

Registration Document

ProVen VCT plc

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Risk Factors

As a prospective Investor there are a number of risk factors which you should be aware of before investing in the New Ordinary Shares. Prospective Investors should read the whole of the Prospectus and not rely solely on the information in the sections entitled “Risk Factors”.

The Directors consider the following risks relating to the Company to be material for potential Investors, but the risks listed below do not necessarily comprise all those associated with an investment in the Company and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Directors (such as changes in legal, regulatory or tax requirements), or which the Directors currently believe are immaterial, may also have a materially adverse effect on the Company. Material risks relating to the New Ordinary Shares are set out in the Securities Note.

- Changes in legislation concerning VCTs in general, and Qualifying Investments and Qualifying Trades in particular, may restrict or adversely affect the ability of the Company to meet its objectives, and may reduce the returns to Investors.
- There can be no assurances that the Company will meet its objectives. The Company will face competition for investment opportunities and there can be no assurances that sufficient suitable investment opportunities will be identified.
- It is the intention of the Directors that the Company be managed so as to qualify as a VCT, but there can be no guarantee that such status will be maintained. If the Company fails to meet the qualifying requirements for VCTs, this could result in adverse tax consequences for Investors, including being required to repay the 30% income tax relief.
- In order to comply with VCT legislation, the Qualifying Companies must be unquoted, have gross assets of not more than £15 million immediately prior and £16 million immediately after the investment and generally be no more than 7 years old (10 years for a Knowledge Intensive Company) except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied. Likewise, each company must have less than 250 full time (or equivalent) employees at the time of investment (500 employees in the case of a Knowledge Intensive Company). The Company may invest in businesses which are considerably smaller than the maximum size allowed by the VCT legislation. They may also have a short trading history. Investment in small unquoted companies involves substantially higher risk than investing in larger, longer established businesses such as those listed on the main market of the London Stock Exchange. In particular, small companies often have limited product lines, markets and/or financial resources and may be dependent for their management on a smaller number of key individuals.
- Qualifying Investments made by the Company will be in companies whose shares are not readily marketable and, therefore, may be difficult to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company.
- The Company is seeking up to £30 million (with an over allotment facility of a further £10 million) through the Offer. To the extent that a smaller level of funds is raised, the portfolio may be less diversified than if the Offer had been fully subscribed.
- Past performance of the funds managed by the Manager is not an indication of the future performance of the Company.

- The Company will only pay dividends on the Ordinary Shares to the extent that it has distributable reserves and cash available for that purpose. The Finance Act 2014 amended the VCT Rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from capital within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.
- During the July 2015 summer budget new conditions were announced that became effective in the Finance (No 2) Act 2015 in November 2015. This introduced a maximum age limit for companies receiving VCT investments (generally 7 years from first commercial sale, except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12m, or £20m for Knowledge Intensive Companies). There are further restrictions on the use of VCT funds received by investee companies. These changes may mean that there are fewer opportunities for investment, and that the Company may not be able to provide further investment funds for companies already in its portfolio.
- Where the European Commission believes that Risk Finance State Aid has been provided which is not in accordance with The Risk Finance Guidelines, they may require the UK Government to recover that Risk Finance State Aid. There is currently no mechanism in place for this, but recovery may be from the investee companies, the Company or the Company's investors.

Part 1

The Manager and the Board

The Manager

The Company is managed by Beringea, which has over 25 years experience of managing investments in unquoted companies. It has managed VCTs since 1996 and has managed the Company since it was launched in 2000. Further details of the investment management arrangements between Beringea and the Company are set out in Part 6.

The Management Team

The investment management team comprises the following ten executives, who have more than 85 years combined experience of making venture capital investments. They are:

Malcolm Moss

Malcolm is a founding partner of Beringea LLC. Over the last 26 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT, ProVen Growth & Income VCT and ProVen Planned Exit VCT, he sits on the investment committees of the Beringea Group's US venture capital funds. Malcolm has a BA and an MBA.

Stuart Veale

Stuart is Managing Partner of Beringea and has 25 years of private equity investment experience. Prior to joining Beringea, Stuart was a senior director with LDC (the private equity arm of the Lloyds Banking Group) and head of their Thames Valley office. He started his career in venture capital with 3i. Stuart has an MA and an MBA from the London Business School.

Karen McCormick

Karen is Chief Investment Officer at Beringea and has been a member of the team for over 8 years. She is responsible for making new investments and working with portfolio companies through to exit, and has led more than a dozen investments. Karen was previously with the Boston Consulting Group and ran the Watches division of Swiss Army/Wenger. She also has experience with start-ups as both a founder and advisor. Karen has lived and worked in the US, Europe, and Asia, and has an MBA from INSEAD and a BSBA from Boston University.

Robert Hodgkinson

Rob joined Beringea as an Investment Manager in 2013 and was promoted to Investment Director in 2015. He has over seven years of experience in finance. He started his career at NM Rothschild with M&A experience in the energy, leisure and property sectors. Rob has an MA from Cambridge University and an MBA from INSEAD.

Maria Wagner

Maria is an Investment Director, responsible for sourcing investments, executing deals and monitoring portfolio companies. She was previously Managing Director of Birchbox UK, a beauty ecommerce and subscription business. Prior to this, Maria was on the investment teams at Virgin Group and GMT Partners, where she made investments and monitored portfolio companies, mainly in the digital and media sectors. Maria began her career as an analyst at Goldman Sachs and an Engagement Manager at McKinsey in New York. Maria has an MBA from Harvard Business School and a Bachelor's degree in Economics from MIT.

Robert Dagger

Robert is responsible for sourcing and analysing new deals, due diligence on potential investments and monitoring portfolio companies. Prior to joining Beringea, Robert worked as a senior consultant in Deloitte's strategy practice, focusing primarily on projects for technology and media organisations. Rob holds a BSc in Management from LSE.

Lillian Li

Lillian is responsible for sourcing and analysing new deals, due diligence on potential investments and working on new business opportunities and monitoring portfolio companies. Prior to joining Beringea, Lillian was an Associate Consultant at L.E.K. Consulting based in both London and Boston. While there she focused on technology, consumer products, healthcare and private equity practices. Lillian has lived and worked in the US, UK and China. She holds a BA Hons in Economics from Cambridge University and a MSc in International Development from LSE.

Harry Thomas

Harry is responsible for sourcing and researching potential investments. He also works on new business opportunities and monitoring portfolio companies. His previous experience includes working for two start-ups and on a parliamentary campaign. Harry graduated from St Andrew's University with a degree in history.

Mark Taylor

Mark heads up Beringea Growth Finance, which provides debt-based finance to fast growing companies. He has over 30 years' experience working within the finance sector of which the last 18 years have been in venture and growth finance. Mark was a pioneer of venture and growth finance in Europe having been a founder partner of EVP (now Kreos Capital) in 1998. He went on to found and manage Noble Venture Finance and was instrumental in creating Clydesdale Growth Finance. Mark is a Chartered Accountant and has a degree from the University of Reading.

Hilary Weatherstone

Hilary is a member of the Beringea Growth Finance team, having joined in 2014, and has extensive debt and structured finance experience. Hilary has worked at Dresdner Kleinwort Benson, was a Director in the asset finance business of Barclays, an Account Director in Ernst & Young's TMT team and latterly a Director of Technology Finance at Lloyds Banking Group, where she provided and arranged over £1bn of asset based financing. Hilary is a graduate of Glasgow University.

The Board

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

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

Andrew Davison FCA, Chairman

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

Barry Dean FCA

Barry has over 30 years experience in the venture capital industry, including 14 years as Managing Director of Dresdner Kleinwort Benson Private Equity Limited, a longstanding “mid-market” private equity fund manager. He is currently a director of Downing One VCT plc and Elderstreet VCT plc.

Malcolm Moss

Malcolm is a founding partner of Beringea LLC. In addition to sitting on the boards of ProVen VCT, ProVen Growth & Income VCT and ProVen Planned Exit VCT, he sits on the investment committees of the Beringea Group’s three US venture capital funds.

Lorna Tilbian

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

Practices, Operation and Corporate Governance

The Board is responsible for the overall control and management of the Company with responsibility for its affairs, including determining its investment policy. However, investment proposals will be originated by Beringea and formally approved by its investment committee.

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

The provisions of the UK Corporate Governance Code have been complied with for the last financial year and up to the date of this document except (i) the role of the chief executive, (ii) executive directors’ remuneration and (iii) as the Company had no staff, other than Directors, the procedures relating to whistleblowing.

Audit Committee

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

Remuneration Committee

The Company has a Remuneration Committee, comprising all of its independent Directors, with Andrew

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

Nomination Committee

The Company has a Nomination Committee, comprising all independent Directors and chaired by Andrew Davison. It is expected to meet at least once a year. The committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance.

Current and Past Directorships

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

Andrew Davison

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
A.M.B. Investments Limited	City of London Investment Group plc
Frank Bruce & Company Limited	Downing Income VCT 3 plc (dissolved)*
Ludgate Twenty Three Limited	Pennine Downing AIM VCT 2 plc (dissolved)*
	Pennine AIM VCT 5 plc (dissolved)*

Barry Dean

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Downing One VCT plc	Downing Absolute Income VCT 2 plc (dissolved)*
Elderstreet VCT plc	Henderson Private Equity Investment Trust plc (in members voluntary liquidation)
St James Limited Partnership	
St James II Limited Partnership	

Malcolm Moss

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Watchfinder.co.uk Limited	Vigilant Applications Limited
Chargemaster plc	Lazurite Limited
Donatantonio Group Limited	Angelina Ballerina Limited (dissolved)
Cogora Group Limited	Overtis Group Limited (dissolved)
ProVen Growth & Income VCT plc	Cravenstreet Limited (dissolved)
GRF II Special Partner (GP) Limited	
ProVen Private Equity Limited	
Beringea Limited	
ProVen Acquisitions Limited	
ProVen Holdings Limited	
Global Rights Development Limited	

Disposable Cubicle Curtains Limited	
ProVen Planned Exit VCT plc	
Beringea LLP	
Beringea LLC	
Litchfield Media Limited	

Lorna Tilbian

<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships (five years)</i>
Numis Corporation plc	
Numis Securities Limited	
Jupiter Global Trust plc	
Pitchcroft Limited (in members voluntary liquidation)	
Pitchwell Limited (in members voluntary liquidation)	

* in members voluntary liquidation prior to being dissolved

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

Save as set out above, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Directors were acting as (i) a member of the administrative, management or supervisory body or (ii) a senior manager, during the previous five years.

There have been no official public incriminations of and/or sanctions on any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

Dividend Policy

The Board has set an objective of paying dividends each year which will equate to a yield of approximately 5% of net asset value. Dividend payments will, however, depend on the amount and timing of profits from the realisation of investments, which cannot be guaranteed. There is no certainty that any dividends will be paid. The Company may pay a special dividend in addition to the target 5% yield if there is a realisation, or series of realisations, from the portfolio which results in an exceptionally large gain. Since the adoption of the current dividend policy in the financial year ended 28 February 2013, the annual dividend yield based on the opening net asset value was 5.1% for the year ended 28 February 2013, 7.3% for the year ended 28 February 2014 and 4.8% for the year ended 28 February 2015.

Part 2

The Manager

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

Management Fees

Beringea is paid the following fees in respect of its appointment:

- Beringea is paid an annual management fee of 2.0% of the net assets which is paid quarterly in arrears.
- In line with normal VCT practice, the Manager is entitled to receive a performance fee.
- Under these arrangements the Manager is entitled to a performance fee which will only be payable if, at the end of a financial year, the Performance Value exceeds the greater of (i) 117.2p per Ordinary Share and (ii) 92.9p per Ordinary Share increased from 31 August 2011 by, approximately, the Base Rate plus 1% per annum, (the "Hurdle"). In this event the performance fee will be equal to 20% of the amount by which the Performance Value exceeds 92.9p per Ordinary Share, multiplied by the average number of Ordinary Shares in issue during the relevant financial year, less the aggregate amount of any performance fee already paid in relation to financial years starting after 29 February 2012 (which shall not include, for the avoidance of doubt, Residual PIF).
- If the Performance Value is less than or equal to the Hurdle in any financial year, no performance fee will be payable in respect of that financial year.
- The performance fee per Ordinary Share payable in relation to a financial year will be reduced, if necessary, to ensure that (i) the cumulative performance fee per Ordinary Share payable in relation to financial years starting after 29 February 2012 does not exceed 20% of Cumulative Dividends, and (ii) the audited net asset value per Ordinary Share at the relevant financial year end, plus the Cumulative Dividends and plus any Residual PIF Adjustment (whether relating to that or any prior financial year) is at least equal to the Hurdle.
- As at the date of this document, the Performance Value was 117.8p, which is greater than the hurdle by 0.6p. Consequently, if the Performance Value remains the same, or increases, between the date of the Prospectus and the Company's financial year end of 29 February 2016, a performance fee will be payable by the Company to the Manager.
- The Manager also receives a performance fee linked to the profit achieved on the disposal of two of the Company's investments, namely Espresso Group Limited and Think Limited (known as the

“Residual PIF”). This performance fee will be equal to 20% of the aggregate profit realised on the sale of Espresso Group Limited and Think Limited, subject to a maximum fee of £673,000 (being 20% of the aggregate unrealised profit on these investments as at 31 August 2011). Espresso Group was sold in 1 November 2013 and the Manager has been paid a performance incentive fee of £461,000 in respect of this realisation (the “Espresso Sum”). In the event that the aggregate Residual PIF falls below the Espresso Sum, or if, in the reasonable opinion of the independent non-executive directors of the Company, there is a permanent diminution in the value of Think Limited such that the aggregate Residual PIF is less than the Espresso Sum, the Manager will refund the Company the difference by reducing its management fee.

- The NAV used in the Pricing Formula for each allotment of New Ordinary Shares will include a provision for any potential performance fees payable by the Company, calculated in accordance with the Company’s accounting policies. However, as the performance fee will be calculated based on the audited results at the relevant financial year end, the actual performance fee paid may be greater than, or less than, the amount provided in previously announced NAVs.
- From 13 January 2015, Beringea has provided certain administration services, company secretarial and financial advisory services and services in connection with share repurchases to the Company, for an annual fee of £55,681 (plus VAT if applicable). The fee is increased annually in line with the Retail Prices Index.
- Beringea arranges for the safe custody of the Company’s unquoted and quoted investments on behalf of the Company in a manner satisfactory to the Board and in that capacity is responsible for ensuring safe custody and dealing with settlement arrangements.
- The annual running costs (including irrecoverable VAT but excluding any performance fees payable and annual commission payable to the Manager and trail commission payable to intermediaries) of the Company for the year is subject to a cap of 3.25% of the Company’s net assets. Any costs in excess of this are borne by Beringea LLP by way of a reduction in its fees. The annual running costs of the Company for the year to 28 February 2015 were 2.5% of the net asset value of the Company at the year end.

Part 3

Investment Policy

Investment Objective

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

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments including cash, liquidity funds, fixed interest securities, debt and debt related securities in growth companies and non-qualifying venture capital investments,

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

Investment policy

The Company's investment policy covers several areas:

Qualifying Investments

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

- a strong, balanced and well-motivated management team with a proven track record of achievement;
- a defensible market position;
- good growth potential;
- an attractive entry price for the Company;
- the ability to structure the investment with a proportion of secured loan notes in order to reduce risk; and
- a clearly identified route for a profitable realisation within a three to four year period.

The Company invests in companies requiring capital for expansion but does not invest in start-ups. Investments are spread across a range of different sectors.

Other Investments

Funds not invested in qualifying investments may be held in cash, liquidity funds, fixed interest securities of A-rating or better, investments originated in line with the Company's qualifying VCT policy but which are not regarded as qualifying holdings for VCT purposes, debt and debt-related securities in growth companies.

Listing Rules

In accordance with the Listing Rules:

- (i) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds except

listed closed-ended investment funds which have published investment policies which permit them to invest no more than 15% of their total assets in other listed closed-ended investment funds;

- (ii) the Company must not conduct any trading activity which is significant in the context of the Company; and
- (iii) the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy set out in this document. This investment policy is in line with Chapter 15 of the Listing Rules and Part 6 Income Tax Act 2007.

Venture capital trust regulations

In continuing to maintain its VCT status, the Company complies with the regulations as set out in Part 6 of the Income Tax 2007.

Borrowings

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

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

Asset Allocation

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

It is expected that after investing 75% of its assets in Qualifying Investments, the Ordinary Share portfolio will have at least 50 investments (assuming full subscription) to provide diversification and risk protection. Under current VCT legislation a Qualifying Company's gross assets may not exceed £15 million immediately before and £16 million immediately after, and it must have fewer than 250 employees, prior to investment. The Qualifying Company cannot receive more than £12m (£20m if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid (including from VCTs) over the company's lifetime. The Qualifying Company's first commercial sale must be no more than 7 years before the VCT's investment (10 years for a Knowledge Intensive Company) prior to the date of investment, except where previous Risk Finance State Aid was received by the company within 7 years or where a turnover test is satisfied. Funds received from an investment by a VCT cannot be used to acquire another existing business or trade. No single investment will represent more than 15% of the Company's investments at the time the investment is made.

Risk Management

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

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

Part 4

Financial Information on the Company

Introduction

Audited statutory accounts of the Company for the years ended 28 February 2013, 28 February 2014 and 28 February 2015, in respect of which the Company's auditors, BDO LLP, registered auditor of 55 Baker Street, London W1U 7EU, members of the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the 2006 Act, have been delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the 2006 Act. Copies of these audited statutory accounts and the interim accounts for the 6 month periods ended 31 August 2014 and 31 August 2015 are available at 39 Earlham Street, London WC2H 9LT.

The audited statutory accounts were prepared under UK Generally Accepted Accounting Practice (UK GAAP) and, with the interim accounts for the 6 month periods ended 31 August 2014 and 31 August 2015, also contain a description of the Company's financial condition, changes in financial condition and results of operations for each of the above periods. The interim report for the 6 month period ended 31 August 2014 was also prepared under UK GAAP. The interim report for the 6 month period ended 31 August 2015 was prepared in accordance with Financial Reporting Standard 102.

The Company and the Directors confirm that the Company's most recent two years financial information (prepared under United Kingdom Generally Accepting Accounting Practice) has been presented and prepared in a form which is consistent with that which will be adopted in the Company's next published annual financial statements (which will be prepared under Financial Reporting Standard 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

Historic Financial Information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited statutory accounts for the periods ending 28 February 2013, 28 February 2014 and 28 February 2015 and the interim accounts for the 6 month periods ended 31 August 2014 and 31 August 2015 and is incorporated by reference into this document, as follows:

	Audited statutory accounts for year ended 28 February 2013	Audited statutory accounts for year ended 28 February 2014	Audited statutory accounts for year ended 28 February 2015	Unaudited interim accounts for 6 month period ended 31 August 2014	Unaudited interim accounts for 6 month period ended 31 August 2015
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	Audited statutory accounts for year ended 28 February 2013	Audited statutory accounts for year ended 28 February 2014	Audited statutory accounts for year ended 28 February 2015	Unaudited interim accounts for 6 month period ended 31 August 2014	Unaudited interim accounts for 6 month period ended 31 August 2015
Total net assets (£000)	47,807	56,074	63,056	60,792	64,780
Changes in net assets (£000)	11,373	8,267	6,982	4,718	1,724
Net asset value per share	103.3p	103.6p	100.9p	97.9	98.9p
Dividends paid/ proposed for the year/ period	-/5.0p	7.5p/5.0p	7.5p/2.5p	5.0p/2.5p	2.5p/2.5p

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments for the financial years ended 28 February 2013, 28 February 2014 and 28 February 2015 is set out in the sections headed "Chairman's Statement" and "Investment Manager's Review" in the audited statutory accounts of the Company for the years ended 28 February 2013, 28 February 2014 and 28 February 2015 and the unaudited interim accounts for the six months ended 31 August 2014 and 31 August 2015.

<i>Nature of Information</i>	Audited statutory accounts for year ended 28 February 2013 <i>Page No.</i>	Audited statutory accounts for year ended 28 February 2014 <i>Page No.</i>	Audited statutory accounts for year ended 28 February 2015 <i>Page No.</i>	Unaudited interim accounts for 6 month period ended 31 August 2014 <i>Page No.</i>	Unaudited interim accounts for 6 month period ended 31 August 2015 <i>Page No.</i>
Chairman's statement	5	5	6	4	4
Summary of investment portfolio	12	11	12	12	9
Investment manager's report	9	8	8	6	7

Significant Change since 31 August 2015

There has been no significant change to the Company's trading or financial position since 31 August 2015, the latest date to which unaudited interim financial information has been published by the Company.

Historical Financial Information Incorporated by Reference

The audited statutory accounts for the years ended 28 February 2013, 28 February 2014 and 28 February 2015 and the unaudited interim accounts for the six months ended 31 August 2014 and 31 August 2015 are being incorporated by reference, as set out above. Where these documents make reference to other documents, such other documents, together with those pages of the annual and interim accounts that are not referred to above, are not relevant to Investors and are not incorporated into and do not form part of this document.

NAV per Share

As at 31 August 2015 (the latest date in respect of which the Company has published its NAV per Ordinary Share), the unaudited NAV per Ordinary Share was 98.9p, subsequent to which a dividend of 2.5p per Ordinary Share was paid on 20 November 2015 reducing the unaudited NAV per Ordinary Share to 96.4p.

Part 5

Portfolio Information

As at the date of this document, the Company had holdings in 41 companies. At 31 August 2015, the latest date for which unaudited valuations have been announced, this portfolio comprised 40 venture capital investments with a cost of £40.9 million and an unaudited valuation of £47.9 million and cash of £17.6 million.

The list of active current investments (unaudited) is set out in the table below and constitutes a comprehensive and meaningful analysis of the Company's portfolio as at the date of this Document representing 69.8 per cent by value of the Company's venture capital investments. The unaudited valuations are as at 31 August 2015, the latest date for which valuations have been announced, for investments in the portfolio at that date. Additions to the portfolio after 31 August 2015 are valued at cost. All the companies listed below have their headquarters in the United Kingdom unless otherwise stated.

<i>Portfolio (by value)</i>	Cost £'000	Valuation £'000	% of portfolio by value	Debt/Shares
Monica Vinader Limited <i>Fashion jewellery brand</i>	1,525	5,745	9.0%	Shares
Pulpitum Limited <i>Company established to acquire attractive businesses in the digital sector</i>	4,200	4,032	6.3%	Debt and Shares
Monmouth Holdings Limited <i>Company established to take advantage of a range of growth capital opportunities.</i>	4,000	4,000	6.3%	Debt and Shares
Cogora Group Limited <i>Magazine publisher and event organizer</i>	2,643	3,660	5.8%	Debt and Shares
Think Limited <i>Digital media agency</i>	2,956	3,655	5.7%	Debt and Shares
Litchfield Media Limited <i>Company established to acquire attractive businesses in the media and marketing services markets</i>	3,580	3,580	5.6%	Debt and Shares
Watchfinder.co.uk Limited <i>Reseller of pre-owned luxury watches</i>	2,629	2,629	4.1%	Shares
Perfect Channel Limited <i>Enterprise auction platform</i>	1,745	2,489	3.9%	Shares
Chargemaster plc <i>Provider of electric vehicle charging equipment</i>	2,421	2,483	3.9%	Shares
MyOptique Group Limited <i>Online eyewear retailer</i>	2,420	2,420	3.8%	Shares
MEL Topco Limited (t/a Maplin) <i>Specialist electronics products retailer</i>	2,217	2,217	3.5%	Debt and Shares
Speciality European Pharma Limited <i>Specialist pharmaceutical company</i>	2,138	2,138	3.4%	Debt
Disposable Cubicle Curtains Limited <i>Manufacturer of antimicrobial products for healthcare facilities</i>	1,693	1,965	3.1%	Debt and Shares
Cognolink Limited <i>Provider of expert network services to professional investors</i>	949	1,937	3.0%	Shares
Big Data Partnership Limited <i>Professional services firm specialising in advice on 'big data analytics'</i>	1,505	1,505	2.4%	Debt and Shares
Other venture capital investments	17,838	16,076	25.3%	
Total venture capital investments	54,459	60,531	95.1%	
Cash at bank and in hand		3,088	4.9%	
		63,619	100.0%	

Since 31 August 2015 the Company has made the following investment additions and disposals:

Additions

Monmouth Holdings Limited (£4,000,000)
Litchfield Media Limited (£3,580,000)
Pulpitum Limited (£2,100,000)
Cogora Group Limited (£1,667,000)
Think Limited (£1,350,000)
Linkdex Limited (£750,000)
Big Data Partnership Limited (£466,000)
Sealskinz Holdings Limited (£264,000)
Simplestream Ltd (£120,000)

Senselogix Limited (£112,000)
Disposable Cubicle Curtains Limited (£84,000)
D30 Holdings Limited (£80,000)

Disposals

IS Solutions plc (Proceeds of £1,932,000)
Cross Solar PV Limited (Proceeds of £459,000)
Speciality European Pharma Limited* (Proceeds of £85,000)
Celoxica Limited* (Proceeds of £63,000)
Peerius Limited* (Proceeds of £39,000)

* Scheduled repayments of secured loans

The information set out above has been extracted from the Company's half-yearly accounts for the six months ended 31 August 2015 and from subsequent acquisition/ disposal documentation.

Part 6

Material Contracts

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

1.1 Investment Management Agreement

An investment management agreement (the “ProVen IMA”) dated 9 February 2000 between ProVen VCT and the Manager, as amended by deeds of variation dated 31 May 2006, 14 November 2006, 19 November 2008, 19 November 2009, 8 December 2011, 8 November 2012, 27 June 2013, 22 October 2013 and 3 December 2015 under which the Manager has agreed to provide investment management services to the Company in respect of its investments. The ProVen IMA is terminable by either party at any time by one year’s prior written notice. The ProVen IMA is subject to earlier termination in the event of, *inter alia*, a party committing a material breach of the ProVen IMA and or becoming insolvent, and by ProVen VCT if the Manager is guilty of fraud, wilful deceit or gross negligence or ceases to carry on business or materially fulfil its obligations under the ProVen IMA or the Directors resolve that it is desirable to terminate the ProVen IMA to preserve the status of ProVen VCT as a venture capital trust.

The Manager will receive a fee equal to 2 per cent. per annum of the net assets of the Company (exclusive of VAT).

The Manager is also entitled to receive the performance fee set out on pages 9 and 10 and is to be compensated in the event that the ProVen IMA is terminated early by the Company in certain circumstances.

The annual running costs of ProVen VCT (including irrecoverable VAT but excluding any performance related fees and annual commission payable to the Manager and trail commissions payable to intermediaries) are capped at 3.25 per cent. of its net assets, any excess will either be paid by the Manager or refunded by way of a reduction to its fees.

For the three financial periods ended 28 February 2013, 28 February 2014 and 28 February 2015, ProVen VCT paid £920,000, £1,401,000 and £1,298,000 respectively (including VAT) to the Manager for its investment services to ProVen VCT under the ProVen IMA. As at 31 August 2015, fees of £687,000 (including VAT) are payable to the Manager for the year ending 29 February 2016.

1.2 Administration Agreement

An administration and advisory agreement (the “ProVen Administration Agreement”) dated 31 May 2006 as amended by deeds of variation dated 19 November 2008 and 19 November 2009 and as novated by DMS to Downing pursuant to a deed of novation dated 27 September 2011, whereby Downing provided certain administration services, financial advisory services and services in connection with share repurchases to ProVen VCT, for an annual fee of £43,000 (plus VAT and increases in the Retail Prices Index). The ProVen Administration Agreement was terminable by either party at any time by one year’s prior written notice, subject to earlier termination by either party in the event of, *inter alia*, the other becoming insolvent or committing a material breach of the ProVen Administration Agreement and, by ProVen VCT if, *inter alia*, it ceased to be a VCT for tax purposes, or if Downing was materially unable to carry out its obligations. The ProVen Administration Agreement contained provisions whereby ProVen VCT indemnified Downing against certain liabilities arising in respect of their appointment.

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

Pursuant to the deed of variation dated 19 November 2009 the ProVen Administration Agreement was amended so that the annual fees mentioned in the paragraph above were also to include the gross proceeds of a further D Share offer.

On 13 January 2015 the ProVen Administration Agreement was terminated and an administration agreement (the “Beringea Administration Agreement”) dated 13 January 2015 was entered into between the Company and Beringea whereby Beringea provides certain administration, company secretarial and financial advisory services and services in connection with share repurchases to ProVen VCT, for an annual fee of £55,681 (plus VAT if applicable and which increases in line with the Retail Prices Index). Beringea’s appointment shall continue for a period of two years from the date of the Beringea Administration Agreement and thereafter either party shall be able to terminate the Beringea Administration Agreement at any time by one year’s prior written notice, subject to earlier termination by either party in the event of, *inter alia*, the other becoming insolvent or committing a material breach of the Beringea Administration Agreement and, by ProVen VCT if, *inter alia*, it ceases to be a VCT for tax purposes, or if Beringea is materially unable to carry out its obligations under the Beringea Administration Agreement. The Beringea Administration Agreement contains provisions whereby ProVen VCT indemnifies Beringea against certain liabilities arising in respect of their appointment.

For the financial periods ending 28 February 2013, 28 February 2014 and 28 February 2015, ProVen VCT paid £52,000, £57,000 and £56,000 respectively (including VAT where applicable) to DMS, and, subsequent to the novation of the ProVen Administration Agreement to Downing by DMS, to Downing, for its administration and advisory services. At 31 August 2015, fees of £18,500 were paid to Downing for the financial year ending 29 February 2016, for its services pursuant to the ProVen Administration Agreement. No fees were paid to Beringea for the year ending 28 February 2015, however at 31 August 2015 fees of £9,500 (including VAT) are payable to Beringea for the financial year ending 29 February 2016, for its services pursuant to the Beringea Administration Agreement.

1.3 *Directors’ Letters of Appointment*

Letters of appointment between ProVen VCT and each of its Directors, dated 9 February 2000 in the case of Andrew Davison, 10 May 2006 in the case of Barry Dean, 31 December 2007 in the case of Malcolm Moss and 24 September 2013 in the case of Lorna Tilbian, under which each Director is required to devote such time to the affairs of ProVen VCT as the Board reasonably requires consistent with his role as a non-executive Director. The letters are terminable on 3 months notice either side. Other than these letters, none of the Directors has a service contract with the Company. Andrew Davison, Lorna Tilbian, Barry Dean and Malcolm Moss are entitled to receive £35,000, £27,500, £27,500 and £15,000 respectively. The total amount payable to the Directors for the year ended 28 February 2015 was £90,000. In the previous financial year Andrew Davison received £30,000, Barry Dean received £22,500, Beringea LLP, on behalf of Malcolm Moss, received £15,000 and Lorna Tilbian received £22,500. No amount has been set aside or accrued by the Company to provide pension, retirement or similar benefits to any of the Directors. No benefits are provided for on termination.

1.4 *Co-investment Agreement*

A co-investment agreement (the “Co-investment Agreement”) dated 17 October 2011, as amended by a deed of variation dated 22 June 2012, between ProVen VCT, PGI VCT, ProVen Health VCT plc and ProVen Planned Exit VCT plc. In order to ensure that new investment opportunities are apportioned fairly between the ProVen VCTs, their allocation is governed by the terms of a co-investment agreement. This broadly provides that new VCT Qualifying investments which meet the Company’s investment strategy will be offered first to the Company and PGI VCT. These investments will be apportioned to these companies in the chronological order in which funds were raised. For funds raised in the same financial year the allocation will be in proportion to the total VCT investment value of the relevant fund raisings. The amount which is apportioned to each VCT will be restricted, in order to ensure good portfolio diversification.

1.5 2013 Offer Agreements

(i) 2013 HK Offer Agreement

An offer agreement (the “2013 HK Offer Agreement”) dated 22 October 2013 between ProVen VCT (1), the Directors (2), Howard Kennedy (3), Beringea (4) and Beringea LLC (5) whereby Howard Kennedy agreed to act as sponsor to the 2013 Offer. Under the 2013 HK Offer Agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Company, the Directors and the Company gave certain limited warranties to Howard Kennedy. The Company has also agreed to indemnify Howard Kennedy in respect of its role as sponsor and in respect of certain losses arising under the 2013 HK Offer Agreement. The Manager’s ultimate parent, Beringea LLC, guaranteed the Manager’s liability under the 2013 HK Offer Agreement.

(ii) 2013 Beringea Offer Agreement

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

1.6 2015 Offer Agreement

An offer agreement dated 3 December 2015 between the Company (1), the Directors (2), Howard Kennedy (3), and Beringea (4) whereby Howard Kennedy agreed to act as sponsor to the Offer and Beringea agreed to use its reasonable endeavours to procure subscribers for ordinary shares under the Offer (the “Offer Agreement”). Under the agreement, which may be terminated by Howard Kennedy in certain circumstances of breach, the Directors and the Manager gave certain limited warranties to Howard Kennedy and the Company agreed to indemnify Howard Kennedy in respect of its role as sponsor and under the agreement, both the warranties and the indemnity being customary for this type of agreement. As is customary for an agreement of this nature, the agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs. The Manager is entitled to receive 3.0% (in the case of Advised Investors) and 5.5% (in the case of applications received directly or through Execution Only Brokers) of the gross proceeds of the Offer, out of which it has agreed to pay all the costs of the Offer, including professional fees, marketing expenses and initial commission to Execution Only Brokers. Any trail commission payable to Execution Only Brokers will be paid by the Company. The Manager’s ultimate parent, Beringea LLC, has guaranteed the Manager’s liability under the Offer Agreement.

Part 7

Other Information Relating to the Company

1. Incorporation and Administration

- 1.1 ProVen VCT was incorporated in England as a public company with limited liability on 18 January 2000 with the name of ProVen VCT plc and with registered number 03911323.
- 1.2 The principal activity of the Company is to operate as a VCT. The Company is domiciled in England. The principal legislation under which the Company operates is the 2006 Act and regulations made thereunder. The Company is not regulated to conduct investment business under the Financial Services and Markets Act 2000, but manages its affairs to comply with VCT legislation. Since incorporation, the Company has not had any employees or subsidiaries.
- 1.3 The Company gave notice to the Registrar of Companies of its intention to carry on business as an investment company under section 266 of the 1985 Act. This status was revoked on 15 July 2004. The Company will carry on its business in accordance with its Articles. On 9 February 2000, the Registrar of Companies issued the Company with a certificate under section 117 of the 1985 Act entitling the Company to commence business and borrow.
- 1.4 The ISN number for the shares in the Company is GB00B8GH9P84.
- 1.5 Pursuant to an investment management agreement between the Company and Beringea dated 9 February 2000, as amended, Beringea arranges for the safe custody of the Company's unquoted and quoted investments on behalf of the Company in a manner satisfactory to the Board and in that capacity is responsible for ensuring safe custody and dealing with settlement arrangements.

2. Share Capital

- 2.1 The issued fully paid share capital of the Company as at the date of this document and as it is expected to be after the Offer has closed (assuming the Offer is fully subscribed, issue costs of 3% of gross funds raised and a NAV of 96.4p (being the NAV at 31 August 2015 of 98.9p adjusted for the dividend of 2.5p paid on 20 November 2015) for the purpose of the Pricing Formula) is set out below, together with the issued fully paid share capital of the Company as expected after the Offer, assuming a 15% increase and decrease in the current NAV (NAVs of 110.9p and 81.9p, respectively):

<i>Date of this document</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	65,649,782	£6,564,978
<i>After the Offer (NAV of 96.4p)</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	105,898,744	£10,589,874
<i>After the Offer (NAV of 81.9p)</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	113,024,629	£11,302,463
<i>After the Offer (NAV of 110.9p)</i>	<i>Issued</i>	
	Number	Amount
Ordinary Shares	100,636,256	£10,063,626

- 2.2 ProVen VCT was incorporated with an authorised share capital of £1,050,000 divided into 50,000 redeemable preference shares of £1 each and 20,000,000 original Ordinary Shares. The 50,000 redeemable preference shares were redesignated as, and sub-divided into, 1,000,000 original Ordinary Shares on 29 March 2000. The authorised share capital of ProVen VCT was increased on 8 February 2000 to £1,250,000 by the creation of 4,000,000 additional original Ordinary Shares, on 21 March 2005 to £1,750,000 by the creation of 10,000,000 additional original Ordinary Shares, on 20 December 2006 to £8,000,000 by the creation of 25,000,000 C Shares and on 9 December 2008 to £8,200,000 by the creation of 20,000,000 D Shares, by ordinary resolution in each case.
- 2.3 Following Shareholder approval at an annual general meeting and general meeting held on 24 October 2012, the conversion of the C Shares and D Shares to Ordinary Shares took place on 30 October 2012. Immediately prior to the conversions, the original Ordinary Shares were consolidated such that holders of original Ordinary Shares received one new Ordinary Share for every two original Ordinary Shares. Under the conversions, holders of C Shares received approximately 0.9213 new Ordinary Shares for each C Share held previously and holders of D Shares received approximately 0.8720 new Ordinary Shares for each D Share held previously.
- 2.4 The Company is currently authorised to purchase in the market and cancel up to 14.9 per cent. of its Ordinary Share capital.
- 2.5 As at the date of the Prospectus, the holdings of Ordinary Shares by the Directors are as follows:

A Davison	37,913
B Dean	29,252
M. Moss	nil
L Tilbian	nil

3. Resolutions passed by the Company

- 3.1 The following resolutions of the Company were passed at its annual general meeting held on 22 July 2015:

Ordinary Resolution

- (1) THAT, in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot and issue shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £4,943,805 (representing approximately 75% of the Ordinary Share capital in issue, provided that the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry;

Special Resolution

- (2) THAT, the directors of the Company be and hereby are empowered pursuant to Sections 570(1) of the CA 2006 to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to resolution (1) above, as if Section 561(1) of the CA 2006 (pre-emption rights) did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next annual general meeting of the Company held after the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require equity securities to be allotted after such expiry.

4. Articles of Association

Article 2 of the Articles provides that the Company's principal objects are to carry on the business of an investment company and a VCT. The following is a summary of certain other provisions of the Articles. Copies of the Articles are available for inspection at the address set out in paragraph 5.20 of this Part 7 below.

4.1 Voting Rights

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

4.2 Issue of shares

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

4.3 Transfer of shares

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

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

4.4 Variation of Rights

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

4.5 Alteration of Capital

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

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

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

4.6 Dividends and distributions

The Articles provide that the Ordinary Shares entitle their holders to receive such dividends as the Directors may resolve to pay out of the net assets of the Company pro rata to their respective holding of Ordinary Shares.

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

4.7 Directors

- 4.7.1 Unless otherwise determined by the Company in general meeting, the Directors shall not be less than 2 and not be more than 10 in number.
- 4.7.2 The business of the Company shall be managed by its Directors who may exercise all such powers and do all such acts and things as may be done or exercised by the Company.
- 4.7.3 A Director who is in any way, directly or indirectly, interested in any transaction or arrangement with the Company shall, at a meeting of the Directors, declare, in accordance with the 2006 Act, the nature of his interest.
- 4.7.4 Provided that he has declared his interest in accordance with paragraph 4.7.3 above, a Director may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested. No Director so interested shall be accountable to the Company, by reason of his being a Director, for any benefit, which he derives from such office, interest, any such transaction or arrangement.
- 4.7.5 A Director shall not vote at a meeting of the Directors in respect of a matter in which he has any material interest otherwise than by virtue of his interest in shares, debentures or other securities of, or otherwise in or through, the Company, unless his interest arises only because the case falls within one or more of the specified paragraphs.
- 4.7.6 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any company in which the Company is interested the proposals may be divided and considered in relation to each Director separately and (if not otherwise precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- 4.7.7 The Directors are to be paid out of the funds of the Company by way of fees for their services an aggregate sum not exceeding £150,000 per annum, together with such additional fees as the Company may determine in general meeting. Such fees are to be divided among them in such proportion and manner as the Directors may determine. The Directors shall also be paid

by the Company all travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

- 4.7.8 At the annual general meeting of the Company next following his appointment a Director shall retire from office. A Director shall also retire from office at or before the third annual general meeting following the annual general meeting at which he last retired and was re-elected. A retiring Director shall be eligible for re-election. The Company may, in general meeting, appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

4.8 Borrowing Powers

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

4.9 General Meetings

An annual general meeting shall be held at such time and place as may be determined by the Directors and within a period of six months beginning on the day following the Company's accounting reference date. The Directors may, whenever they see fit, and shall on requisition in accordance with the 2006 Act, proceed with proper expedition to convene a general meeting.

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

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

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

4.10 Uncertificated Shares

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

5. Additional Information

- 5.1 The Directors, whose names appear on pages 5 and 6 of this document, and the Company, each accept responsibility for the information contained in this document. The Directors and the Company declare that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.
- 5.2 Beringea LLP was incorporated in England and Wales on 27 January 2009 as a limited liability partnership under the Act. The registered number of Beringea is OC342919 and its registered office is 39 Earlham Street, London WC2H 9LT (telephone number 020 7845 7820). Beringea is authorised by the Financial Conduct Authority to conduct venture capital business.
- 5.3 BDO LLP, a member of the Institute of Chartered Accountants of England & Wales, registered auditor of 55 Baker Street, London W1U 7EU were the Company's registered auditors in respect of the report and accounts of the Company for the years ended 28 February 2013, 28 February 2014 and 28 February 2015.
- 5.4 The Board is responsible for the determination and calculation of the Company's net asset value and intends to announce it at least quarterly, through a regulatory information service. The Board believes that, by announcing the Company's financial results on a regular basis, it should help to provide a fairer market price for its Shares.
- 5.5 There have not, since its incorporation, been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or which have had in the recent past, significant effects on the Company's financial position or profitability.
- 5.6 The Company's annual report and accounts will be made up to 28 February and sent to Shareholders normally in June. The Company's next accounting period will end on 29 February 2016. Shareholders also receive unaudited half-year accounts for the period to the end of August in each year which will normally be sent to Shareholders in October.
- 5.7 Valuation of listed investments and investments traded on AIM or other public stock markets will be stated at closing bid prices. Where quoted investments are subject to restrictions, an appropriate discount to the latest market price may be applied with regard to International Private Equity and Venture Capital ("IPEVC") valuation guidelines. Investments not listed on a public stock market will be stated at Directors' valuation. The Directors will value these investments in accordance with the IPEVC valuation guidelines.

Investments will usually be valued by the Board on 28 February, 31 May, 31 August and 30 November of each year and these net asset values will be communicated to Shareholders through a Regulatory News Service. The Company will also announce when there has been a major change to its net asset value, for instance as a result of a disposal of an investment or if the Company undertakes a fundraising and needs to announce an interim valuation. The calculation of net asset value of the Company's investments will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension would be announced through a Regulatory News Service.

- 5.8 A detailed description of the investment policy which will be pursued by the Company is set out in Part 3. The Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with this published investment policy. These

investment policies are in line with Chapter 15 of the Listing Rules and Part 6 ITA and the Company will not deviate from them. The Company is subject to various rules and regulations in order to continue to qualify as a VCT, as set out in Part 3 of the Securities Note. Any material breach of the investment policy or such rules and regulations will be notified to Shareholders through a Regulatory News Service. The Company, nor any of its subsidiaries, must not conduct any trading activity which is significant in the context of the group as a whole. No more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made may be invested in other listed closed-ended investment funds, except where those funds have themselves published investment policies which permit them to invest more than 15% of their total assets in other listed closed-ended investment funds.

- 5.9 Where information set out in this document has been sourced from a third party the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 5.10 A typical Investor for whom an investment in the Company is designed will be a UK taxpayer who is aged 18 years or over who is professionally advised and already has a portfolio of non-VCT Qualifying investments such as unit trusts/OEICs, investment trusts and direct shareholdings in listed companies and may include retail, institutional and sophisticated investors and high net-worth individuals. The individual should be comfortable with the risk factors described in the Prospectus and be willing to retain the investment for at least five years.
- 5.11 The Company has no current borrowings nor any borrowing requirements and the Directors have no current intention of making any borrowings.
- 5.12 The Company entered into deeds of variation to an investment management agreement with Beringea on 8 November 2012, 22 October 2013 and 3 December 2015; a deed of variation relating to that portion the Manager's performance incentive fee arrangements that had previously been payable to DCF on 13 April 2012; a director's letter of appointment with L Tilbian on 24 September 2013; an offer agreement dated 22 October 2013 with the Directors, Beringea and Beringea LLC; an offer agreement dated 22 October 2013 with the Directors, the Sponsor, Beringea and Beringea LLC and an offer agreement dated 3 December 2015 with the Directors, the Sponsor, Beringea and Beringea LLC.

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

For each of the financial periods ended 28 February 2013, 28 February 2014 and 28 February 2015 and for the current financial year to date, apart from the agreements referred to in this paragraph, the Company has not been a party to any related party transactions for the purposes of Regulation (EC) No. 1606 / 2002.

- 5.13 Malcolm Moss is a partner of the Manager, which is a party to the material contracts referred to in paragraphs 1.1, 1.2, 1.4, 1.5 and 1.6 of Part 6. Save as disclosed in this paragraph, none of the Directors, the Manager or the Company's other service providers have any conflict, or potential conflict, as between their duty to the Company and duties owed by them to third parties and other interests.
- 5.14 Howard Kennedy Corporate Services LLP, the Sponsor, of 1 London Bridge, London SE1 9BG and Beringea, of 39 Earlham Street, London WC2H 9LT, have each given and not withdrawn their written consent to the issue of this document with the references to them in the form and context in which they appear.

- 5.15 Other than the Directors, the Company does not have any Shareholders required to notify the Company of their shareholding and no Shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly controlled by any other party and, as at 2 December 2015 being the latest practicable date prior to the publication of this document) there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.
- 5.16 None of the Company's capital is under option, nor are there any conditional or unconditional agreements for any part of the Company's capital to be put under option.
- 5.17 Shareholders will be informed by means of the half year and/or annual report or through a public announcement if the investment restrictions which apply to the Company as a VCT (as detailed in this document) are breached.
- 5.18 No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him to subscribe for or purchase Ordinary Shares unless, in such territory, such offer or invitation could lawfully be made.
- 5.19 Copies of this document, the Securities Note and the Summary have been submitted to the National Storage Mechanism and are available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. and may be obtained, free of charge, whilst the Offer remains open, from the Company's registered office or from Beringea, 39 Earlham Street, London WC2H 9LT (telephone 020 7845 7820, email provenvcts@beringea.co.uk), or can be downloaded at www.provenvcts.co.uk.
- 5.20 Copies of the following documents are available for inspection at the offices of Howard Kennedy LLP at Number 1 London Bridge, London SE1 9BG and at the registered office of the Company at 39 Earlham Street, London WC2H 9LT during normal business hours on any weekday (public holidays excepted) from the date of this document until the closing date of the Offer:
- (a) the Company's Memorandum of Association and Articles;
 - (b) the material contracts referred to in Part 6;
 - (c) the consent letters referred to at paragraph 5.14 above;
 - (d) the audited accounts of the Company for the periods ended 28 February 2013, 28 February 2014 and 28 February 2015;
 - (e) the interim accounts for the 6 month period ended 31 August 2014 and 31 August 2015; and
 - (f) the Prospectus.

Dated: 3 December 2015

Definitions

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

2013 Offer	the Company's offer for subscription in respect of the 2013/2014 and 2014/2015 tax years as described in the prospectus issued by the Company dated 22 October 2013
2015/2016 Offer	the Company's offer for subscription in respect of the 2015/2016 tax year as described in the Prospectus
2016/2017 Offer	the Company's offer for subscription in respect of the 2016/2017 tax year as described in the Prospectus
2006 Act	Companies Act 2006, as amended and to the extent in force from time to time
Advised Investors	an intermediary, authorised by the Financial Conduct Authority, which does not provide advice to its clients
Beringea Group	Beringea LLC and its subsidiaries (which subsidiaries include Beringea)
Company or ProVen VCT	Proven VCT plc
C Shares	the C shares of the Company which were converted into Ordinary Shares on 30 October 2012
Cumulative Dividends	the cumulative amount of dividends per Ordinary Share paid by the Company in relation to the financial years starting on 1 March 2012 and ending on 28 February of the relevant financial year
D Shares	the D shares of the Company which were converted into Ordinary Shares on 30 October 2012
Directors or Board	the directors of the Company from time to time (as the context permits)
Execution Only Broker	an intermediary, authorised by the Financial Conduct Authority, which does not provide advice to its clients
HMRC	HM Revenue & Customs
Hurdle	the greater of: (i) 117.2p per Ordinary Share; and (ii) 92.9p increased, as from 31 August 2011, by the Bank of England base rate plus 1% per annum
Investor	an individual aged 18 or over who is resident in the United Kingdom who

	subscribes for New Ordinary Shares under the Offer
ITA	Income Tax Act 2007 (as amended)
Knowledge Intensive Company	a company satisfying the conditions in Section 331(A) of Part 6 ITA
London Stock Exchange	London Stock Exchange plc
Manager or Beringea	Beringea LLP
Money Laundering Regulations	the Money Laundering Regulations 2007
NAV	the net asset value of the Ordinary Shares
New Ordinary Shares	new Ordinary Shares to be issued under the Offer
Offer	the offer for subscription of New Ordinary Shares described in the Prospectus, comprising the 2015/2016 Offer and the 2016/2017 Offer
Official List	the Official List of the UK Listing Authority
Ordinary Shares	the ordinary shares of 10p each of the Company (ISIN number GB00B8GH9P84), including New Ordinary Shares where the context permits
Performance Value	in respect of the relevant financial year end, the sum of (i) the audited net asset value per Ordinary Share at that date, (ii) Cumulative Dividends, (iii) all performance fees per Ordinary Share paid by the Company to Beringea in relation to financial years starting after 29 February 2012, and (iv) any Residual PIF Adjustment (whether relating to that or any prior financial year)
PGI VCT	ProVen Growth & Income VCT plc
Pricing Formula	the formula used to calculate the number of New Ordinary Shares to be issued to an Investor, as set out on page 24 of the Securities Note
ProVen Health VCT	ProVen Health VCT plc
ProVen Planned Exit VCT	ProVen Planned Exit VCT plc
ProVen VCTs	PGI VCT, ProVen VCT, ProVen Health VCT, and ProVen Planned Exit VCT
Prospectus	together, this document, the Securities Note and the Summary

Qualifying Company	a company satisfying the conditions as described in Part 3 of the Securities Note
Qualifying Investment	an investment satisfying the conditions as described in Part 3 of the Securities Note
Qualifying Trade	a trade complying with the requirements of Chapter 4 of Part 6 ITA
Registration Document	this document
Residual PIF	the performance fee relating to the sale of Espresso Group Limited and Think Limited
Residual PIF Adjustment	the Residual PIF divided by 37,271,751
Risk Finance State Aid	State aid received by a company as defined in Section 280B (4) of ITA
Securities Note	the securities note that, together with this document and the Summary, constitutes the Prospectus
Shares	shares in the capital of the Company
Shareholder	a holder of Shares
Sponsor	Howard Kennedy Corporate Services LLP
Summary	the summary that, together with this document and the Securities Note, constitutes the Prospectus
The Risk Finance Guidelines	guidelines on state aid to promote risk finance investments 2014/C 19/04
UK Listing Authority	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
Venture Capital Trust or VCT	a venture capital trust as defined by section 259 ITA