DOCUMENT OR A DOCUMENT OF TITLE AND CANNOT BE TRADED.** This Enhanced Buyback Facility Application Form is for use by eligible Shareholder(s) only and cannot be sold, assigned, transferred, or split. Nominees who wish to participate in respect of multiple beneficial shareholders may photocopy this form and/or can contact Beringea on the details below.

#### SECTION 1 – EXISTING SHARES TO BE TENDERED TO BE COMPLETED BY ALL SHAREHOLDERS PARTICIPATING IN THE ENHANCED BUYBACK FACILITY

Title: Mr/Mrs/Miss/Dr/Other:	Telephone (mobile):
Forename(s):	Telephone (home):
Surname:	Email address:
Current address:*	National insurance number:
	Date of Birth:

\* If this is not the address shown on the Company's register of members, please also complete Box 1C below.

<b>Box 1A</b> (see note 1 below) Insert in this box the number of Existing Shares for which your application is made	<b>OR</b>	<b>Box 1B</b> (see note 2 below) Place a cross [x] in this box to apply for your Basic Entitlement only
<input type="text"/>		<input type="text"/>

#### Tax year to which your application relates:

Insert in this box the number of Existing Shares for which your application is for the <b>2012/2013</b> tax year or insert 'All'	<input type="text"/>	Insert in this box the number of Existing Shares for which your application is for the <b>2013/2014</b> tax year or insert 'All'	<input type="text"/>
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1. Please insert the number of Existing Shares that you wish to participate in the Enhanced Buyback Facility into Box 1A (unless you are applying for your Basic Entitlement only, in which case, please leave blank); or
2. If you wish to apply to participate for your Basic Entitlement only (i.e. 24.99% of your holding of Existing Shares), please put a cross in Box 1B (and leave Box 1A blank).



Completed application forms for the Enhanced Buyback Facility must be returned by no later than 12.00 noon on 22 March 2013, together with existing share certificates, to Beringea LLP, 39 Earlham Street, London WC2H 9LT by post or hand delivered (during normal business hours).

Shareholders who have queries in respect of their holdings and/or date(s) of acquisition should contact the Company registrars, Capita Registrars between 9.00 a.m. and 5.30 p.m. (GMT time) Monday to Friday on 0871 664 0300 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Enhanced Buyback Facility nor give any financial, legal, tax or investment advice.

For all other additional queries on the Enhanced Buyback Facility, please contact Beringea on 020 7845 7820 between the hours of 9.00 a.m. and 5.00 p.m. on any Business Day. No financial, legal, tax or investment advice will be given.

**ALL SHAREHOLDERS - PLEASE SIGN AND DATE THE ENHANCED BUYBACK FACILITY APPLICATION FORM AT SECTION 2.**

**APPLICATIONS BY A NOMINEE WHERE THE PROCEEDS ARE TO BE REINVESTED FOR A BENEFICIAL SHAREHOLDER - PLEASE ARRANGE FOR THE BENEFICIAL SHAREHOLDER TO ALSO COMPLETE, SIGN AND DATE SECTION 3.**

**Box 1C – CHANGE OF ADDRESS (TO BE COMPLETED BY SHAREHOLDERS WHO HAVE CHANGED ADDRESS)**

If the address you have completed in the above section of this Enhanced Buyback Facility Application Form is not the address which is on the Company's register of members in respect of the Existing Shares for which your application is being made, please insert in the box below the address which is on the Company's register of members for identification purposes. Please note that, by completing Box 1C, you will be authorising Capita Registrars to update the address details of your registered holding on the Company's register of members with the new address details inserted above and your new Share certificate(s) (together with all future literature published by the Company) will be posted to this new address.

Address:
----------

**SECTION 2 – TO BE COMPLETED BY ALL SHAREHOLDERS PARTICIPATING IN THE ENHANCED BUYBACK FACILITY**

By signing this Enhanced Buyback Facility Application Form at Section 2 or 3, you agree to sell the number of Existing Shares detailed in Box 1A or 1B at the Tender Price and have the proceeds of sale used to purchase New Shares at the Issue Price in your name or, if completed, the name of the person detailed in Section 3, on the terms and conditions of the Enhanced Buyback Facility contained in the Circular. In the event of inadequate share certificates being received, applications will be rejected.

**EXECUTION BY INDIVIDUALS - Signed and delivered as a deed by:**

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

Individual shareholders will need to have their form witnessed by someone that does not have a vested interest in the Shares or is not a family member. Where Section 3 has been completed, a nominee should also countersign this Section 2.

**EXECUTION BY COMPANIES – Executed and delivered as a deed by the company named below**

**Alternative 1 – Director and Director/Secretary**

	Name	Signature
Director		
Director/Secretary*		

(\*delete as appropriate)

**OR**

**Alternative 2 – Director and Witness**

	Name	Signature
Director		

**AND**

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

**Data Protection**

Beringea LLP and Capita Registrars may use the information you give for administration, research and statistical purposes. Information provided by you will be held in confidence by Beringea LLP and Capita Registrars and will not be passed on to any other product or service companies. Your details may be used by Beringea LLP and Capita Registrars to send you information on other products and services they offer. If you would prefer not to receive such information, please tick this box.

☐**SECTION 3 – ONLY TO BE COMPLETED FOR APPLICATIONS BY A NOMINEE WHERE THE PROCEEDS ARE TO BE REINVESTED FOR A BENEFICIAL SHAREHOLDER**

Beneficial shareholder to complete details.

Title: Mr/Mrs/Miss/Dr/Other:	Telephone (mobile):
Forename(s):	Telephone (home):
Surname:	Email address:
Current address:	National insurance number:
	Date of Birth:

By signing this Enhanced Buyback Facility Application Form the beneficial shareholder agrees to subscribe for New Shares at the Issue Price (such subscription monies to be satisfied from the proceeds of sale of the Shares) on the terms and conditions of the Enhanced Buyback Facility contained in the Circular. In the event of inadequate information being received, applications will be rejected. Evidence of identity may be requested.

Signed and delivered as a deed by:

Signature(s) of Applicant(s)	Signature(s) of Witness(es)	Name and address of Witness(es)

**Nominee contact details for queries**

Telephone:	Email:

*The nominee should have also counter signed this form in Section 2.*





## NOTES

## NOTES

## CORPORATE INFORMATION

### Directors

Andrew Davison (Chairman)  
Barry Dean  
Malcolm Moss

### Registered Office

39 Earlham Street  
London  
WC2H 9LT

Enhanced Buyback Facility enquiries to Beringea:  
Telephone: 020 7845 7820

Company Number: 03911323

### Investment Manager

Beringea LLP  
39 Earlham Street  
London  
WC2H 9LT

Website: [www.provenvcts.com](http://www.provenvcts.com)

### Company Secretary

Grant Whitehouse  
39 Earlham Street  
London  
WC2H 9LT

### Solicitors

SGH Martineau LLP  
No.1 Colmore Square  
Birmingham  
B4 6AA

### Broker

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Auditors

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

Website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

Shareholder Helpline: 0871 664 0300  
Calls cost 10p per minute plus network extras  
From outside the UK: +44 (0) 20 8639 3399  
Calls from outside the UK will be charged at applicable international rates  
Lines open from 9.00 a.m. until 5.30 p.m. (Monday to Friday)  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

