

ProVen news

Autumn 2013

Magazine for the ProVen VCTs

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Shareholder Event

The ProVen VCTs' annual Shareholder Event is being held at the British Museum on Tuesday 15th October 2013. The event will be held in the BP Lecture Theatre from 10.30-2.30 and will include a light lunch and an optional tax seminar.

The event is now fully subscribed and there is a waiting list for those shareholders who weren't able to secure a place initially. For more information please contact Marette Thair on **0207 845 7820** or email **events@beringea.co.uk**.

We are pleased to announce that this year's event will also include a keynote presentation from Professor A C Grayling with the title **"What is Wealth?"**

Professor Anthony Grayling MA, DPhil (Oxon) FRSL, FRSA is Master of the New College of the Humanities, and a Supernumerary Fellow of St

Anne's College, Oxford. He has written and edited over thirty books on philosophy and was a Fellow of the World Economic Forum for several years.

There will then be updates from the investment managers at Beringea, case studies from two portfolio companies and a question and answer session.

These will be followed by a light lunch and a chance to meet the VCT directors, the investment management team and representatives from portfolio companies.

Based on feedback from last year, we are delighted that Philip Hare, a tax Senior Manager from PwC, will be joining us. Philip will be holding an optional tax seminar after lunch at which he will respond to your tax queries.

We look forward to welcoming attendees on the 15th October.

Welcome to ProVen News



Welcome to the latest edition of ProVen News.

The lead story in this edition is the recent sale of the ProVen VCTs' portfolio company Fjord to Accenture, the global consulting business. The sale delivered a 4 times multiple on the VCTs' equity investment, over a period of just over four years. A fuller description of the Fjord story from the ProVen VCTs' viewpoint is given on pages 6 and 7.

Accenture's acquisition of Fjord is evidence of increasing confidence among larger companies, which is resulting in higher levels of merger and acquisition activity. Several of the ProVen VCTs' portfolio companies have been approached recently by potential trade buyers and we are hopeful that some of these conversations will lead to profitable portfolio company disposals in the next 12 months.

Increasing confidence in the UK's economic prospects is also helping the ProVen VCTs' portfolio companies to deliver strong growth, often with the support of further investment from the VCTs. Monica Vinader, the high-end fashion jewellery designer and retailer, has seen excellent performance from its first stand-alone store which opened in 2011. The company has therefore recently raised a further £2.5 million, including £1.5 million from the VCTs, to open further stores. Coal Grill and Bar, the casual dining chain, has recently opened its seventh restaurant, in the Xscape centre in Milton Keynes, and has signed a lease on an eighth site. This roll-out is being supported by additional investment from the VCTs. InSkin Media, in which the VCTs invested £1.8 million in December last year, recently appeared in the Sunday Times Tech Track 100, a list of the 100 fastest growing privately owned technology companies in the UK.

The ProVen VCTs have also provided additional investment to Polytherics, to support its acquisition of Antipope. Polytherics is one of a number of healthcare companies in the portfolio and a review of the VCTs' recent activity in this sector is given on page 9.

Many readers may not be aware that the ProVen VCTs' Manager, Beringea LLP, is part of an international fund management group which has over £300 million under management. Beringea's U.S. office, as well as managing funds for U.S. investors, also provides support for some of the VCTs' portfolio companies considering expansion into North America. There is a profile of the U.S. office on page 10.

To support the VCTs' investment activity and to help manage the portfolio, Beringea has recently recruited two new investment professionals, Rob Hodginkson and Harry Thomas. Beringea has also recently recruited Mark Taylor, who will head up a new debt-based growth finance fund. Brief profiles of all three recruits are given on page 4.

Following a successful fund raising for ProVen Growth & Income over the last 12 months, the directors of ProVen VCT have decided to raise up to a further £20 million to ensure that the company has sufficient "fire-power" to be able to take advantage of the increasing flow of investment opportunities being seen by the Manager. A brief description of the Offer, which is expected to open in October, is given on page 11.

Finally, I look forward to welcoming shareholders attending the ProVen VCTs' Shareholder Event on October 15th at the British Museum. All the available places for the event have now been taken up but for those not able to attend we will include a report in the next edition of ProVen News.

Stuart Veale, Managing Partner

New Faces



Mark Taylor

Mark joins Beringea as a Partner responsible for its new Beringea Growth Finance business. Mark is a pioneer of venture debt in Europe having been a founder partner of EVP for Kleinwort Benson in 1998. In 2003 he created and managed Noble Venture Finance. He joins from National Australia Bank where he was a Founder Director of their Growth Finance business. Over the last 15 years he has arranged over £150m of finance in more than 60 companies throughout Europe.



Rob Hodgkinson

Rob joins as Investment Manager for the VCTs with five years experience in finance, including two years in growth and mezzanine investments. He started his career in M&A at NM Rothschild working on transactions within the energy, leisure and property industries. He was latterly an Investment Manager at Venturesome, a leading social investment fund, where he executed more than ten growth capital and mezzanine investments. Rob graduated from Cambridge University and has an MBA from INSEAD.



Harry Thomas

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

Monica Vinader Further Investment

The ProVen VCTs have invested £1.5m in a further funding round for Monica Vinader, the international high-end fashion jewellery brand. The Clark Group, former backers of Links of London, has also invested £1m as part of the funding round.

The jewellery – rings, pendants, earrings, bracelets – is recognisable by the proprietary cut of stones, hammered metals and colour combinations which can be mixed, matched and stacked. The brand is much loved by a number of A-list celebrities and frequently features in the fashion press.

The new funding will be used to accelerate growth plans, including additional UK own-

brand shops and international distribution. The jewellery is currently distributed in the UK in Selfridges, Harrods, Liberty, Fenwick and by Net-A-Porter as well as through a very successful own-brand shop in Mayfair.

Karen McCormick, Investment Director at Beringea, commented: **“Since the VCTs invested in 2010, Monica and Gabriela Vinader and their team have exceeded all expectations and we are delighted to be associated with the brand. The business has a strong following of brand-loyal customers who are our best advocates. We are excited about the fantastic growth opportunities for the company.”**





Coal Grill & Bar

Coal Grill & Bar has recently opened its 7th restaurant, in the XScope leisure centre in Milton Keynes. This new branch is the first in the next phase of expansion for the group, which is being supported by additional investment from the ProVen VCTs.

Coal is a successful restaurant group in the casual / mid market dining sector. Its menu has an emphasis on freshness, flavours & marinades and the restaurants provide a wide choice of popular dishes, primarily cooked on a chargill.

Coal was founded in February 2007 by John Gater, ex-CEO and Founder of restaurant chain Ma Potters. Beringea originally invested in Coal in August 2007. Stuart Veale, Managing Partner at Beringea, sits on the board as a Non-Executive Director.

Tossed Exit

This April Beringea announced that it had sold the ProVen VCTs' stake in Tossed, the healthier eating group, to the firm's management team, who were supported by private investment.

Tossed's quirky and vibrant stores offer nutritionally balanced, ethically sourced food without compromising on taste. Tossed offers smoothies, hot pots and other freshly prepared foods in addition to their signature tossed-to-order salads. The stores focus on delivering healthy, delicious, generous dishes for all palates. The company was one of the first of its kind to start providing full nutritional information on handmade produce and has successfully captured a niche within London's takeaway food/deli lunch market.

Beringea invested in Tossed in April 2010 and during the

investment period has supported Tossed's growth, with the business adding six further locations around London.

Tossed has a very capable senior management team in Vincent McKeivitt, Founder, and Neil Sebba, FD. Vincent has been the recipient of many industry awards, including the 2008 Courviosier 'the future 500' as well as the coveted Acorn award from Caterer & Hotelkeeper



which is the food industry's leading young person's award - previous winners include Gary Rhodes and Gordon Ramsey.

Investment Director Karen McCormick led the initial investment, managed the ProVen VCTs' exit and has also been a member of Tossed's board during Beringea's investment. Karen commented **"We are delighted with the progress Tossed has made since our initial investment and excited for Vincent and Neil, who have been fantastic managers, as the new investment will facilitate the next stage of growth. We congratulate all the team on their hard work. The ProVen funds have received a strong return on their investment, and we look forward to seeing Tossed on every corner in the future."**

Fjord Exit

This May Beringea announced it had sold the ProVen VCTs' stake in Fjord, generating a 4x return for ProVen Shareholders



What is Fjord?

Fjord is a global service design consultancy that specialises in creating digital experiences and services that engage consumers across a number of platforms (for example smart phones, tablets and PCs). This allows companies to improve brand awareness and develop interactive relationships with users online.

Fjord is committed to helping the world's leading companies create services that people love. This commitment to creating digital services always designed with the user in mind is at the core of Fjord's success. From creating mobile banking services, digital travel check-ins or an app with Kew Gardens that allows non-experts to identify wild plants - Fjord's service design approach places the user's experience at the centre of everything. This allows them to create digital services that people engage with and enjoy using. It is clearly a successful approach. Fjord works across a wide range of industries including entertainment, finance, telecom, travel and retail and serves an enviable global client list that includes the BBC, BBVA,

Citibank, Harvard Medical School, Nokia, PayPal and Telefónica.

Why did Beringea first invest in Fjord?

Beringea first invested a total of £2.8m in Fjord in December 2008 through ProVen VCT and ProVen Growth & Income VCT. Fjord was founded in 2001 in a small office in Camden Town by Olof Schybergson, Mark Curtis and Mike Beeston who set out to 'build a company that designs meaningful digital services that improve people's lives in ways both large and small.'

By 2008, when Beringea first invested, Fjord was already an established agency with a wealth of experience and deep understanding of mobile and online spaces. The agency had already seen some impressive growth, with offices in London, Helsinki and Berlin, and was ready to move into its next stage of development.

Trevor Hope, Beringea's Chief Investment Officer, led the investment, managed the exit and developed a close working relationship with the agency during his time as Non-Executive

Director. Trevor commented: **"Digital media, including mobile design and technologies, is an area which Beringea has long identified as an important growth sector and one in which we have particular expertise. Fjord already had an impressive management team with a clear understanding and specialist knowledge of the online and mobile space. It was evident at the time of investing that the agency had the potential to become truly industry leading and that investing at this point – with the intention to help accelerate growth and expand on a global scale – represented an excellent investment opportunity."**

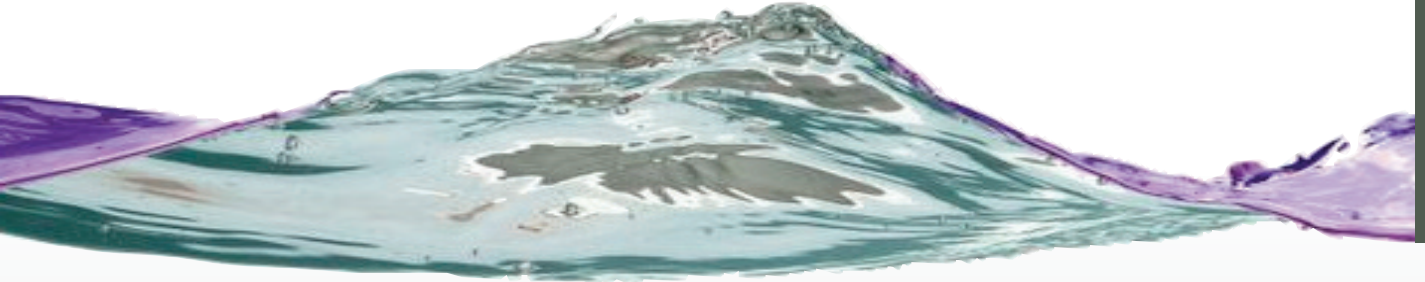
Global Growth

Expanding internationally is a pivotal point in a company's growth strategy. It can be a turbulent and challenging time as the business steps outside of its comfort zone and explores new markets and working practices.

Beringea's investment team has extensive experience of global market places and this, together with its own international presence, means it is well placed

“Beringea has been the perfect partner in growing Fjord into a **strong international business**. We are excited to be entering the next stage of growth with Accenture Interactive and are very grateful for **Beringea’s support and vision** in backing us through this challenging growth stage of Fjord’s development.”

Olof Schybergson, CEO of Fjord



to support businesses during this period. In addition to funding, Fjord was also able to leverage Beringea’s expertise on a number of occasions - for example when the challenge of managing an international group of offices meant additional senior executives were needed, Beringea was able to assist in the appointment of a COO and CFO.

Since Beringea’s investment in Fjord the business has achieved its initial global growth ambitions. Fjord CEO, Olof Schybergson, commented: **“Our momentum has continued to grow as both design and mobile have become critical parts of most new services. We have assembled the best team in our space, and we work out of nine creative cities in Europe and the U.S. We partner with brilliant clients working in important domains and across five continents.”**

In many ways Fjord’s international development has been an organic response to the needs of its blue chip clients. Many of Fjord’s clients are global brands and want to roll out new digital services across their

numerous geographical locations –global businesses need global agencies. Similarly, projects that have global impact attract international attention. For example the work Fjord’s Madrid office did for BBVA (one of the world’s biggest banks) on iPhone and iPad products led to collaboration with many other banks and financial institutions, including Garanti in Turkey, Mastercard in the UK and Citi in the US.

Fjord now has more than 200 employees and is headquartered in London with offices in Berlin, Helsinki, Istanbul, Madrid, New York, Paris, San Francisco and Stockholm.

So why exit now?

Clearly Fjord is a very successful agency, which has experienced some fantastic growth. But in order for the company to continue to grow and develop in line with its current trajectory it became apparent it would need to form a partnership with another organisation – one which would enable it to offer more ‘complete’ services to clients all around the world. Joining Accenture offers Fjord

just such an opportunity and by exiting and selling the ProVen VCTs’ stake at this time, Beringea has been able to deliver some excellent returns for ProVen shareholders.

Trevor Hope commented: **“It will be a shame to lose the company from the Beringea portfolio as I have really enjoyed working with the fantastic group of people there but the deal delivers an excellent return to the ProVen funds and Accenture Interactive provides the right home for the company to deliver its full potential.”**

InSkin Media

We are pleased to announce that portfolio company InSkin Media has been included in the Sunday Times Hiscox Tech Track 100, published in The Sunday Times on the 15 September. This latest accolade comes soon after ISM's recent award as 'Top Company' in the IPA Media Owner Survey in Spring 2013. Hugo Drayton, ISM's CEO, commented:

"InSkin Media continues to grow swiftly; in the past year we have opened offices in Germany (Hamburg) and Hong Kong; the business now employs over 50 staff. The listing of ISM in the respected ST Tech Track 100 is a prestigious recognition of the progress made by the whole ISM team, of which I am very proud. We are more focused than ever on developing our technology, embracing new platforms and devices, and working with our partners to deliver the most effective, user-friendly advertising formats."



Donatantonio

Donatantonio has been importing and distributing fine Mediterranean food into the UK for over 100 years - in fact at the beginning of this year the company celebrated the 110th anniversary of Luigi Donatantonio setting up his first delicatessen in Clerkenwell. This impressive heritage is matched with an appetite for innovation and the firm has recently launched a new dedicated website and online store for its signature Lupa products (as used by chefs in Buckingham Palace no less!) and which includes the famous San Marzano plum tomatoes reputed to make the best tomato sauces by numerous top chefs.



SenseLogix

SenseLogix is a world leading provider of systems designed to create truly Energy-Smart buildings and enterprises. The company was delighted and proud to have worked with Gestamp Tallent on their new £8m factory in Newton Aycliffe, which has won best commercial development project at the Royal Institution of Chartered Surveyors (RICS) North East Renaissance Awards this April. The new plant has included a number of the firm's advanced energy saving solutions such as the award-winning energy management platform EnergyLogix Live.

Espresso

We are delighted to share the news that Lewis Bronze, the co-founder of Espresso Education, has been honoured with an MBE for 'Services to Education' in the Queen's Birthday Honours List for 2013.

Lewis has been involved in children's education throughout his career. After starting off at the BBC as the Producer of Newsround and the Editor of Blue Peter he turned his attention to pioneering the use of digital video and e-learning in schools. The innovative Espresso Primary service, founded in 1997, has consistently set the standard for the use of digital materials in the classroom and is used every day in schools across the UK. Congratulations to Lewis on this well deserved honour.



Lewis Bronze - MBE

Healthcare Update

There have been a number of developments in the ProVen VCTs' healthcare portfolio over the summer including a merger, an exit and follow-on funding.

PolyTherics

In July, portfolio company PolyTherics completed a c£13.5m funding round, led by Invesco Asset Management and Imperial Innovations to fund a merger with Antitope Ltd. The enlarged group will be a leading provider of protein development services to enable the development of better biopharmaceuticals. Antitope will continue to trade under its own name as a wholly owned subsidiary.

APM Healthcare

Beringea has invested an additional £300,000 into APM Healthcare, a North West-based chain of pharmacies, which will be used to add a further two pharmacies to the seventeen it currently operates across England. APM Healthcare, which was established four years ago, is one of the fastest growing pharmacy companies in the country.

Digital Healthcare

This August, Digital Healthcare was acquired by EMIS Group, the UK's leading supplier of healthcare software to GPs and a major software supplier to high street pharmacies. The company was bought, net of cash, for £3.1m. The acquisition will expand EMIS' service offering by providing a fully end-to-end managed diabetic retinopathy screening service for the UK market as well as hosted services.

Beringea Partner Stephane Mery commented:

“It has been a busy summer for our portfolio. Polytherics is now on its way to become a significant player in the important field of Biopharmaceuticals, APM Healthcare continues to meet our expectations and Digital Healthcare found a very good home in Emis. We look forward to facilitating accelerated growth across other portfolio companies in the coming months.”



Beringea Growth Finance

Beringea has launched a new growth finance business - Beringea Growth Finance - which will focus on fast growing businesses, providing debt-based finance of between £1-5 million pounds for planned equipment purchases or working capital requirements. Facilities can be provided in Sterling, Euros or US dollars over repayment periods typically of 36-48 months. Unlike a bank or finance company, Beringea Growth Finance will not usually require cash deposits and offsetting balances as a condition of a facility and is able to commit significantly more senior resource to the company.

Beringea Growth Finance will be headed up by Mark Taylor, who joined Beringea in September. Mark is a pioneer of venture and growth debt-based finance in Europe having been a founder partner of EVP, Europe's first venture debt business, for Dresdner Kleinwort Benson in 1998. Thereafter he went on to create and manage Noble Venture Finance, with the launch of NVF I in 2003 and NVF II in 2007 which together provided over £120 million to some 46 companies throughout Europe.

Managing Partner Stuart Veale commented: **"We have followed this sector for some time and are pleased to be announcing our move into debt-based Growth Finance. We are delighted to have attracted Mark, with his significant experience in this sector. We see debt-based Growth Finance as complementary to our equity-based Growth Capital investment business and believe it will bring us into contact with a wider cross-section of UK businesses"**.

For more information about debt based growth finance call Beringea on **0207 845 7820** or email **mtaylor@beringea.co.uk** for a brochure.



Beringea USA



Expanding into global markets and managing an international business is a key challenge facing many companies, and it's one Beringea is well placed to support.

Beringea's sister office, located in Michigan (U.S.), provides growth capital to market-leading businesses in a range of sectors, including media, healthcare, clean technology, consumer products and IT. The U.S. office

exclusively manages institutional funds, with a geographical focus on investments in Midwest America. The office is headed by co-founder and Senior Managing Director Charlie Rothstein.

Recently, the firm's funds have completed investments in Abe's Market, an online store for natural and organic products; Fiber By-Products, a Michigan company that recycles wood waste; and Freeosk, a marketing

services company. The team has been busy creating exit opportunities as well; Pioneer Surgical Technology was acquired by RTI Biologics Inc. (NASDAQ: RTIX) for \$130 million, Relume Technologies was acquired by Revolution Lighting (NASDAQ: RVLT), and Livio was acquired by U.S. automaker, Ford (NYSE: F).

Beringea's transatlantic structure has enabled it to support a number of UK portfolio companies with their international strategies and expansion into the U.S. market.

Look for Beringea U.S. team members at the Shareholder Event in October, or say hello if you're ever in the Michigan neighborhood!

ProVen VCT Share Offer



Increasing optimism about the prospects for the economy is encouraging many small and medium sized businesses to consider raising finance to support their expansion plans. As a result, Beringea, the Manager of the ProVen VCTs, is seeing more opportunities to invest in companies which have the potential to achieve very rapid growth. Given this background, the directors of ProVen VCT have decided to raise up to £20 million, to ensure that the company is able to take advantage of these opportunities. This follows on from the successful fund raising by PGI VCT over the last 12 months.

Please note that an investment in a VCT carries certain risks and is not suitable for everyone. Please refer carefully to the risk warnings on page 12 of this newsletter and in the prospectus.

Some of the key features of the Offer are as follows:

Excellent track record

The original share issue of ProVen VCT is the best performing VCT of its launch year by Total Return (NAV plus cumulative dividends)¹ and the fourth best performing generalist VCT over the last ten years based on share price total return². Investors in the original share issue in 2000 have received a total return of £1.66 for each £1 invested (not including any tax relief obtained), including tax free dividends of £1.16. Past performance is no guide to the future, however.

Established portfolio

ProVen VCT has an existing portfolio of 28 investments in UK SMEs. As well as mitigating risk through diversification, the Manager believes that this portfolio has the potential to produce a number of profitable disposals of investee companies over the next 12-24 months, thereby generating profits to be used to fund dividend payments in accordance with the company's dividend policy.

Dividend policy

ProVen VCT has a target of paying total dividends per share each year of c. 5% (tax free) of net asset value. A special dividend may be paid in addition to this in the event of there being one or more sales of portfolio companies which generate a particularly high level of profits.

Attractive tax benefits

Investors in the Offer will be entitled to benefit from the attractive tax benefits available to investors in VCTs, in particular 30% income tax relief on the initial subscription and no tax on any dividends paid by the VCT.

Realising your investment

ProVen VCT has a policy of buying back its shares at a 5% discount to NAV, subject to there being sufficient liquidity in the company, to enable shareholders who wish to sell their shares to do so. Potential investors are reminded that if they sell their shares within 5 years they will lose the initial tax relief.

Loyalty discount for existing ProVen shareholders

Existing investors in one of the ProVen VCTs will benefit from a 2% discount to the normal Offer price on applications received by 31 January 2014.

¹ Source: www.taxefficientreview.com, 25 September 2013

² Source: www.theaic.co.uk, 25 September 2013

For more information about the Offer contact Beringea on 0207 845 7820 or email kjustham@beringea.co.uk or visit www.provenvcts.co.uk

Risk Warning

An investment in ProVen VCT should be based on all the information in the Offer Document, particularly the Risk Factors section. This document is available from Beringea or your IFA.

Venture capital trusts are not suitable for all investors. If you are in any doubt about the suitability of an investment in a VCT you should consult an authorised Independent Financial Adviser. The sale of VCT shares within 5 years will result in the loss of the initial tax relief, so an investment in a VCT should be considered a long-term investment. The value of shares in a VCT may fluctuate and you may not get back the amount you invested. There is no certainty as to the level of dividends. You may have difficulty selling your shares and any sale is likely to be at a discount to the net asset value. VCTs invest in a portfolio of small companies, which by their nature carry greater risk than larger, quoted companies. The dividends paid to shareholders may exceed the VCT's net income from investment (after the cost of running the VCT) in which case the net asset value per share may fall. A significant proportion of ProVen VCTs' net assets is concentrated in five investments (28.3% as at 31 August 2013) although raising funds under the Offer will reduce this concentration. The future performance of these investments will therefore have a material influence on the value of the Ordinary Shares. The continuing entitlement of shareholders to the VCT tax reliefs is dependent on ProVen VCT maintaining its status as a VCT. This financial promotion has been approved by Beringea LLP.

For more information please call us on

0207 845 7820, or email info@beringea.co.uk or visit www.provenvcts.co.uk

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