

BARONSMEAD

Baronsmead VCT plc

Baronsmead VCT 2 plc

Baronsmead VCT 3 plc

Baronsmead VCT 5 plc

SHAREHOLDER CIRCULAR

General Meetings relating to proposed Offers for subscription for Baronsmead VCT plc, Baronsmead VCT 2 plc and Baronsmead VCT 5 plc and, for Baronsmead VCT plc, Baronsmead VCT 2 plc and Baronsmead VCT 3 plc, an amendment to their investment policies

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 the action to be taken, you should immediately consult your stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Shares in the Companies, please send this document and accompanying form(s) of proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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Notices of General Meetings of the Companies to be held on 11 December 2012 at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN, are set out at the end of this document. To be valid for use at the General Meetings, the enclosed personalised proxy card(s) must be completed and returned so as to be received by the Companies' registrar, Computershare Investors Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible but in any event not later than 48 hours before the allotted time of each respective Company's General Meeting.

Company	Time of meeting	Registered No.	Directors
Baronsmead VCT plc	3.00 p.m.	03035709	Peter Lawrence, Godfrey Jillings, John Mackie and Valerie Marshall
Baronsmead VCT 2 plc	3.15 p.m.	03504214	Clive Parritt, Gillian Nott OBE, Howard Goldring and Christina McComb
Baronsmead VCT 3 plc	3.30 p.m.	04115341	Anthony Townsend, Andrew Karney, Gillian Nott OBE and Ian Orrock
Baronsmead VCT 5 plc	3.45 p.m.	05689280	John Davies, Gillian Nott OBE, David Hunter and Charles Pinney

All registered in England and Wales with their registered office at 100 Wood Street, London EC2V 7AN (Tel: 0207 506 5600).

Part I: Letter from the Chairmen

20 November 2012

Dear Shareholder

The purpose of this document is to seek authority from the Shareholders of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 5 to raise new funds through Offers for subscription of New Shares, and for Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 to seek approval for an amendment to their respective Company's investment policy.

1 Introduction

Baronsmead VCT, Baronsmead VCT 2, Baronsmead VCT 3, Baronsmead VCT 4 and Baronsmead VCT 5 have today announced proposals to raise new funds by means of offers for subscription. Each of the Boards believe that now is an advantageous time in the economic cycle for their respective Company to augment their existing pool of investments by making further new investments in UK smaller companies.

In addition, Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 have announced a proposal to amend their respective investment policies to expressly provide for non-VCT qualifying AIM-traded and small cap investment opportunities to be held either directly or indirectly, including through collective investment vehicles.

All of the Proposals are conditional upon the approval of Shareholders in general meeting. The purpose of this document is to outline the reasons for the Proposals, explain why the Boards of each Company consider the Proposal(s) to be in the best interests of their respective Company and its Shareholders as a whole and why each Board recommends that you vote in favour of the Resolutions to be proposed at the General Meetings to be held on 11 December 2012.

Baronsmead VCT 4 is not convening a general meeting as it has sufficient shareholder authorities to implement its Offer and it is not amending its investment policy.

2 The proposed Offers

Baronsmead VCT, Baronsmead VCT 2, Baronsmead VCT 3, Baronsmead VCT 4 and Baronsmead VCT 5 have today announced separate Offers for subscription which will be open to existing Shareholders and new investors. The amounts each Company is seeking to raise, before costs, are:

- Baronsmead VCT up to £10 million
- Baronsmead VCT 2 up to £5 million
- Baronsmead VCT 3 up to £5 million
- Baronsmead VCT 4 up to £5 million
- Baronsmead VCT 5 up to £5 million

The funds raised by each Company pursuant to its Offer will be added to the liquid resources available for investment so as to put each Company into a position to take advantage of attractive investment opportunities over the next two to three years, in accordance with its investment policy. Full details of the Offers are contained in the Prospectus published by the Companies today.

In order to be able to implement the Offers, the Boards of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 5 require new Shareholder authorities to allot Shares pursuant to the Offers on a non-pre-emptive basis and are seeking these authorities through the passing of the Special Resolution to be proposed at the respective General Meetings. As the Boards of Baronsmead VCT 3 and Baronsmead VCT 4 have sufficient Shareholder authority to implement their Offers no further shareholder approval is being sought by them in relation to the Offers.

3 Proposed amendment to the investment policies of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3

As part of their investment strategy, the Baronsmead VCTs manage a proportion of their asset allocation through non-VCT qualifying AIM-traded and small cap investment opportunities. Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 are now taking the opportunity to amend their investment policies to expressly provide for such investments to be held either directly or indirectly, including through collective investment vehicles.

As a result, the approval of Shareholders of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 is being sought to an amendment to each of their respective investment policies that would expressly provide for the making and holding of non-VCT qualifying quoted investments, directly or indirectly, including through collective investment vehicles. The Appendix, showing these amendments, forms part of this Circular. Amendments are not being made to the Baronsmead VCT 5 investment policy, which already expressly provides for such investments to be held directly and indirectly in the same manner.

4 General Meetings and action to be taken

In order to implement the Proposal(s), the passing of the Resolution(s) by Shareholders is required pursuant to CA 2006, the articles of association of each Company and the Listing Rules. These approvals are being sought at the General Meetings, the notices of which can be found at the end of this document. The General Meetings are to be held at the offices of ISIS, 100 Wood Street, London EC2V 7AN on 11 December 2012 and the time of each General Meeting is set out in the relevant notice. A detailed explanation of the Resolutions to be proposed at the General Meetings is set out in Part II of this document.

You will find enclosed with this circular a personalised form of proxy for use at the General Meeting of each Company of which you are a Shareholder. Whether or not you propose to attend the relevant General Meeting(s), you are requested to complete and return the form(s) of proxy as soon as possible in accordance with the instructions printed thereon. To be valid, the form(s) of proxy must be lodged by not later than 48 hours before the relevant General Meeting. The completion and return of a form of proxy will not prevent you from attending and voting in person should you so wish.

5 Recommendation and voting intentions

The Board of Baronsmead VCT considers that the Proposals are in the best interests of Baronsmead VCT and its Shareholders as a whole and therefore recommends that Shareholders vote in favour of the Resolutions to be proposed at its General Meeting.

The Board of Baronsmead VCT 2 considers that the Proposals are in the best interests of Baronsmead VCT 2 and its Shareholders as a whole and therefore recommends that Shareholders vote in favour of the Resolutions to be proposed at its General Meeting.

The Board of Baronsmead VCT 3 considers that the Proposal is in the best interests of Baronsmead VCT 3 and its Shareholders as a whole and therefore recommends that Shareholders vote in favour of the Ordinary Resolution to be proposed at its General Meeting.

The Board of Baronsmead VCT 5 considers that the Proposal is in the best interests of Baronsmead VCT 5 and its Shareholders as a whole and therefore recommends that Shareholders vote in favour of the Special Resolution to be proposed at its General Meeting

Yours faithfully

Peter Lawrence
Chairman,
Baronsmead VCT plc
www.baronsmeadvct.co.uk

Clive Parritt
Chairman,
Baronsmead VCT 2 plc
www.baronsmeadvct2.co.uk

Anthony Townsend
Chairman,
Baronsmead VCT 3 plc
www.baronsmeadvct3.co.uk

John Davies
Chairman,
Baronsmead VCT 5 plc
www.baronsmeadvct5.co.uk

Part II: Explanation of the Resolutions and details of Directors' holdings

1 Share allotment

The Special Resolution will be proposed at the General Meetings of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 5. It is a composite resolution to approve the allotment of New Shares pursuant to the Offer and the disapplication of pre-emption rights in relation to such allotments. In order to be passed, it will require the approval of 75 per cent. of the votes cast at the relevant General Meeting.

Paragraph 1.1 of the Special Resolution will authorise the Directors pursuant to Section 551 CA 2006 to allot New Shares in the Company up to a maximum number set out in the table below. The authority conferred by paragraph 1.1 will be in addition to each Company's existing share allotment authorities and shall expire, unless renewed, varied or revoked by the relevant Company in a general meeting, on 30 April 2013. At the date of this document, each Company intends to utilise the proposed share allotment authorities for the purposes of the Offers.

Paragraph 1.2 of the Special Resolution will disapply the statutory pre-emption rights in respect of the allotment of New Shares up to an aggregate nominal value as set out in the table below in connection with the Offers. The authority conferred by paragraph 1.2 will be in addition to the existing disapplication authorities and shall expire, unless renewed, varied or revoked by the relevant Company in general meeting, on 30 April 2013.

Company	Maximum no. of New Shares Directors will be authorised to allot on a non-pre-emptive basis	Percentage of existing issued share capital (excluding treasury shares) represented by the New Shares	No. of Shares held in treasury	Percentage of existing issued share capital represented by Shares held in treasury
Baronsmead VCT	15,000,000	18.4%	5,703,751	7.0%
Baronsmead VCT 2	6,000,000	8.4%	9,218,819	12.9%
Baronsmead VCT 5	10,000,000	23.1%	1,558,296	3.6%

Note: The numbers of Shares and the percentage of the issued share capital they represent as set out above have been calculated as at 19 November 2012, being the latest practicable date prior to the publication of this document.

The Offers are not being made to existing Shareholders in the Companies on a pre-emptive basis. If an existing shareholder in a Company does not subscribe for any New Shares under its Offer, although the NAV per Share of his existing holding will not be diluted, his percentage shareholding in the relevant Company could be diluted by up to the amount set out in the table below if the maximum number of Shares which that Company is authorised to allot were issued:

Company	Percentage dilution in existing Shareholders' voting control
Baronsmead VCT	17.6%
Baronsmead VCT 2	10.9%
Baronsmead VCT 5	24.9%

2 Proposed amendment to investment policies

The Ordinary Resolution is to be proposed at the General Meetings of Baronsmead VCT (resolution 2), Baronsmead VCT 2 (resolution 2) and Baronsmead VCT 3 (resolution 1). The Ordinary Resolution seeks to approve the adoption by each of these Companies of the new investment policy set out in section 2 of Part III of this document.

In order to be passed, the Ordinary Resolution requires the approval of at least 50 per cent. of the votes cast at the relevant Company's General Meeting.

3 Aggregate beneficial holdings of the Directors

Company	No. of Shares	Percentage of issued ordinary share capital (excluding shares held in treasury)
Baronsmead VCT	917,234	1.13 per cent
Baronsmead VCT 2	164,250	0.23 per cent
Baronsmead VCT 3	180,773	0.29 per cent
Baronsmead VCT 5	106,601	0.25 per cent

Part III: Existing and revised investment policies

1 Existing investment policies

1.1 The existing investment policy of Baronsmead VCT

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 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 up to a maximum of 25 per cent. of the Company’s gross assets.

1.2 The existing investment policy of Baronsmead VCT 2

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.

1.3 The existing investment policy of Baronsmead VCT 3

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 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 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. The Company’s borrowings are restricted to 25 per cent. of the value of the gross assets of that company.

2 Proposed new investment policy for Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3

Set out below is the proposed new investment policy which will apply to each of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3, subject to the passing of the Ordinary Resolution at each respective Company's General Meeting. The Appendix set out on pages 23 to 28, which forms part of this circular, shows the specific changes to each investment policy which are proposed for each Company by means of a blackline comparing the proposed new investment policy against the relevant Company's existing investment policy.

New 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-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.

Part IV: Definitions

AIM	the AIM Market of the London Stock Exchange
Baronsmead VCT	Baronsmead VCT plc
Baronsmead VCT 2	Baronsmead VCT 2 plc
Baronsmead VCT 3	Baronsmead VCT 3 plc
Baronsmead VCT 4	Baronsmead VCT 4 plc
Baronsmead VCT 5	Baronsmead VCT 5 plc
Boards or Directors	the boards of directors of the Companies (and each a “Board” or a “Director”)
Business Day	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
CA 2006	Companies Act 2006, as amended
Chairmen	the chairmen of the Companies and each a “Chairman”
Companies	Baronsmead VCT, Baronsmead VCT 2, Baronsmead VCT 3 and Baronsmead VCT 5 (and each a “Company”)
General Meetings	the general meetings of each of the Companies to be held on 11 December 2012 (and each a “General Meeting”)
ISIS or the Manager	ISIS EP LLP
Listing Rules	the Listing Rules of the UKLA
NAV or net asset value	the net asset value of a Company calculated in accordance with that Company’s normal accounting policies
Offers	the proposed offers for subscription of Shares in each of the Companies and the offer for subscription of ordinary shares of Baronsmead VCT 4 (and each an “Offer”)
Ordinary Resolution	the ordinary resolution to adopt the new investment policy as set out in the notices convening the General Meetings of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 3 at the end of this document
New Shares	the Shares to be allotted pursuant to the Offers
Proposals	the proposals described in this document which are subject to the passing of the Resolutions to be proposed at the General Meetings
Prospectus	the prospectus dated 20 November 2012 published by the Companies and Baronsmead VCT 4 relating to the Offers
Resolutions	together, the Special Resolution and the Ordinary Resolution
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”)
Special Resolution	the special resolution which each of Baronsmead VCT, Baronsmead VCT 2 and Baronsmead VCT 5 are putting to their Shareholders at their respective General Meetings to (i) authorise their Directors to allot New Shares and (ii) disapply the pre-emption rights in respect of such allotment

UKLA	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Market Act 2000
unquoted	private or public companies not quoted on any market or exchange
VCT	a venture capital trust as defined in Section 259 of the Income Tax Act 2007 (as amended)
VCT Value	the value of an investment calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended)

Notice of General Meeting

Baronsmead VCT plc

(Registered in England and Wales with registered number 03035709)

Notice is hereby given that a general meeting of Baronsmead VCT plc (**the Company**) will be held at 3.00 p.m. on 11 December 2012 at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution.

Special Resolution

1. 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 ("the Act") to exercise all the powers of the Company to allot ordinary shares of 10p each in the Company ("Shares") 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.

Ordinary Resolution

2. That the proposed new investment policy as set out in Section 2 of Part III of the circular to shareholders of the Company dated 20 November 2012 be and is hereby approved and adopted with immediate effect as the Company's investment policy in place of the Company's existing investment policy.

Dated 20 November 2012

By Order of the Board

ISIS EP LLP
Secretary

Registered Office

100 Wood Street
London
EC2V 7AN

Notes:

- 1 Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertificated Securities Regulation 2001), members must be registered in the register of members of the Company at 5.00 p.m. on 7 December 2012 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the personalised proxy card are set out in the notes on the proxy card. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
- 4 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on telephone number 0870 703 0137 or, if telephoning from outside the UK, on +44 870 703 0137. Calls to Computershare Investor Services PLC helpline are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- 5 A personalised proxy card is enclosed with this document, together with a reply paid envelope. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy appointment must be registered electronically at www.eproxyappointment.com, in each case, so as to be received not later than 3.00 p.m. on 9 December 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. To vote electronically, you will be asked to provide the Control Number, Shareholder Reference Number (SRN) and PIN, details of which are contained in the personalised proxy card enclosed. This is the only acceptable means by which proxy instructions may be submitted electronically.
- 6 As at 19 November 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 87,120,799 ordinary shares, of which 5,703,751 ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at 19 November 2012 were 81,417,048.
- 7 In accordance with section 325 of the Companies Act 2006, the right to appoint proxies (as detailed in paragraphs 3 to 5 above) does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. The rights described in these paragraphs can only be exercised by members of the Company.
- 8 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **Nominated Person**) may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 9 If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- 10 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by Computershare Investor Services PLC by the deadline for receipt of proxies.
- 11 Information regarding the meeting is also available on the Company's website, www.baronsmeadvct.co.uk.
- 12 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which is available to download from Euroclear's website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
- 13 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Company's agent (ID number 3RA50) by the latest time for receipt of proxy appointments specified in note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Notice of General Meeting

Baronsmead VCT 2 plc

(Registered in England and Wales with registered number 03504214)

Notice is hereby given that a general meeting of Baronsmead VCT 2 plc (**the Company**) will be held at 3.15 p.m. on 11 December 2012 at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN for the purpose of considering and, if thought fit, passing the following resolutions, of which resolution 1 will be proposed as a special resolution and resolution 2 will be proposed as an ordinary resolution.

Special Resolution

1. 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 (**the Act**) to exercise all the powers of the Company to allot ordinary shares of 10p each in the Company (**Shares**) 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.

Ordinary Resolution

2. That the proposed new investment policy as set out in Section 2 of Part III of the circular to shareholders of the Company dated 20 November 2012 be and is hereby approved and adopted with immediate effect as the Company's investment policy in place of the Company's existing investment policy.

Dated 20 November 2012

By Order of the Board

ISIS EP LLP
Secretary

Registered Office

100 Wood Street
London
EC2V 7AN

Notes:

- 1 Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertificated Securities Regulation 2001), members must be registered in the register of members of the Company at 5.00 p.m. on 7 December 2012 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the personalised proxy card are set out in the notes on the proxy card. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
- 4 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on telephone number 0870 889 3249 or, if telephoning from outside the UK, on +44 870 889 3249. Calls to Computershare Investor Services PLC helpline are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- 5 A personalised proxy card is enclosed with this document, together with a reply paid envelope. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy appointment must be registered electronically at www.eproxyappointment.com, in each case, so as to be received not later than 3.15 p.m. on 9 December 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. To vote electronically, you will be asked to provide the Control Number, Shareholder Reference Number (SRN) and PIN, details of which are contained in the personalised proxy card enclosed. This is the only acceptable means by which proxy instructions may be submitted electronically.
- 6 As at 19 November 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 80,866,771 ordinary shares, of which 9,218,819 ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at 19 November 2012 were 71,647,952.
- 7 In accordance with section 325 of the Companies Act 2006, the right to appoint proxies (as detailed in paragraphs 3 to 5 above) does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. The rights described in these paragraphs can only be exercised by members of the Company.
- 8 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **Nominated Person**) may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 9 If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- 10 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by Computershare Investor Services PLC by the deadline for receipt of proxies.
- 11 Information regarding the meeting is also available on the Company's website, www.baronsmeadvct2.co.uk.
- 12 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which is available to download from Euroclear's website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
- 13 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Company's agent (ID number 3RA50) by the latest time for receipt of proxy appointments specified in note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Notice of General Meeting

Baronsmead VCT 3 plc

(Registered in England and Wales with registered number 04115341)

Notice is hereby given that a general meeting of Baronsmead VCT 3 plc ("the Company") will be held at 3.30 p.m. on 11 December 2012 at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

Ordinary Resolution

1. That the proposed new investment policy as set out in Section 2 of Part III of the circular to shareholders of the Company dated 20 November 2012 be and is hereby approved and adopted with immediate effect as the Company's investment policy in place of the Company's existing investment policy.

Dated 20 November 2012

By Order of the Board

ISIS EP LLP

Secretary

Registered Office

100 Wood Street

London

EC2V 7AN

Notes:

- 1 Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertificated Securities Regulation 2001), members must be registered in the register of members of the Company at 5.00 p.m. on 7 December 2012 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the personalised proxy card are set out in the notes on the proxy card. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
- 4 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on telephone number 0870 889 3250 or, if telephoning from outside the UK, on +44 870 889 3250. Calls to Computershare Investor Services PLC helpline are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- 5 A personalised proxy card is enclosed with this document, together with a reply paid envelope. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy appointment must be registered electronically at www.eproxyappointment.com, in each case, so as to be received not later than 3.30 p.m. on 9 December 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. To vote electronically, you will be asked to provide the Control Number, Shareholder Reference Number (SRN) and PIN, details of which are contained in the personalised proxy card enclosed. This is the only acceptable means by which proxy instructions may be submitted electronically.

- 6 As at 19 November 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 71,473,251 ordinary shares, of which 8,564,214 ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at 19 November 2012 were 62,909,037.
- 7 In accordance with section 325 of the Companies Act 2006, the right to appoint proxies (as detailed in paragraphs 3 to 5 above) does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. The rights described in these paragraphs can only be exercised by members of the Company.
- 8 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 9 If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- 10 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by Computershare Investor Services PLC by the deadline for receipt of proxies.
- 11 Information regarding the meeting is also available on the Company's website, www.baronsmeadvct3.co.uk.
- 12 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which is available to download from Euroclear's website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
- 13 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Company's agent (ID number 3RA50) by the latest time for receipt of proxy appointments specified in note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Notice of General Meeting

Baronsmead VCT 5 plc

(Registered in England and Wales with registered number 05689280)

Notice is hereby given that a general meeting of Baronsmead VCT 5 plc ("the Company") will be held at 3.45 p.m. on 11 December 2012 at the offices of ISIS EP LLP, 100 Wood Street, London EC2V 7AN for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

Special Resolution

1. 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 (**the Act**) to exercise all the powers of the Company to allot ordinary shares of 10p each in the Company (**Shares**) 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 £1,000,000, 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.

Dated 20 November 2012

By Order of the Board

ISIS EP LLP

Secretary

Registered Office

100 Wood Street

London

EC2V 7AN

Notes:

- 1 Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
- 2 To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertificated Securities Regulation 2001), members must be registered in the register of members of the Company at 5.00 p.m. on 7 December 2012 (or, in the event of any adjournment, 5.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 3 A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the personalised proxy card are set out in the notes on the proxy card. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.

- 4 A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC, between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on telephone number 0870 889 3252 or, if telephoning from outside the UK, on +44 870 889 3252. Calls to Computershare Investor Services PLC helpline are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
- 5 A personalised proxy card is enclosed with this document, together with a reply paid envelope. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy appointment must be registered electronically at www.eproxyappointment.com, in each case, so as to be received not later than 3.45 p.m. on 9 December 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. To vote electronically, you will be asked to provide the Control Number, Shareholder Reference Number (SRN) and PIN, details of which are contained in the personalised proxy card enclosed. This is the only acceptable means by which proxy instructions may be submitted electronically.
- 6 As at 19 November 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 44,880,132 ordinary shares, of which 1,558,296 ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at 19 November 2012 were 43,321,836.
- 7 In accordance with section 325 of the Companies Act 2006, the right to appoint proxies (as detailed in paragraphs 3 to 5 above) does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. The rights described in these paragraphs can only be exercised by members of the Company.
- 8 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a **Nominated Person**) may, in accordance with section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 9 If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
- 10 Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the proxy card. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by Computershare Investor Services PLC by the deadline for receipt of proxies.
- 11 Information regarding the meeting is also available on the Company's website, www.baronsmeadvct5.co.uk
- 12 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual, which is available to download from Euroclear's website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
- 13 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual. The message must be transmitted so as to be received by the Company's agent (ID number 3RA50) by the latest time for receipt of proxy appointments specified in note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Appendix

Proposed Investment Policy Amendments

Baronsmead VCT

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 ~~and~~ 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~~ treasury bills.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees ~~will~~ 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 ~~in~~ directly or indirectly, in VCT qualifying and non-qualifying 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. 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~~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. ~~Currently ISIS EP LLP ("the~~

Management retention

~~The Manager") and its executive's~~ members and ~~certain~~ staff ~~are mandated to~~ invest in ~~unquoted~~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~~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, as permitted by the Company's articles.

Baronsmead VCT 2

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.

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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 up to a maximum of 25 per cent. of the value of the~~Company's gross assets ~~of that company, as permitted by the Company's articles.~~

Corporate Information for the Companies

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Manager and Secretary

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Registrar

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