

BARONSMEAD

Baronsmead VCT plc

Baronsmead VCT 2 plc

Baronsmead VCT 3 plc

Baronsmead VCT 4 plc

Baronsmead VCT 5 plc

REGISTRATION DOCUMENT

20 November 2012

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FSMA).

THIS DOCUMENT CONSTITUTES A REGISTRATION DOCUMENT (THE REGISTRATION DOCUMENT) ISSUED BY BARONSMEAD VCT PLC, BARONSMEAD VCT 2 PLC, BARONSMEAD VCT 3 PLC, BARONSMEAD VCT 4 PLC AND BARONSMEAD VCT 5 PLC (THE COMPANIES). ADDITIONAL INFORMATION RELATING TO THE COMPANIES IS CONTAINED IN A SECURITIES NOTE ISSUED BY THE COMPANIES (THE SECURITIES NOTE). THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND A SUMMARY (THE SUMMARY) HAVE BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAVE BEEN APPROVED BY THE FINANCIAL SERVICES AUTHORITY (FSA) IN ACCORDANCE WITH FSMA AND CONSTITUTE A PROSPECTUS ISSUED BY THE COMPANIES DATED 20 NOVEMBER 2012. THE PROSPECTUS HAS BEEN FILED WITH THE FSA IN ACCORDANCE WITH THE PROSPECTUS RULES AND YOU ARE ADVISED TO READ THE PROSPECTUS IN FULL.

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UKLA AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND.

The Companies and the Directors (whose names are set out on page 89) accept responsibility for the information contained in the Registration Document. To the best of the knowledge of the Companies and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Baronsmead VCT plc

(Incorporated in England and Wales with Registered number 03035709)

Baronsmead VCT 2 plc

(Incorporated in England and Wales with Registered number 03504214)

Baronsmead VCT 3 plc

(Incorporated in England and Wales with Registered number 04115341)

Baronsmead VCT 4 plc

(Incorporated in England and Wales with Registered number 04313537)

Baronsmead VCT 5 plc

(Incorporated in England and Wales with Registered number 05689280)

Each Company's existing Shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities.

Copies of this Registration Document, the Securities Note and the Summary (and any supplementary prospectus published by the Company) are available free of charge from the offices of the Companies' investment manager, ISIS EP LLP, 100 Wood Street, London EC2V 7AN and on each Company's website: www.baronsmeadvct.co.uk, www.baronsmeadvct2.co.uk, www.baronsmeadvct3.co.uk, www.baronsmeadvct4.co.uk and www.baronsmeadvct5.co.uk

None of the Companies' Shares have been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, (the Securities Act) or under the securities laws of Canada, Australia, Japan or South Africa (each a Restricted Territory) and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of, US Persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. No offer of the Companies' Shares have been, nor will be, made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. In particular, prospective shareholders who are resident in the United States or any Restricted Territory should note that this document is being sent for information purposes only. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation to forward this document should read the paragraph entitled "Overseas Investors" on page 85 of this Registration Document before taking any action.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 3 AND 4. AN INVESTMENT IN THE COMPANIES IS ONLY SUITABLE FOR INVESTORS WHO ARE CAPABLE OF EVALUATING THE RISKS AND MERITS OF SUCH AN INVESTMENT AND HAVE SUFFICIENT RESOURCES TO BEAR ANY LOSS THAT MAY ARISE.

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Risk Factors

The following are those risk factors which are material to each Company and of which each Company's respective Directors are aware. Material risk factors relating to the Shares are contained in the Securities Note. Additional factors which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have an effect on their respective Company's business, financial condition or results of operations.

Risks Relating to the Companies and their Investment Strategies

There can be no guarantee that the investment objectives of the Companies will be achieved or that suitable investment opportunities will be available. The success of each Company will depend on the Manager's ability to identify, acquire and realise investments in accordance with each Company's investment policy and there can be no assurance that the Manager will be able to do so.

Investment in AIM-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Full information for determining their value or the risks to which they are exposed may also not be available.

A Company's investments may be difficult to realise. The fact that a share is traded on AIM or PLUS Markets does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. The valuation of a Company's portfolio and opportunities for realisation may also depend on stock market conditions.

The market for new shares in AIM is subject to market forces and there can be no certainty that there will be sufficient new share issues to enable a Company to achieve the intended level of investment in Qualifying Investments.

Changes in legislation concerning VCTs may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable or result in a Company not being able to meet its investment objective.

Government spending reviews and cuts could materially affect, directly or indirectly, the operation of a Company and/or the performance of that Company (and the portfolio companies in which it invests) and the value of and returns from its Shares and/or its ability to achieve or maintain VCT status.

The successful implementation of each Company's investment policy is dependent on the expertise of ISIS and its ability to attract and retain suitable staff. Each Company's ability to achieve its investment objectives is largely dependent on the performance of the Manager in the acquisition and disposal of assets and the management of such assets. Each Board has broad discretion to monitor the performance of the Manager and the power to appoint a replacement, but the Manager's performance or that of any replacement cannot be guaranteed.

The past performance of any one or more of the Companies or other funds managed or advised by the Manager is not a guide to the future performance of the Companies. No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

There can be no guarantee that any member of the Manager's team referred to in Part I of this document or otherwise with a significant role in the management of the Companies' investments will remain with ISIS or that ISIS will be able to attract and retain other suitable staff. The departure of a key member of the Manager's staff may have an adverse effect on the performance of the Companies.

Risks Relating to Taxation and Regulation

The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules or their interpretation in relation to an investment in any one or more of the Companies and/or rates of tax may change during the life of those Companies and can be retrospective. The value of tax reliefs depends on the personal circumstances of holders of Shares in any one or more of the Companies, who should consult their own tax advisers before making any investment.

Each Company intends to manage its affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that a Company will be able to maintain VCT status. Where a Company fails to maintain approval as a VCT before Qualifying Investors have held their New Shares in that Company for five years, the income tax relief obtained on the amount subscribed in that Company will have to be repaid by such investors. Dividends paid in an accounting period where VCT status is lost will become taxable and a Qualifying Investor will generally be liable to income tax on the aggregate amount of the dividend and the notional tax credit equal to 1/9th of the dividend. The notional tax credit will discharge the income tax liability of a basic rate tax payer. Qualifying Investors who also pay tax at the higher or additional rate can use the notional credit against their tax liability.

Where approval as a VCT is not maintained a Company will also lose its exemption from corporation tax on capital gains.

The sale of New Shares within five years of their issue will result in some or all of the 30 per cent. income tax relief available upon investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment.

As outlined in FSA consultation paper CP12/19, VCTs are currently within the scope of proposed new regulations restricting the distribution of unregulated collective investment schemes and close substitutes to retail investors. As at the date of this document, it is unknown whether VCTs will be within the scope of the final regulations. However, if ultimately within scope, it is likely that such regulation would adversely affect the Companies' ability to raise new funds in the future.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive, 2011/61/EU, (the AIFM Directive) entered into force on 21 July 2011. European Member States are required to implement the AIFM Directive into local Member State law by 22 July 2013. The AIFM Directive seeks to regulate managers (AIFMs) of alternative investment funds (AIFs) which are marketed or managed in the EU. AIFs, such as each Company, may, subject to satisfying certain requirements, obtain authorisation as an internally managed AIF or appoint a third party manager, such as the Manager, to act as its AIFM.

In order to obtain such authorisation, and to be able to manage the AIF, the AIFM will need to comply with various obligations prescribed under the AIFM Directive. Although it is too early to be definitive as to the impact of the AIFM Directive, it seems likely that the AIFM Directive will result in additional burdens being placed on the Manager and each Company which may create significant additional compliance costs which may be passed on to investors.

Furthermore, the AIFM Directive will require that an independent depositary is appointed for the AIF, whose responsibility goes beyond that of the custodian. The depositary's primary responsibility will be to safe keep the AIF's assets. In respect of certain types of asset, it will do this by itself taking custody of the asset; in respect of other types of asset, the depositary's function will be to verify the AIF's ownership of the asset.

The Board and the Companies' advisers will continue to monitor the progress and likely implications of the AIFM Directive.

Part I: The Directors and the Manager

A. The Directors

The Directors of each Company are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Company's activities including the review of investment activity and performance.

The Directors, in conjunction with the Manager, are determined to maintain the VCT status of their respective Company and in this regard recognise its critical importance to existing and potential Shareholders. Each Board has put in place procedures designed to ensure that VCT status is maintained and monitor this closely through the provision of regular reports from the Manager and the VCT Tax Status Adviser on the status of the relevant Company against the various tests that it must meet to maintain its VCT status.

Each Board is also responsible for ensuring that its respective Company is managed so that risks to its profits and assets are minimised. They have each established an ongoing formal process to ensure that risk exposure is reviewed regularly. As part of this regular review, each Board tests market service providers in order to improve both service standards and value for money.

The Directors, all of whom are non-executive and independent of the Manager, together have relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investee companies. There is no conflict of interest between a Company, the duties of its Directors and their interests.

Corporate Governance

The Listing Rules require premium-listed companies, such as each Company, to include in their annual report and accounts a statement of how they apply the principles of good corporate governance set out in the UK Corporate Governance Code and whether or not they have complied with the best practice provisions set out in the UK Corporate Governance Code throughout their accounting period. Where any of the provisions have not been complied with, the relevant company must state the provisions in question, the period within which non-compliance occurred and the reasons for non-compliance.

Each Company is a member company of the Association of Investment Companies and as such the AIC Code, which complements the UK Corporate Governance Code and provides a framework of best practice for investment companies, including VCTs, applies to it. The Financial Reporting Council has confirmed that, by following the AIC Corporate Governance Guide for Investment Companies (which was produced in conjunction with the AIC Code in October 2010) (the AIC Guide), VCT boards should fully meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the Listing Rules.

The AIC Code provides that, to give greater transparency to investors, it should be best practice for members to state in their annual report whether they are adhering to the principles and following the recommendations contained in the AIC Code and if not, to explain why and, where appropriate, to detail the steps they intend to take to bring themselves into compliance in the future. AIC member companies may also make a statement that, by reporting against the AIC Code and by following the AIC Guide, they are meeting their obligations under the UK Corporate Governance Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such do not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to them (as explained in the AIC Guide).

1 Directors of Baronsmead VCT

Peter Lawrence (Chairman)

Peter joined the Board of Baronsmead VCT in November 1999, and became Chairman in 2009. Peter is currently chairman of the ECO Animal Health Group plc, an AIM-traded company which he founded in 1972. Peter is also a director of Higher Nature Limited and Anpario Plc, which are both VCT-backed companies and on AIM. Peter was a prior chairman of Baronsmead VCT 5 before retiring in 2010.

Godfrey Jillings

Godfrey is a founding Director of Baronsmead VCT joining the Board in July 1995. Godfrey is also chairman of Spring Studios Limited and is currently a consultant to several small/medium sized entrepreneurial companies. Godfrey has experience in financial services and corporate management including 32 years at NatWest and several years as a financial regulator, as CEO of FIMBRA, the regulatory body for IFA's, and deputy CEO of its successor PIA.

John Mackie

John joined the Board in May 2012. John is currently senior independent director of Mithras Investment Trust Plc and chairman of Henderson Private Equity Investment Trust Plc. John has over 25 years' experience in the private equity industry and was chief executive of the BVCA (British Venture Capital Association), the industry body for private equity and venture capital in the UK.

Valerie Marshall

Valerie was appointed to the Board in November 2009. She is CEO of Stratagem Corporate Finance and Strategy Limited, having previously been corporate finance director at Greig Middleton and Co Limited. Prior to that, she had 20 years' private equity experience with 3i and the Scottish Development Agency. She has been a non-executive director of a range of private companies and is currently on the board of Fusion Lifestyle Limited and a member of the investment committee of the Angel Co-Investment Fund. She has also been chair of the Council of the University of Kent and deputy chair of the Committee of University Chairs.

Current and past directorships

The Directors of Baronsmead VCT are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Peter Lawrence

Current directorships/partnerships	Past directorships/partnerships(five years)
7 Springfield Road Management Company Limited	B.H. Products (Hanwell) Limited
Amati VCT plc	Baronsmead VCT 5 Plc
Anpario plc	Ellelle Developments Limited
Aquatice Limited	Lawrence 2006 Limited
C-Corp Limited	
Eco Animal Health Group plc	
Eco Animal Health Ltd.	
Emmelle Construction Limited	
Emmelle Developments Limited	
Higher Nature Limited	
ICA In Israel	
JCA Charitable Foundation	
Kiotech Limited	
Petlove Limited	

Godfrey Jillings

Current directorships/partnerships	Past directorships/partnerships(five years)
Spring Studios Limited	Baronsmead VCT 2 Plc
	Cestian Limited
	Gladedale Holdings Limited

John Mackie

Current directorships/partnerships	Past directorships/partnerships(five years)
Henderson Private Equity	Berrylands Nominees Limited
Investment Trust plc	Parallel Private Equity Holdings Limited
Mithras Investment Trust plc	Parallel Private Equity LLP
	Parallel Private Equity Managers Limited
	Parallel Private Equity Nominees No.4 Limited
	Parallel Ventures General Partner ii Limited
	Parallel Ventures General Partner Limited
	Parallel Ventures Nominees Limited
	Parallel Ventures Nominees No. 2 Limited
	Parallel Ventures Nominees No.3 Limited

Valerie Marshall

Current directorships/partnerships	Past directorships/partnerships (five years)
Fusion Lifestyle Limited	Clinical Control Limited
Marshall Capital Limited	Nanobiodesign Limited
Stratagem Corporate Finance & Strategy Limited	Veryan Medical Limited

Corporate Governance

The Board consists solely of non-executive Directors of which Peter Lawrence is Chairman and Godfrey Jillings is the Senior Independent Director. All of the Directors are considered by the Board to be independent of the Manager and the Board does not consider that a Director's tenure reduces his/her ability to act independently.

By reporting against the AIC Code and by following the AIC Guide, as at the date of this document the Company complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Company's articles of association that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election each three years' service and annually after serving on the Board for more than nine years.

The Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee and the nomination committee.

The audit committee, chaired by Valerie Marshall, operates within clearly defined terms of reference and comprises all of the Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Valerie Marshall, operates within clearly defined terms of reference and comprises all of the Directors. It reviews the appropriateness of the Manager's appointment (including key executives thereof) together with the terms and conditions thereof on a regular basis. The management and engagement committee also determines and agrees with the Board the framework or broad policy for the remuneration of the Company's Chairman and non-executive Directors. In determining such policy, the committee takes into account all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance.

The nomination committee, chaired by Godfrey Jillings, operates within clearly defined terms of reference and comprises all of the Directors. The committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board. The committee also considers the annual re-election of the Directors.

2 Directors of Baronsmead VCT 2

Clive Parritt (Chairman)

Clive joined the board of Baronsmead VCT 2 as Chairman at the launch of the Company in February 1998. He was president of the Institute of Chartered Accountants in England and Wales (ICAEW) in 2011 - 2012. He is chairman of DiGiCo Europe Limited and BG Consulting Group Limited as well as being a director of London & Associated Properties PLC and F&C US Smaller Companies PLC. Until February 2001 Clive was chairman of Baker Tilly, having previously been its national managing partner for ten years until 1996.

Gillian Nott OBE

Gillian is a founder Director of Baronsmead VCT 2 having joined the Board in February 1998. Gillian is a non-executive Director of Baronsmead VCT 3 and Baronsmead VCT 5 and is a deputy chairman of the AIC. She is currently a non-executive director of BlackRock Smaller Companies Trust plc, JPMorgan Russian Securities plc and Martin Currie Global Portfolio Investment Trust Plc and is a chairman of Witan Pacific Investment Trust plc. Previously, Gillian was chief executive of ProShare, responsible for the private equity portfolio of BP, a non-executive director of Liverpool Friendly Society and served on the board of the FSA as a non-executive director for the six years prior to 2004.

Howard Goldring

Howard joined the Board of Baronsmead VCT 2 in November 2009. He is chairman of Delmore Asset Management Limited, which manages investment portfolios and is a non-executive director of London & Associated Properties PLC. Previously Howard was a director for Global Strategy at Allied Dunbar Asset Management and later he served as a non-executive director of Liverpool Victoria Asset Management Limited from 1997 to 2003.

Christina McComb

Christina was appointed to the Board of Baronsmead VCT 2 in February 2011. Christina is also a director of C5 Capital Ltd., a non-executive director of Engage Mutual Assurance and Nexeon Ltd and a governor of Surbiton High School. Previously, Christina was a director of Partnerships UK plc, a public private partnership which invests in early stage companies emerging from UK universities and research organisations. She was a director of 3i where she undertook a number of investment and portfolio management roles and was a director of the Shareholder Executive, an agency established to manage the Government's shareholdings in publicly owned companies.

Current and past directorships

The Directors of Baronsmead VCT 2 are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Clive Parritt

Current directorships/partnerships	Past directorships/partnerships (five years)
BG Consulting Group Limited	Arnold House School Limited
Countymark House Limited	ASL Technology Holdings Limited
Digico Europe Limited	Baronsmead VCT 5 plc
Digico Global Limited	CCAB Limited
Digico UK Limited	
Duncary 8 Limited	
F&C US Smaller Companies plc	
Harvard Managed Offices Limited	
Industrial Pipefreezing Services Limited	
London & Associated Properties plc	
SST Holdings Limited	
The Oriel (33BR) Limited	

Gillian Nott OBE

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 3 plc	Baronsmead VCT plc
Baronsmead VCT 5 plc	Enterprise Education Trust
Blackrock Smaller Companies Trust plc	Liverpool Victoria Friendly Society
JPMorgan Russian Securities plc	Proven Health VCT plc
Martin Currie Global Portfolio Trust plc	
The Association of Investment Companies	
Witan Pacific Investment Trust plc	

Howard Goldring

Current directorships/partnerships	Past directorships/partnerships (five years)
Delmore Asset Management Limited	N/A
Delmore Investments Limited	
London & Associated Properties PLC	

Christina McComb

Current directorships/partnerships	Past directorships/partnerships (five years)
C5 Capital Limited	BSFI Leisure Limited
Engage Health Holdings Limited	Etourism Limited
Engage Mutual Administration Limited	Morgan Everett Ltd (dissolved following creditors voluntary liquidation)
Engage Mutual Funds Limited	NHGFI Limited
Engage Mutual Health	Partnerships UK Plc
Engage Mutual Services Limited	Puk Investment Managers Limited
Land Restoration Trust	The Griffins Society
Nexxon Limited	Toborca Limited (dissolved following company voluntary arrangement)
Proven Legal Technologies Limited	Zoobiotic Limited

Corporate Governance

The Board consists solely of non-executive Directors of which Clive Parritt is Chairman and Gillian Nott is the Senior Independent Director. All of the Directors are considered by the Board to be independent of the Manager and the Board does not consider that a Director's tenure reduces his/her ability to act independently.

By reporting against the AIC Code and by following the AIC Guide, as at the date of this document the Company complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Company's articles of association that all Directors retire by rotation, the Board considers that is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election each three years' service and annually after serving on the Board for more than nine years.

The Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee and the nomination committee.

The audit committee, chaired by Howard Goldring, operates within clearly defined terms of reference and comprises all of the Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Gillian Nott, comprises all of the Directors and reviews the appropriateness of the Manager's appointment together with the terms and conditions thereof on a regular basis.

The nomination committee, chaired by Gillian Nott, comprises all of the Directors and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

3 Directors of Baronsmead VCT 3

Anthony Townsend (Chairman)

Anthony was appointed to the Board in August 2009 and was appointed Chairman in May 2010 following the retirement of the first Chairman of the Company, Mark Cannon-Brookes. Anthony is currently chairman of British & American Investment Trust plc, F&C Global Smaller Companies plc, Finsbury Growth & Income Trust plc and Miton Worldwide Growth Investment Trust plc, and a non-executive director of Hansa Capital Limited and Worldwide Healthcare Trust plc. He was previously a director of Rea Brothers Group plc and was chairman of the AIC.

Andrew Karney

Andrew is a founder Director of Baronsmead VCT 3, having joined the Board in January 2001 and is the Senior Independent Director. He is currently a director (formerly chairman) of Integrity Action, an integrity reform non-governmental organisation. Previously Andrew was a director of The Guardian Media Group plc, Guardian News and Media Limited, Integrated Micro Products plc and deputy chairman of Language Line Limited, an investment held by Baronsmead VCT 3 until 2006. He was an executive director of Logica plc for many years and a founder director of Cable London plc.

Gillian Nott OBE

See Baronsmead VCT 2 above.

Ian Orrock

Ian joined the Board of Baronsmead VCT 3 in October 2010. He is currently a non-executive director of Henderson Private Equity Investment Trust plc and is a director of a number of private equity companies. Ian has wide technology, media and telecoms experience having founded, developed and sold a number of businesses and has also worked at board level in global organisations.

Current and past directorships

The Directors of Baronsmead VCT 3 are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Anthony Townsend

Current directorships/partnerships	Past directorships/partnerships (five years)
British & American Investment Trust plc	Brit Insurance Holdings Limited
Cranleigh Enterprises Limited	Brit Insurance Limited
Cranleigh Foundation	Brit Syndicates Limited
Cranleigh School	Brit UW Limited
F&C Global Smaller Companies plc	RCM Technology Trust plc
Finsbury Growth & Income Trust plc	
Hansa Capital Limited	
Miton Worldwide Growth Investment Trust plc	
Worldwide Healthcare Trust plc	

Andrew Karney

Current directorships/partnerships	Past directorships/partnerships (five years)
Integrity Action Medical Aid For Palestinians	

Gillian Nott OBE

Current directorships/partnerships	Past directorships/partnerships(five years)
See Baronsmead VCT 2 above	

Ian Orrock

Current directorships/partnerships	Past directorships/partnerships (five years)
Acrossair Limited Arkessa Limited Henderson Private Equity Investment Trust plc Imano plc Silchester Limited Tvguide.co.uk Limited Vianet Group plc	Intermediate Management Limited Rockworth Management Partners Limited Vianet Limited Vopen Limited

Corporate Governance

The Board consists solely of non-executive Directors of which Anthony Townsend is Chairman and Andrew Karney is the Senior Independent Director. All of the Directors are considered by the Board to be independent of the Manager and the Board does not consider that a Director's tenure reduces his/her ability to act independently.

By reporting against the AIC Code and by following the AIC Guide, as at the date of this document the Company complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Company's articles of association that all Directors retire by rotation, the Board considers that is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election each three years' service and annually after serving on the Board for more than nine years.

The Board has delegated certain responsibilities and functions to the audit and risk committee, the management engagement and remuneration committee and the nomination committee.

The audit and risk committee, chaired by Gillian Nott, operates within clearly defined terms of reference and comprises all of the Directors. The duties of the audit and risk committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Anthony Townsend, comprises all of the Directors and reviews the appropriateness of the Manager's and the Board's appointment together with the terms and conditions thereof on a regular basis. The recommendations

of the AIC Code under principle 5 state that the Chairman may be a member, but not chair, the management engagement and remuneration committee. The Board, having considered the recommendations, believe that Anthony Townsend remains the most suitable Director to chair the committee. Matters relating to the remuneration of the Chairman are considered by the committee in the absence of the Chairman and under the leadership of the Senior Independent Director.

The nomination committee, chaired by Anthony Townsend, comprises all of the Directors, and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

4 Directors of Baronsmead VCT 4

Robert Owen (Chairman)

Robert is a founder Director of Baronsmead VCT 4 having joined the Board in November 2001, and he was appointed Chairman in 2010. Robert is a business consultant to developing businesses and was involved with tax efficient and private equity investment as an adviser and commentator. Previously Robert was a senior manager at Coutts and Co, responsible for the overall running of the venture capital investment portfolio and was formerly a Director of Baronsmead VCT 3.

Ian Kirkpatrick

Ian is a founder Director of Baronsmead VCT 4 having joined the Board in November 2001, and is the chairman of the Audit Committee. Ian is currently chairman of Harvey Nash Group PLC and Prime Estates Ltd. Previously, he was non-executive director of Saracen Value Investment Trust and he worked for 15 years with Bank of Scotland, predominantly in their merchant banking arm, British Linen Bank.

Alan Pedder CBE

Alan was appointed to the Board of Baronsmead VCT 4 at its inception in November 2001 and is the Company's Senior Independent Director. Alan is currently chairman of the Pedder Property companies and of Elysian Finance and is also a consultant to several companies serving the Superyacht industry in Spain. Previously he was the non-executive chairman of both the South African chemical group AECI Ltd and Remploy Ltd. Alan formerly worked for ICI plc and was the CEO of a number of its international businesses before becoming technology director for the ICI Group. He was awarded the CBE for services to disabled people in 2004.

Robin Williams

Robin joined the Board of Baronsmead VCT 4 in June 2010. He is currently chairman of NHS Professionals Ltd, DCI Biologicals Inc. and Bio Products Laboratory Ltd, as well as non-executive director of Xaar plc and AH Worth and Company Ltd. Robin was formerly a co-founder and CEO of Britton Group plc and an executive director of Hepworth plc.

Current and past directorships

The Directors of Baronsmead VCT 4 are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

Robert Owen

Current directorships/partnerships	Past directorships/partnerships(five years)
N/A	Baronsmead VCT 3 Plc Nucleus Financial Group Limited Nucleus Financial Services Limited Nucleus IFA Company Limited Nucleus IFA Services Limited

Ian Kirkpatrick

Current directorships/partnerships	Past directorships/partnerships(five years)
BFE (Wilbury Way) Limited Bury Field Estates,Limited Carteret Investments Limited E H (Bedford) Limited E.P.I. Trading Limited E.P. Investments Limited EP (Andover) Limited EP (Hillgate) Limited Erecta (Hitchin) Limited Erecta (Hunting Gate) Limited Harvey Nash Group Ebt Limited Harvey Nash Group plc Hie (Hunting Gate) Limited Hitchin Industrial Estates Limited Prime Estates (C I) Limited Prime Estates (East Anglia) Limited Prime Estates (Houghton Regis) Limited Prime Estates Limited Prime Estates (Northumbria) Limited Prime Estates (Stevenage) Limited Prime Estates Services Limited Saracen Value Trust Public Limited Company Wilbury Estates Limited Wilbury Investments Limited	Ian Kirkpatrick Management Services Limited

Alan Pedder CBE

Current directorships/partnerships	Past directorships/partnerships (five years)
Elysian Finance Limited	N/A
Pedder Property Lettings Limited	
Pedder Property Limited	
Pedder Property Sales Limited	
Winguard Property Limited	

Robin Williams

Current directorships/partnerships	Past directorships/partnerships (five years)
26 Gledhow Gardens Ltd.	Constantine Group plc
AH Worth and Company Ltd.	Cubo Communications Group plc
Bio Products Laboratory Ltd.	Killby & Gayford Group Ltd.
DCI Biologicals Inc.	London Linen Supply Ltd.
NHS Professionals Ltd.	Maxima Holdings plc
Xaar plc	

Corporate Governance

The Board consists solely of non-executive Directors of which Robert Owen is Chairman and Alan Pedder is the Senior Independent Director. All of the Directors are considered by the Board to be independent of the Manager and the Board does not consider that a Director's tenure reduces his ability to act independently.

By reporting against the AIC Code and by following the AIC Guide, as at the date of this document the Company complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Company's articles of association that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election each three years' service and annually after serving on the Board for more than nine years.

The Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee, the nomination committee and the valuation committee.

The audit committee, chaired by Ian Kirkpatrick, operates within clearly defined terms of reference and comprises all of the Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Alan Pedder, comprises all of the Directors and reviews the appropriateness of the Manager's appointment (including key executives thereof) together with the terms and conditions thereof on a regular basis, and recommends the Directors' fees to the Board.

The nomination committee, chaired by Ian Kirkpatrick, comprises all of the Directors, and is convened for the purpose of considering the appointment of additional directors as and when considered appropriate. In considering appointments to the Board, the nomination committee takes

into account the ongoing requirements of the Company and the need to have a balance of skills, knowledge, experience and diversity within the Board.

The valuation committee, chaired by Robert Owen, comprises all of the Directors and meets quarterly to consider in detail the valuations of the unquoted investments in the Company's portfolio.

5 Directors of Baronsmead VCT 5

John Davies (Chairman)

John joined the Board as Director of Baronsmead VCT 5 at its inception in February 2006, and became Chairman in April 2010. He is currently a director of Gardens Pension Trustees Ltd., which acts as a corporate trustee of the 3i Group pension scheme, as well as being on the investment committee of the scheme itself. He was a director of BlackRock Smaller Companies Trust plc until his retirement in July 2011. Previously he was managing director of 3i Asset Management Ltd (1985 - 2002) and was a member of the London Stock Exchange working party that established AIM in 1995.

Gillian Nott OBE

See Baronsmead VCT 2 above.

David Hunter

David was appointed as a Director of Baronsmead VCT 5 in June 2011. David is currently the chairman of Media Metrica and a trustee and chairman of the audit committee at Age UK. David is also a member of the investment committee at Bridges Ventures for its first fund which was launched in 2001. David has extensive investment management experience having spent over 20 years with 3i Group plc. Prior to this he qualified as a chartered accountant with PricewaterhouseCoopers.

Charles Pinney

Charles was appointed to the Board of Baronsmead VCT 5 in December 2008 and is the Senior Independent Director. He is currently the chairman of ProVen Health VCT plc and a director of Amati VCT plc. From 2003 to 2009 Charles was a consultant to Rathbones Investment Management and prior to this he was a director of Barclays Private Bank Limited and managing director of BZW Portfolio Management Limited. Charles is a fellow of both the Association of Chartered Certified Accountants and the Chartered Institute for Securities Investment. Charles is also a former director of APCIMS (the Association of Private Client Investment Managers & Stockbrokers).

Current and past directorships

The Directors of Baronsmead VCT 5 are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

John Davies

Current directorships/partnerships	Past directorships/partnerships(five years)
Gardens Pension Trustees Limited	Blackrock Smaller Companies Trust plc

Gillian Nott OBE

Current directorships/partnerships	Past directorships/partnerships(five years)
See Baronsmead VCT 2 above	

David Hunter

Current directorships/partnerships	Past directorships/partnerships(five years)
Age UK	Extreme Cool Limited
Media Metrica Ltd	Nesta Partners Limited
Richmond Upon Thames Churches Housing Trust Limited	

Charles Pinney

Current directorships/partnerships	Past directorships/partnerships(five years)
Amati VCT plc	199 Victoria Rise Management Limited
Proven Health VCT plc	

Corporate Governance

The Board consists solely of non-executive Directors of which John Davies is Chairman and Charles Pinney is the Senior Independent Director. All of the Directors are considered by the Board to be independent of the Manager.

By reporting against the AIC Code and by following the AIC Guide, as at the date of this document the Company complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Company's articles of association that all Directors retire by rotation, the Board considers that is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election each three years' service and annually after serving on the Board for more than nine years.

The Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee, the nomination committee and the valuation committee.

The audit committee, chaired by David Hunter, operates within clearly defined terms of reference and comprises all of the Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Charles Pinney, comprises all of the Directors and operates within clearly defined terms of reference. The committee reviews the appropriateness of the Manager's appointment together with the terms and conditions thereof on an annual basis.

The nomination committee, chaired by Gillian Nott, operates within clearly defined terms of reference and comprises all of the Directors. The committee is convened for the purpose of considering the appointment of additional directors as and when considered appropriate. In considering appointments to the Board, the nomination committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

The valuation committee, chaired by John Davies, comprises all of the Directors and meets quarterly to consider in detail the valuations of the unquoted investments in the Company's portfolio.

B. The Manager

ISIS EP LLP is the Company's investment manager and is a limited liability partnership incorporated and registered in England and Wales under number OC311889 pursuant to the Limited Liability Partnerships Act 2000 (telephone number 020 7506 5600). The registered office and principal place of business of ISIS is 100 Wood Street, London EC2V 7AN. ISIS is authorised and regulated by the Financial Services Authority to advise on investments, arrange deals in investments and to make arrangements with a view to transactions in investments. The principal legislation under which ISIS operates is the Limited Liability Partnership Act 2000 and the applicable provisions of the CA 2006 (and regulations made thereunder).

The Manager is controlled by seven individual partners who have worked together since 2000. The seven ISIS partners are Wol Kolade, Adam Holloway, Andrew Garside, Sheenagh Egan, Mark Advani, Mark Turner and Shari Zindel. Previously the individual partners were employees or directors of ISIS Equity Partners plc. ISIS Equity Partners plc, and latterly ISIS EP LLP, has been the investment manager of the Baronsmead VCTs since the first Baronsmead VCT was launched in 1995.

ISIS is paid the following fees in respect of its appointment as Manager, administrator and secretary of each of the Companies.

Baronsmead VCT

Annual management fee

ISIS is paid an annual management fee equivalent to 2.0 per cent. of the Company's net assets which is paid quarterly in arrears.

Performance fee

ISIS is also entitled to a performance fee. No performance fee is payable to the Manager until the total return on shareholders' funds exceeds an annual threshold of the higher of 4% or base rate plus 2 per cent. calculated on a compound basis. To the extent that the total return exceeds the threshold over the relevant period then a performance fee will be paid to the Manager of 10 per cent. of the excess. The amount of any performance fee which is paid in an accounting period shall be capped at 5 per cent. of shareholder's funds for that period.

Administration and secretarial fee

ISIS is entitled to a quarterly fee for the provision of company secretarial, accounting and other management and administrative services of £14,612. Such figure is subject to adjustment by reference to increases in the Retail Prices Index.

Baronsmead VCT 2

Annual management fee

ISIS is paid an annual management fee equivalent to 2.0 per cent. of the Company's net assets which is paid quarterly in arrears.

Performance fee

ISIS is also entitled to a performance fee. No performance fee is payable to the Manager until the total return on shareholders' funds exceeds an annual threshold of base rate plus 2 per cent. calculated on a compound basis. To the extent that the total return exceeds the threshold over the relevant period then a performance fee will be paid to the Manager of 10 per cent. The amount of any performance fee which is paid in an accounting period shall be capped at 5 per cent. of shareholder's funds for that period.

Administration and secretarial fee

ISIS is entitled to an annual fee for the provision of company secretarial, accounting and other management and administrative services of £9,095, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 2 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £105,634. Such figure is subject to adjustment by reference to increases in the Retail Prices Index.

Baronsmead VCT 3

Annual management fee

ISIS is paid an annual management fee equivalent to 2.5 per cent. of the Company's net assets which is paid quarterly in arrears.

Performance fees

A performance fee is payable to the Manager when the total return on net proceeds of the ordinary shares exceeds 8 per cent. per annum (simple) on net funds raised. To the extent that the total return exceeds the threshold, a performance fee (plus VAT) will be paid to the Manager of 10 per cent. of the excess. The performance fee payable in any one year is capped at 5 per cent. of net assets.

Administration and secretarial fee

ISIS is entitled to an annual fee for the provision of company secretarial, accounting and other management and administrative services of £8,454, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 3 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £102,212. Such figure is subject to adjustment by reference to increases in the Retail Prices Index.

Baronsmead VCT 4

Annual management fee

ISIS is paid an annual management fee equivalent to 2.5 per cent. of the Company's net assets which is paid quarterly in arrears.

Performance fees

A performance fee is payable to the Manager when the total return on net proceeds of the ordinary shares exceeds 8 per cent. per annum (simple) on net funds raised. To the extent that the total return exceeds the threshold, a performance fee (plus VAT) will be paid to the Manager of 10 per cent. of the excess. The performance fee payable in any one year is capped at 5 per cent. of net assets.

Administration and secretarial fee

ISIS is entitled to an annual fee for the provision of company secretarial, accounting and other management and administrative services of £11,181, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 4 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £100,000. Such figure is subject to adjustment by reference to increases in the Retail Prices Index.

Baronsmead VCT 5

Annual management fee

ISIS is paid an annual management fee equivalent to 2.1 per cent. of the Company's net assets which is paid quarterly in arrears. The annual investment fee will be increased by 0.1 per cent. of the net assets of the Company on each anniversary of the date on which the Company made its first unquoted investment, being October 2011, up to a maximum fee of 2.5 per cent. of the net assets of the Company.

Performance fees

The Manager is currently entitled to a performance fee of 10 per cent. of the excess of the total return to Shareholders exceeding 8 per cent. per annum (on a simple not compound basis). Such performance fee will not be triggered, however, until the total return on the net proceeds of the initial offer of the Company's Shares exceeds 140 per cent. The performance fee payable in respect of any period for which it is calculated shall not exceed 5 per cent. of the NAV of the Company for that period and any balance remaining unpaid is carried forward to the next calculation.

Administration and secretarial fee

ISIS is entitled to a fee for the provision of company secretarial, accounting and other management and administrative services of £10,000 per quarter plus Retail Price Index increases (which currently is £11,266.81 per quarter) plus a variable fee equal to 0.125 per cent. of the amount by which the NAV of the Company as at the last Business Day of the relevant quarter exceeds £5,000,000.

Other fees received by the Manager

In addition to the fees described above which are paid by the Companies, the Manager receives advisory fees in connection with new investments which are paid by the relevant investee company. Where expenses have been incurred and the investment does not proceed, the Manager pays any abort fees. Details of these fees are disclosed each year in the relevant Company's annual report and accounts. The Manager also receives monitoring fees from unquoted portfolio companies.

Part II: Investment Policies of the Companies

A. Baronsmead VCT

The following section contains a description of the investment policy of Baronsmead VCT as at the date of this document. A new investment policy for Baronsmead VCT has been proposed in the Circular, which is incorporated by reference into this Registration Document to the extent outlined in paragraph F below and which outlines in detail the changes contemplated. If shareholder approval is given to this new policy, which will be identical to the investment policy of Baronsmead VCT 5 set out in paragraph E below, investments will be made in accordance with it. In the event that such approval is not given, investments will continue to be made in accordance with the policy outlined below.

Existing investment policy

The Company's investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and interest bearing securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-traded securities, cash is primarily held in interest bearing accounts, money market open ended investment companies ("OEICs"), UK gilts and Treasury bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value") in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in "eligible shares" which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in "eligible shares".

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and interest bearing securities. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

Co-investment

The Company aims to invest in larger more mature unquoted and AIM companies and to achieve this it invests alongside the other Baronsmead VCTs. Currently ISIS EP LLP (“the Manager”) and its executive members and certain staff are mandated to invest in unquoteds alongside the Company on terms which align the interests of shareholders and the Manager.

Borrowing powers

The Company’s Articles permit borrowing to give a degree of investment flexibility. The Company’s policy is to use borrowing for short-term liquidity purposes only up to a maximum of 25 per cent. of the Company’s gross assets.

B. Baronsmead VCT 2

The following section contains a description of the investment policy of Baronsmead VCT 2 as at the date of this document. A new investment policy for Baronsmead VCT 2 has been proposed in the Circular, which is incorporated by reference into this Registration Document to the extent outlined in paragraph F below and which outlines in detail the changes contemplated. If shareholder approval is given to this new policy, which will be identical to the investment policy of Baronsmead VCT 5 set out in paragraph E below, investments will be made in accordance with it. In the event that such approval is not given, investments will continue to be made in accordance with the policy outlined below.

Existing investment policy

The Company’s investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-traded securities, cash is primarily held in interest bearing accounts, money market open ended investment companies (“OEICs”), UK gilts and Treasury Bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) (“VCT Value”) in a single company or group of companies and

must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in “eligible shares”, which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in “eligible shares” which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in “eligible shares”.

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any un-invested funds are held in cash and interest bearing securities. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million at cost is invested in the same company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

Co-investment

The Company aims to invest in larger more mature unquoted and AIM companies and to achieve this it invests alongside the other Baronsmead VCTs. Currently, ISIS EP LLP (‘the Manager’) and its executive members and certain staff are mandated to invest in unquoteds alongside the Company on terms which align the interests of shareholders and the Manager.

Borrowing powers

The Company’s Articles permit borrowing to give a degree of investment flexibility. The Company’s policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent. of the Company’s gross assets.

C. Baronsmead VCT 3

The following section contains a description of the investment policy of Baronsmead VCT 3 as at the date of this document. A new investment policy for Baronsmead VCT 3 has been proposed in the Circular, which is incorporated by reference into this Registration Document to the extent outlined in paragraph F below and which outlines in detail the changes contemplated. If shareholder approval is given to this new policy, which will be identical to the investment policy of Baronsmead VCT 5 set out in paragraph E below, investments will be made in accordance with it. In the event that such approval is not given, investments will continue to be made in accordance with the policy outlined below.

Existing Investment Policy

The Company’s investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-traded securities, cash is primarily held in interest bearing accounts, money market open ended investment companies (“OEICs”), UK gilts and Treasury Bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) (“VCT Value”) in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in “eligible shares”, which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in “eligible shares” which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in “eligible shares”.

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any un-invested funds are held in cash and interest bearing securities. It is intended that, any given time, at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

Co-investment

The Company aims to invest in larger more mature unquoted and AIM companies and to achieve this it invests alongside the other Baronsmead VCTs. Currently ISIS EP LLP (“the Manager”) and its executive members and certain staff are mandated to invest in unquoted alongside the Company on terms which align the interests of shareholders and the Manager.

Borrowing powers

The Company’s Articles permit borrowing to give a degree of investment flexibility. The Company’s policy is to use borrowing for short term liquidity purposes only. The Company’s borrowings are restricted to 25 per cent. of the value of the gross assets of that company.

D. Baronsmead VCT 4

The Company's investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities and fixed-interest securities, as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM traded securities, cash is held in interest bearing accounts, money market open ended investment companies ("OEICs"), UK gilts and Treasury Bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees may trade overseas.

VCT regulation

The investment policy is designed to ensure that each Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value") in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in "eligible shares" which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in "eligible shares".

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. It is intended that at least 75 per cent. of funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within selected industry sectors using a mixture of securities. Generally, no more than £2.5 million, at cost, is invested in the same company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

Co-investment scheme

The Company aims to invest in larger, more mature unquoted and AIM companies and to achieve this the Company invests alongside the other Baronsmead VCTs.

A co-investment scheme was introduced in November 2004 to attract, recruit, retain and incentivise the Manager's staff in line with current market practices of private equity houses. This requires the majority of members of the investment team to co-invest alongside the Company in the ordinary shares of all unquoted investments in accordance with a pre-existing agreement.

Borrowing powers

The Company's Articles permit borrowing to give a degree of investment flexibility. The Company's policy is to use borrowing for short term liquidity purposes only. The Company's borrowings are restricted to 25 per cent. of the value of the gross assets of the Company.

E. Baronsmead VCT 5

The Company's investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities and interest bearing securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM-traded investments are primarily held in ordinary shares. Pending investment in VCT qualifying and non-VCT qualifying unquoted, AIM-traded and other quoted securities (which may be held directly or indirectly through collective investment vehicles), cash is primarily held in interest bearing accounts, money market open ended investment companies (OEICs), UK gilts and treasury bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees may have some trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. Amongst other conditions, the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value") in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in "eligible shares" which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in "eligible shares".

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested, directly or indirectly, in VCT qualifying and non-qualifying growth businesses, subject always to the quality of investment opportunities and the timing of realisations. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments. Non-VCT qualifying investments held in unquoted, AIM traded and other quoted companies may be held directly or indirectly through collective investment vehicles.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The maximum the Company will invest in a single company (including a collective investment vehicle) is 15 per cent. of its investments by VCT Value. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies will enhance value and enable profits to be realised from planned exits.

Co-investment with other Baronsmead VCTs

The Company aims to invest in larger more mature unquoted and AIM-traded companies and to achieve this it invests alongside the other Baronsmead VCTs.

Management retention

The Manager's members and staff invest in unquoted investments alongside the Company. This scheme is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of Shareholders and the Manager.

Borrowing powers

The Company's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent. of the Company's gross assets, as permitted by the Company's articles.

F. New Investment Policies Of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3

Each of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 are seeking Shareholder approval at their respective General Meetings to adopt a new investment policy. The new investment policy for each of these Companies, if approved by their respective Shareholders, will be the same as the investment policy currently adopted by Baronsmead VCT 5 as set out in paragraph E above.

The appendix to the Circular (which forms part of the Circular) outlines in detail the proposed changes to the respective investment policies of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3. Where the Circular makes reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the Circular which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

Company	Circular page reference
Baronsmead VCT	23 to 24
Baronsmead VCT 2	25 to 26
Baronsmead VCT 3	27 to 28

This document also incorporates by reference certain information from the Companies' reports and accounts as outlined in Part III of this Registration Document.

Part III: Financial Information on the Companies

A. Baronsmead VCT

Baronsmead VCT has produced annual statutory accounts for the three financial years ended 30 September 2010, 2011 and 2012. The auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without statements under sections 495 to 497 of the CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and are being incorporated by reference and can be accessed at the following website: www.baronsmeadvct.co.uk

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

Description	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Balance sheet	Page 31	Page 30	Page 37
Income statement (or equivalent)	Page 30	Page 29	Page 36
Statement showing all changes in equity (or equivalent note)	Page 39	Page 38	Page 45
Cash flow statements	Page 32	Page 31	Page 38
Accounting policies and notes	Page 33	Page 32	Page 39
Auditors' report	Page 29	Page 28	Page 34

The Company's published annual report and accounts for the three financial years ended 30 September 2010, 2011 and 2012 contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Objective	Inside cover	Inside cover	Page 1
Performance summary	Page 2	Page 2	Page 3
Results and dividend	Page 1	Page 1	Page 2
Investment policy	Page 19	Page 18	Page 20
Chairman's statement	Page 4	Page 4	Page 5
Managers' review	Page 8	Page 7	Page 7
Portfolio summary	Page 11	Page 10	Page 59
Valuation policy	Page 33	Page 32	Page 39

The key figures that summarise the Company's financial position in respect of the three financial years ended 30 September 2010, 2011 and 2012 which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Profit/loss on ordinary activities before taxation (£'000)	7,382	5,928	4,082
Earnings per share (p)	9.78	7.62	5.13
Dividends per share (p)	6.00	8.00	6.00
Net assets (£'000)	57,451	58,506	61,978
NAV per share	77.35	73.52	76.12

The net asset value per Baronsmead VCT Share as at 31 October 2012 (being the most recent NAV per Share published by Baronsmead VCT prior to the publication of this document) was 76.97 pence per Share (unaudited).

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT since 30 September 2012 (being the last date up to which Baronsmead VCT has published audited financial information).

B. Baronsmead VCT 2

Baronsmead VCT 2 has produced annual statutory accounts for the three financial years ended 30 September 2010, 2011 and 2012. The auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without statements under sections 495 to 497 of the CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and are being incorporated by reference and can be accessed at the following website: www.baronsmeadvct2.co.uk

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Balance sheet	Page 31	Page 32	Page 37
Income statement (or equivalent)	Page 30	Page 31	Page 36
Statement showing all changes in equity (or equivalent note)	Page 39	Page 40	Page 45
Cash flow statements	Page 32	Page 33	Page 38
Accounting policies and notes	Page 33	Page 34	Page 39
Auditors' report	Page 29	Page 30	Page 34

The Company's published annual report and accounts for the three financial years ended 30 September 2010, 2011 and 2012 contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Objective	Inside cover	Inside cover	Page 1
Performance summary	Page 2	Page 2	Page 3
Results and dividend	Page 1	Page 1	Page 2
Investment policy	Page 19	Page 19	Page 20
Chairman's statement	Page 4	Page 4	Page 5
Managers' review	Page 7	Page 7	Page 7
Portfolio summary	Page 14	Page 14	Page 58
Valuation policy	Page 33	Page 34	Page 39

The key figures that summarise the Company's financial position in respect of the three financial years ended 30 September 2010, 2011 and 2012 which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	September 2010 Annual Report	September 2011 Annual Report	September 2012 Annual Report
Profit/loss on ordinary activities before taxation (£'000)	7,443	6,975	5,964
Earnings per share (p)	10.96	10.19	8.45
Dividends per share (p)	5.50	7.00	7.50
Net assets (£'000)	63,673	64,999	72,433
NAV per share (p)	94.79	95.15	101.10

The net asset value per Baronsmead VCT 2 Share as at 31 October 2012 (being the most recent net asset value per Share published by Baronsmead VCT 2 prior to the publication of this document) was 102.33 pence per Share (unaudited).

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT 2 since 30 September 2012, (being the last date up to which Baronsmead VCT 2 has published audited financial information).

C. Baronsmead VCT 3

Baronsmead VCT 3 has produced annual statutory accounts for the three financial years ended 31 December 2009, 2010 and 2011. The auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without statements or sections 495 to 497 of the CA 2006.

The annual reports referred to above, and the unaudited half yearly reports of the Company for the six months ended 30 June 2011 and 30 June 2012, were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports and the half yearly reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and half year and are being incorporated by reference and can be accessed at the following website: www.baronsmeadvct3.co.uk

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts and unaudited half yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Balance sheet	Page 28	Page 33	Page 33	Page 10	Page 10
Income statement (or equivalent)	Page 27	Page 32	Page 32	Page 9	Page 9
Statement showing all changes in equity (or equivalent note)	Page 36	Page 41	Page 40	Page 9	Page 9
Cash flow statements	Page 29	Page 34	Page 34	Page 11	Page 11
Accounting policies and notes	Page 30	Page 35	Page 35	-	-
Auditors' report	Page 26	Page 31	Page 31	-	-

The Company's published annual report and accounts for the three financial years ended 31 December 2009, 2010 and 2011, and for the unaudited six month periods ended 30 June 2011 and 30 June 2012, contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report or six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Objective	Inside cover	Inside cover	Inside cover	Inside cover	Inside cover
Performance summary	Page 2	Page 2	Page 2	Page 2	Page 2
Results and dividend	Page 1	Page 1	Page 1	Page 1	Page 1
Investment policy	Page 17	Page 18	Page 18	-	-
Chairman's statement	Page 4	Page 4	Page 4	Page 3	Page 3
Manager's review	Page 7	Page 7	Page 6	-	-
Portfolio summary	Page 10	Page 10	Page 9	Page 6	Page 6
Valuation policy	Page 30	Page 35	Page 35	-	-

The key figures that summarise the Company's financial position in respect of the three financial years ended 31 December 2009, 2010 and 2011 and the unaudited six month periods ended 30 June 2011 and 30 June 2012, which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

Description	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Profit/loss on ordinary activities before taxation (£'000)	3,587	7,235	3,285	5,528	4,838
Earnings per share (p)	6.63	12.07	5.46	9.15	7.74
Dividends per share (p)	7.50	7.50	7.50	3.00	3.00
Net assets (£'000)	52,878	64,643	60,095	66,702	68,253
NAV per share(p)	97.50	106.60	100.16	111.43	108.01

The net asset value per Baronsmead VCT 3 Share as at 31 October 2012 (being the most recent net asset value per Share published by Baronsmead VCT 3 prior to the publication of this document) was 107.96 pence per Share (unaudited).

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT 3 since 30 June 2012 (being the last date up to which Baronsmead VCT 3 has published unaudited financial information).

D. Baronsmead VCT 4

Baronsmead VCT 4 has produced annual statutory accounts for the three financial years ended 31 December 2009, 2010 and 2011. The auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without statements under sections 495 to 497 of the CA 2006.

The annual reports referred to above, and the unaudited half yearly reports of the Company for the six months ended 30 June 2011 and 30 June 2012, were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports and the half yearly reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and half year and are being incorporated by reference and can be accessed at the following website: www.baronsmeadvct4.co.uk

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts and unaudited half yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Balance sheet	Page 29	Page 31	Page 30	Page 11	Page 10
Income statement (or equivalent)	Page 27	Page 30	Page 29	Page 10	Page 9
Statement showing all changes in equity (or equivalent note)	Page 38	Page 39	Page 37	Page 10	Page 9
Cash flow statements	Page 30	Page 32	Page 31	Page 12	Page 11
Accounting policies and notes	Page 31	Page 33	Page 32	-	-
Auditors' report	Page 26	Page 29	Page 28	-	-

The Company's published annual report and accounts for the three financial years ended 31 December 2009, 2010 and 2011, and for the unaudited six month periods ended 30 June 2011 and 30 June 2012, contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Objective	Inside cover	Inside cover	Inside cover	Inside cover	Inside cover
Performance summary	Page 2	Page 2	Page 2	Page 2	Page 2
Results and dividend	Page 1	Page 1	Page 1	Page 1	Page 1
Investment policy	Page 17	Page 19	Page 17	-	-
Chairman's statement	Page 4	Page 4	Page 4	Page 3	Page 3
Managers' review	Page 7	Page 7	Page 6	-	-
Portfolio summary	Page 10	Page 11	Page 9	Page 7	Page 6
Valuation policy	Page 31	Page 33	Page 32	-	-

The key figures that summarise the Company's financial position in respect of the three financial years ended 31 December 2009, 2010 and 2011 and the unaudited six month periods ended 30 June 2011 and 30 June 2012, which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

Description	Audited 31 December 2009 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Profit/loss on ordinary activities before taxation (£'000)	3,522	6,707	3,393	4,885	4,027
Earnings per share (p)	6.74	11.49	5.78	8.28	6.60
Dividends per share (p)	7.00	7.00	7.00	3.00	3.00
Net assets (£'000)	47,216	58,704	54,786	60,576	62,282
NAV per share (p)	90.63	99.09	94.01	103.52	100.68

The net asset value per Baronsmead VCT 4 Share as at 31 October 2012 (being the most recent net asset value per Share published by Baronsmead VCT 4 prior to the publication of this document) was 98.90 pence per Share (unaudited).

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT 4 since 30 June 2012 (being the last date up to which Baronsmead VCT 4 has published unaudited financial information).

E. Baronsmead VCT 5

Baronsmead VCT 5 has produced annual statutory accounts for the financial periods ended 31 January 2009, 31 January 2010, 31 December 2010 and 31 December 2011. The auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without statements under sections 495 to 497 of the CA 2006.

The annual reports referred to above, and the unaudited half yearly reports of the Company for the six months ended 30 June 2011 and 30 June 2012, were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual reports and the half yearly reports contain a description of the Company's financial condition, changes in financial condition and results of operation for each relevant financial year and half year and are being incorporated by reference and can be accessed at the following website: www.baronsmeadvct5.co.uk

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts and unaudited half yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in this Prospectus.

	Audited 31 January 2009 Annual Report	Audited 31 January 2010 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Balance sheet	Page 25	Page 25	Page 29	Page 31	Page 10	Page 10
Income statement (or equivalent)	Page 26	Page 26	Page 28	Page 30	Page 9	Page 9
Statement showing all changes in equity (or equivalent note)	Page 26	Page 26	Page 37	Page 38	Page 9	Page 9
Cash flow statements	Page 28	Page 28	Page 30	Page 32	Page 11	Page 11
Accounting policies and notes	Page 29	Page 29	Page 31	Page 33	-	-
Auditors' report	Page 24	Page 24	Page 27	Page 29	-	-

The Company's published annual report and accounts for the three financial years ended 31 January 2009 and 2010 and 31 December 2011, the eleven months ended 31 December 2010 and for the unaudited six month periods ended 30 June 2011 and 30 June 2012, contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	Audited 31 January 2009 Annual Report	Audited 31 January 2010 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report or six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Objective	Inside cover	Inside cover	Inside cover	Inside cover	Inside cover	Inside cover
Performance summary	Page 2	Page 2	Page 2	Page 2	Page 2	Page 2
Results and dividend	Page 1	Page 1	Page 1	Page 1	Page 1	Page 1
Investment policy	Page 15	Page 15	Page 14	Page 14	-	-
Chairman's statement	Page 4	Page 4	Page 4	Page 4	Page 3	Page 3
Manager's review	Page 7	Page 7	Page 6	Page 6	-	-
Portfolio summary	Page 10	Page 10	Page 9	Page 9	Page 6	Page 6
Valuation policy	Page 29	Page 29	Page 31	Page 33	-	-

The key figures that summarise the Company's financial position in respect of the three financial years ended 31 January 2010 and 31 December 2010 and 2011 and the unaudited six month periods ended 30 June 2011 and 30 June 2012, which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

Description	Audited 31 January 2009 Annual Report	Audited 31 January 2010 Annual Report	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Unaudited Half year report for six months ended 30 June 2011	Unaudited Half year report for six months ended 30 June 2012
Profit (loss) on ordinary activities before taxation (£'000)	(6,111)	2,826	(234)	(2,866)	503	1,916
Earnings per share (p)	(21.92)	10.30	(0.85)	(7.09)	1.37	4.37
Dividends per share (p)	4.00	4.00	4.00	4.00	2.00	2.00
Net assets (£'000)	18,489	19,738	18,700	26,070	30,412	26,890
NAV per share (p)	66.29	72.75	68.00	59.37	69.16	61.74

The net asset value per Baronsmead VCT 5 Share as at 31 October 2012 (being the most recent net asset value per Share published by Baronsmead VCT 5 prior to the publication of this document) was 60.80 pence per Share (unaudited).

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT 5 since 30 June 2012 (being the last date up to which Baronsmead VCT 5 has published unaudited financial information).

Part IV: Portfolio Information

Set out below are the largest investments of each Company as at the date of this document (the values being as at 31 October 2012) which have an aggregate value for each Company of at least 50 per cent. The following information is unaudited.

Unquoted	Sector	Type	Baronsmead VCT			Baronsmead VCT 2			Baronsmead VCT 3			Baronsmead VCT 4			Baronsmead VCT 5		
			Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV
Arcas Investments Ltd	Business Services	Equity	100	100	0.16	100	100	0.14	100	100	0.15	100	100	0.16	44	44	0.17
CableCom Networking Holdings Ltd	TMT	Loan Notes	900	900	1.44	900	900	1.23	900	900	1.33	900	900	1.47	400	400	1.52
		Equity	138	2,380	3.80	138	2,380	3.25	138	2,380	3.50	138	2,380	3.90	0	0	-
Carnell Contractors	Business Services	Loan Notes	1,243	1,751	2.79	1,243	1,751	2.39	1,243	1,751	2.58	1,243	1,751	2.87	-	-	-
		Equity	941	-	-	941	-	-	941	-	-	941	-	-	0	0	-
Crew Clothing Company Ltd	Consumer Markets	Equity	93	1,618	2.58	93	1,618	2.21	93	1,618	2.38	93	1,618	2.65	0	0	-
		Loan Notes	1,251	1,431	2.28	1,251	1,431	1.95	1,251	1,431	2.11	1,251	1,431	2.34	-	-	-
CSC (World) Limited	TMT	Equity	44	385	0.62	44	385	0.53	44	385	0.57	44	385	0.63	0	0	-
		Loan Notes	1,562	1,909	3.05	1,562	1,909	2.60	1,562	1,909	2.81	1,562	1,909	3.13	-	-	-
Empire World Trade Limited	Business Services	Equity	1,297	-	-	1,297	-	-	1,297	-	-	1,297	-	-	0	0	-
Fisher Outdoor Leisure Holdings Ltd	Consumer Markets	Equity	142	0	-	142	0	-	142	0	-	142	0	-	0	0	-
Happy Days Consultancy Ltd	Healthcare & Education	Loan Notes	1,281	2,329	3.72	1,281	2,329	3.18	1,281	2,329	3.43	1,281	2,329	3.81	-	-	-
		Equity	83	83	0.13	83	83	0.11	83	83	0.12	83,256	83,256	0.14	37	37	0.14
HealthTech Innovation Partners Ltd	Healthcare & Education	Loan Notes	749	749	1.20	749	749	1.02	749	749	1.10	749,305	749,305	1.23	333	333	1.26
		Equity	100	100	0.16	100	100	0.14	100	100	0.15	100	100	0.16	44	44	0.17
ICCM	Healthcare & Education	Loan Notes	900	900	1.44	900	900	1.23	900	900	1.33	900	900	1.47	400	400	1.52
		Equity	135	135	0.21	135	135	0.18	135	135	0.20	135	135	0.22	60	60	0.23
Independent Living Services	Healthcare & Education	Loan Notes	1,212	1,212	1.93	1,212	1,212	1.65	1,212	1,212	1.78	1,212	1,212	1.98	539	539	2.04
		Equity	197	747	1.19	197	747	1.02	197	747	1.10	197	747	1.22	0	0	-
Rical Investments Ltd	Business Services	Loan Notes	1,402	1,958	3.12	1,402	1,958	2.67	1,402	1,958	2.88	1,402	1,958	3.21	-	-	-
		Equity	100	100	0.16	100	100	0.14	100	100	0.15	100	100	0.16	44	44	0.17
Impetus Holdings Ltd	Business Services	Loan Notes	900	900	1.44	900	900	1.23	900	900	1.33	900	900	1.47	400	400	1.52
		Equity	133	133	0.21	133	133	0.18	133	133	0.20	133	133	0.22	59	59	0.22
Consumer Investment Partners Ltd	Consumer Markets	Loan Notes	942	942	1.50	942	942	1.29	942	942	1.39	942	942	1.54	441	441	1.67
		Equity	100	100	0.16	100	100	0.14	100	100	0.15	100	100	0.16	44	44	0.17
ITG	Business Services	Loan Notes	900	900	1.44	900	900	1.23	900	900	1.33	900	900	1.47	400	400	1.52
		Equity	80	676	1.08	80	676	0.92	80	676	0.99	80	676	1.11	0	0	-
Kafevend Holdings Ltd	Consumer Markets	Loan Notes	717	896	1.43	717	896	1.22	717	896	1.32	717	896	1.47	-	-	-
		Equity	130	1,174	1.87	130	1,174	1.60	130	1,174	1.73	130	1,174	1.92	0	0	-
		Loan Notes	1,122	1,734	2.77	1,122	1,734	2.37	1,122	1,734	2.55	1,122	1,734	2.84	-	-	-

Unquoted	Sector	Type	Baronsmead VCT			Baronsmead VCT 2			Baronsmead VCT 3			Baronsmead VCT 4			Baronsmead VCT 5		
			Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV
Kidsunlimited Group Ltd	Business Services	Equity	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-
MLS	TMT	Loan Notes	113	113	0.18	113	113	0.15	113	113	0.17	-	-	-	-	-	-
		Equity	78	889	1.42	78	889	1.21	78	889	1.31	78	889	1.46	0	0	-
		Loan Notes	55	60	0.10	55	60	0.08	55	60	0.09	55	60	0.10	-	-	-
Music Festivals plc (unquoted)	Consumer Markets	Equity	400	-	-	400	-	-	400	-	-	400	-	-	400	-	-
Nexus Vehicle Holdings Ltd	Business Services	Equity	237	1,676	2.67	237	1,676	2.29	237	1,676	2.47	237	1,676	2.74	0	0	-
Pho Holdings Ltd	Consumer Markets	Loan Notes	2,130	3,045	4.86	2,130	3,045	4.15	2,130	3,045	4.48	2,130	3,045	4.99	-	-	-
		Equity	99	99	0.16	99	99	0.13	99	99	0.15	99	99	0.16	44	44	0.17
Playforce Holdings Limited	Business Services	Loan Notes	889	889	1.42	889	889	1.21	889	889	1.31	889	889	1.45	395	395	1.50
		Equity	103	0	-	103	0	-	103	0	-	103	0	-	0	0	-
Quest Venture Partners Ltd	Business Services	Loan Notes	930	511	0.82	930	511	0.70	930	511	0.75	930	511	0.84	-	-	-
		Equity	100	100	0.16	100	100	0.14	100	100	0.15	100	100	0.16	44	44	0.17
Surgi C	Healthcare & Education	Loan Notes	900	900	1.44	900	900	1.23	900	900	1.33	900	900	1.47	400	400	1.52
		Equity	110	23	0.04	110	23	0.03	110	23	0.03	110	23	0.04	0	0	-
Valldata	Business Services	Loan Notes	991	318	0.51	991	318	0.43	991	318	0.47	991	318	0.52	-	-	-
		Equity	162	256	0.41	162	256	0.35	162	256	0.38	162	256	0.42	0	0	-
Xention Pharma Limited	Healthcare & Education	Loan Notes	1,455	1,513	2.41	1,455	1,513	2.06	1,455	1,513	2.23	1,455	1,513	2.48	-	-	-
		Equity	316	-	-	316	-	-	893	-	-	0	0	-	0	0	-
TOTAL UNQUOTED INVESTMENTS			27,962	36,634	58.48	27,962	36,634	49.98	28,539	36,634	53.98	27,533	36,521	59.78	4,528	4,128	15.68

Quoted	Baronsmead VCT			Baronsmead VCT 2			Baronsmead VCT 3			Baronsmead VCT 4			Baronsmead VCT 5		
	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV
Staffline Recruitment Group plc	249	2,263	3.61	249	2,263	3.09	0	0	0	0	0	0			
Netcall plc	869	1,436	2.29	869	1,436	1.96	869	1,436	2.11	869	1,436	2.35	878	1,418	5.38
Driver Group plc	563	764	1.22	563	764	1.04	563	764	1.13	563	764	1.25	403	525	1.99
Escher Group Holdings plc	614	723	1.15	614	723	0.99	614	723	1.06	614	723	1.18	614	723	2.74
TLA Worldwide Plc	620	713	1.14	620	713	0.97	620	713	1.05	620	713	1.17	620	713	2.71
Vectura Group plc	386	696	1.11	578	1,043	1.42	771	1,391	2.05	245	442	0.72	‡	‡	
Jelf Group plc	692	695	1.11	761	743	1.01	761	743	1.09	727	719	1.18	‡	‡	
Tasty plc	469	680	1.09	469	680	0.93	469	680	1.00	469	680	1.11	1,195	1,863	7.07
Accumuli plc	408	611	0.97	408	611	0.83	408	611	0.9	408	611	1.00	646	994	3.78
Ffastfill plc	313	568	0.91	313	568	0.78	313	568	0.84	313	568	0.93	802	1,533	5.82
Ibox plc	0	0		1,038	4,215	5.75	1,038	4,213	6.2	738	3,200	5.24	0	0	
Vianet Group plc	646	518	0.83	646	518	0.71	646	518	0.76	646	518	0.85	800	623	2.36
Sinclair IS Pharma plc	524	508	0.81	524	508	0.69	524	508	0.75	524	508	0.83	734	715	2.71
Dods (Group) plc	678	462	0.74	1,344	559	0.76	1,219	541	0.8	991	508	0.83	0	0	0
Anpario plc	275	446	0.71	‡	‡		275	446	0.66	275	446	0.73	900	1,461	5.55
Murgitroyd Group plc	0	0		319	1,251	1.71	319	1,252	1.84	0	0	0	0	0	
Proactis Holdings plc	‡	‡		‡	‡		‡	‡		619	426	0.70	‡	‡	
Plastics Capital plc	‡	‡		‡	‡		‡	‡		‡	‡		810	551	2.09
Paragon Entertainment Ltd	‡	‡		‡	‡		‡	‡		‡	‡		500	520	1.97
Fulcrum Utility Services Ltd	0	0		0	0		0	0		0	0		300	510	1.94
Brady plc	‡	‡		‡	‡		‡	‡		‡	‡		301	505	1.92
TOTAL QUOTED INVESTMENTS	7,306	11,083	17.69	9,315	16,595	22.64	9,409	15,107	22	8,621	12,262	20.07	9,503	12,654	48.03
WOOD STREET MICROCAP	3,525	4,393	7.01	3,525	4,393	5.99	3,525	4,393	6.47	0	0	0	2,664	3,280	12.45

‡ Holding not significant

Part V: General Information

Section A: Baronsmead VCT – General Information

1 Incorporation and administration

- (a) Baronsmead VCT was incorporated and registered in England and Wales on 21 March 1995 with limited liability as a public limited company under the Companies Act 1985 with the name World Leader Public Limited Company and with registered number 03035709. The name of Baronsmead VCT was changed to Baronsmead VCT plc by special resolution passed on 12 July 1995.
- (b) Baronsmead VCT was issued with a certificate under section 117 of the Companies Act 1985 by the Registrar of Companies on 30 August 1995.
- (c) Baronsmead VCT's registered office and principal place of business is at 100 Wood Street, London EC2V 7AN and its telephone number is +44 (0) 20 7506 5600. Baronsmead VCT is domiciled in England. Baronsmead VCT does not have (and has not had since incorporation) any subsidiaries or any employees and it neither owns nor occupies any premises.
- (d) Baronsmead VCT has been granted approval as a VCT under Section 274 Tax Act and the Baronsmead VCT Directors have managed and intend to manage the affairs of Baronsmead VCT in such a manner so as to comply with Section 274 Tax Act.
- (e) A VCT is unregulated but is required to manage its affairs to obtain and maintain approval as a VCT under the provisions of Section 274 Tax Act. Baronsmead VCT operates under the CA 2006 and the regulations made thereunder. Baronsmead VCT is not regulated by the FSA but, as a company whose shares are admitted to the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules.
- (f) The ISIN number for the Baronsmead VCT Shares is GB00000803584.

2 Share capital

- (a) As at 30 September 2009, Baronsmead VCT's share capital comprised 79,272,793 Shares.
- (b) The Company's issued share capital history since 30 September 2009 is as follows:
 - during the financial year ending 30 September 2010, the Company bought back 250,000 Shares to be held in treasury. As at 30 September 2010, the issued share capital of the Company comprised 79,272,793 Shares, of which 5,003,340 Shares were held in treasury;
 - during the financial year ending 30 September 2011, the Company issued 2,540,129 new Shares, 300,000 Shares were sold out of treasury and 250,000 Shares were bought back to be held in treasury. As at 30 September 2011, the issued share capital of the Company comprised 81,812,922 Shares, of which 4,953,340 Shares were held in treasury;
 - during the financial year ending 30 September 2012, the Company issued 5,307,877 new Shares and 750,411 Shares were bought back to be held in treasury. As at 30 September 2012, the issued share capital of the Company comprised 87,120,799 Shares, of which 5,703,751 Shares were held in treasury;
 - as at 19 November 2012 (being the latest practicable date prior to the publication of this document), there have been no further changes in the issued share capital of the Company.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT on 11 January 2012 by the passing of ordinary and special resolutions:
 - (i) in substitution for all subsisting authorities to the extent unused, the Directors of the Company were generally and unconditionally authorised in accordance with section 551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £2,454,388 during the

period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting), but so that the authority shall allow the Company to make before the expiry of the authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry.

- (ii) the Directors were empowered, pursuant to sections 570 and 573 of the CA 2006, to allot equity securities as defined in section 560 of the Act for cash pursuant to the authority referred to in (i) above, or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that the power shall be limited to:

- (A) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) pursuant to one or more offers for subscription;
- (B) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV pursuant to any dividend reinvestment scheme operated by the Company; and
- (C) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (A) and (B) above) up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV; and

in each case where such proceeds of issue may be used to purchase shares in the Company and the power conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting) or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2013, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred by the resolution had not expired.

- (iii) the Company was empowered to make market purchases within the meaning of section 693(4) of the CA 2006 of Shares provided that:

- (A) the aggregate number of Shares which may be purchased shall not exceed 1,226,376 or, if lower, such number of Shares as shall equal 14.99 per cent. of the issued Shares as at the date of such purchase (excluding any Shares held in treasury);
- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10 pence;
- (C) the maximum price which may be paid for a Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003;
- (D) the authority conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the annual general meeting to be held in 2013, unless such authority is renewed prior to such time; and
- (E) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares.

- (d) At the general meeting of Baronsmead VCT, to be held on 11 December 2012, the following special resolution will be proposed:

That:

- 1.1 in addition to the existing authorities to the extent unused, the directors of the Company are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares of 10p each in the Company and to grant rights to subscribe for or to convert any security into Shares in the Company ("Share Rights") up to an aggregate nominal amount of £1,500,000, provided that the authority conferred by this paragraph 1.1 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 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 Share Rights to be granted after such expiry; and
- 1.2 in addition to existing authorities to the extent unused, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph 1.1 of this resolution or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph 1.2 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 and provided further that this power shall be limited to the allotment and issue of Shares with an aggregate nominal value representing up to £1,500,000 in connection with the Offer (as defined in the circular to shareholders of the Company dated 20 November 2012) pursuant to which the proceeds may in whole or part be used to purchase Shares.
- (e) Assuming a NAV per Baronsmead VCT Share of 76.97p (being the unaudited NAV per Baronsmead VCT Share as at 31 October 2012) for the purposes of the Pricing Formula and that the Baronsmead VCT Offer is fully subscribed, immediately following the Baronsmead VCT Offer the issued share capital of Baronsmead VCT will be 99,390,738 Shares (including 5,703,751 Shares held in treasury).

3 Directors' and other interests

- (a) As at 19 November 2012 (being the latest practicable date prior to publication of this document), Baronsmead VCT was not aware of any person who directly or indirectly, has an interest in Baronsmead VCT's capital or voting rights which is notifiable under UK law.
- (b) As at 19 November 2012 (being the latest practicable date before the publication of this document) the holdings of Shares of the Baronsmead VCT Directors were as follows:

	No. of Shares	% of Issued Share capital
Peter Lawrence	556,050	0.64%
Godfrey Jillings	338,554	0.39%
John Mackie	-	-
Valerie Marshall	22,630	0.03%

- (c) Directors may act as directors of companies in which Baronsmead VCT invests and receive and retain fees in that capacity.
- (d) None of the Directors has a service contract with Baronsmead VCT, and no such contract is proposed. However, Baronsmead VCT has entered into letters of appointment with each of the Directors under the terms of which the Baronsmead VCT chairman is entitled to annual remuneration of £26,000 and the other Directors are entitled to annual remuneration of £17,150 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Directors may be removed from office under the terms of Baronsmead VCT's articles of association or may resign from office, in each case, with immediate effect at any time.

It is estimated that the aggregate amount payable to the Directors by Baronsmead VCT for the financial period ending on 30 September 2013 under the arrangements in force at the

date of this document will not exceed £77,450 (plus out-of-pocket expenses). In the last financial year Peter Lawrence received £25,440, each of Godfrey Jillings and Valerie Marshall received £16,780, John Mackie received £6,419 and Andrew Crossley received £11,187. The Baronsmead VCT Directors receive no other remuneration benefits in addition to their fees detailed above.

- (e) No loan or guarantee has been granted or provided by Baronsmead VCT to or for the benefit of any Director.
- (f) None of the Directors nor any member of their respective immediate families has, or has had, an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of Baronsmead VCT and which were effected by Baronsmead VCT during the current or immediately preceding financial year or during an earlier financial year and remaining in any respect outstanding or unperformed.
- (g) Baronsmead VCT has taken out directors' and officers' liability insurance for the benefit of the Baronsmead VCT Directors, which is renewable on an annual basis.
- (h) No Director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions or significant to the business of Baronsmead VCT and which was effected by Baronsmead VCT in the period since its incorporation and remains in any respect outstanding or unperformed.
- (i) None of the Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) 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, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.
- (k) 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.

4 Material contracts

Save as disclosed in this paragraph, Baronsmead VCT has not entered, other than in the ordinary course of business, into any contract which is or may be material to Baronsmead VCT within the two years immediately preceding the publication of this document or into any contract which contains any provision under which Baronsmead VCT has any obligation or entitlement which is material to Baronsmead VCT as at the date of this document:

- (a) A management agreement ("Baronsmead VCT Management Agreement") dated 20 December 2006 and made between Baronsmead VCT and the Manager (as amended by a supplemental agreement dated 11 October 2007), whereby the Manager was appointed to manage the undertaking of Baronsmead VCT with a view to maintaining its status as a VCT and to manage its investments, securities and other assets (other than those which are not venture capital investments). The Baronsmead VCT Management Agreement provides that the Manager will receive a quarterly fee in respect of the provision of its investment management services equal to 0.5 per cent. of the amount of the net assets of Baronsmead VCT at the close of business on the last business day of the relevant quarter and a quarterly fee for the provision of company secretarial, accounting and other management and administrative services of £14,612. Such figures exclude VAT and are subject to adjustment by reference to increases in the Retail Price Index.

The Baronsmead VCT Management Agreement also provides that the Manager will be entitled to performance fees, to be calculated by reference to certain increases in the net asset value of Baronsmead VCT, calculated on the assumption that any dividends paid by Baronsmead VCT are re-invested by way of subscription for further shares in Baronsmead VCT ("Total Return").

The performance fees will not be payable until the Total Return exceeds an annual threshold of the higher of 4 per cent. or 2 per cent. over the base rate of the Royal Bank of Scotland PLC (or such other bank as may from time to time be agreed) on a compound basis for the relevant period (defined as a “Calculation Period” – generally, an accounting reference period) so that, for the period in question, a performance fee (plus VAT) of 10 per cent. of the excess will be paid to the Manager. The Baronsmead VCT Management Agreement contains a mechanism for appropriate adjustments to be made for the purpose of the calculation of the performance fee in the event of certain changes to the share capital of Baronsmead VCT (including the redemption or re-purchase of shares and the issue of further shares). The amount of any performance fee payable in respect of any Calculation Period is to be capped at 5 per cent. of shareholders’ funds.

The Manager is also entitled to the reimbursement of expenses incurred on behalf of Baronsmead VCT but, if and to the extent that the annual running costs of Baronsmead VCT exceed 3.5 per cent. of its average net assets at the end of each of the relevant quarters for the financial year in question (“the Excess”), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

The Baronsmead VCT Management Agreement took effect on 1 January 2007 and continues unless and until terminated by either party giving to the other not less than 12 months’ notice in writing but subject to various provisions for earlier termination. In particular, the Manager shall be entitled to terminate the agreement on not less than three months’ notice if an offeror acquires more than 30 per cent. of the shares of Baronsmead VCT and Baronsmead VCT is entitled to terminate the agreement on not less than 3 months’ notice if there is a change in control of the Manager.

- (b) A letter from the Manager to RAM Capital Partners (“RAM”) dated 13 November 2012 (the “RAM Appointment Letter”), whereby RAM was appointed to act as promoter to the Companies in connection with any proposed public offerings. The appointment is for a term of one year from 28 September 2012 and may be terminated earlier by one party in the event of a material breach of its obligations by the other. In consideration of RAM performing its role as promoter to the Companies under this letter, RAM will receive from the Manager a commission of 0.2 per cent. of the amount raised from each Company’s existing shareholders and 0.8 per cent. of the amount raised from new investors (subject to a minimum of £60,000 in aggregate across the Offers).
- (c) A letter from the Manager to each of the Companies dated 13 November 2012, pursuant to which each of the Companies agreed to appoint the Manager to project manage the Offers. The letter provides that the each Company shall be responsible for all costs, charges and expenses of its respective Offer (the “Expenses”), including initial commissions payable to independent financial intermediaries, but excluding any subsequent annual “trail” which may be payable (which the Manager has agreed to satisfy, for so long as it acts as investment manager to the Company in question). The Manager will indemnify the Companies to the extent that the aggregate of all Expenses exceeds 5.5 per cent. of the gross proceeds of the Offers, but if the aggregate of all Expenses is less than 5.5 per cent. of such gross proceeds, each Company will pay to the Manager a sum equal to the amount of the difference in proportion to the amounts raised by each of them under their respective Offer.

5 Dividend policy

The Board of Baronsmead VCT wishes to maintain a minimum dividend level of around 5.5p per Share if possible, but this depends primarily on the level of realisations achieved and it cannot be guaranteed. There will be variations in the amount of dividends paid year on year.

6 Miscellaneous

- (a) There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Baronsmead VCT's prospects for at least the current financial year. There have been no important events, so far as Baronsmead VCT and the Baronsmead VCT Directors are aware, relating to the development of Baronsmead VCT or its business.
- (b) RAM Capital Partners is the promoter of the Offers. Save as disclosed in paragraph 4(b) above, no amount of cash, securities or benefits has been paid, issued or given to the promoter in relation to the Offers and none is intended to be given.
- (c) The costs of Baronsmead VCT's Offer (including irrecoverable VAT and permissible commission payable to authorised advisers of up to 3 per cent. but excluding permissible annual trail commission) will be paid by Baronsmead VCT. The Manager has agreed to meet any permissible annual trail commission payments and reimburse and indemnify Baronsmead VCT in respect of expenses of its Offer in excess of 5.5 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it is appointed as the investment manager to Baronsmead VCT. Should the costs in respect of its Offer (excluding permissible annual trail commission) be less than 5.5 per cent. of the gross proceeds of its Offer, Baronsmead VCT will pay the balance to the Manager. This balance will be adjusted if there is a reduction in issue costs agreed by Baronsmead VCT's Board and the Manager. If the maximum of £10 million is raised for Baronsmead VCT, the net proceeds of the Baronsmead VCT Offer will amount to approximately £9.45 million. The issue premium on a Baronsmead VCT Share will be the difference between the issue price of the Baronsmead VCT Shares under the Baronsmead VCT Offer and the nominal value of a Share of 10 pence.
- (d) Save as disclosed in this document, Baronsmead VCT does not have, nor has it had since incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT does not have any major Shareholders and no Shareholders of Baronsmead VCT have different voting rights. To the best of the knowledge and belief of the Baronsmead VCT Directors, Baronsmead VCT is not directly controlled by any other party and, as at 19 November 2012 (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 Baronsmead VCT.
- (f) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Baronsmead VCT is aware), during the previous 12 months which may have, or have had in the recent past significant effects on Baronsmead VCT's financial position or profitability.
- (g) The typical investor for whom investment in Baronsmead VCT is designed is an individual retail investor aged 18 or over who is a UK tax payer.
- (h) None of Baronsmead VCT's capital is under option, nor are there any conditional or unconditional agreements for any part of Baronsmead VCT's capital to be put under option.
- (i) Shareholders will be informed by means of the interim and/or annual report or through a public announcement if the investment restrictions which apply to Baronsmead VCT as a VCT (as detailed in this document) are breached.
- (j) Related party transactions for Baronsmead VCT undertaken in the three financial years ended 30 September 2010, 2011 and 2012 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 4, 5, 11 and 25 on pages 35, 38 and 45 for the financial year ended 30 September 2010, in Notes 3, 4, 10 and 23 on pages 33, 34, 37 and 43 for the financial year ended 30 September 2011 and in Notes 3, 4, 10 and 23 on pages 41, 45 and 51 for the financial year ended 30 September 2012. Apart from the payment of Directors' remuneration on the basis set out in paragraph 3(d) above, and payments to ISIS on the basis set out in paragraphs 4(a) and 4(c) above, Baronsmead VCT has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 September 2012.

- (k) Applications will be made for the admission of the Baronsmead VCT Shares to be issued under the Baronsmead VCT Offer to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. The Baronsmead VCT Shares shall be in registered form and may be in either certificated or uncertificated form. Shares in uncertificated form will be credited to CREST accounts.
- (l) Baronsmead VCT is subject to the investment restrictions relating to a venture capital trust in the Tax Act (a summary of which is set out in paragraph 5 of Section F of this Part V). In addition, for so long as the Shares are admitted to the Official List, the Company is required to abide by applicable Listing Rules including the following:
 - (i) the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
 - (ii) the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
 - (iii) not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List unless those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List.

Section B: Baronsmead VCT 2 – General Information

1 Incorporation and administration

- (a) Baronsmead VCT 2 was incorporated and registered in England and Wales on 29 January 1998 with limited liability as a public limited company under Companies Act 1985 with the name World Leader Public Limited Company and with registered number 03504214. The name of Baronsmead VCT was changed to Baronsmead VCT plc by special resolution passed on 12 July 1995.
- (b) Baronsmead VCT 2 was issued with a certificate under section 117 of the Companies Act 1985 by the Registrar of Companies on 30 August 1995.
- (c) Baronsmead VCT 2's registered office and principal place of business is at 100 Wood Street, London EC2V 7AN and its telephone number is +44 (0) 20 7506 5600. Baronsmead VCT 2 is domiciled in England. Baronsmead VCT 2 does not have (and has not had since incorporation) any subsidiaries or any employees and it neither owns nor occupies any premises.
- (d) Baronsmead VCT 2 has been granted approval as a VCT under Section 274 Tax Act and the Baronsmead VCT 2 Directors have managed and intend to manage the affairs of Baronsmead VCT in such a manner so as to comply with Section 274 Tax Act.
- (e) A VCT is unregulated but is required to manage its affairs to obtain and maintain approval as a VCT under the provisions of Section 274 Tax Act. Baronsmead VCT 2 operates under the CA 2006 and the regulations made thereunder. Baronsmead VCT 2 is not registered with the FSA but, as a company whose shares are admitted to the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules.
- (f) The ISIN number for the Baronsmead VCT 2 Shares is GB0002631934.

2 Share capital

- (a) As at 30 September 2009, Baronsmead VCT 2's share capital comprised 74,730,194 Shares.
- (b) The Company's issued share capital history since 30 September 2009 is as follows:
 - during the financial year ending 30 September 2010, the Company bought back 1,560,000 Shares to be held in treasury. As at 30 September 2010, the issued share capital of the Company comprised 74,730,194 Shares, of which 7,553,906 Shares were held in treasury;
 - during the financial year ending 30 September 2011, the Company issued 2,068,746 new Shares and 920,000 Shares were bought back to be held in treasury. During the year there were also 9,756 shares cancelled. As at 30 September 2011, the issued share capital of the Company comprised 76,789,184 Shares, of which 8,473,906 Shares were held in treasury;
 - during the financial year ending 30 September 2012, the Company issued 4,077,587 new Shares and 744,913 Shares were bought back to be held in treasury. As at 30 September 2012, the issued share capital of the Company comprised 80,866,771 Shares, of which 9,218,819 Shares were held in treasury;
 - as at 19 November 2012 (being the latest practicable date prior to the publication of this document), there have been no further changes in the issued share capital of the Company.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 2 on 11 January 2012 by the passing of ordinary and special resolutions:
 - (i) in substitution for all subsisting authorities to the extent unused, the Directors of the Company were generally and unconditionally authorised in accordance with section 551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £2,049,458 during the period commencing on the passing of the resolution and expiring on the fifth anniversary

of the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting), but so that the authority shall allow the Company to make before the expiry of the authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry.

- (ii) the Directors were empowered, pursuant to sections 570 and 573 of the CA 2006, to allot equity securities as defined in section 560 of the Act for cash pursuant to the authority referred to in (i) above, or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that the power shall be limited to:

- (A) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) pursuant to one or more offers for subscription;
- (B) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV pursuant to any dividend reinvestment scheme operated by the Company; and
- (C) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (A) and (B) above) up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV; and

in each case where such proceeds of issue may be used to purchase shares in the Company and the power conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting) or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2013, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred by the resolution had not expired.

- (iii) the Company was empowered to make market purchases within the meaning of section 693(4) of the CA 2006 of Shares provided that:

- (A) the aggregate number of Shares which may be purchased shall not exceed 10,240,460 or, if lower, such number of Shares as shall equal 14.99 per cent. of the issued Shares as at the date of such purchase (excluding any Shares held in treasury);
- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10 pence;
- (C) the maximum price which may be paid for a Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003;
- (D) the authority conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the annual general meeting to be held in 2013, unless such authority is renewed prior to such time; and
- (E) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares.

- (d) At the general meeting of Baronsmead VCT 2, to be held on 11 December 2012, the following special resolution will be proposed:

That:

- 1.1 in addition to the existing authorities to the extent unused, the directors of the Company are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares of 10p each in the Company and to grant rights to subscribe for or to convert any security into Shares in the Company ("Share Rights") up to an aggregate nominal amount of £600,000, provided that the authority conferred by this paragraph 1.1 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 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 Share Rights to be granted after such expiry; and
- 1.2 in addition to existing authorities to the extent unused, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph 1.1 of this resolution or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph 1.2 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 and provided further that this power shall be limited to the allotment and issue of Shares with an aggregate nominal value representing up to £600,000 in connection with the Offer (as defined in the circular to shareholders of the Company dated 20 November 2012) pursuant to which the proceeds may in whole or part be used to purchase Shares.
- (e) Assuming a NAV per Baronsmead VCT 2 Share of 102.33p (being the unaudited NAV per Baronsmead VCT 2 Share as at 31 October 2012) for the purposes of the Pricing Formula and that the Baronsmead VCT 2 Offer is fully subscribed, immediately following the Baronsmead VCT 2 Offer the issued share capital of Baronsmead VCT 2 will be 85,483,577 Shares (including 9,218,819 Shares held in treasury).

3 Directors' and other interests

- (a) As at 19 November 2012 (being the last practicable date prior to publication of this document), Baronsmead VCT 2 was not aware of any person who directly or indirectly, has an interest in Baronsmead VCT 2's capital or voting rights which is notifiable under UK law.
- (b) As at 19 November 2012 (being the latest practicable date before the publication of this document) the holdings of Shares of the Baronsmead VCT 2 Directors were as follows:

	No. of Shares	% of Issued Share capital
Clive Parritt	85,316	0.11%
Gillian Nott OBE	48,462	0.06%
Howard Goldring	10,157	0.01%
Christina McComb	20,315	0.03%

- (c) Directors may act as directors of companies in which Baronsmead VCT 2 invests and receive and retain fees in that capacity.
- (d) None of the Directors has a service contract with Baronsmead VCT 2, and no such contract is proposed. However, Baronsmead VCT 2 has entered into letters of appointment with each of the Directors under the terms of which the Baronsmead VCT 2 chairman is entitled to annual remuneration of £26,500 and the other Directors are entitled to annual remuneration of £18,000 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Directors may be removed from office under the terms of Baronsmead VCT 2's articles of association or may resign from office, in each case, with immediate effect at any time.

It is estimated that the aggregate amount payable to the Directors by Baronsmead VCT 2 for the financial period ending on 30 September 2013 under the arrangements in force at the date of this document will not exceed £80,500 (plus out-of-pocket expenses). In the last financial year Clive Parritt received £26,000 and Gillian Nott, Howard Goldring and Christina McComb received £17,325. The Baronsmead VCT 2 Directors receive no other remuneration benefits in addition to their fees detailed above.

- (e) No loan or guarantee has been granted or provided by Baronsmead VCT to or for the benefit of any Director.
- (f) None of the Directors nor any member of their respective immediate families has, or has had, an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of Baronsmead VCT 2 and which were effected by Baronsmead VCT 2 during the current or immediately preceding financial year or during an earlier financial year and remaining in any respect outstanding or unperformed.
- (g) Baronsmead VCT 2 has taken out directors' and officers' liability insurance for the benefit of the Baronsmead VCT 2 Directors, which is renewable on a biennial basis.
- (h) No Director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions or significant to the business of Baronsmead VCT 2 and which was effected by Baronsmead VCT 2 in the period since its incorporation and remains in any respect outstanding or unperformed.
- (i) None of the Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) 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, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.
- (k) 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.

4 Material contracts

Save as disclosed in this paragraph, Baronsmead VCT 2 has not entered, other than in the ordinary course of business, into any contract which is or may be material to Baronsmead VCT 2 within the two years immediately preceding the publication of this document or into any contract which contains any provision under which Baronsmead VCT 2 has any obligation or entitlement which is material to Baronsmead VCT 2 as at the date of this document:

- (a) A management agreement ("Baronsmead VCT 2 Management Agreement") dated 20 December 2006 and made between Baronsmead VCT 2 and the Manager (as amended by a supplemental agreement dated 11 October 2007), whereby the Manager was appointed to manage the undertaking of Baronsmead VCT 2 with a view to maintaining its status as a VCT and to manage its investments, securities and other assets (other than those which are not venture capital investments). The Baronsmead VCT 2 Management Agreement provides that the Manager will receive a quarterly fee in respect of the provision of its investment management services equal to 0.5 per cent. of the amount of the net assets of Baronsmead VCT 2 at the close of business on the last business day of the relevant quarter and a quarterly fee for the provision of company secretarial, accounting and other management and administrative services of £9,095, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 2 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £105,634. Such figures exclude VAT and are subject to adjustment by reference to increases in the Retail Price Index.

The Baronsmead VCT 2 Management Agreement also provides that the Manager will be entitled to a performance fee, to be calculated by reference to certain increases in the net asset value of Baronsmead VCT 2, calculated on the assumption that any dividends paid by Baronsmead VCT 2 are re-invested by way of subscription for further shares in Baronsmead VCT 2 ("Total Return").

The performance fees will not be payable until the Total Return exceeds an annual threshold equal to 2 per cent. over the base rate of the Royal Bank of Scotland PLC (or such other bank as may from time to time be agreed) for the relevant period (defined as a "Calculation Period" – generally, an accounting reference period) so that, for the period in question, a performance fee (plus VAT) of 10 per cent. of the excess will be paid to the Manager and the Baronsmead VCT 2 Management Agreement contains a mechanism for appropriate adjustments to be made for the purpose of the calculation of the performance fee in the event of certain changes to the share capital of Baronsmead VCT 2 (including the redemption or re-purchase of shares and the issue of further shares). The amount of any performance fee payable in respect of any Calculation Period is to be capped at 5 per cent. of shareholders' funds.

The Manager is also entitled to the reimbursement of expenses incurred on behalf of Baronsmead VCT 2 but, if and to the extent that the annual running costs of Baronsmead VCT 2 exceed 3.5 per cent. of its average net assets at the end of each of the relevant quarters for the financial year in question ("the Excess"), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

The Baronsmead VCT 2 Management Agreement took effect on 1 January 2007 and continues unless and until terminated by either party giving to the other not less than 12 months' notice in writing but subject to various provisions for earlier termination. In particular, the Manager shall be entitled to terminate the agreement on not less than 3 months' notice if an offeror acquires more than 30 per cent. of the shares of Baronsmead VCT 2 and Baronsmead VCT 2 is entitled to terminate the agreement on not less than 3 months' notice if there is a change in control of the Manager.

- (b) The RAM Appointment Letter referred to in paragraph 4(b) of Section A above.
- (c) The Manager's cost indemnity letter referred to in paragraph 4(c) of Section A above.

5 Dividend policy

The Board of Baronsmead VCT 2 aims to sustain a minimum annual dividend level at an average of 6.5p per Share, whilst being mindful of the need to maintain net asset value. The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and cannot be guaranteed. There will be variations in the amounts of dividends paid year on year.

6 Miscellaneous

- (a) There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Baronsmead VCT 2's prospects for at least the current financial year. There have been no important events, so far as Baronsmead VCT 2 and the Baronsmead VCT 2 Directors are aware, relating to the development of Baronsmead VCT 2 or its business.
- (b) RAM Capital Partners is the promoter of the Offers. Save as disclosed in paragraph 4(b) above, no amount of cash, securities or benefits has been paid, issued or given to the promoter in relation to the Offers and none is intended to be given.
- (c) The costs of Baronsmead VCT 2's Offer (including irrecoverable VAT and permissible commission payable to authorised advisers of up to 3 per cent. but excluding permissible annual trail commission) will be paid by Baronsmead VCT 2. The Manager has agreed to meet any permissible annual trail commission payments and reimburse and indemnify Baronsmead VCT 2 in respect of expenses of its Offer in excess of 5.5 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it is appointed as the investment manager to Baronsmead VCT 2. Should the costs in respect of its Offer (excluding permissible annual trail commission) be less than 5.5 per cent. of the gross proceeds of its Offer, Baronsmead VCT 2 will pay the balance to the Manager. This balance will be adjusted if there is a reduction in issue costs agreed by Baronsmead VCT 2's Board and the Manager. If the maximum of £5,000,000 million is raised for Baronsmead VCT 2, the net proceeds of the Baronsmead VCT 2

Offer will amount to approximately £4.725 million. The issue premium on a Baronsmead VCT 2 Share will be the difference between the issue price of the Baronsmead VCT 2 Shares under the Baronsmead VCT 2 Offer and the nominal value of a Share of 10 pence.

- (d) Save as disclosed in this document, Baronsmead VCT 2 does not have, nor has it had since incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 2 does not have any major Shareholders and no Shareholders of Baronsmead VCT 2 have different voting rights. To the best of the knowledge and belief of the Baronsmead VCT 2 Directors, Baronsmead VCT 2 is not directly controlled by any other party and, as at 19 November 2012 (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 Baronsmead VCT 2.
- (f) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Baronsmead VCT 2 is aware), during the previous 12 months which may have, or have had in the recent past significant effects on Baronsmead VCT 2's financial position or profitability.
- (g) The typical investor for whom investment in Baronsmead VCT 2 is designed is an individual retail investor aged 18 or over who is a UK tax payer.
- (h) None of Baronsmead VCT 2's capital is under option, nor are there any conditional or unconditional agreements for any part of Baronsmead VCT 2's capital to be put under option.
- (i) Shareholders will be informed by means of the interim and/or annual report or through a public announcement if the investment restrictions which apply to Baronsmead VCT 2 as a VCT (as detailed in this document) are breached.
- (j) Related party transactions for Baronsmead VCT 2 undertaken in the three financial years ended 30 September 2010, 2011 and 2012 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 4, 5, 11 and 24 on pages 35, 38 and 44 for the financial year ended 30 September 2010, in Notes 3, 4, 10 and 23 on pages 35, 36, 39 and 45 for the financial year ended 30 September 2011 and in Notes 3, 4, 10 and 23 on pages 41, 45 and 51 for the financial year ended 30 September 2012. Apart from the payment of directors' remuneration on the basis set out in paragraph 3(d) above, and payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(c) above, Baronsmead VCT 2 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 September 2012.
- (k) Applications will be made for the admission of the Baronsmead VCT 2 Shares to be issued under the Baronsmead VCT 2 Offer to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. The Baronsmead VCT 2 Shares shall be in registered form and may be in either certificated or uncertificated form. Shares in uncertificated form will be credited to CREST accounts.
- (l) Baronsmead VCT 2 is subject to the investment restrictions relating to a venture capital trust in the Tax Act (a summary of which is set out in paragraph 5 of Section F of this Part V). In addition, for so long as the Shares are admitted to the Official List, the Company is required to abide by applicable Listing Rules including the following:
 - (i) the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
 - (ii) the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
 - (iii) not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List unless those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List.

Section C: Baronsmead VCT 3 – General Information

1 Incorporation and administration

- (a) Baronsmead VCT 3 was incorporated and registered in England and Wales on 22 November 2000 with limited liability as a public limited company under the Companies Act 1985 with the name Baronsmead VCT 3 plc and with registered number 04115341.
- (b) Baronsmead VCT 3 was issued with a certificate under section 117 of Companies Act 1985 by the Registrar of Companies on 22 December 2000.
- (c) Baronsmead VCT 3's registered office and principal place of business is at 100 Wood Street, London EC2V 7AN, with telephone number +44 (0) 20 7506 5600.
- (d) Baronsmead VCT 3 is domiciled in England. Baronsmead VCT 3 does not have (and has not had since incorporation) any subsidiaries, subsidiary undertakings or any employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 3 has been granted approval as a VCT under Section 274 of the Tax Act and the Baronsmead VCT 3 Directors have managed and intend to manage the affairs of Baronsmead VCT 3 in such a manner so as to comply with Section 274 of the Tax Act.
- (f) A VCT is unregulated but is required to manage its affairs to obtain and maintain approval as a VCT under the provisions of Section 274 of the Tax Act. Baronsmead VCT 3 operates under the CA 2006 and the regulations made thereunder. Baronsmead VCT 3 is not registered with, or authorised by, the FSA but, as a company whose shares are admitted to the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules.
- (g) The ISIN number for the Baronsmead VCT 3 Shares is GB0030028103.

2 Share capital

- (a) As at 31 December 2008, Baronsmead VCT 3's share capital comprised 58,226,997 Shares.
- (b) The Company's issued share capital history since 31 December 2008 is as follows:
 - during the financial year ending 31 December 2009, the Company issued 1,472,556 Shares and bought back 915,166 Shares to be held in treasury. As at 31 December 2009, the issued share capital of the Company comprised 59,699,553 Shares, of which 5,467,317 Shares were held in treasury;
 - during the financial year ending 31 December 2010, the Company issued 7,920,298 new Shares and 1,510,000 Shares were bought back to be held in treasury. As at 31 December 2010, the issued share capital of the Company comprised 67,619,851 Shares, of which 6,977,317 Shares were held in treasury;
 - during the financial year ending 31 December 2011, the Company bought back 880,000 Shares to be held in treasury and 235,000 Shares were sold out of treasury. As at 31 December 2011, the issued share capital of the Company comprised 67,619,851 Shares, of which 7,622,317 Shares were held in treasury;
 - in the period from 31 December 2011 to 19 November 2012 (being the latest practicable date prior to the publication of this document), the Company issued 3,853,400 new Shares and 941,897 Shares were bought back to be held in treasury. As at 19 November 2012 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company comprised 71,473,251 Shares, of which 8,564,214 Shares were held in treasury.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 3 on 11 April 2012 by the passing of ordinary and special resolutions:
 - (i) in substitution for all subsisting authorities to the extent unused, the Directors of the Company were generally and unconditionally authorised in accordance with section

551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,799,926 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting), but so that the authority shall allow the Company to make before the expiry of the authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors of the Company shall be entitled to allot shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by the resolution had not expired.

- (ii) the Directors were empowered, pursuant to sections 570 and 573 of the CA 2006, to allot equity securities (as defined in section 560 of the Act) including the grant of rights to subscribe for or to convert any security into shares of the Company for cash pursuant to the authority referred to in (i) above, and to sell equity securities held by the Company as treasury shares for cash, as if section 561(1) of the CA 2006 did not apply to any such allotment and sales of equity securities, provided that the power shall be limited to:

- (A) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital of the Company (excluding treasury shares) pursuant to one or more offers for subscription;
- (B) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital of the Company (excluding treasury shares) from time to time which may be issued at a discount to NAV pursuant to any dividend reinvestment scheme operated by the Company; and
- (C) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (A) and (B) above) up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV; and

in each case where such proceeds of issue may be used to purchase shares in the Company, and the power conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting) or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2013, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred by the resolution had not expired.

- (iii) the Company was empowered to make market purchases within the meaning of section 693(4) of the CA 2006 of Shares on such terms and in such manner as the Directors shall from time to time determine provided that:

- (A) the aggregate number of Shares which may be purchased shall not exceed 14.99 per cent. of the Shares in issue at the date of the annual general meeting, excluding any Shares held in treasury;
- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10 pence;
- (C) the maximum price which may be paid for a Share is an amount equal to the higher of (i) an amount equal 105 per cent. of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003;
- (D) the authority conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the annual general meeting to be held in 2013, unless such authority is renewed prior to such time; and

- (E) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares pursuant to such contract as if the power conferred by the resolution had not expired.
- (e) Assuming a NAV per Baronsmead VCT 3 Share of 107.96 p (being the unaudited NAV per Baronsmead VCT 3 Share as at 31 October 2012) for the purposes of the Pricing Formula and that the Baronsmead VCT 3 Offer is fully subscribed, immediately following the Baronsmead VCT 3 Offer the issued share capital of Baronsmead VCT 3 will be 75,847,705 Shares (including 8,569,214 Shares held in treasury).

3 Directors' and other interests

- (a) As at 19 November 2012 (being the latest practicable date prior to publication of this document), Baronsmead VCT 3 was not aware of any person who directly or indirectly, has an interest in Baronsmead VCT 3's capital or voting rights which is notifiable under UK law.
- (b) As at 19 November 2012 (being the latest practicable date before the publication of this document) the holdings of Shares of the Baronsmead VCT 3 Directors were as follows:

	No. of Shares	% of Issued Share capital
Anthony Townsend	26,807	0.04%
Andrew Karney	86,548	0.12%
Gillian Nott OBE	60,699	0.08%
Ian Orrock	6,719	0.01%

- (c) Directors may act as directors of companies in which Baronsmead VCT 3 invests and receive and retain fees in that capacity.
- (d) None of the Directors has a service contract with Baronsmead VCT 3, and no such contract is proposed. However, Baronsmead VCT 3 has entered into letters of appointment with each of the Directors under the terms of which the Baronsmead VCT 3 chairman is entitled to annual remuneration of £25,000, the Chairman of the Audit and Risk Committee is entitled to annual remuneration of £20,000 and the other Directors are entitled to annual remuneration of £17,500 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Directors may be removed from office under the terms of Baronsmead VCT 3's articles of association or may resign from office, in each case, with immediate effect at any time.

It is estimated that the aggregate amount payable to the Directors by Baronsmead VCT 3 for the financial period ending on 31 December 2012 under the arrangements in force at the date of this document will not exceed £80,000 (plus out-of-pocket expenses). For the year ended 31 December 2011, Anthony Townsend received £23,875, Andrew Karney and Ian Orrock received £16,000 each, and Gillian Nott received £16,625. The Baronsmead VCT 3 Directors receive no other remuneration benefits in addition to their fees detailed above.

- (e) No loan or guarantee has been granted or provided by Baronsmead VCT 3 to or for the benefit of any Director.
- (f) None of the Directors nor any member of their respective immediate families has, or has had, an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of Baronsmead VCT 3 and which were effected by Baronsmead VCT 3 during the current or immediately preceding financial year or during an earlier financial year and remaining in any respect outstanding or unperformed.
- (g) Baronsmead VCT 3 has taken out directors' and officers' liability insurance for the benefit of the Baronsmead VCT 3 Directors, which is renewable on a biennial basis.

- (h) No Director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions or significant to the business of Baronsmead VCT 3 and which was effected by Baronsmead VCT 3 in the period since its incorporation and remains in any respect outstanding or unperformed.
- (i) None of the Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) 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, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.
- (k) 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.

4 Material contracts

Save as disclosed in this paragraph, Baronsmead VCT 3 has not entered, other than in the ordinary course of business, into any contract which is or may be material to Baronsmead VCT 3 within the two years immediately preceding the publication of this document or into any contract which contains any provision under which Baronsmead VCT 3 has any obligation or entitlement which is material to Baronsmead VCT 3 as at the date of this document:

- (a) A management agreement (“Baronsmead VCT 3 Management Agreement”) dated 20 December 2006 and made between Baronsmead VCT 3 and the Manager (as amended by a supplemental agreement dated 11 October 2007), whereby the Manager was appointed to manage the undertaking of Baronsmead VCT 3 with a view to maintaining its status as a VCT and to manage its investments, securities and other assets (other than those which are not venture capital investments). The Baronsmead VCT 3 Management Agreement provides that the Manager will receive a quarterly fee in respect of the provision of its investment management services equal to 0.625 per cent. of the amount of the net assets of Baronsmead VCT 3 at the close of business on the last business day of the relevant quarter and a quarterly fee for the provision of company secretarial, accounting and other management and administrative services of £8,454, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 3 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £102,212. Such figures exclude VAT and are subject to adjustment by reference to increases in the Retail Price Index.

The Baronsmead VCT 3 Management Agreement also provides that the Manager will be entitled to a performance fee, to be calculated by reference to certain increases in the net asset value of Baronsmead VCT 3, calculated on the assumption that any dividends paid by Baronsmead VCT 3 are re-invested by way of subscription for further shares in Baronsmead VCT 3 (“Total Return”).

The performance fees will not be payable until the Total Return exceeds an annual threshold equal to 8 per cent. per annum for the relevant period (defined as a “Calculation Period” – generally, an accounting reference period) so that, for the period in question, a performance fee (plus VAT) of 10 per cent. of the excess will be paid to the Manager and the Baronsmead VCT 3 Management Agreement contains a mechanism for appropriate adjustments to be made for the purpose of the calculation of the performance fee in the event of certain changes to the share capital of Baronsmead VCT 3 (including the redemption or re-purchase of shares and the issue of further shares). The amount of any performance fee payable in respect of any Calculation Period is to be capped at 5 per cent. of shareholders’ funds for that period.

The Manager is also entitled to the reimbursement of expenses incurred on behalf of Baronsmead VCT 3 but, if and to the extent that the annual running costs of Baronsmead VCT 3 exceed 3.5 per cent. of its average net assets at the end of each of the relevant quarters for the financial year in question (“the Excess”), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

The Baronsmead VCT 3 Management Agreement took effect on 1 January 2007 and continues unless and until terminated by either party giving to the other not less than 12 months' notice in writing but subject to various provisions for earlier termination. In particular, the Manager shall be entitled to terminate the agreement on not less than 3 months' notice if an offeror acquires more than 30 per cent. of the shares of Baronsmead VCT 3 and Baronsmead VCT 3 is entitled to terminate the agreement on not less than 3 months' notice if there is a change in control of the Manager.

- (b) The RAM Appointment Letter referred to in paragraph 4(b) of Section A above.
- (c) The Manager's cost indemnity letter referred to in paragraph 4(c) of Section A above.

5 Dividend policy

The Board of Baronsmead VCT 3 has the objective to maintain a minimum annual dividend level of around 4.5p per Share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed. There will be variations in the amount of dividends paid year on year.

6 Miscellaneous

- (a) There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Baronsmead VCT 3's prospects for at least the current financial year. There have been no important events, so far as Baronsmead VCT 3 and its Directors are aware, relating to the development of Baronsmead VCT 3 or its business.
- (b) RAM Capital Partners is the promoter of the Offers. Save as disclosed in paragraph 4(b) above, no amount of cash, securities or benefits has been paid, issued or given to the promoter in relation to the Offers and none is intended to be given.
- (c) The costs of Baronsmead VCT 3's Offer (including irrecoverable VAT and permissible commission payable to authorised advisers of up to 3 per cent. but excluding permissible annual trail commission) will be paid by Baronsmead VCT 3. The Manager has agreed to meet any permissible annual trail commission payments and reimburse and indemnify Baronsmead VCT 3 in respect of expenses of its Offer in excess of 5.5 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it is appointed as the investment manager to Baronsmead VCT 3. Should the costs in respect of its Offer (excluding permissible annual trail commission) be less than 5.5 per cent. of the gross proceeds of its Offer, Baronsmead VCT 3 will pay the balance to the Manager. This balance will be adjusted if there is a reduction in issue costs agreed by Baronsmead VCT 3's Board and the Manager.. If the maximum of £5 million is raised for Baronsmead VCT 3, the net proceeds of the Baronsmead VCT 3 Offer will amount to approximately £4.725 million. The issue premium on a Baronsmead VCT 3 Share will be the difference between the issue price of the Baronsmead VCT 3 Shares under the Baronsmead VCT 3 Offer and the nominal value of a Share of 10 pence.
- (d) Save as disclosed in this document, Baronsmead VCT 3 does not have, nor has it had since incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 3 does not have any major Shareholders and no Shareholders of Baronsmead VCT 3 have different voting rights. To the best of the knowledge and belief of the Baronsmead VCT Directors, Baronsmead VCT 3 is not directly controlled by any other party and, as at 19 November 2012 (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 Baronsmead VCT 3.
- (f) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Baronsmead VCT 3 is aware), during the previous 12 months which may have, or have had in the recent past significant effects on Baronsmead VCT 3's financial position or profitability.
- (g) The typical investor for whom investment in Baronsmead VCT 3 is designed is an individual retail investor aged 18 or over who is a UK tax payer.

- (h) None of Baronsmead VCT 3's capital is under option, nor are there any conditional or unconditional agreements for any part of Baronsmead VCT 3's capital to be put under option.
- (i) Shareholders will be informed by means of the interim and/or annual report or through a public announcement if the investment restrictions which apply to Baronsmead VCT 3 as a VCT (as detailed in this document) are breached.
- (j) Related party transactions for Baronsmead VCT 3 undertaken in the three financial years ended 31 December 2009, 2010 and 2011 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 4, 5, 11 and 25 on pages 32, 35 and 42 for the financial year ended 31 December 2009, in Notes 5 and 25 on pages 37 and 45 for the financial year ended 31 December 2010 and in Notes 3, 4 and 23 on pages 36, 37 and 45 for the financial year ended 31 December 2011. Apart from the payment of Directors' remuneration on the basis set out in paragraph 3(d) above, and payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(c) above, Baronsmead VCT 3 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 31 December 2011.
- (k) Applications will be made for the admission of the Baronsmead VCT 3 Shares to be issued under the Baronsmead VCT 3 Offer to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. The Baronsmead VCT 3 Shares shall be in registered form and may be in either certificated or uncertificated form. Shares in uncertificated form will be credited to CREST accounts.
- (l) Baronsmead VCT 3 is subject to the investment restrictions relating to a venture capital trust in the Tax Act (a summary of which is set out in paragraph 5 of Section F of this Part V). In addition, for so long as the Shares are admitted to the Official List, the Company is required to abide by applicable Listing Rules including the following:
 - (i) the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
 - (ii) the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
 - (iii) not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List unless those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List.

Section D: Baronsmead VCT 4 – General Information

1 Incorporation and administration

- (a) Baronsmead VCT 4 was incorporated and registered in England and Wales on 30 October 2001 with limited liability as a public limited company under the Companies Act 1985 with the name Baronsmead VCT 4 plc and with registered number 04313537.
- (b) Baronsmead VCT 4 was issued with a certificate under section 117 of the Companies Act 1985 by the Registrar of Companies on 31 October 2001.
- (c) Baronsmead VCT 4's registered office and principal place of business is at 100 Wood Street, London EC2V 7AN, with telephone number +44 (0) 20 7506 5600.
- (d) Baronsmead VCT 4 is domiciled in England. Baronsmead VCT 4 does not have (and has not had since incorporation) any subsidiaries, subsidiary undertakings or any employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 4 has been granted approval as a VCT under Section 274 of the Tax Act and the Baronsmead VCT 4 Directors have managed and intend to manage the affairs of Baronsmead VCT 4 in such a manner so as to comply with Section 274 of the Tax Act.
- (f) A VCT is unregulated but is required to manage its affairs to obtain and maintain approval as a VCT under the provisions of Section 274 of the Tax Act. Baronsmead VCT 4 operates under the CA 2006 and the regulations made thereunder. Baronsmead VCT 4 is not registered with, or authorised by, the FSA but, as a company whose shares are admitted to the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules.
- (g) The ISIN number for the Baronsmead VCT 4 Shares is GB0031095283.

2 Share capital

- (a) As at 31 December 2008, Baronsmead VCT 4's share capital comprised 33,279,339 Shares and 21,191,442 C shares of 50 pence each.
- (b) The Company's issued share capital history since 31 December 2008 is as follows:
 - during the financial year ending 31 December 2009, the Company issued 21,980,574 Shares upon the conversion of 21,191,442 C shares and bought back 1,352,140 Shares to be held in treasury. As at 31 December 2009, the issued share capital of the Company comprised 55,892,719 Shares, of which 3,793,593 Shares were held in treasury;
 - during the financial year ending 31 December 2010, the Company issued 8,510,110 new Shares and 1,365,000 Shares were bought back to be held in treasury. As at 31 December 2010, the issued share capital of the Company comprised 64,402,829 Shares, of which 5,158,593 Shares were held in treasury;
 - during the financial year ending 31 December 2011, the Company bought back 990,000 Shares to be held in treasury and 20,000 shares were sold out of treasury. As at 31 December 2011, the issued share capital of the Company comprised 64,402,829 Shares, of which 6,128,593 Shares were held in treasury;
 - in the period from 31 December 2011 to 19 November 2012 (being the latest practicable date prior to the publication of this document), the Company issued 4,118,232 new Shares and 642,537 Shares were bought back to be held in treasury. As at 19 November 2012 (the latest practicable date prior to the publication of this document), the issued share capital of the Company comprised 68,521,061 Shares, of which 6,771,130 Shares were held in treasury.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 4 on 17 April 2012 by the passing of ordinary and special resolutions:
 - (i) in substitution for all subsisting authorities to the extent unused, the directors of the Company were generally and unconditionally authorised in accordance with section

551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,748,227 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting), but so that the 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.

- (ii) the directors of the Company were empowered, pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (as defined in section 560 of the CA 2006) including the grant of rights to subscribe for or to convert any security into shares of the Company, for cash pursuant to the authority referred to in (i) above, and to sell equity securities held by the Company as treasury shares for cash, as if section 561(1) of the CA 2006 did not apply to any such allotment and sales of equity securities, provided that the power shall be limited to:

- (A) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital (excluding treasury shares) pursuant to one or more offers for subscription;
- (B) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the Company's issued share capital (excluding treasury shares) from time to time which may be issued at a discount to NAV pursuant to any dividend reinvestment scheme operated by the Company; and
- (C) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (A) and (B) above) up to an aggregate nominal amount representing 10 per cent. of the Company's issued share capital (excluding treasury shares) from time to time which may be at a discount to NAV; and

in each case where such proceeds of issue may be used to purchase shares in the Company and the power conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting) or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2013, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred by the resolution had not expired.

- (iii) in substitution for the Company's existing authority to make market purchases, the Company was empowered to make market purchases within the meaning of section 693(4) of the CA 2006 of Shares on such terms and in such manner as the directors of the Company shall from time to time determine, provided that:

- (A) the aggregate number of Shares which may be purchased shall not exceed 14.99 per cent. of the Company's Shares in issue at the date of the annual general meeting, excluding any Shares held in treasury;
- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10 pence;
- (C) the maximum price which may be paid for a Share is an amount equal to the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003;
- (D) the authority conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the annual general meeting to be held in 2013, unless such authority is renewed prior to such time; and

- (E) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares pursuant to such contract as if the power conferred by the resolution had not expired.
- (d) Assuming a NAV per Baronsmead VCT 4 Share of 98.90p (being unaudited the NAV per Baronsmead VCT 4 Share as at 31 October 2012) for the purposes of the Pricing Formula and that the Baronsmead VCT 4 Offer is fully subscribed, immediately following the Baronsmead VCT 4 Offer the issued share capital of Baronsmead VCT 4 will be 73,296,611 Shares (including 6,771,130 Shares held in treasury).

3 Directors' and other interests

- (a) As at 19 November 2012 (being the latest practicable date prior to publication of this document), Baronsmead VCT 4 was not aware of any person who directly or indirectly, has an interest in Baronsmead VCT 4's capital or voting rights which is notifiable under UK law.
- (b) As at 19 November 2012 (being the latest practicable date before the publication of this document) the holdings of Shares of the Baronsmead VCT 4 Directors were as follows:

	No. of Shares	% of Issued Share capital
Robert Owen	115,703	0.17%
Ian Kirkpatrick	11,699	0.02%
Alan Pedder CBE	91,016	0.13%
Robin Williams	-	-

- (c) Directors may act as directors of companies in which Baronsmead VCT 4 invests and receive and retain fees in that capacity.
- (d) None of the Directors has a service contract with Baronsmead VCT 4, and no such contract is proposed. However, Baronsmead VCT 4 has entered into letters of appointment with each of the Directors under the terms of which the Baronsmead VCT 4 chairman is entitled to annual remuneration of £24,500 and the other Directors are entitled to annual remuneration of £18,000 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Directors may be removed from office under the terms of Baronsmead VCT 4's articles of association or may resign from office, in each case, with immediate effect at any time.
- It is estimated that the aggregate amount payable to the Directors by Baronsmead VCT 4 for the financial period ending on 31 December 2012 under the arrangements in force at the date of this document will not exceed £78,500 (plus out-of-pocket expenses). For the financial year ended 31 December 2011, Robert Owen received £22,000, and Ian Kirkpatrick, Alan Pedder and Robin Williams each received £16,000. The Baronsmead VCT 4 Directors receive no other remuneration benefits in addition to their fees detailed above.
- (e) No loan or guarantee has been granted or provided by Baronsmead VCT 4 to or for the benefit of any Director.
- (f) None of the Directors nor any member of their respective immediate families has, or has had, an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of Baronsmead VCT 4 and which were effected by Baronsmead VCT 4 during the current or immediately preceding financial year or during an earlier financial year and remaining in any respect outstanding or unperformed.
- (g) Baronsmead VCT 4 has taken out directors' and officers' liability insurance for the benefit of the Baronsmead VCT 4 Directors, which is renewable on a biennial basis.
- (h) No Director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions or significant to the business of Baronsmead VCT 4 and which was effected by Baronsmead VCT 4 in the period since its incorporation and remains in any respect outstanding or unperformed.

- (i) None of the Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) 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, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.
- (k) 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.

4 Material contracts

Save as disclosed in this paragraph, Baronsmead VCT 4 has not entered, other than in the ordinary course of business, into any contract which is or may be material to Baronsmead VCT 4 within the two years immediately preceding the publication of this document or into any contract which contains any provision under which Baronsmead VCT 4 has any obligation or entitlement which is material to Baronsmead VCT 4 as at the date of this document:

- (a) A management agreement (“Baronsmead VCT 4 Management Agreement”) dated 20 December 2006 and made between Baronsmead VCT 4 and the Manager (as amended by a supplemental agreement dated 11 October 2007), whereby the Manager was appointed to manage the undertaking of Baronsmead VCT 4 with a view to maintaining its status as a VCT and to manage its investments, securities and other assets (other than those which are not venture capital investments). The Baronsmead VCT 4 Management Agreement provides that the Manager will receive a quarterly fee in respect of the provision of its investment management services equal to 0.625 per cent. of the amount of the net assets of Baronsmead VCT 4 at the close of business on the last business day of the relevant quarter and a quarterly fee for the provision of company secretarial, accounting and other management and administrative services of £11,181, plus a variable fee equal to 0.03125 per cent. multiplied by the amount by which the net assets of Baronsmead VCT 4 as of the close of business on the last business day of the relevant quarter exceed £5 million, but subject to a maximum annual fee of £100,000. Such figures exclude VAT and are subject to adjustment by reference to increases in the Index of Retail Prices.

The Baronsmead VCT 4 Management Agreement also provides that the Manager will be entitled to a performance fee, to be calculated by reference to certain increases in the net asset value of Baronsmead VCT 4, calculated on the assumption that any dividends paid by Baronsmead VCT 4 are re-invested by way of subscription for further shares in Baronsmead VCT 4 (“Total Return”).

The performance fees will not be payable until the Total Return exceeds an annual threshold equal to 8 per cent. per annum for the relevant period (defined as a “Calculation Period” – generally, an accounting reference period) so that, for the period in question, a performance fee (plus VAT) of 10 per cent. of the excess will be paid to the Manager and the Baronsmead VCT 4 Management Agreement contains a mechanism for appropriate adjustments to be made for the purpose of the calculation of the performance fee in the event of certain changes to the share capital of Baronsmead VCT 4 (including the redemption or re-purchase of shares and the issue of further shares). The amount of any performance fee payable in respect of any Calculation Period is capped at 5 per cent. of shareholders’ funds for that period.

The Manager is also entitled to the reimbursement of expenses incurred on behalf of Baronsmead VCT 4 but, if and to the extent that the annual running costs of Baronsmead VCT 4 exceed 3.5 per cent. of its average net assets at the end of each of the relevant quarters for the financial year in question (the “Excess”), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

The Baronsmead VCT 4 Management Agreement took effect on 1 January 2007 and continues unless and until terminated by either party giving to the other not less than 12 months’ notice

in writing but subject to various provisions for earlier termination. In particular, the Manager shall be entitled to terminate the agreement on not less than 3 months' notice if an offeror acquires more than 30 per cent. of the shares of Baronsmead VCT 4 and Baronsmead VCT 4 is entitled to terminate the agreement on not less than 3 months' notice if there is a change in control of the Manager.

- (b) The RAM Appointment Letter referred to in paragraph 4(b) of Section A above.
- (c) The Manager's cost indemnity letter referred to in paragraph 4(c) of Section A above.

5 Dividend policy

The Board of Baronsmead VCT 4 has the objective to sustain a progressive dividend policy for Shareholders but this depends primarily on the level of profitable realisations and it cannot be guaranteed. There may be variations in the amount of dividends paid year on year.

6 Miscellaneous

- (a) There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Baronsmead VCT 4's prospects for at least the current financial year. There have been no important events, so far as Baronsmead VCT 4 and its Directors are aware, relating to the development of Baronsmead VCT 4 or its business.
- (b) RAM Capital Partners is the promoter of the Offers. Save as disclosed in paragraph 4(b) above, no amount of cash, securities or benefits has been paid, issued or given to the promoter in relation to the Offers and none is intended to be given.
- (c) The costs of Baronsmead VCT 4's Offer (including irrecoverable VAT and permissible commission payable to authorised advisers of up to 3 per cent. but excluding permissible annual trail commission) will be paid by Baronsmead VCT 4. The Manager has agreed to meet any permissible annual trail commission payments and reimburse and indemnify Baronsmead VCT 4 in respect of expenses of its Offer in excess of 5.5 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it is appointed as the investment manager to Baronsmead VCT 4. Should the costs in respect of its Offer (excluding permissible annual trail commission) be less than 5.5 per cent. of the gross proceeds of its Offer, Baronsmead VCT 4 will pay the balance to the Manager. This balance will be adjusted if there is a reduction in issue costs agreed by Baronsmead VCT 4's Board and the Manager. If the maximum of £5 million is raised for Baronsmead VCT 4, the net proceeds of the Baronsmead VCT 4 Offer will amount to approximately £4.725 million. The issue premium on a Baronsmead VCT 4 Share will be the difference between the issue price of the Baronsmead VCT 4 Shares under the Baronsmead VCT 4 Offer and the nominal value of a Share of 10 pence.
- (d) Save as disclosed in this document, Baronsmead VCT 4 does not have, nor has it had since incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 4 does not have any major Shareholders and no Shareholders of Baronsmead VCT 4 have different voting rights. To the best of the knowledge and belief of the Baronsmead VCT 4 Directors, Baronsmead VCT 4 is not directly controlled by any other party and, as at 19 November 2012 (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 Baronsmead VCT 4.
- (f) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Baronsmead VCT 4 is aware), during the previous 12 months which may have, or have had in the recent past significant effects on Baronsmead VCT 4's financial position or profitability.
- (g) The typical investor for whom investment in Baronsmead VCT 4 is designed is an individual retail investor aged 18 or over who is a UK tax payer.
- (h) None of Baronsmead VCT 4's capital is under option, nor are there any conditional or unconditional agreements for any part of Baronsmead VCT 4's capital to be put under option.

- (i) Shareholders will be informed by means of the interim and/or annual report or through a public announcement if the investment restrictions which apply to Baronsmead VCT 4 as a VCT (as detailed in this document) are breached.
- (j) Related party transactions for Baronsmead VCT 4 undertaken in the three financial years ended 31 December 2009, 2010 and 2011 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 4, 5, 11 and 25 on pages 33, 37 and 42 for the financial year ended 31 December 2009, in Notes 4, 5, 11 and 25 on pages 35, 34, 37 and 42 for the financial year ended 31 December 2010 and in Notes 3, 4, 10 and 23 on pages 33, 34, 37 and 42 for the financial year ended 31 December 2011. Apart from the payment of directors' remuneration on the basis set out in paragraph 3(d) above, and payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(c) above, Baronsmead VCT 4 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 31 December 2011.
- (k) Applications will be made for the admission of the Baronsmead VCT 4 Shares to be issued under the Baronsmead VCT 4 Offer to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. The Baronsmead VCT 4 Shares shall be in registered form and may be in either certificated or uncertificated form. Shares in uncertificated form will be credited to CREST accounts.
- (l) Baronsmead VCT 4 is subject to the investment restrictions relating to a venture capital trust in the Tax Act (a summary of which is set out in paragraph 5 of Section F of this Part V). In addition, for so long as the Shares are admitted to the Official List, the Company is required to abide by applicable Listing Rules including the following:
 - (i) the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
 - (ii) the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
 - (iii) not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List unless those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List.

Section E: Baronsmead VCT 5 – General Information

1 Incorporation and administration

- (a) Baronsmead VCT 5 was incorporated and registered in England and Wales on 27 January 2006 with limited liability as a public limited company under the Companies Act 1985 with the name Baronsmead AIM VCT plc and with registered number 05689280. The name of the Company was changed to Baronsmead VCT 5 plc by a resolution of the Board (pursuant to the authority in Baronsmead VCT 5's articles of association) on 15 December 2010.
- (b) Baronsmead VCT 5 was issued with a certificate under section 117 of Companies Act 1985 by the Registrar of Companies on 16 February 2006.
- (c) Baronsmead VCT 5's registered office and principal place of business is at 100 Wood Street, London EC2V 7AN, with telephone number +44 (0) 20 7506 5600.
- (d) Baronsmead VCT 5 is domiciled in England. Baronsmead VCT 5 does not have (and has not had since incorporation) any subsidiaries, subsidiary undertakings or any employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 5 has been granted approval as a VCT under Section 274 of the Tax Act and the Baronsmead VCT 5 Directors have managed and intend to manage the affairs of Baronsmead VCT 5 in such a manner so as to comply with Section 274 of the Tax Act.
- (f) A VCT is unregulated but is required to manage its affairs to obtain and maintain approval as a VCT under the provisions of Section 274 of the Tax Act. Baronsmead VCT 5 operates under the CA 2006 and the regulations made thereunder. Baronsmead VCT 5 is not registered with, or authorised by, the FSA but, as a company whose shares are admitted to the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules.
- (g) The ISIN number for the Baronsmead VCT 5 Shares is GB00B0YZHK97.

2 Share capital

- (a) As at 31 January 2009, Baronsmead VCT 5's issued share capital comprised 27,890,567 Shares.
- (b) The Company's issued share capital history since 31 January 2009 is as follows:
 - during the financial year ending 31 January 2010, the Company bought back 760,528 Shares, of which 591,528 Shares were cancelled and 169,000 Shares were placed in treasury. As at 31 January 2010, the issued share capital of the Company comprised 27,299,039 Shares, of which 169,000 Shares were held in treasury;
 - during the financial year ending 31 December 2010, the Company issued 685,093 new Shares and 315,000 Shares were bought back to be held in treasury. As at 31 December 2010, the issued share capital of the Company comprised 27,984,132 Shares, of which 484,000 Shares were held in treasury;
 - during the financial year ending 31 December 2011, the Company issued 16,896,000 Shares and 484,296 Shares were bought back to be held in treasury. As at 31 December 2011, the issued share capital of the Company comprised 44,880,132 Shares, of which 968,296 Shares were held in treasury;
 - in the period from 31 December 2011 to 19 November 2012 (being the latest practicable date prior to the publication of this document), the Company issued no new Shares and 590,000 Shares were bought back to be held in treasury. As at 19 2012 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company comprised 44,880,132 Shares, of which 1,558,296 Shares were held in treasury.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 5 on 12 April 2012 by the passing of ordinary and special resolutions:

- (i) in substitution for all subsisting authorities to the extent unused, the directors of the Company were generally and unconditionally authorised, in accordance with section 551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,317,355 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting), but so that the authority shall allow the Company to make before the expiry of the authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company shall be entitled to allot shares or grant Rights pursuant to any such offers or agreements as if the authority conferred by the resolution had not expired.
- (ii) the directors of the Company were empowered, pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (as defined in section 560 of the CA 2006) including the grant of rights to subscribe for or to convert any security into shares of the Company, for cash pursuant to the authority referred to in (i) above, and to sell equity securities held by the Company as treasury shares for cash, as if section 561(1) of the CA 2006 did not apply to any such allotment and sales of equity securities, provided that the power shall be limited to:
 - (A) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital of the Company (excluding treasury shares) pursuant to one or more offers for subscription;
 - (B) the allotment of equity securities up to an aggregate nominal amount representing 10 per cent. of the issued share capital of the Company (excluding treasury shares) from time to time which may be issued at a discount to NAV pursuant to any dividend reinvestment scheme operated by the Company; and
 - (C) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (A) and (B) above) up to an aggregate nominal amount representing 10 per cent. of the issued share capital of the Company (excluding treasury shares) from time to time which may be at a discount to NAV; and

in each case where such proceeds of issue may be used to purchase shares in the Company and the power conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution (unless previously revoked, varied, renewed or extended by the Company in general meeting) or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2013, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred by this resolution had not expired.
- (iii) in substitution for the Company's existing authority to make market purchases, the Company be and hereby is empowered to make market purchases within the meaning of section 693(4) of the CA 2006 of Shares on such terms and in such manner as the directors of the Company shall from time to time determine, provided that:
 - (A) the aggregate number of Shares which may be purchased shall not exceed 14.99 per cent. of the Company's Shares in issue at the date of the annual general meeting, excluding any Shares held in treasury;
 - (B) the minimum price which may be paid for a Share is the nominal value thereof of 10 pence;
 - (C) the maximum price which may be paid for a Share is an amount equal to the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Share is to be purchased; and (ii) the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003;

- (D) the authority conferred by the resolution shall expire on the date falling 15 months after the date of the passing of the resolution or, if earlier, the conclusion of the annual general meeting to be held in 2013, unless such authority is renewed prior to such time; and
 - (E) the Company may make a contract to purchase Shares under the authority conferred by the resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such Shares pursuant to such contract as if the power conferred by the resolution had not expired.
- (d) At the general meeting of Baronsmead VCT 5, to be held on 11 December 2012, the following special resolution will be proposed:

That:

- 1.1 in addition to the existing authorities to the extent unused, the directors of the Company are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot ordinary shares of 10p each in 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 £1,000,000, provided that the authority conferred by this paragraph 1.1 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 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 Share Rights to be granted after such expiry; and
- 1.2 in addition to existing authorities to the extent unused, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph 1.1 of this resolution or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph 1.2 shall expire (unless renewed, varied or revoked by the Company in a general meeting) on 30 April 2013 and provided further that this power shall be limited to the allotment and issue of Shares with an aggregate nominal value representing up to £1,000,000 in connection with the Offer (as defined in the circular to shareholders of the Company dated 20 November 2012) pursuant to which the proceeds may in whole or part be used to purchase Shares.
- (e) Assuming a NAV per Baronsmead VCT 5 Share of 60.80p (being the unaudited NAV per Baronsmead VCT 5 Share as at 31 October 2012) for the purposes of the Pricing Formula and that the Baronsmead VCT 5 Offer is fully subscribed, immediately following the Baronsmead VCT 5 Offer the issued share capital of Baronsmead VCT 5 will be 52,644,108 Shares (including 1,558,296 Shares held in treasury).

3 Directors' and other interests

- (a) As at 19 November 2012 (being the latest practicable date prior to publication of this document), Baronsmead VCT 5 was not aware of any person who directly or indirectly, had an interest in Baronsmead VCT 5's capital or voting rights which was notifiable under UK law.
- (b) As at 19 November 2012 (being the latest practicable date before the publication of this document) the holdings of Shares of the Baronsmead VCT 5 Directors were as follows:

	No. of Shares	% of Issued Share capital
John Davies	75,562	0.17%
Gillian Nott OBE	21,576	0.05%
David Hunter	-	-
Charles Pinney	9,463	0.02%

- (c) Directors may act as directors of companies in which Baronsmead VCT 5 invests and receive and retain fees in that capacity.
- (d) None of the Directors has a service contract with Baronsmead VCT 5, and no such contract is proposed. However, Baronsmead VCT 5 has entered into letters of appointment with each of the Directors under the terms of which the Baronsmead VCT 5 chairman is entitled to annual remuneration of £22,000 and the other Directors are entitled to annual remuneration of £16,000 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Directors may be removed from office under the terms of Baronsmead VCT 5's articles of association or may resign from office, in each case, with immediate effect at any time.

It is estimated that the aggregate amount payable to the Directors by Baronsmead VCT 5 for the financial period ending on 31 December 2012 under the arrangements in force at the date of this document will not exceed £70,000 (plus out-of-pocket expenses). During the year ended 31 December 2011, John Davies received £21,000, Gillian Nott and Charles Pinney each received £15,000 and David Hunter received £8,000. The Baronsmead VCT 5 Directors receive no other remuneration benefits in addition to their fees detailed above.

- (e) No loan or guarantee has been granted or provided by Baronsmead VCT 5 to or for the benefit of any Director.
- (f) None of the Directors nor any member of their respective immediate families has, or has had, an interest in any transaction or transactions which are or were unusual in their nature or conditions or significant to the business of Baronsmead VCT 5 and which were effected by Baronsmead VCT 5 during the current or immediately preceding financial year or during an earlier financial year and remaining in any respect outstanding or unperformed.
- (g) Baronsmead VCT 5 has taken out directors' and officers' liability insurance for the benefit of the Baronsmead VCT 5 Directors, which is renewable on a biennial basis.
- (h) No Director is, or has been, interested in any transaction which is, or was, unusual in its nature or conditions or significant to the business of Baronsmead VCT and which was effected by Baronsmead VCT 5 in the period since its incorporation and remains in any respect outstanding or unperformed.
- (i) None of the Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) 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, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.
- (k) 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.

4 Material contracts

Save as disclosed in this paragraph, Baronsmead VCT 5 has not entered, other than in the ordinary course of business, into any contract which is or may be material to Baronsmead VCT 5 within the two years immediately preceding the publication of this document or into any which contains any provision under which Baronsmead VCT 5 has any obligation or entitlement which is material to Baronsmead VCT 5 as at the date of this document:

- (a) An investment management agreement dated 20 December 2006, between the Company (1) and the Manager (2) as supplemented by a supplementary agreement dated 21 December 2006 and as varied by deeds of variation dated 19 May 2009 and 15 November 2010 pursuant to which the Manager has been appointed to provide or procure investment management services and administration and secretarial services to the Company.

The Manager is paid the following fees in respect of this appointment:

- (i) in respect of investment management services, an amount equivalent to 0.525 per cent. (excluding any VAT, if applicable) of the net assets of the Company as at the last Business Day of the relevant quarter, calculated in accordance with the Company's normal accounting policies. The quarterly fee will be increased by 0.025 per cent. of the net assets of the Company on each anniversary of the date on which the Company made its first unquoted investment (being October 2011) up to a maximum quarterly fee of an amount equivalent to 0.625 per cent. of the net assets of the Company; and
- (ii) in respect of administration services, a fixed fee per quarter of £10,000 (plus RPI increases) plus a variable fee equal to 0.125 per cent. of the sum by which the NAV of the Company as at the last Business Day of the relevant quarter exceeds £5m, subject to a review of the administration services provided by the Manager,

such fees being paid quarterly in arrears.

The Manager is also entitled to the reimbursement of expenses incurred on behalf of the Company. However, if and to the extent that the annual running costs of the Company exceed 3.5 per cent. of the Company's net assets (excluding any performance fee payable to the Manager and VAT), the Company shall be entitled to a rebate on the fees paid to the Manager to the extent of the excess.

The Manager is entitled to retain transaction fees, ongoing directors' fees and monitoring fees from the unquoted companies in which the Company invests. The costs of all deals that do not proceed to completion are borne by the Manager and not the Company.

The Manager is also entitled to a performance incentive fee of 10 per cent. of the excess of the total return to Shareholders exceeding 8 per cent. per annum (on a simple not compound basis). Total return for these purposes means increases in the NAV of the Company, calculated on the assumption that any dividends paid by the Company are re-invested by way of subscription for new Ordinary Shares at NAV per Ordinary Share. Such performance fee will not be triggered, however, until the total return on the net proceeds of the initial offer of the Company's Ordinary Shares exceeds 140 per cent. The performance fee payable in respect of any period for which it is calculated shall not exceed 5 per cent. of the NAV of the Company for that period and any balance remaining unpaid will be carried forward to the next calculation period.

Both the management and incentive fees set out above (the management fee taking priority) shall be reduced by an amount equal to any fee received by the Manager and/or FPPE LLP in respect of investments made by the Company in Wood Street Microcap Investment Fund.

The appointment is terminable on 12 months' notice and may also be terminated by either party forthwith if (i) the other party commits a material breach of the terms and conditions of the agreement and fails to rectify such breach within 30 days of being requested to do so, (ii) the other party shall suffer an insolvency event (as specified in the agreement) or (iii) assigns the agreement without the written consent of the other. It may also be terminated by the Company forthwith if the Manager ceases to be authorised by the FSA and the Manager, without the consent of the Company, ceases to provide any of the services under the agreement. The Company may terminate the agreement on six months' notice to the Manager to expire at the end of any calendar month if there is a change of control of the Manager. The Manager may terminate the agreement on six months' notice to the Company to expire at the end of any calendar month if an offeror acquires more than 30 per cent. of the issued share capital of the Company.

- (b) The RAM Appointment Letter referred to in paragraph 4(b) of Section A above.
- (c) The Manager's cost indemnity letter referred to in paragraph 4(c) of Section A above.

5 Dividend policy

The Board of Baronsmead VCT 5 wishes to maintain the level of dividend payments to shareholders and, following the change of the Company's investment policy to that of a generalist VCT, potentially enhance the level over time once the Company is able to realise profits from the sale of investments in its enlarged portfolio. The ability to meet this objective depends significantly on the level and timing of profitable realisations and it cannot be guaranteed.

6 Miscellaneous

- (a) There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Baronsmead VCT 5's prospects for at least the current financial year. There have been no important events, so far as Baronsmead VCT 5 and its Directors are aware, relating to the development of Baronsmead VCT 5 or its business.
- (b) RAM Capital Partners is the promoter of the Offers. Save as disclosed in paragraph 4(b) above, no amount of cash, securities or benefits has been paid, issued or given to the promoter in relation to the Offers and none is intended to be given.
- (c) The costs of Baronsmead VCT 5's Offer (including irrecoverable VAT and permissible commission payable to authorised advisers of up to 3 per cent. but excluding permissible annual trail commission) will be paid by Baronsmead VCT 5. The Manager has agreed to meet any permissible annual trail commission payments and reimburse and indemnify Baronsmead VCT 5 in respect of expenses of its Offer in excess of 5.5 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it is appointed as the investment manager to Baronsmead VCT 5. Should the costs in respect of its Offer (excluding permissible annual trail commission) be less than 5.5 per cent. of the gross proceeds of its Offer, Baronsmead VCT 5 will pay the balance to the Manager. This balance will be adjusted if there is a reduction in issue costs agreed by Baronsmead VCT 5's Board and the Manager.. If the maximum of £5 million is raised for Baronsmead VCT 5, the net proceeds of the Baronsmead VCT 4 Offer will amount to approximately £4.725 million. The issue premium on a Baronsmead VCT 5 Share will be the difference between the issue price of the Baronsmead VCT 5 Shares under the Baronsmead VCT 5 Offer and the nominal value of a Share of 10 pence.
- (d) Save as disclosed in this document, Baronsmead VCT 5 does not have, nor has it had since incorporation, any subsidiaries, subsidiary undertakings or employees and it neither owns nor occupies any premises.
- (e) Baronsmead VCT 5 does not have any major Shareholders and no Shareholders of Baronsmead VCT 5 have different voting rights. To the best of the knowledge and belief of the Baronsmead VCT 5 Directors, Baronsmead VCT 5 is not directly controlled by any other party and, as at 19 November 2012 (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 Baronsmead VCT 5.
- (f) There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Baronsmead VCT 5 is aware), during the previous 12 months which may have, or have had in the recent past significant effects on Baronsmead VCT 5's financial position or profitability.
- (g) The typical investor for whom investment in Baronsmead VCT 5 is designed is an individual retail investor aged 18 or over who is a UK tax payer.
- (h) None of Baronsmead VCT 5's capital is under option, nor are there any conditional or unconditional agreements for any part of Baronsmead VCT 5's capital to be put under option.
- (i) Shareholders will be informed by means of the interim and/or annual report or through a public announcement if the investment restrictions which apply to Baronsmead VCT 5 as a VCT (as detailed in this document) are breached.
- (j) Related party transactions for Baronsmead VCT 5 undertaken in the four financial years ended 31 January 2009 and 2010 and 31 December 2010 and 2011 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes

4, 5, 11 and 25 on pages 33, 37 and 42 for the year ended 31 January 2009, in Notes 4, 5, 11 and 25 on pages 31, 35 and 39 for the financial year ended 31 January 2010, in Notes 4, 5, 11 and 24 on pages 33, 36 and 41 for the financial year ended 31 December 2010 and in Notes 3, 4, 10 and 23 on pages 34, 35, 38 and 43 for the financial year ended 31 December 2011. Apart from the payment of directors' remuneration on the basis set out in paragraph 3(d) above, and payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(c) above, Baronsmead VCT 5 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 31 December 2011.

- (k) Applications will be made for the admission of the Baronsmead VCT 5 Shares to be issued under the Baronsmead VCT 5 Offer to the premium segment of the Official List and to trading on main market for listed securities of the London Stock Exchange. The Baronsmead VCT 5 Shares shall be in registered form and may be in either certificated or uncertificated form. Shares in uncertificated form will be credited to CREST accounts.
- (l) Baronsmead VCT 5 is subject to the investment restrictions relating to a venture capital trust in the Tax Act (a summary of which is set out in paragraph 5 of Section F of this Part V). In addition, for so long as the Shares are admitted to the Official List, the Company is required to abide by applicable Listing Rules including the following:
 - (i) the Company will at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
 - (ii) the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
 - (iii) not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List unless those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List.

Section F: General Information on the Companies

1 Articles of the Companies

The principal object and purpose of each Company is to carry on business as a general commercial company.

The material provisions of each Company's articles of association are as detailed below. The provisions set out below, apply mutatis mutandis, to each Company, unless otherwise stated. Reference in this section to the "Company" means, as the case may be, one or more Companies, references to the "Directors" and the "Board" mean the directors of or the board of directors of the relevant Company from time to time and references to the "Articles" are to the articles of association of the relevant Company.

1.1 Voting rights

- (a) Subject to the provisions of CA 2006 or any special terms as to voting on which any shares may have been issued, or may for the time being be held, and to any suspension or abrogation of voting rights pursuant to the Articles, on a show of hands every member who is present in person or by proxy at any general meeting of the Company shall have one vote and on a poll every member who is present in person or who (being a corporation) is present by a representative or by proxy shall have one vote for every share of which he is the holder.
- (b) A proxy need not be a member of the Company. The appointment of a proxy shall, subject to the provisions of CA 2006, be in writing and in any common form or in such other form as the Board of the Company may approve and (i) if in writing but not in electronic form, made under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, under its common seal or under the hand of some officer or attorney or other person duly authorised in that behalf, or (ii) if in writing in electronic form, submitted by or on behalf of the appointor and authenticated.
- (c) The appointment of a proxy, in the case of an instrument in writing, shall be deposited at the registered office of the Company or at such other place or places within the United Kingdom as is specified not less than 48 hours before the time of the holding of the meeting or, in the case of an appointment in electronic form, shall be received at any address which is specified for the purpose not less than 48 hours before the time of the holding of the meeting.
- (d) No member shall, unless the Board otherwise determines, be entitled to be present or to vote, either personally or by proxy or to be reckoned in the quorum at any general meeting unless all calls or other sums payable by him in respect of his shares have been paid or unless the Board otherwise determines, after failure to provide the Company with information concerning interests in those shares required to be provided under the Articles or CA 2006.
- (e) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall have the second or casting vote in addition to any other vote that he may have.

1.2 Issue of Shares

- (a) Subject to the provisions of CA 2006 and the Articles and to any relevant authority of the Company in general meeting required by CA 2006, unissued shares shall be at the disposal of the Board and they may allot, grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons at such time and on such terms as the Board may decide, provided that no share may be issued at a discount to its nominal value. The Board may also issue redeemable shares on such terms as provided in the Articles.
- (b) Subject to the provisions of CA 2006 and to any special rights for the time being attaching to any existing shares, any shares may be allotted or issued with, or have attached to them, such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

1.3 Transfer of Shares

- (a) Subject to such of the restrictions of the Articles and CA 2006 as may be applicable, any member may transfer all or any of his shares by an instrument of transfer in the usual form or in any other form that the Board may approve. Such instrument shall be signed for or on behalf of the transferor and (in the case of a partly paid share) the transferee.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share unless (i) it is in respect of a share which is fully paid up, (ii) it is in respect of only one class of shares, (iii) it is in favour of a single transferee or not more than four joint transferees, (iv) it is duly stamped (if so required) and (v) it is delivered for registration to the registered office of the Company or such other place as the Board may from time to time determine, accompanied (save in certain circumstances) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution of the transfer by him or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.
- (c) The Board shall not however refuse to register any transfer of partly paid shares which are listed on the London Stock Exchange where such refusal would prevent dealing in such shares from taking place on an open and proper basis.
- (d) Uncertificated shares may be transferred by means of a relevant system. The Board may refuse to register a transfer of uncertificated shares in such circumstances as may be permitted or required by the regulations relating thereto and the relevant system.
- (e) Where the shares in question represent at least 0.25 per cent. of their class, unless the Board otherwise determines, the member in question may not (other than in limited circumstances) transfer them after failure to provide the Company with information concerning interests in those shares required to be provided under the Articles or CA 2006.

1.4 Variation of rights

Where the Company's share capital is divided into different classes of shares, the rights attached to any shares or class of shares may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class of shares. The quorum for such a class meeting is two persons holding or representing by proxy at least one third of the nominal amount of the issued shares of that class.

1.5 Alteration of capital

The Company may from time to time in general meeting, by ordinary resolution, increase its share capital by such sums to be divided into shares of such amount as the resolution prescribes, consolidate and divide all or any of its share capital into shares of larger nominal amounts than its existing shares, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled, and sub-divide its shares, or any of them into shares of a smaller amount and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred or deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

1.6 Dividends and distributions

The Company may, subject to the provisions of CA 2006 and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Board. Subject to the provisions of CA 2006, in so far as, in the Board's opinion, the Company's profits justify such payments, the Board may pay interim dividends on any class of shares including those carrying a fixed dividend. The Board may, if authorised by an ordinary resolution of the Company, offer shareholders in respect of any dividend the right to receive Shares instead of cash. The Board may withhold dividends

payable (with no obligation to pay interest thereon) on shares after there has been a failure to provide the Company with information concerning interests in those shares required to be provided under the Articles or CA 2006 until such failure has been remedied. Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall, if the Board resolves, be forfeited and shall revert to the Company.

1.7 Distribution of realised capital profits

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company ("a Relevant Period"), distribution of the Company's capital profits (within the meaning of section 833(2)(c) of CA 2006) shall be prohibited except to the extent that the requirements for investment company status under section 833 of CA 2006 do not require a company to prohibit the distribution of its capital profits in its memorandum or articles of association. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, repayment of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to CA 2006, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or repayment of or other dealing with any investments or other capital assets and, subject to CA 2006, any expense or liability (or provision thereof) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which the sums standing to any revenue reserve are applicable except and provided that, notwithstanding any other provision of the Articles, no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of CA 2006), except to the extent that the requirements for investment company status under section 833 of CA 2006 do not require a company to prohibit the distribution of its capital profits in its memorandum or articles of association, or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of CA 2006) or applied in paying dividends on any shares in the Company.

1.8 Duration and winding up

- (a) The Board shall procure that, at the annual general meeting of the Company falling after the fifth anniversary of the then latest allotment of shares and every third annual general meeting thereafter, an ordinary resolution will be proposed to the effect that the Company shall continue in being as a VCT. If, at any such meeting, such resolution is not passed the Board shall, within nine months of such meeting, convene an extraordinary general meeting to propose a special resolution for the re-organisation or re-construction of the Company and (if such resolution is not passed) a special resolution to wind up the Company voluntarily. In the case of the special resolution relating to voluntary winding up only, any member may demand a poll and each holder of shares present in person or by proxy and who votes in favour of the special resolution shall have such number of votes in respect of each share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of shares in respect of which votes are cast against the resolution and each holder of shares who votes against the resolution shall have one vote for each share held by him.
- (b) If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution and subject to any sanction, divide among the members in specie or in kind the whole or part of the assets of the Company and may determine how such a division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the

benefit of members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved, but no member shall be compelled to accept any assets in respect of which there is a liability.

1.9 Directors

- (a) Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate Directors) shall not be less than two and not more than ten in number.

The Company may by ordinary resolution appoint a person who is willing to be a Director. The Board may appoint any person who is willing to act as a Director. The Board may appoint one or more of its body to hold any employment or executive office and may revoke or terminate such appointment, without prejudice to any claim for damages for breach of contract between the Director and the Company.

A Director shall not be required to hold any shares in the Company.

The Company may by ordinary resolution remove any director before the expiration of his period of office.

- (b) The business and affairs of the Company shall be managed by the Board, which may exercise all such powers of the Company, subject nevertheless to the provisions of CA 2006 and the Articles and to any directions given by the Company in general meeting by special resolution.
- (c) Subject to the provisions of the Articles, at every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one Director will retire.

1.10 Authorisation of interests of Directors

- (a) Subject to the provisions of CA 2006 and of the Articles, a Director, notwithstanding his office:
- (i) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
 - (ii) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other Article;
 - (iii) may be a Director or other officer, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
 - (iv) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.
- (b) A Director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company, shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.
- (c) The Board may authorise, other than in instances of transactions with the Company, to the fullest extent permitted by law:

- (i) any matter which, if not so authorised, would or might result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it) and which may reasonably be regarded as likely to give rise to a conflict of interest;
- (ii) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises.

Any such authorisation may be given subject to terms and conditions as the Board think fit to impose at the time of such authorisation or subsequently and the authorisation may be varied or terminated by the Board at any time. Any such authorisation is only effective if any requirement as to the quorum of the meeting is met without the director in question and any other interested Director counting in the quorum at any meeting at which such matter, or such office, employment or position, is approved and the authorisation is agreed to without their voting or would have been agreed to if their votes had not been counted.

If a matter or office, employment or position, has been so authorised by the Board then:

- (i) the Director shall not be under any duty to the Company with respect to any information which he obtains or has obtained as a result of such matter, office, employment or position and in respect of which he owes a duty of confidentiality to another person. In particular, the director shall not be in breach of the general duties he owes to the Company under CA 2006 because he fails to disclose such information to the Board or to any Director or other officer or employee of the Company and/or fails to use or apply any such information in performing his duties as a director of the Company;
- (ii) the Director may (and shall if required by the Board) absent himself from meetings or discussions of the Board at which any matter relating to a conflict of interest or possible conflict of interest arising from that matter, or that office, employment or position, will or may be discussed; and
- (iii) the Director may (and shall if required by the Board) decline to receive and/or review any information or documents provided by the Company which will or may relate to or be connected to any matter relating to a conflict of interest or potential conflict of interest arising from that matter, or that office, employment or position.

A Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter, or from any office employment or position, which has been approved by the Board pursuant to the provisions described above (subject in any such case to any terms or conditions to which such approval is for the time being subject).

- (d) Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which he is, to his knowledge, alone or together with any person connected with him, materially interested, unless the resolution concerns any of the following matters:
 - (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (iv) any contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other body corporate (a "relevant company") in which he (together with persons connected with him), directly or indirectly (and whether as an

officer or shareholder, creditor or otherwise), does not hold or have a beneficial interest in one per cent. or more of either a relevant company or an intermediate company (as defined in the Articles) (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);

- (v) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates, and concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme under which he may benefit and which either has been approved by or is subject to and conditional on approval by, HM Revenue & Customs for taxation purposes or relates to both employees and Directors of the Company (or any of its subsidiaries) and does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
 - (vi) any contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors pursuant to the Articles.
- (f) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (g) Subject to the provisions of CA 2006 and the Articles:
- (i) the Board shall have the power to purchase and maintain insurance at the expense of the Company for, or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, including insurance against any liability incurred by such persons in relation to or in connection with their duties, powers or offices in relation to the Company; and
 - (ii) every Director, alternate Director, secretary and other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, damages and liabilities incurred by him in connection with his duties or the exercise of his powers.

1.11 Borrowing powers

The Board may exercise all powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of CA 2006, to create and issue debentures, other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Such powers are however limited so that the aggregate principal amount outstanding in respect of monies borrowed by the Company shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25 per cent. of the value of its gross assets.

1.12 Untraced members

Subject to various notice requirements, the Company may sell at the best price reasonably obtainable any share held by a member provided that for a period of 12 years at least three dividends (whether interim or final) on those shares have become payable and no such dividend has been claimed, no cheque or warrant has been cashed and the Company has not received any communication during the relevant period from the holder of the shares.

1.13 General meetings

Annual general meetings and extraordinary meetings at which it is proposed to pass a special resolution shall be called by not less than 21 clear days' notice in writing. Any other general meeting shall be called by not less than 14 clear days' notice in writing.

1.14 Notifiable interests

Obligations by Shareholders to disclose to the Companies notifiable interests in their shares are stated in Part 22 of CA 2006, sections 89A to 89L of FSMA and the Disclosure and Transparency Rules. In accordance with the Articles, failure by any member to provide the Company with the information as requested by any notice served in accordance with section 793 of CA 2006 may result in the member being restricted in respect of his shareholdings and, inter alia, the withholding of any dividend payable to him.

2 Valuation policy

Investments are valued at fair value, which for quoted securities is either bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

In respect of unquoted investments, these are valued at fair value by the respective Boards using methodology which is consistent with the International Private Equity and Venture Capital (IPEVC) guidelines. This means investments are valued using an earnings multiple, which has a discount or premium applied which adjusts for points of difference to appropriate stock market or comparable transaction multiples. Alternative methods of valuation will include application of an arm's length third party valuation, a provision on cost or a net asset value basis.

The Manager calculates the net asset value per Share monthly and publishes it via a Regulatory Information Service. The Directors do not anticipate any circumstance arising under which the valuation may be suspended; however, if this was to occur, the suspension would be announced via a Regulatory Information Service.

Each Board values the unquoted investments on a calendar quarterly basis. These valuations are recommended by the Manager for each Board to consider.

3 Custody arrangements

The London branch of JP Morgan Chase Bank acts as custodian for each Company's quoted assets and, in that capacity, will be responsible for ensuring safe custody and dealing with settlement arrangements.

JPMorgan is a National Banking Association, organised under the laws of the State of New York. It was registered on 11 April 1960 (and remains registered) as an overseas company in England and Wales under company number FC004891 and with branch number BR000746. The custodian has its registered UK branch at 125 London Wall, London EC2Y 5AJ. Its telephone number at its registered UK branch is 0207 777 2000. The custodian is authorised and regulated by the FSA.

The Manager acts as custodian for each Company's unquoted assets and, in that capacity, will be responsible for ensuring safe custody and dealing with settlement arrangements.

4 Taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Directors as to the position of the Shareholders who hold shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- (a) Taxation of dividends – under current law, no tax will be withheld by a Company when it pays a dividend.

- (b) Stamp duty and stamp duty reserve tax – the Directors have been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of New Shares. The Directors have also been advised that the transfer of shares in a Company will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- (c) Close company – the Directors of each Company believe that their Company is not, and expect that following the Offers will not be, a close company within the meaning of the Tax Act. If a Company was a close company in any accounting period, approval as a VCT for that Company would be withdrawn.

5 VCT Status

Each Company has to satisfy a number of tests to continue to qualify as a VCT. A summary of these tests is set out below. The following information is based on current UK law and practice and is subject to changes therein, is given by way of a general summary and does not constitute legal or tax advice.

(a) Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- 1 not be a close company;
- 2 have each class of its ordinary share capital listed on a regulated market;
- 3 derive its income wholly or mainly from shares or securities;
- 4 have at least 70 per cent. by VCT Value of its investments in shares or securities in Qualifying Investments of which 70 per cent. must be in eligible shares (30 per cent. for funds raised before 6 April 2011);
- 5 have at least 10 per cent. by VCT Value of each Qualifying Investment in eligible shares;
- 6 not have more than 15 per cent. by VCT Value of its investments in a single company at the time of investment (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- 7 not retain more than 15 per cent. of its income derived from shares and securities in any accounting period; and
- 8 not make an investment in a company which causes that company to receive more than £5 million of State Aid investment (including from VCTs) in the twelve months ending on the date of the investment.

The term “eligible shares” means shares which carry no preferential rights to assets on a winding-up and no rights to be redeemed, although they may have certain preferential rights to dividends. For funds raised before 6 April 2011, “eligible shares” are shares which do not carry any rights to be redeemed or a preferential right to dividends or to assets on a winding up.

(b) Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Chapter 4 of Part 6 of the Tax Act 2007.

The conditions are detailed, but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, have fewer than 250 full-time equivalent employees, apply the money raised for the purposes of a qualifying trade within a certain time period, cannot be controlled by another company and at the time of investment did not obtain more than £5 million of investment from EU state aided risk capital measures in the twelve month period ending on the date of the investment by the VCT. In certain circumstances, an investment in a company

by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

(c) Qualifying Companies

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

The company must have a permanent establishment in the UK, but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 per cent. owned.

From 6 April 2012 there is a “disqualifying purpose” test under which an investment will not be Qualifying Investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business, although the Boards currently anticipate that these measures are unlikely to affect the Companies.

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

(d) Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified at approval. A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before those funds need to meet such tests. Each Company has received approval as a VCT from HMRC.

(e) Withdrawal of approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost. Withdrawal of approval generally has effect from time to time when notice is given to the VCT but in relation to capital gains tax of the VCT only can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

6 Conflicts of Interest

The Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Companies. In particular, it currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of other funds or accounts that may have similar investment objectives and/or policies to that of the Companies and may receive ad valorem and/or performance-related fees for doing so. As a result, the Manager may have conflicts of interest in allocating investments among the Companies and other clients and in effecting transactions between the Company and other clients. The Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Companies.

The Boards of each of the Companies have noted that the Manager has other clients and have satisfied themselves that the Manager has procedures in place to address potential conflicts of interest.

7 Overseas investors

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an invitation or offer to unless, in the relevant territory, such an invitation or offer could be lawfully made to him without contravention of any registration or other legal requirements.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction.

It is the responsibility of any person outside the UK wishing to make an application to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

No action has been taken to permit the distribution of the Prospectus in any jurisdiction outside the UK where such action is required to be taken.

None of the New Shares have been, nor will be, registered in the United States under the United States Securities Act of 1933, as amended, (the “Securities Act”) or under the securities laws of any Restricted Territory and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of US Persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. The Offers are not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. In particular, prospective shareholders who are resident in the United States or any Restricted Territory should note that this document is being sent for information purposes only.

All applicants under the Offers will be required to warrant that they are not a US Person (within the meaning of Regulation S made under the United States Securities Act of 1933, as amended), nor a resident, national or citizen of a Restricted Territory.

8 Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on weekdays, weekends and public holidays excepted, at the offices of Norton Rose, 3 More London Riverside, London SE1 2AQ whilst the Offers are open:

- the memorandum and articles of each Company;
- the material contracts of each Company as referred to in Part V of this Registration Document;
- the audited and unaudited financial statements for each Company, as applicable, as referenced in Part II of this document;
- the Circular;
- this Registration Document;
- the Securities Note; and
- the Summary.

Where information has been sourced from a third party, this information has been accurately reproduced and as far as the Companies are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of this information is ISIS.

Howard Kennedy is acting as sponsor to each Company in respect of their respective applications for Admission. Howard Kennedy has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

Part VI: Definitions

In this document, the following words and expressions have the following meanings:

Admission	the respective dates on which the New Shares allotted pursuant to the Offers are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities
AIC	the Association of Investment Companies
AIC Code	the AICs' Code of Corporate Governance issued in October 2010
AIC Guide	the AIC Corporate Governance Guide for Investment Companies issued in October 2010
AIM	the AIM Market of the London Stock Exchange
Baronsmead VCT	Baronsmead VCT plc
Baronsmead VCT Directors	the directors of Baronsmead VCT (and each a Baronsmead VCT Director)
Baronsmead VCT Offer	the offer for subscription of New Shares in Baronsmead VCT contained in the Prospectus
Baronsmead VCT 2	Baronsmead VCT 2 plc
Baronsmead VCT 2 Directors	the directors of Baronsmead VCT 2 (and each a Baronsmead VCT 2 Director)
Baronsmead VCT 2 Offer	the offer for subscription of New Shares in Baronsmead VCT 2 contained in the Prospectus
Baronsmead VCT 3	Baronsmead VCT 3 plc
Baronsmead VCT 3 Directors	the directors of Baronsmead VCT 3 (and each a Baronsmead VCT 3 Director)
Baronsmead VCT 3 Offer	the offer for subscription of New Shares in Baronsmead VCT 3 contained in the Prospectus
Baronsmead VCT 4	Baronsmead VCT 4 plc
Baronsmead VCT 4 Directors	the directors of Baronsmead VCT 4 (and each a Baronsmead VCT Director)
Baronsmead VCT 4 Offer	the offer for subscription of New Shares in Baronsmead VCT 4 contained in the Prospectus
Baronsmead VCT 5	Baronsmead VCT 5 plc
Baronsmead VCT 5 Directors	the directors of Baronsmead VCT 5 (and each a Baronsmead VCT Director)
Baronsmead VCT 5 Offer	the offer for subscription of New Shares in Baronsmead VCT 5 contained in the Prospectus
Boards	the boards of Directors of the Companies (and each a Board)
Business Day	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
CA 2006	the Companies Act 2006, as amended
Circular	the circular to the shareholders of Baronsmead VCT, Baronsmead VCT 2, Baronsmead VCT 3 and Baronsmead VCT 5 dated 20 November 2012
Companies	Baronsmead VCT, Baronsmead VCT 2, Baronsmead 3, Baronsmead VCT 4 and Baronsmead VCT 5 (and each a Company)
CREST	the computerised settlement system to facilitate the transfer of title to securities in uncertificated form operated by Euroclear UK & Ireland Limited

Disclosure and Transparency Rules	the disclosure and transparency rules made by the FSA under section 73A of FSMA
FSA	the Financial Services Authority
FSMA	the Financial Services and Markets Act 2000
General Meetings	the general meetings of Baronsmead VCT, Baronsmead VCT 2, and Baronsmead VCT 5 to be held on 11 December 2012 at which Shareholders' approval will be sought to approve each Company's Offer (and each a General Meeting)
HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards
ISIS or the Manager	ISIS EP LLP
London Stock Exchange	London Stock Exchange plc
Listing Rules	the listing rules made by the UK Listing Authority under Section 74 of FSMA
NAV or net asset value	the net asset value of a Share calculated in accordance with the relevant Company's accounting policies
New Shares	new Shares in a Company to be issued under its Offer
Offers	the Baronsmead VCT Offer, the Baronsmead VCT 2 Offer, the Baronsmead VCT 3 Offer, the Baronsmead VCT 4 Offer and the Baronsmead VCT 5 Offer (and each an Offer)
Offer Price	the subscription price of the New Shares under each Offer as calculated in accordance with the Pricing Formula
Official List	the official list of the UK Listing Authority
Pricing Formula	the formula to be used to calculate the Offer Price of the New Shares under each Offer as set out in the Securities Note
Prospectus	this Registration Document, the Securities Note and the Summary
Qualifying Company	an unquoted (including Plus Markets-traded and AIM-traded) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
Qualifying Investor	an individual aged 18 or over who satisfies the conditions of eligibility for tax relief available to investors in a VCT
Qualifying Investment	shares in, or securities of, a Qualifying Company held by a VCT which meet the requirements of Part 4 of Chapter 6 of the Tax Act
Registrars	Computershare Investor Services PLC
Receiving Agent	The City Partnership (UK) Limited
Registration Document	this document dated 20 November 2012
Regulatory Information Service	a regulatory information service approved by the FSA
Restricted Territories	Canada, Australia, Japan and South Africa
Securities Note	the securities note issued by the Companies dated 20 November 2012 in connection with the Offers
Shareholders	holders of Shares in any one or more of the Companies (and each a "Shareholder")
Shares	ordinary shares of 10p each in the capital of a Company (and each a "Share")
Tax Act	the Income Tax Act 2007 (as amended)
this document	the Registration Document

UK Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council in July 2010
UK GAAP	UK Generally Accepted Accounting Principles
UK Listing Authority	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA
VCT Value	the value of an investment calculated in accordance with Section 278 of the Tax Act
Venture Capital Trust or VCT	a venture capital trust as defined in Section 259 of the Tax Act

Directors, Managers and Advisers

Directors of Baronsmead VCT plc

Peter Lawrence
Godfrey Jillings
John Mackie
Valerie Marshall

Directors of Baronsmead VCT 3 plc

Anthony Townsend
Andrew Karney
Gillian Nott OBE
Ian Orrock

Directors of Baronsmead VCT 5 plc

John Davies
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Charles Pinney

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