

ProVen news



Success on a plate

ProVen VCT and ProVen Growth & Income VCT have sold restaurant chain Ma Potter's Ltd to Tragus, owner of the Café Rouge chain.

The £14.15m sale generated a return of 2.5 times Beringea's initial investment and an IRR of 27%. It also resulted in further dividend payments to ProVen VCT Ordinary shareholders and ProVen Growth & Income VCT Ordinary shareholders in April 2007.

Beringea originally invested in Ma Potter's in 2003 to provide capital to roll out the chain nationally. The company now offers "quality food at wallet-friendly prices" at 16 restaurants in high street locations and shopping centres such as Manchester's Trafford Centre, Xscape in Glasgow and Sheffield's Meadowhall.

Beringea director Trevor Hope, who led the sale, commented: "The recent buy-outs and financings of larger restaurant chains have created a positive M&A environment for smaller-scale operations. Ma Potter's chief executive John Gator and his team have created a strong business proposition with excellent prospects for future growth. This was reflected in the attractive Tragus offer."



**A word from Stuart Veale
Managing Director, Beringea Ltd**

We had a strong start to the year, closing the £15m ProVen VCT 'C' share offer on a total of £14.6m. This was an excellent performance in a year when total funds raised for VCTs fell significantly following changes in the tax regime.

Together with the £25m raised for the ProVen Growth and Income 'C' share in the previous tax year, Beringea now has some £40m available to invest in the UK's most exciting small and medium-sized businesses.

The investment programme for the 'C' share funds is now well under way, with several investments completed so far this year, including Dianomi, Eagle Rock, Coolabi and Optima (see page 2). We have a strong pipeline of other investment opportunities and expect to announce several more completions over the next few months. If you would like to receive e-mail alerts about new investments and other portfolio news, please email us at info@provenvets.co.uk.

The original Ordinary share portfolios of the ProVen VCTs continue to perform extremely well. You can find full performance details on page 4.

The two key areas of focus for the remainder of this year will be continuing to build a strong portfolio of investments for the ProVen VCTs' 'C' share funds, while working with the management of our existing portfolio companies to build value for shareholders.

And the winner is...

ProVen Growth & Income VCT has been named by the Association of Investment Companies (AIC) its top-performing VCT member for 2006, after its Ordinary shares generated a return of 42% over the year to 31 December 2006. The AIC has 73 VCT members, amounting to 80% of the UK VCT market by assets. ProVen Growth & Income VCT was launched in February 2001. After a strong performance in its first five years, a further £25m was raised through a 'C' share offer in 2006. The offer was fully subscribed ahead of the closing date. In December 2006, ProVen Growth & Income VCT paid out a 50p special dividend to Ordinary shareholders following the sale of Mergermarket. The fund's excellent performance has continued into 2007.

A further payment on 5 April (see above) brings total dividends paid on the Ordinary shares since launch to 75.9p per share, and 2p per share on the recently issued 'C' shares. For more information on the five-year performance of the ProVen Growth & Income VCT visit www.provenvets.com. Alternatively, refer to the performance table on page 4.



Coolabi enjoys Purple reign

Media rights group Coolabi plc has acquired the rights to popular greeting card and book character Purple Ronnie with funding from the ProVen VCTs, which invested in the company's £5.5m placing on AIM. As a result, the ProVen VCTs have become two of the company's largest shareholders.

The AIM placing helped finance Coolabi's acquisition of the Purple Ronnie rights, as well as other rights owned by Purple Ronnie author Giles Andreae, including top children's books *Rumble in the Jungle* and *Giraffes Don't Dance*.

At Coolabi, Beringea will work with a management team it has previously backed successfully: Jeremy Banks, Coolabi chief executive, formerly of Chorion, and chairman William Harris, former chief executive of Gullane Entertainment, owner of Thomas the Tank Engine and the Guinness Book of World Records.



Dianomi provides net gains

ProVen VCT recently made a first-round investment in marketing services provider Dianomi. This pioneering company is at the forefront of the digital advertising revolution, courtesy of its innovative lead generation services.

The company's groundbreaking Smartlinks technology is used by more than 120 companies across a distribution network of 50-plus online publishing partners that includes The Times, FT, Telegraph, Guardian, MSN, AOL, Tiscali, London Stock Exchange and Investors Chronicle. "With the US market showing a strong trend towards contextual lead generation, we investigated the UK market thoroughly for the best opportunity," said Trevor Hope, who completed the expansion capital deal on behalf of Beringea. "We found a fantastic team at Dianomi. The management has established a profitable company based on great technology and strong relationships with top brand advertisers and publishers. Our investment will allow the company to expand its sales force and develop further areas of online lead generation."



Rock band strikes right chord

If you've ever enjoyed concerts on DVD by Deep Purple, the Bee Gees, Janet Jackson, the Who or Eric Clapton, then Eagle Rock Group Ltd probably helped make it possible.

Eagle Rock is a leading producer, publisher and distributor of music programming and documentaries for TV and DVD. Eagle Rock's management team has recently conducted a buy-out of the company from HgCapital, with the backing of previous investor edel music AG and the ProVen VCTs.

"We look forward to leveraging our contacts and expertise to help Eagle Rock create greater value across all media platforms – particularly in digital media," said Beringea's Jeff Bocan.



WDIS deal gives Optima result

ProVen VCTs acted as lead investors in the acquisition of specialist B2B data management company WDIS Ltd by Optima Data Intelligence Ltd.

Acquired from Wilmington Media Limited, WDIS is a leading supplier of high-quality database and circulation management services to publishers of B2B and specialist consumer titles.

The acquisition is the initial phase of a strategy that will see Optima provide powerful end-to-end and integrated data intelligence solutions to media owners.

"During the past nine months we have worked closely with chief executive Roger Patey and his team in identifying key data intelligence assets," said Beringea's Trevor Hope. "The acquisition of WDIS is the first stage of an exciting buy-and-build strategy."



Espresso goes back to school

ProVen VCTs' portfolio company, Espresso Group, has added 4 Learning, Channel 4's award-winning education business, to its portfolio.

4 Learning will be merged with Espresso Education to provide video-rich curriculum services to primary and secondary schools in the UK and elsewhere. Both businesses are market leaders in video-based, interactive teaching and learning resources. Through the deal, Espresso Group has acquired the assets of 4 Learning, as well



as a licence agreement for exclusive commercial exploitation of Channel 4's existing and future schools' TV programmes.

The move enhances Espresso's position in the UK, where it already has more than 50% market penetration in English primary schools. Channel 4 will retain a minority stake in the combined business and Michael Hodgson, managing director of 4Rights, Channel 4's rights exploitation and distribution arm, will join the Espresso board. ProVen VCTs have committed almost £2.8m to the Espresso Group since 2001.

Beringea tops £14m

The £15m ProVen VCT 'C' share offer raised £14.6m in the tax year 2006-2007, despite a significant decrease in the VCT market. The shift was due to the Budget, which reduced income tax relief on VCT share subscriptions from 40% to 30%.

Beringea sales director Jeff Cornish was delighted: "In what was anticipated to be a slow year, ProVen has proved that VCTs with a strong management team and good historic performance remain an attractive investment," he said.

A special case



ProVen hits top ten

ProVen VCT and ProVen Growth & Income VCT have entered Allenbridge's Top Ten Highest VCT Dividend Payers list, which tracks the dividend record of every UK VCT.

ProVen VCTs' inclusions are highly impressive, particularly considering they are the only funds in the top ten that have been launched this decade, giving them time to build up dividend payments.

Both ProVen VCTs are in the top five dividend payers of Generalist VCTs (as opposed to AIM VCTs).

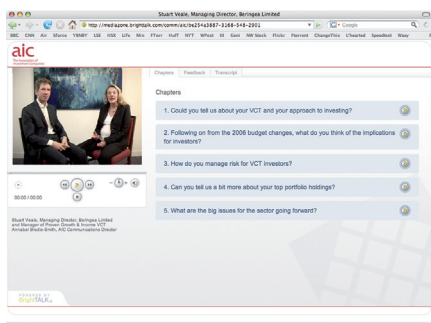
ProVen VCTs have fared better than most in light of the Budget changes announced by Gordon Brown (pictured) in March, while he was still Chancellor. The changes, intended to bring the UK in line with EU legislation, will result in greater restrictions on how VCT funds raised from the 2007/08 tax year onwards can be invested:

- These new funds will only be able to invest in companies with fewer than 50 employees.
- Each company will only be able to raise a maximum of £2m in any 12-month period from VCT funds raised after 5 April, 2007.

"Analysis of the ProVen VCTs' existing portfolio companies and the investment opportunities currently being pursued reveals that the changes are unlikely to affect our ability to find suitable attractive investment opportunities," commented Stuart Veale, Beringea's managing director. "Although some VCT managers will be forced to change their investment approach, Beringea is well positioned to comply with the new rules and will not need to change its investment strategy."

The Association of Investment Companies examines the issues facing VCTs

Beringea stars in AIC webcast



Beringea managing director Stuart Veale's views on key issues faced by the VCT community have been featured on a webcast by the Association of Investment Companies (AIC).

Veale spoke to Annabel Brodie-Smith, AIC's communications director, about the ProVen VCTs' approach to investing, its top portfolio holdings and Beringea's approach to risk management.

Also discussed were the implications of the 2006 Budget changes and why VCTs remain an attractive investment, even after the change in income tax relief available to subscribers.

A webcast of the interview, which took place earlier this year, is available by visiting www.beringea.com/aicwebcast



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How have the ProVen VCTs performed?

- Both ProVen VCTs have continued to be high performers this year, with further dividends being paid in April 2007
- ProVen Growth & Income VCT and ProVen VCT are the second and eighth best-performing UK VCTs of all time, according to www.taxshelterreport.co.uk, based on Internal Rate of Return
- www.taxshelterreport.co.uk lists ProVen VCT and ProVen Growth & Income as the highest-rated funds of their respective launch years (Source: <http://www.taxshelterreport.co.uk>)
- ProVen Growth & Income was named the AIC's highest-performing VCT member for 2006. (Source: Association of Investment Companies, http://www.theaic.co.uk/press_centre/default.asp?id=5765)

	ProVen VCT Ordinary Shares (Launched February 2000)	ProVen VCT C Shares (Launched November 2006)	ProVen Growth & Income VCT Ordinary Shares (Launched February 2001)	ProVen Growth & Income VCT C Shares (Launched November 2005)
Current NAV (1)	92.7	94.8	121.9	95.9
Dividends paid out in last 12mths to 31 May 2007 (2)	49.5	-	60.5	2.0
Total return (1) (NAV + cumulative dividends paid, as at 31 May 2007)	160.9	94.8	197.8	97.2
Cumulative dividends paid since launch (1) (includes second interim dividend payment 5 April 2007)	68.2	-	75.9	2.0
Total return (IRR) (3)	7.7% pa	N/A	13.4% pa	N/A

Sources:

- (1) Interim Management Statements to 31 May 2007
- (2) Audited Company Accounts
- (3) Beringea Ltd, from initial listing date to 31 May 2007 on initial issue price of £1

Please note this table shows how the ProVen VCTs have performed historically. However, past performance is no guide to future performance.