



ProVen VCT plc and Proven Growth and Income VCT plc (together the “ProVen VCTs”)

Combined AGM Questions and Answers

QUESTION 1: Why do you not provide indications of the date of appointment of the directors standing for re-election?

In accordance with the provisions of the UK Corporate Governance Code published by the Financial Reporting Council (the “FRC Code”), any director that has served on the Board of either ProVen VCT or ProVen Growth and Income VCT for longer than nine years is identified in the Statement of Corporate Governance section of the Annual Report and Accounts. This section also provides a detailed explanation of the reasons why the Board believes this director remains independent and valuable to the Company.

Nonetheless, this is a useful point raised by Shareholders and we will include appointment dates in the Annual Report and Accounts going forward. Further details on the appointment date for each director are publicly available on-line at Companies House.

Question 2: Please could you explain why you believe it is in the interests of your Shareholders to allow directors to serve for longer than 9 years, and whether further changes to the PGI Board are planned?

Following the resignation of James Stewart at this year’s AGM, the independent directors that have served for over nine years are Marc Vlessing in the case of ProVen Growth and Income VCT (having been appointed to the Board in October 2002) and Barry Dean in the case of ProVen VCT (having been appointed in to the Board in May 2006). However, as noted on the Annual Report and Accounts for each of the ProVen VCTs, each Board continues to consider them independent and values their strong strategic insight and robust challenge to the Manager.

The Boards of each of ProVen VCT and ProVen Growth and Income VCT recognise the need for regular refreshment and diversity. The most recent additions to the Boards have been the appointment of Anna Kuriakose in November 2019 to the Board of ProVen Growth and Income and the appointment of Neal Ransome to the Board of ProVen VCT in October 2017. It is the Company’s policy for all directors to resign and offer themselves for re-election annually at each AGM so that all Shareholders also have the opportunity to regularly vote on the make-up of each Board.

QUESTION 3: Why do you not split the “appointment of auditors” vote from the “remuneration of auditors” vote?

Historically, we have bundled these two resolutions together as they seemed to go hand in hand and this approach is not uncommon with other VCTs and premium listed companies. However, we understand that some Shareholders may prefer to vote separately on these points and propose to split these resolutions at future AGMs.

QUESTION 4: Are the only changes to the articles those to enable virtual meetings?

Yes, the only amendments to the Articles of Association for each of the ProVen VCTs relate to changes to allow shareholders to join general meetings (including AGMs) via electronic facilities.

In accordance with guidance on virtual AGMs published by ISS (Institutional Shareholder Services), the changes to our Articles mean the Board may consider “hybrid” Shareholder meetings in the future (i.e. a physical meeting will still be held but Shareholders may be permitted to participate online if the Board considers it necessary).

Fully “virtual” only meetings (i.e. those held exclusively through the use of online technology without a corresponding physical, in-person meeting) will still not be permitted in future years (but are permissible this year as a result of the legislative measures brought in by the UK Government in response to the coronavirus pandemic and set out in the Corporate Insolvency and Governance Act 2020).

QUESTION 5: Has ProVen considered making it mandatory for its directors to hold shares in the company?

Whilst directors owning shares is encouraged, the Board does not believe it should be compulsory particularly as all the directors are non-executive.

Question 6: Why were the NAVs of the ProVen VCTs not reviewed and reduced for the 5 March share allotment to reflect the impact of the coronavirus pandemic?

As stated in the Share Securities Note for this year’s Offer, the NAV used for calculating the number of shares to be allotted to each successful applicant will be the NAV most recently announced to the London Stock Exchange. For the allotment on 5 March 2020 this was the NAV at 30 November 2019, which was announced on 21 January 2020. The Companies normally announce their latest NAV on a quarterly basis, although they may announce new NAVs between the normal quarterly dates if there is a material movement. As an indication, based on advice from the ProVen VCTs professional advisers, the Boards generally consider a material movement in NAV to be a movement of greater than c.5%.



Since February 2020, the Manager and the ProVen VCT Boards have been evaluating the impact of coronavirus on the ProVen VCTs and their portfolio companies. We have sought to adapt to an evolving landscape of Government guidelines, operational restrictions and economic indicators that often changed on a daily basis, in order to ensure that we protect long-term value for our existing and new Shareholders.

At the time of the allotment on 5 March 2020, we remained in the early stages of the coronavirus outbreak in the UK. The World Health Organisation did not declare a pandemic until 11 March 2020, and the UK Government had issued guidance on 3 March that the country had prepared for the impact of Covid-19 and businesses should be maintaining normal working practices.

The NAVs of the ProVen VCTs at 4 March 2020 (the day before the 5 March allotment) were therefore considered taking into account the circumstances at that time and in particular, the following factors:

- the FTSE-100 index fell by 7.2% between 30 November 2019 and the closing value on 4 March 2020;*
- c. 40% of the ProVen VCTs assets were held in cash at 4 March. This portion of the assets would not have been affected by equity market movements; and*
- several of the ProVen VCTs investments in unquoted companies have “liquidation preferences” which entitle them to receive the first tranche of equity proceeds on a sale. This means that in most of these cases a downward movement in the total value of the investee company will not affect the value of the ProVen VCTs investments.*

On the basis of these factors and the information available as at 4 March, the movement in NAV would have been less than the materiality threshold and therefore new NAVs were not announced before the allotments on 5 March 2020. The NAVs at 30 November 2019 were therefore used to calculate the number of shares to be issued to each investor in that allotment.

Between the 4 March 2020 and 9 March 2020, the FTSE-100 index fell a further 12.5%. Consequently, on 10 March 2020 the Investment Manager advised the Boards that no further allotments would be made, pending a detailed review of the valuations. This led to revised NAVs as at 20 March 2020 being announced of 23 March 2020.

Although the reduction in the NAVs between the allotment on 5 March 2020 and the next allotment on 3 April 2020 is disappointing for those loyal investors who made an early



application in order to take advantage of the “early-bird” discount, it is unfortunately not in the Boards’ power to revisit historic share allotments to take account of subsequent movements in valuation.

If you have any further questions about the ProVen VCTs, please contact Beringea at info@beringea.co.uk or on +44 (0)20 7845 7820.