

BARONSMEAD

Baronsmead VCT plc

Baronsmead VCT 2 plc

Baronsmead VCT 3 plc

Baronsmead VCT 4 plc

REGISTRATION DOCUMENT

22 January 2014

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 (REGISTRATION DOCUMENT) ISSUED BY BARONSMEAD VCT PLC, BARONSMEAD VCT 2 PLC, BARONSMEAD VCT 3 PLC AND BARONSMEAD VCT 4 PLC (THE COMPANIES). ADDITIONAL INFORMATION RELATING TO THE COMPANIES IS CONTAINED IN A SECURITIES NOTE ISSUED BY THE COMPANIES (SECURITIES NOTE). THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND A SUMMARY (SUMMARY) HAVE BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAVE BEEN APPROVED BY THE FINANCIAL CONDUCT AUTHORITY (FCA) IN ACCORDANCE WITH FSMA AND CONSTITUTE A PROSPECTUS ISSUED BY THE COMPANIES DATED 22 JANUARY 2014. THE PROSPECTUS HAS BEEN FILED WITH THE FCA 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.

Each Company and the Directors of each of the Companies (whose names are set out on page 77) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of each Company and its 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)

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 relevant Company or Companies) 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 and www.baronsmeadvct4.co.uk

The Companies' Shares have not been, nor will they be, registered in the United States under the United States Securities Act of 1933, as amended, (**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. 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 those 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 71 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.

Contents

Risk Factors	3
Part I: The Directors and the Manager	5
Part II: Investment Policies of the Companies	18
Part III: Financial Information on the Companies	24
Part IV: Portfolio Information	32
Part V: General Information	34
Section A: Baronsmead VCT – General Information	34
Section B: Baronsmead VCT 2 – General Information	41
Section C: Baronsmead VCT 3 – General Information	48
Section D: Baronsmead VCT 4 – General Information	55
Section E: General Information on the Companies	62
Part VI: Definitions	73
Directors, Managers and Advisers	77

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 a Company 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 ISDX 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.
- 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 the Manager 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 the Manager or that the Manager 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 disposal 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. The Government confirmed in the Autumn Statement on 5 December 2013 that legislation would be introduced, intended to come into force with effect from 6 April 2014, relating to linked subscriptions and sales of VCT shares. The draft 2014 Finance Bill, published on 10 December 2013, restricts the availability of income tax relief on a subscription for shares in a VCT issued after 5 April 2014 where it is 'linked' to a sale of shares in the same VCT. For these purposes, linked means (i) the sale of the shares in the VCT was conditional on the subscription for shares in the same VCT (or vice versa) or (ii) the subscription for shares in the VCT and the sale of shares in the same VCT were within six months of each other (irrespective of which comes first). If the subscription is 'linked', the amount on which upfront VCT income tax relief can be claimed will be reduced by the amount of the consideration of any linked sales. In addition, the Government announced in the 2013 Autumn Statement that it will consult further on potential changes to the VCT rules to address the use of converted share premium accounts to return capital to investors where that return does not reflect profits on the VCT's investments. These changes are also expected to be effective from 6 April 2014.
- The value of an investment in a Company and the dividend stream may go down as well as up. Shareholders may get back less than the amount originally invested in a Company. There is no guarantee that dividends will be paid nor that any dividend objective will be met.
- Changes in legislation concerning VCTs in relation to what constitutes qualifying holdings, qualifying trades and qualifying use of funds, may limit the number of qualifying investment opportunities, reduce the level of returns which would otherwise have been achievable or result in the Companies not being able to meet their objectives. Investors should note that funds raised after 5 April 2012 and used by an investee company for the acquisition of shares in another company are restricted from being qualifying holdings for VCT purposes, which may reduce the number of investment opportunities for such funds.

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 its 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. Gillian Nott is a director of Baronsmead VCT 2, Baronsmead VCT 3 and Baronsmead VCT 5 plc and, as these VCTs are all managed by ISIS, is not deemed to be an independent director under the Listing Rules.

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 February 2013) (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 and Algatechnologies Limited, a business backed by private equity. Peter was a prior chairman of Baronsmead VCT 5 plc before retiring in 2010. He is also a chairman of Amati VCT plc.

Godfrey Jillings

Godfrey has 57 years of experience in financial services and corporate management including 33 years at NatWest that embraced, not only domestic and international banking appointments, but also responsibility for retail stock-broking, unit trust and ISA services. Subsequently, he was a financial regulator as CEO of FIMBRA, the regulatory body for IFA's, and deputy CEO of its successor PIA (1990-1994). Thereafter, he has been chairman/deputy chairman of several successful small/medium sized entrepreneurial companies and is a consultant to several more.

John Mackie CBE

John is currently senior independent director of Mithras Investment Trust plc and a member of Mithras Capital Partners LLP. John is also chairman of the Advisory Board of Amadeus and Angels Seed Fund. 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 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, Treasurer of the British Science Association 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	Baronsmead VCT 5 plc
Algatechnologies Limited	
Amati VCT plc	
Anpario plc	
Aquatice Limited	
Baronsmead VCT plc	
Bluestone FX Limited	
C-Corp Limited	
Eco Animal Health Group plc	
Eco Animal Health Limited	
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)
Baronsmead VCT plc	Baronsmead VCT 2 plc
	Cestian Limited (dissolved)*
	Gladedale Holdings Limited
	Spring Studios Limited

John Mackie CBE

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT plc Mithras Investment Trust plc	Berrylands Nominees Limited Henderson Private Equity Investment Trust plc (in liquidation) Parallel Private Equity Holdings Limited 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)
Baronsmead VCT plc Fusion Lifestyle Limited Marshall Capital Limited Stratagem Corporate Finance & Strategy Limited	Clinical Control Limited (dissolved)* Nanobiodesign Limited (dissolved)*

* Voluntarily struck off the Register of Companies at Companies House.

Corporate Governance

The Board of Baronsmead VCT consists solely of non-executive directors of whom Peter Lawrence is Chairman and Godfrey Jillings is the Senior Independent Director. All of the Baronsmead VCT Directors are considered by the Board of Baronsmead VCT 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 Baronsmead VCT complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in Baronsmead VCT's articles of association that all Directors retire by rotation, the Board of Baronsmead VCT 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 of Baronsmead VCT has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service and annually after serving on the Board for more than nine years. In practice, the Board stands for re-election more frequently as one-third of the Board must stand down each year.

The Board of Baronsmead VCT 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 the Baronsmead VCT 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 of Baronsmead VCT 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 the Baronsmead VCT 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 of Baronsmead VCT the framework or broad policy for the remuneration of Baronsmead VCT'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 the Baronsmead VCT 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 of Baronsmead VCT, the nomination committee takes into account the ongoing requirements of Baronsmead VCT and the need to have a balance of skills, experience and knowledge within its Board, together with diversity of experience and approach. The committee also considers the annual re-election of the Baronsmead VCT Directors.

2 Directors of Baronsmead VCT 2

Clive Parritt (Chairman)

Clive is a chartered accountant with over 30 years' experience of providing strategic, financial and commercial advice to medium sized businesses. Until February 2001 he was chairman of Baker Tilly, having been its national managing partner for ten years until June 1996. He was president of the Institute of Chartered Accountants in England and Wales in 2011-2012. He is chairman of DiGiCo Global Limited and of BG Consulting Group Limited as well as being a director of London & Associated Properties plc and F&C US Smaller Companies plc. Previously, he has chaired or been a director of a number of investment trusts, VCTs and media businesses.

Gillian Nott OBE

Gillian has in-depth experience of private investors having been chief executive of ProShare (1994-1999). Previously, she was responsible for the private equity portfolio of BP and has been on the board of the FSA, the predecessor to the Financial Conduct Authority. She is currently a non-executive director of BlackRock Smaller Companies Trust plc, Martin Currie Global Portfolio Investment Trust plc and JPMorgan Russian Securities plc and is a chairman of Witan Pacific Investment Trust plc as well as deputy chairman of the Association of Investment Companies. She was also a director of Liverpool Victoria Friendly Society Limited from May 2005 until May 2011. Gill is a non-executive director of Baronsmead VCT 3 and Baronsmead VCT 5 plc.

Howard Goldring

Howard is chairman of Delmore Asset Management Limited, which manages investment portfolios and specialises in global asset allocation advice. Currently he serves as asset allocation adviser to the Tesco Pension Fund. He was previously a director for Global Strategy at Allied Dunbar Asset Management (now Threadneedle Asset Management) and from 1997 to 2003 he was consultant director on global asset allocation to Liverpool Victoria Asset Management. Howard has over 30 years of experience in the real estate market and is a non-executive director of London & Associated Properties plc.

Christina McComb

Christina is currently a non-executive director of Engage Mutual Assurance, Standard Life European Private Equity Trust plc and Nexxon Limited, and is a trustee of the Land Restoration Trust. She has just been appointed senior independent director of the British Business Bank, the Government's new flagship initiative to stimulate investment in UK SMEs. She is also a director of C5 Capital Limited, an investment company focused on the security sector. Prior to joining the Baronsmead VCT 2 board, she was a director of Partnerships UK plc and a director of the Shareholder Executive,

an agency established in 2003 to manage the Government's shareholdings in publicly owned companies. Christina was formerly a director of 3i, a leading UK and European private equity company, where she undertook a number of investment and portfolio management roles.

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)
Baronsmead VCT 2 plc	Arnold House School Limited
BG Consulting Group Limited	ASL Technology Holdings Limited
DiGiCo Global Limited	Baronsmead VCT 5 plc
Duncary 8 Limited	CCAB Limited
F&C US Smaller Companies plc	
Harvard Managed Offices Limited	
London & Associated Properties plc	
SST Holdings Limited	

Gillian Nott OBE

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 2 plc	Baronsmead VCT plc
Baronsmead VCT 3 plc	Liverpool Victoria Friendly Society Limited
Baronsmead VCT 5 plc	The Association of Investment Companies
Blackrock Smaller Companies Trust plc	
JPMorgan Russian Securities plc	
Martin Currie Global Portfolio Trust plc	
Witan Pacific Investment Trust plc	

Howard Goldring

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 2 plc	
Delmore Asset Management Limited	
Delmore Investments Limited	
London & Associated Properties plc	

Christina McComb

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 2 plc	BSFI Leisure Limited
British Business Bank plc	Etourism Limited
C5 Capital Limited	Morgan Everett Limited (dissolved)
Engage Health Holdings Limited	NHGFI Limited
Engage Mutual Administration Limited	Partnerships UK Limited (in liquidation)*
Engage Mutual Funds Limited	Puk Investment Managers Limited (dissolved)**
Engage Mutual Health	The Griffins Society
Engage Mutual Services Limited	Toborca Limited (dissolved)***
The Land Restoration Trust	Zoobiotic Limited
Nexxon Limited	
Proven Legal Technologies Limited	
Standard Life European Private Equity Trust plc	

* Placed in liquidation more than two years after ceasing to be a director of the company.

** Voluntarily struck off the Register of Companies at Companies House more than five months after ceasing to be a director of the company.

*** Voluntarily struck off the Register of Companies at Companies House.

Corporate Governance

The Board of Baronsmead VCT 2 consists solely of non-executive directors of whom Clive Parritt is Chairman and Gillian Nott is the Senior Independent Director. All of the Baronsmead VCT 2 Directors are considered by the Board of Baronsmead VCT 2 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 Baronsmead VCT 2 complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in Baronsmead VCT 2's articles of association that all Directors retire by rotation, the Board of Baronsmead VCT 2 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 of Baronsmead VCT 2 has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service and annually after serving on the Board for more than nine years.

The Board of Baronsmead VCT 2 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 the Baronsmead VCT 2 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 of Baronsmead VCT 2 and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Gillian Nott, comprises all of the Baronsmead VCT 2 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 the Baronsmead VCT 2 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 of Baronsmead VCT 2, the nomination committee takes into account the ongoing requirements of Baronsmead VCT 2 and the need to have a balance of skills, experience and knowledge within its Board, together with diversity of experience and approach.

3 Directors of Baronsmead VCT 3

Anthony Townsend (Chairman)

Anthony has over 40 years' experience in financial services and in industry. He is 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. He was previously a director of Rea Brothers Group plc, a non-executive director of Worldwide Healthcare Trust plc and was chairman of the Association of Investment Companies.

Andrew Karney

Andrew was deputy chairman and a shareholder of Language Line Limited, in which Baronsmead VCT 3 was an investor. He was, until December 2013, a trustee (formerly chairman) of Integrity Action, an international integrity reform non-governmental organisation and was previously a director of The Guardian Media Group plc, Guardian News and Media Limited, Integrated Micro Products plc and a number of unquoted companies. He was a founder director of Cable London plc and an executive director of Logica plc. He is also a chartered engineer.

Gillian Nott OBE

See Baronsmead VCT 2 above.

Ian Orrock

Ian has wide experience having founded, developed and sold a number of businesses particularly focusing on the international media, technology and telecoms sectors, and has also worked at board level in quoted global organisations. He is currently a director of a number of private equity companies and was a non-executive director of Henderson Private Equity Investment Trust plc.

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)
Baronsmead VCT 3 plc	Worldwide Healthcare Trust plc
British & American Investment Trust plc	
Cranleigh Enterprises Limited	
Cranleigh Foundation	
Cranleigh School	
F&C Global Smaller Companies plc	
Finsbury Growth & Income Trust plc	
Hansa Capital Limited	
Miton Worldwide Growth Investment Trust plc	

Andrew Karney

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 3 plc Medical Aid For Palestinians	Conclusive Logic Limited (dissolved) Integrity Action

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 Baronsmead VCT 3 plc Silchester Limited Tvguide.co.uk Limited	Henderson Private Equity Investment Trust plc (in liquidation) Imano Limited Intermediate Management Limited Rockworth Management Partners Limited Vianet Limited Vianet Group plc (dissolved) Vopen Limited

Corporate Governance

The Board of Baronsmead VCT 3 consists solely of non-executive directors of whom Anthony Townsend is Chairman and Andrew Karney is the Senior Independent Director. All of the Baronsmead VCT 3 Directors are considered by the Board of Baronsmead VCT 3 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 Baronsmead VCT 3 complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in Baronsmead VCT 3's articles of association that all Directors retire by rotation, the Board of Baronsmead VCT 3 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 of Baronsmead VCT 3 has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service and annually after serving on the Board for more than nine years.

The Board of Baronsmead VCT 3 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 the Baronsmead VCT 3 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 of Baronsmead VCT 3 and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Anthony Townsend, comprises all the Baronsmead VCT 3 Directors and reviews the appropriateness of the Manager's and the Board of Baronsmead VCT 3's appointments 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 of Baronsmead VCT 3, 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 the Baronsmead VCT 3 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 of Baronsmead VCT 3, the nomination committee takes into account the ongoing requirements of Baronsmead VCT 3 and the need to have a balance of skills, experience and knowledge within its Board, together with diversity of experience and approach.

4 Directors of Baronsmead VCT 4

Robert Owen (Chairman)

Robert is a business consultant to developing businesses and formerly a director of Baronsmead VCT 3 plc and several unquoted companies. Previously he was a senior manager at Coutts and Co, responsible for the overall running of the venture capital investment portfolio. He was involved with tax efficient and private equity investment for many years as an adviser and commentator.

Malcolm Groat

Malcolm was appointed to the Board of Baronsmead VCT 4 in April 2013 and is the chairman of the Audit Committee. Malcolm is a non-executive director of London Mining plc and has served for several years as the chairman of its audit committee. He is also a director of a consulting firm providing support to young companies in mining, specialist metals processing and other ventures. He is a fellow of the Institute of Directors, the Institute of Chartered Accountants in England and Wales and the Royal Society for the encouragement of Arts, Manufactures and Commerce. During his career, Malcolm has worked as finance director for large global businesses in engineering, construction and financial services.

Alan Pedder CBE

Alan was appointed to the board of Baronsmead VCT 4 plc at its inception and is the Company's senior independent director. He is currently chairman of the Pedder Property Companies and of Elysian Finance Limited 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 Limited and Rempoy Limited. 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 has extensive experience of both public and private companies, first as a co-founder and CEO of Britton Group plc and an executive director of Hepworth plc. He subsequently has served as chairman or non-executive director of a number of public, private and private equity backed companies and is currently chairman of NHS Professionals Limited as well as a non-executive director of Xaar plc and AH Worth Group Limited.

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)
Baronsmead VCT 4 plc	Baronsmead VCT 3 plc Nucleus Financial Group Limited Nucleus Financial Services Limited Nucleus IFA Company Limited Nucleus IFA Services Limited

Malcolm Groat

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 4 plc London Mining plc MED Mining and Minerals Limited Rare Metals UK Limited	Community Foods Group (formerly Milk Marketing Board) Cordula Home Improvements Limited Equatorial Energy plc Nusantara Energy plc Tengri Coal plc

Alan Pedder CBE

Current directorships/partnerships	Past directorships/partnerships (five years)
Baronsmead VCT 4 plc Elysian Finance Limited Hambridge Homes (Bon Marche Mews) Limited 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 Limited AH Worth and Company Limited Baronsmead VCT 4 plc NHS Professionals Limited Xaar plc	Bio Products Laboratory Limited Constantine Group plc Killby & Gayford Group Limited (dissolved)* London Linen Supply Limited Maxima Holdings plc (dissolved)** Plasma Resources UK Limited

* Voluntarily struck off the Register of Companies at Companies House.

** Placed in administration six months after ceasing to be a director of the company.

Corporate Governance

The Board of Baronsmead VCT 4 consists solely of non-executive directors of whom Robert Owen is Chairman and Alan Pedder is the senior independent director. All of the Baronsmead VCT 4 Directors are considered by the Board of Baronsmead VCT 4 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 Baronsmead VCT 4 complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in Baronsmead VCT 4's articles of association that all Directors retire by rotation, the Board of Baronsmead VCT 4 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 of Baronsmead VCT 4 has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service and annually after serving on the Board for more than nine years.

The Board of Baronsmead VCT 4 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 Malcolm Groat, operates within clearly defined terms of reference and comprises all the Baronsmead VCT 4 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 of Baronsmead VCT 4 and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Alan Pedder, comprises all the Baronsmead VCT 4 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 of Baronsmead VCT 4.

The nomination committee, chaired by Alan Pedder, comprises all the Baronsmead VCT 4 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 of Baronsmead VCT 4, the nomination committee takes into account the ongoing requirements of Baronsmead VCT 4 and the need to have a balance of skills, knowledge, experience and diversity within its Board.

The valuation committee, chaired by Robert Owen, comprises all of the Baronsmead VCT 4 Directors and meets quarterly to consider in detail the valuations of the unquoted investments in its portfolio.

B. The Manager

ISIS EP LLP is the Companies' 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. The registered office and principal place of business of ISIS is 100 Wood Street, London EC2V 7AN (telephone number 020 7506 5600). ISIS is authorised and regulated by the Financial Conduct 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 CA 2006 (and regulations made thereunder).

FPPE, a sister LLP to ISIS, manages each Company's cash and fixed interest investments. Any fees paid with respect to FPPE's management of cash and fixed interest investments are deducted from the management fee payable to ISIS. FPPE is also the manager of a number of other funds including Wood Street, in which the Companies, other than Baronsmead VCT 4 have invested. ISIS procures accounting and certain administration services from Capita Sinclair Henderson Limited.

ISIS is controlled by seven individual founding members, six of whom have worked together since 2000. The seven ISIS members are Wol Kolade, Adam Holloway, Andrew Garside, Sheenagh Egan, Mark Advani, Mark Turner and Shani Zindel. Previously, the individual partners were employees

or directors of ISIS Equity Partners plc. ISIS Equity Partners plc, followed by ISIS EP LLP, have been the investment manager of the Baronsmead VCTs since the first Baronsmead VCT was launched in 1995.

Each Board wishes the Manager to maintain the quality of its investment teams in the VCT and private equity market place. Following extensive advice from professional advisers, a co-investment incentive scheme was introduced in November 2004 to support this objective to help to attract, recruit, retain and incentivise the Manager's members and employees, which is in line with current market practice in the private equity industry. Each Company is part of this scheme.

Founding members and certain members and employees of the Manager are invited to participate in the scheme. Members of the scheme are required to subscribe for, in aggregate, 12 per cent. of each investment being made in ordinary shares in the unquoted investee company by the relevant Companies. Members of the scheme have to invest in all unquoted investments (unless the aggregate amount to be invested in ordinary shares by the Companies is greater than £1.425 million and participation would be onerous or the investee company is within the biotechnology or biopharmaceutical sectors) and cannot choose in which investments to participate.

Alternative Investment Fund Managers Directive (AIFMD) and intended novation

Each Company intends to register as its own alternative investment fund manager for AIFMD purposes prior to the deadline of 22 July 2014. In connection with this, it is intended that in May 2014 each Company's investment management arrangements with ISIS (as well as those of Baronsmead VCT 5 plc) will be novated to FPPE. The founding members of FPPE are the same as the founding members of ISIS. The professionals responsible for making investments and the management of the Companies are expected to either transfer to FPPE or, in certain cases, may remain as employees of ISIS which will recharge FPPE for their services. FPPE is authorised and regulated by the FCA and authorised under the Market in Financial Instruments Directive.

Whilst it is intended that FPPE will assume full responsibility for all of the investment management and administrative services, FPPE would continue to procure accounting and certain administration services from Capita Sinclair Henderson Limited. FPPE would also procure certain administration and company secretarial services from ISIS as it is intended that the individuals who provide these services would remain with ISIS.

In practice, no material change in the services provided to the Companies (or the arrangements referred to in the Prospectus) is expected and the key VCT investment team members would remain responsible for each of the Company's investments. FPPE would have access to the dealflow, contacts and network of ISIS, which should continue to benefit the Companies.

With regard to the Manager's responsibility for the payment of annual trail commission (existing and in respect of the Offers) as detailed in paragraph 4 of sections A to D in Part V below, it is intended that ISIS would retain this responsibility on the same terms, except that payments would cease if FPPE or a sister LLP to ISIS was no longer the manager of the relevant Company.

It is also intended that ISIS would continue to administer the co-investment scheme referred to above on the same terms, except that founding members and certain members and employees of both ISIS and FPPE would be invited to participate.

Part II: Investment Policies of the Companies

A. 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, 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 ITA 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

The Company aims to invest in larger more mature unquoted and AIM-traded companies and to achieve this it invests alongside the other funds managed by the Manager, which includes the other Baronsmead VCTs.

Management retention

Certain members and employees of the Manager 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.

B. 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 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 ITA 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

The Company aims to invest in larger more mature unquoted and AIM-traded companies and to achieve this it invests alongside the other funds managed by the Manager, which includes the other Baronsmead VCTs.

Management retention

Certain members and employees of the Manager 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.

C. 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 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 ITA 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

Certain members and employees of the Manager 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 and 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.

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 UK gilts or governmental securities and may be invested in interest bearing money market open ended investment companies.

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 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 ITA 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 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 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 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.

Management retention

Certain members and employees of the Manager invest in unquoted investments 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 the Company.

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 2011, 2012 and 2013. Baronsmead VCT's former auditors, KPMG Audit plc (now KPMG LLP) 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 CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of 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 Baronsmead VCT's financial condition, changes in financial condition and results of operations 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 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Balance sheet	Page 30	Page 37	Page 44
Income statement (or equivalent)	Page 29	Page 36	Page 43
Statement showing all changes in equity (or equivalent note)	Page 38	Page 45	Page 52
Cash flow statements	Page 31	Page 38	Page 45
Accounting policies and notes	Page 32	Page 39	Page 46
Auditors' report	Page 28	Page 34	Page 40

Baronsmead VCT's published annual report and accounts for the three financial years ended 30 September 2011, 2012 and 2013 contain, on the pages specified in the table below, descriptions of its financial condition (in both capital and revenue terms), details of its investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	September 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Objective	Inside cover	Page 1	Page 2
Performance summary	Page 2	Page 3	Page 3
Results and dividend	Page 1	Page 2	Page 1
Investment policy	Page 18	Page 20	Page 12
Chairman's statement	Page 4	Page 5	Page 5
Manager's review	Page 7	Page 7	Page 8
Portfolio summary	Page 10	Page 10	Page 16
Valuation policy	Page 32	Page 39	Page 47

The key figures that summarise Baronsmead VCT's financial position in respect of the three financial years ended 30 September 2011, 2012 and 2013 which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	September 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Profit/loss on ordinary activities before taxation (£'000)	5,928	4,082	9,644
Earnings per share (p)	7.62	5.13	10.68
Dividends per share (p)	8.00	6.00	6.00
Net assets (£'000)	56,506	61,978	71,706
NAV per share (p)	73.52	76.12	77.36

The net asset value per Baronsmead VCT Share as at 30 November 2013 (being the most recent unaudited NAV per Share published by Baronsmead VCT prior to the publication of this document) was 80.19p per Baronsmead VCT Share.

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT since 30 September 2013 (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 2011, 2012 and 2013. Baronsmead VCT 2's former auditors, KPMG Audit plc (now KPMG LLP) 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 CA 2006.

The annual reports referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of 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 Baronsmead VCT 2's financial condition, changes in financial condition and results of operations 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.

Description	September 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Balance sheet	Page 32	Page 37	Page 42
Income statement (or equivalent)	Page 31	Page 36	Page 41
Statement showing all changes in equity (or equivalent note)	Page 40	Page 45	Page 50
Cash flow statements	Page 33	Page 38	Page 43
Accounting policies and notes	Page 34	Page 39	Page 44
Auditors' report	Page 30	Page 34	Page 38

Baronsmead VCT 2's published annual report and accounts for the three financial years ended 30 September 2011, 2012 and 2013 contain, on the pages specified in the table below, descriptions of its financial condition (in both capital and revenue terms), details of its investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	September 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Objective	Inside cover	Page 1	Page 2
Performance summary	Page 2	Page 3	Page 2
Results and dividend	Page 1	Page 2	Page 1
Investment policy	Page 19	Page 20	Page 11
Chairman's statement	Page 4	Page 5	Page 4
Manager's review	Page 7	Page 7	Page 7
Portfolio summary	Page 14	Page 58	Page 15
Valuation policy	Page 34	Page 39	Page 45

The key figures that summarise Baronsmead VCT 2's financial position in respect of the three financial years ended 30 September 2011, 2012 and 2013 which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	September 2011 Annual Report	September 2012 Annual Report	September 2013 Annual Report
Profit/loss on ordinary activities before taxation (£'000)	6,975	5,964	10,325
Earnings per share (p)	10.19	8.45	13.88
Dividends per share (p)	7.00	7.50	9.50
Net assets (£'000)	64,999	72,433	75,789
NAV per share (p)	95.15	101.10	100.63

The net asset value per Baronsmead VCT 2 Share as at 30 November 2013 (being the most recent unaudited net asset value per Share published by Baronsmead VCT 2 prior to the publication of this document) was 103.80p per Baronsmead VCT 2 Share.

No significant change

There has been no significant change in the financial or trading position of Baronsmead VCT 2 since 30 September 2013, (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 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 CA 2006.

The annual reports referred to above, and the unaudited half yearly reports of the Company for the six months ended 30 June 2012 and 30 June 2013, were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of 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 Baronsmead VCT 3's financial condition, changes in financial condition and results of operations 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.

Description	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
Balance sheet	Page 33	Page 33	Page 38	Page 10	Page 14
Income statement (or equivalent)	Page 32	Page 32	Page 37	Page 9	Page 12
Statement showing all changes in equity (or equivalent note)	Page 41	Page 40	Page 47	Page 9	Page 13
Cash flow statements	Page 34	Page 34	Page 39	Page 11	Page 15
Accounting policies and notes	Page 35	Page 35	Page 40	-	-
Auditors' report	Page 31	Page 31	Page 35	-	-

Baronsmead VCT 3's published annual report and accounts for the three financial years ended 31 December 2010, 2011 and 2012, and for the unaudited six month periods ended 30 June 2012 and 30 June 2013, contain, on the pages specified in the table below, descriptions of its financial condition (in both capital and revenue terms), details of its investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
Objective	Inside cover	Inside cover	Page 1	Inside cover	Inside cover
Performance summary	Page 2	Page 2	Page 3	Page 2	Page 3
Results and dividend	Page 1	Page 1	Page 2	Page 1	Page 1
Investment policy	Page 18	Page 18	Page 20	-	-
Chairman's statement	Page 4	Page 4	Page 5	Page 3	Page 4
Manager's review	Page 7	Page 6	Page 7	-	-
Portfolio summary	Page 10	Page 9	Page 10	Page 6	Page 7
Valuation policy	Page 35	Page 35	Page 40	-	-

The key figures that summarise Baronsmead VCT 3's financial position in respect of the three financial years ended 31 December 2010, 2011 and 2012 and the unaudited six month periods ended 30 June 2012 and 30 June 2013, which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
Profit/loss on ordinary activities before taxation (£'000)	7,235	3,285	8,959	4,838	2,268
Earnings per share (p)	12.07	5.46	14.25	7.74	3.41
Dividends per share (p)	7.50	7.50	7.50	3.00	3.00
Net assets (£'000)	64,643	60,095	74,562	68,253	73,002
NAV per share(p)	106.60	100.16	111.62	108.01	110.55

The net asset value per Baronsmead VCT 3 Share as at 30 November 2013 (being the most recent unaudited net asset value per Share published by Baronsmead VCT 3 prior to the publication of this document) was 116.64p per Baronsmead VCT 3 Share ignoring the second interim dividend of 4.5p per Share paid on 20 December 2013).

No significant change

Save for the cancellation of the share premium account and capital redemption reserve of the Baronsmead VCT 3 (as approved by Shareholders on 6 April 2011 and confirmed by the Court on 18 December 2013 and resulting in the sum of £33,727,760, in aggregate, being transferred to a special reserve), there has been no significant change in the financial or trading position of Baronsmead VCT 3 since 30 June 2013 (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 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 CA 2006.

The annual reports referred to above, and the unaudited half yearly reports of the Company for the six months ended 30 June 2012 and 30 June 2013, were prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of 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 Baronsmead VCT 4's financial condition, changes in financial condition and results of operations 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.

Description	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
Balance sheet	Page 31	Page 30	Page 35	Page 10	Page 10
Income statement (or equivalent)	Page 30	Page 29	Page 34	Page 9	Page 9
Statement showing all changes in equity (or equivalent note)	Page 39	Page 37	Page 43	Page 9	Page 9
Cash flow statements	Page 32	Page 31	Page 36	Page 11	Page 11
Accounting policies and notes	Page 33	Page 32	Page 37	-	-
Auditors' report	Page 29	Page 28	Page 32	-	-

Baronsmead VCT 4's published annual report and accounts for the three financial years ended 31 December 2010, 2011 and 2012, and for the unaudited six month periods ended 30 June 2012 and 30 June 2013, contain, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of Baronsmead VCT 4's investment activity and portfolio exposure and changes in its financial condition for each of those periods:

Description	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
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 19	Page 17	Page 18	-	-
Chairman's statement	Page 4	Page 4	Page 3	Page 3	Page 3
Manager's review	Page 7	Page 6	Page 5	-	-
Portfolio summary	Page 11	Page 9	Page 9	Page 6	Page 6
Valuation policy	Page 33	Page 32	Page 37	-	-

The key figures that summarise Baronsmead VCT 4's financial position in respect of the three financial years ended 31 December 2010, 2011 and 2012 and the unaudited six month periods ended 30 June 2012 and 30 June 2013, which have been extracted without material adjustment from the historical financial information referred to above, are set out in the following table:

	Audited 31 December 2010 Annual Report	Audited 31 December 2011 Annual Report	Audited 31 December 2012 Annual Report	Unaudited Half year report for six months ended 30 June 2012	Unaudited Half year report for six months ended 30 June 2013
Profit/loss on ordinary activities before taxation (£'000)	6,707	3,393	6,606	4,027	1,792
Earnings per share (p)	11.49	5.78	10.75	6.60	2.74
Dividends per share (p)	7.00	7.00	7.00	3.00	3.00
Net assets (£'000)	58,704	54,786	66,246	62,282	65,758
NAV per share (p)	99.09	94.01	101.92	100.68	100.71

The net asset value per Baronsmead VCT 4 Share as at 30 November 2013 (being the most recent unaudited net asset value per Share published by Baronsmead VCT 4 prior to the publication of this document) was 103.72p per Baronsmead VCT 4 Share (ignoring the second interim dividend of 4.0p per Share paid on 20 December 2013).

No significant change

Save for the cancellation of the share premium account and capital redemption reserve of Baronsmead VCT 4 (as approved by Shareholders on 11 April 2011 and confirmed by the Court on 18 December 2013 and resulting in the sum of £37,620,583, in aggregate, being transferred to a special reserve), there has been no significant change in the financial or trading position of Baronsmead VCT 4 since 30 June 2013 (being the last date up to which Baronsmead VCT 4 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 of NAV being as at 30 November 2013) which have an aggregate value for each Company of at least 50 per cent. of its respective gross assets and/or where they have an individual value of greater than 5 per cent. of its respective gross assets. The following information is unaudited.

Unquoted	Sector	Type	Baronsmead VCT			Baronsmead VCT 2			Baronsmead VCT 3			Baronsmead VCT 4		
			Cost £'000	Market value £'000	% NAV	Cost £'000	Market value £'000	% NAV	Cost £'000	Market value £'000	% NAV	Cost £'000	Market value £'000	% NAV
Aras Investments Limited	Business Services	Equity	100	100	0.13	100	100	0.13	100	100	0.13	100	100	0.15
		Loan Notes	900	900	1.21	900	900	1.15	900	900	1.17	900	900	1.33
CableCom Networking Holdings Limited	TMT	Equity	-	-	-	-	-	-	-	-	-	-	-	-
Carousol Logistics Limited	Business Services	Loan Notes	1,250	1,250	1.68	1,250	1,250	1.60	1,250	1,250	1.62	1,250	1,250	1.85
		Equity	96	96	0.13	96	96	0.12	96	96	0.12	96	96	0.14
		Loan Notes	860	860	1.16	860	860	1.10	860	860	1.12	860	860	1.27
Create Health Limited	Healthcare & Education	Equity	112	112	0.15	112	112	0.14	112	112	0.15	112	112	0.17
		Loan Notes	953	953	1.28	953	953	1.22	953	953	1.24	953	953	1.41
Crew Clothing Company Limited	Consumer Markets	Equity	162	618	0.83	162	618	0.79	162	618	0.80	162	618	0.91
		Loan Notes	1,292	1,491	2.01	1,292	1,491	1.91	1,292	1,491	1.94	1,292	1,491	2.20
Fisher Outdoor Leisure Holdings Limited	Consumer Markets	Equity	142	0	-	142	0	-	142	0	-	142	0	-
		Loan Notes	1,281	1,682	2.26	1,281	1,682	2.15	1,281	1,682	2.18	1,281	1,682	2.48
HealthTech Innovation Partners Limited	Healthcare & Education	Equity	100	100	0.13	100	100	0.13	100	100	0.13	100	100	0.15
		Loan Notes	900	900	1.21	900	900	1.15	900	900	1.17	900	900	1.33
ICCM Limited	Healthcare & Education	Equity	135	201	0.27	135	201	0.26	135	201	0.26	135	201	0.30
		Loan Notes	1,212	1,398	1.88	1,212	1,398	1.79	1,212	1,398	1.82	1,212	1,398	2.06
Impetus Holdings Limited	Business Services	Equity	130	0	-	130	0	-	130	0	-	130	0	-
		Loan Notes	1,174	1,174	1.58	1,174	1,174	1.50	1,174	1,174	1.52	1,174	1,174	1.73
Rical Investments Limited	Business Services	Equity	100	100	0.13	100	100	0.13	100	100	0.13	100	100	0.15
		Loan Notes	900	900	1.21	900	900	1.15	900	900	1.17	900	900	1.33
ITG Limited	Business Services	Equity	80	941	1.27	80	941	1.20	80	941	1.22	80	941	1.39
		Loan Notes	717	896	1.21	717	896	1.15	717	896	1.16	717	896	1.32
Key Travel Holdings Limited*	Business Services	Equity	95	95	0.13	95	95	0.12	95	95	0.12	95	95	0.14
		Loan Notes	859	859	1.16	859	859	1.10	859	859	1.12	859	859	1.27
Nexus Vehicle Holdings Limited	Business Services	Equity	237	1,703	2.29	237	1,703	2.18	237	1,703	2.21	237	1,703	2.51
		Loan Notes	2,130	3,045	4.10	2,130	3,045	3.89	2,130	3,045	3.95	2,130	3,045	4.50
Pho Holdings Limited	Consumer Markets	Equity	99	125	0.17	99	125	0.16	99	125	0.16	99	125	0.18
		Loan Notes	889	967	1.30	889	967	1.24	889	967	1.26	889	967	1.43
Quest Venture Partners Limited	Business Services	Equity	100	100	0.13	100	100	0.13	100	100	0.13	100	100	0.15
		Loan Notes	900	900	1.21	900	900	1.15	900	900	1.17	900	900	1.33
Valldata Limited	Business Services	Equity	216	382	0.51	216	382	0.49	216	382	0.50	216	382	0.56
		Loan Notes	1,005	1,300	1.75	1,005	1,300	1.66	1,005	1,300	1.69	1,005	1,300	1.92
TOTAL UNQUOTED INVESTMENTS			19,126	24,148	32.49	19,126	24,148	30.89	19,126	24,148	31.35	19,126	24,148	35.66

*Incorporated in Jersey

Quoted	Baronsmead VCT			Baronsmead VCT 2			Baronsmead VCT 3			Baronsmead VCT 4		
	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV	Cost £'000	Market Value £'000	% NAV
Accumuli plc	505	1,393	1.87	505	1,393	1.78	505	1,393	1.81	505	1,393	2.06
Anpario plc	275	1,008	1.36	275	1,008	1.29	275	1,008	1.31	275	1,008	1.49
Driver Group plc	563	1,244	1.67	563	1,244	1.59	563	1,244	1.62	563	1,244	1.84
Escher Group Holdings plc**	614	867	1.17	614	867	1.11	614	867	1.13	614	867	1.28
Idox plc	-	-	-	614	2,146	2.74	614	2,146	2.79	414	1,549	2.29
Inspired Energy plc	300	833	1.12	300	833	1.07	300	833	1.08	300	833	1.23
Netcall plc	869	2,303	3.10	869	2,303	2.95	869	2,303	2.99	869	2,303	3.40
Staffline Recruitment Group plc	145	3,124	4.20	145	3,124	4.00	-	-	-	-	-	-
Tasty plc	594	1,581	2.13	594	1,581	2.02	594	1,581	2.05	594	1,581	2.33
TIA Worldwide plc	733	1,254	1.69	733	1,254	1.60	733	1,254	1.63	733	1,254	1.85
Vectura Group plc	386	920	1.24	578	1,379	1.76	771	1,839	2.39	245	584	0.86
TOTAL QUOTED INVESTMENTS	4,984	14,527	19.55	5,790	17,132	21.91	5,838	14,468	18.78	5,112	12,616	18.63
WOOD STREET MICROCAP INVESTMENT FUND	3,525	6,771	9.11	3,525	6,771	8.66	3,525	6,771	8.79	-	-	-

**Incorporated in Ireland

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 of ITA 2007 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 of ITA 2007.
- (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 of ITA 2007. Baronsmead VCT operates under CA 2006 and the regulations made thereunder. Baronsmead VCT is not regulated by the FCA or any other regulatory body 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 AIFMD seeks to regulate managers of alternative investment funds (AIFs) which are marketed or managed in the European Union. Baronsmead VCT, as an AIF, is required under the AIFMD to appoint an alternative investment fund manager (AIFM). The Baronsmead VCT Board has determined that Baronsmead VCT will register as its own AIFM in May 2014.
- (g) The ISIN number for the Baronsmead VCT Shares is GB0000803584.

2 Share capital

- (a) As at 30 September 2010, Baronsmead VCT's share capital comprised 79,272,793 Shares of which 5,003,340 Shares were held in treasury.
- (b) Baronsmead VCT's issued share capital history since 30 September 2010 is as follows:
 - during the financial year ended 30 September 2011, Baronsmead VCT issued 2,540,129 new Baronsmead VCT Shares, 300,000 Baronsmead VCT Shares were sold out of treasury and 250,000 Baronsmead VCT Shares were bought back to be held in treasury. As at 30 September 2011, the issued share capital of Baronsmead VCT comprised 81,812,922 Baronsmead VCT Shares, of which 4,953,340 Baronsmead VCT Shares were held in treasury;
 - during the financial year ended 30 September 2012, Baronsmead VCT issued 5,307,877 new Baronsmead VCT Shares and 750,411 Baronsmead VCT Shares were bought back to be held in treasury. As at 30 September 2012, the issued share capital of Baronsmead VCT comprised 87,120,799 Baronsmead VCT Shares, of which 5,703,751 Baronsmead VCT Shares were held in treasury;
 - during the financial year ended 30 September 2013, Baronsmead VCT issued 12,018,632 new Baronsmead VCT Shares and 750,000 Baronsmead VCT Shares were bought back to be held in treasury. As at 30 September 2013, the issued share capital of Baronsmead VCT comprised

99,139,431 Baronsmead VCT Shares, of which 6,453,751 Baronsmead VCT Shares were held in treasury; and

- during the period from 30 September 2013 to 21 January 2014 (being the latest practicable date prior to the publication of this document), 300,000 Baronsmead VCT Shares were bought back to be held in treasury.
 - as at 21 January 2014 (being the latest practicable date prior to the publication of this document), the issued share capital of Baronsmead VCT comprised 99,139,431 Baronsmead VCT Shares, of which 6,753,751 Baronsmead VCT Shares were held in treasury.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT on 18 December 2013 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 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 £4,634,284 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) in substitution for all subsisting authorities to the extent unused, the Directors were empowered, pursuant to sections 570 and 573 of CA 2006, to allot equity securities as defined in section 560 of CA 2006 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 CA 2006 did not apply to any such allotment or sale, provided that the power shall be limited to:
 - (A) the allotment of equity securities up to an aggregate nominal amount representing 30 per cent. of the Company's 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 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

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 next annual general meeting of the Company, 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 all subsisting authorities to the extent unused, the Company was empowered to make market purchases within the meaning of section 693(4) of CA 2006 of Shares provided that:
 - (A) the aggregate number of Shares which may be purchased shall not exceed 13,893,582 or, if lower, such number of Shares as shall equal 14.99 per cent. of the issued Shares as at the date of the passing of the resolution (excluding any Shares held in treasury);

- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10p;
 - (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 next annual general meeting of the Company, 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; and
- (iv) that the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the court, be cancelled.
- (d) Assuming a NAV per Baronsmead VCT Share of 80.19p (being the unaudited NAV per Baronsmead VCT Share as at 30 November 2013) 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 111,231,329 Baronsmead VCT Shares (including 6,753,751 Baronsmead VCT Shares held in treasury).

3 Directors' and other interests

- (a) As at 21 January 2014 (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 21 January 2014 (being the latest practicable date before the publication of this document) the holdings of Baronsmead VCT Shares of the Baronsmead VCT Directors were as follows:

	No. of Baronsmead VCT Shares	% of issued Baronsmead VCT voting Share capital
Peter Lawrence	162,136	0.18%
Godfrey Jillings	328,620	0.36%
John Mackie CBE	24,879	0.03%
Valerie Marshall	31,344	0.03%

- (c) Baronsmead VCT Directors may act as directors of companies in which Baronsmead VCT invests and receive and retain fees in that capacity.
- (d) None of the Baronsmead VCT 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 Baronsmead VCT Directors under the terms of which the Baronsmead VCT chairman is entitled to annual remuneration of £26,700 and the other Baronsmead VCT Directors are entitled to annual remuneration of £17,610 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Baronsmead VCT 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 Baronsmead VCT Directors by Baronsmead VCT for the financial period ending on 30 September 2014 under the arrangements in force at the date of this document will not exceed £79,530 (plus payments in relation to out-of-pocket expenses). In the last financial year Peter Lawrence received £26,000, each of Godfrey Jillings, Valerie Marshall and John Mackie received £17,150. The Baronsmead VCT Directors receive no other 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 Baronsmead VCT Director.
- (f) None of the Baronsmead VCT 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 Baronsmead VCT 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 Baronsmead VCT Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) Save for those companies which have an asterisk alongside their name in Part I above (which were voluntarily struck off the Register of Companies at Companies House) and as set out below, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Baronsmead VCT 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.

John Mackie was a director of Henderson Private Equity Investment Trust plc until 27 June 2013. The company was placed into solvent members' voluntary liquidation on the same date.

- (k) There have been no official public incriminations of and/or sanctions on any Baronsmead VCT Director by statutory or regulatory authorities (including designated professional bodies) and no Baronsmead VCT 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 and as further amended by agreement between Baronsmead VCT and the Manager), 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 £21,275.75. 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 (**Excess**), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

In addition, 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 Baronsmead VCT's annual report and accounts. The Manager also receives monitoring fees from unquoted portfolio companies.

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Manager and/or FPPE LLP in respect of investments made by the relevant Company in Wood Street.

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 is 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 three months' notice if there is a change in control of the Manager.

- (b) A liquid assets investment management agreement (**Baronsmead VCT Liquid Assets Agreement**) dated 20 December 2006 and made between Baronsmead VCT, the Manager and FPPE, whereby FPPE was appointed to be the investment manager of the assets of Baronsmead VCT (including cash) which are not venture capital investments.

The Baronsmead VCT Liquid Assets 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, FPPE is 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 FPPE.

- (c) A letter from the Manager to RAM dated 20 November 2012 (**2012 RAM Appointment Letter**), whereby RAM was appointed to act as promoter to the Companies (and Baronsmead VCT 5 plc) in connection with any proposed public offerings, for a term of one year from 28 September 2012. In consideration of RAM performing its role as promoter to the Companies (and Baronsmead VCT 5 plc) under this letter, RAM received from the Manager a commission of 0.2 per cent. of the amount raised from each Company's (and Baronsmead VCT 5 plc) then

existing shareholders and 0.8 per cent. of the amount raised from new investors (subject to a minimum of £60,000 in aggregate).

- (d) A letter from the Manager to each of the Companies (and Baronsmead VCT 5 plc) dated 13 November 2012 (**2012 Manager's Cost Indemnity Letter**), pursuant to which each of the Companies (and Baronsmead VCT 5 plc) agreed to appoint the Manager to project manage their offers for subscription in the 2012/2013 tax year. The letter provided that each Company shall be responsible for all costs, charges and expenses of its respective offer, excluding permissible annual trail commission. The Manager agreed to indemnify the Companies (and Baronsmead VCT 5 plc) to the extent that the aggregate of all expenses (excluding permissible annual trail commission) exceeded 3 per cent. of the gross proceeds of the offers, but if the aggregate of all expenses (excluding permissible annual trail commission) was less than 3 per cent. of such gross proceeds, each Company would 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.
- (e) A letter from the Manager to RAM dated 8 January 2014 (**2014 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 8 January 2014 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).
- (f) A letter from the Manager to each of the Companies dated 16 January 2014 (**2014 Manager's Cost Indemnity Letter**), pursuant to which each of the Companies agreed to appoint the Manager to project manage the Offers. The letter provides that each Company shall be responsible for all costs, charges and expenses of its respective Offer (**Expenses**), excluding permissible annual trail commission which may be payable to intermediaries and which the Manager, FPPE or a sister LLP to ISIS, 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 (excluding permissible annual trail commission) exceeds 3 per cent. of the gross proceeds of the Offers, but if the aggregate of all Expenses (excluding permissible annual trail commission) is less than 3 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 Baronsmead VCT 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(e) 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, 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 the expenses of its Offer in excess of 3 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it, FPPE or a sister LLP to ISIS, 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 3 per cent. of the

gross proceeds of its Offer, Baronsmead VCT will pay the balance to 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 £9.7 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 Baronsmead VCT Share of 10p.

- (d) 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 21 January 2014 (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.
- (e) 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.
- (f) 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 and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies).
- (g) 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.
- (h) Baronsmead VCT 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.
- (i) Related party transactions for Baronsmead VCT undertaken in the three financial years ended 30 September 2011, 2012 and 2013 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 3, 4, 10 and 23 on pages 33, 34, 37 and 43 for the financial year ended 30 September 2011, in Notes 3, 4, 10 and 23 on pages 41, 45 and 51 for the financial year ended 30 September 2012 and in Notes 2.6, 2.8 and 3.4 on pages 50, 51 and 56 for the financial year ended 30 September 2013. Apart from the payment of Baronsmead VCT Directors' remuneration on the basis set out in paragraph 3(c) above, and payments to ISIS on the basis set out in paragraphs 4(a) and 4(f) above, Baronsmead VCT has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 September 2013.
- (j) 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. Baronsmead VCT Shares in uncertificated form will be credited to CREST accounts.
- (k) Baronsmead VCT is subject to the investment restrictions relating to a venture capital trust in ITA 2007 (a summary of which is set out in paragraph 5 of Section E of this Part V). In addition, for so long as the Baronsmead VCT Shares are admitted to the Official List, Baronsmead VCT is required to abide by applicable Listing Rules including the following:
 - (i) Baronsmead VCT 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) Baronsmead VCT will not conduct any trading activity which is significant in the context of Baronsmead VCT (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 Baronsmead VCT 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 and with registered number 03504214.
- (b) Baronsmead VCT 2 was issued with a certificate under section 117 of the Companies Act 1985 by the Registrar of Companies on 10 February 1998.
- (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 of ITA 2007 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 of ITA 2007.
- (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 of ITA 2007. Baronsmead VCT 2 operates under CA 2006 and the regulations made thereunder. Baronsmead VCT 2 is not regulated by the FCA or any other regulatory body 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 AIFMD seeks to regulate managers of alternative investment funds (AIFs) which are marketed or managed in the European Union. Baronsmead VCT 2, as an AIF, is required under the AIFMD to appoint an alternative investment fund manager (AIFM). The Baronsmead VCT 2 Board has determined that Baronsmead VCT 2 will register as its own AIFM in May 2014.
- (g) The ISIN number for the Baronsmead VCT 2 Shares is GB0002631934.

2 Share capital

- (a) As at 30 September 2010, Baronsmead VCT 2's share capital comprised 74,730,194 Shares of which 7,553,906 Shares were held in treasury.
- (b) Baronsmead VCT 2's issued share capital history since 30 September 2010 is as follows:
 - during the financial year ended 30 September 2011, Baronsmead VCT 2 issued 2,068,746 new Baronsmead VCT 2 Shares and 920,000 Baronsmead VCT 2 Shares were bought back to be held in treasury. During the year there were also 9,756 Baronsmead VCT 2 Shares cancelled. As at 30 September 2011, the issued share capital of Baronsmead VCT 2 comprised 76,789,184 Baronsmead VCT 2 Shares, of which 8,473,906 Baronsmead VCT 2 Shares were held in treasury;
 - during the financial year ended 30 September 2012, Baronsmead VCT 2 issued 4,077,587 new Baronsmead VCT 2 Shares and 744,913 Baronsmead VCT 2 Shares were bought back to be held in treasury. As at 30 September 2012, the issued share capital of Baronsmead VCT 2 comprised 80,866,771 Baronsmead VCT 2 Shares, of which 9,218,819 Baronsmead VCT 2 Shares were held in treasury;
 - during the financial year ended 30 September 2013, Baronsmead VCT 2 issued 4,471,998 new Baronsmead VCT 2 Shares, 1,005,000 Baronsmead VCT 2 Shares were bought back to be held in treasury and 200,000 Baronsmead VCT 2 Shares were sold out of treasury. As at 30 September 2013, the issued share capital of Baronsmead VCT 2 comprised 85,338,769 Baronsmead VCT 2 Shares, of which 10,023,819 Baronsmead VCT 2 Shares were held in treasury;

- during the period from 30 September 2013 to 21 January 2014 (being the latest practicable date prior to the publication of this document), 100,000 Baronsmead VCT 2 Shares were bought back to be held in treasury; and
 - as at 21 January 2014 (being the latest practicable date prior to the publication of this document), the issued share capital of Baronsmead VCT 2 comprised 85,338,769 Baronsmead VCT 2 Shares, of which 10,123,819 Baronsmead VCT 2 Shares were held in treasury.
- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 2 on 18 December 2013 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 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 £3,765,747.50 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) in substitution for all subsisting authorities to the extent unused, the Directors were empowered, pursuant to sections 570 and 573 of CA 2006, to allot equity securities as defined in section 560 of CA 2006 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 CA 2006 did not apply to any such allotment or sale, provided that the power shall be limited to:
 - (A) the allotment of equity securities up to an aggregate nominal amount representing 30 per cent. of the Company's 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 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

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 next annual general meeting of the Company, 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 all subsisting authorities to the extent unused, the Company was empowered to make market purchases within the meaning of section 693(4) of CA 2006 of Shares provided that:
 - (A) the aggregate number of Shares which may be purchased shall not exceed 11,289,711 or, if lower, such number of Shares as shall equal 14.99 per cent. of the issued Shares as at the date of the passing of the resolution (excluding any Shares held in treasury);

- (B) the minimum price which may be paid for a Share is the nominal value thereof of 10p;
 - (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 next annual general meeting of the Company, 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; and
- (iv) that the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the court, be cancelled.
- (d) Assuming a NAV per Baronsmead VCT 2 Share of 103.80p (being the unaudited NAV per Baronsmead VCT 2 Share as at 30 November 2013) 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 94,675,837 Baronsmead VCT 2 Shares (including 10,123,819 Baronsmead VCT 2 Shares held in treasury).

3 Directors' and other interests

- (a) As at 21 January 2014 (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 21 January 2014 (being the latest practicable date before the publication of this document) the holdings of Baronsmead VCT 2 Shares of the Baronsmead VCT 2 Directors were as follows:

	No. of Baronsmead VCT 2 Shares	% of issued Baronsmead VCT 2 voting Share capital
Clive Parritt	99,573	0.13%
Gillian Nott OBE	66,977	0.09%
Howard Goldring	10,157	0.01%
Christina McComb	20,315	0.03%

- (c) Baronsmead VCT 2 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 Baronsmead VCT 2 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 Baronsmead VCT 2 Directors under the terms of which the Baronsmead VCT 2 chairman is entitled to annual remuneration of £28,500 and the other Baronsmead VCT 2 Directors are entitled to annual remuneration of £20,000 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Baronsmead VCT 2 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 Baronsmead VCT 2 Directors by Baronsmead VCT 2 for the financial period ending on 30 September 2014 under the arrangements in force at the date of this document will not exceed £88,500 (plus payments in relation to out-of-pocket expenses). In the last financial year Clive Parritt received £26,500 and Gillian Nott, Howard Goldring and Christina McComb received £18,000. The Baronsmead VCT 2 Directors receive no other benefits in addition to their fees detailed above.

- (e) No loan or guarantee has been granted or provided by Baronsmead VCT 2 to or for the benefit of any Baronsmead VCT 2 Director.
- (f) None of the Baronsmead VCT 2 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 Baronsmead VCT 2 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 Baronsmead VCT 2 Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) Save for those companies which have an asterisk alongside their name in Part I above (which were voluntarily struck off the Register of Companies at Companies House) and as set out below, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Baronsmead VCT 2 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.

Christina McComb was a director of Morgan Everett Limited which was placed into administration on 21 July 2009 and moved from administration to creditors' voluntary liquidation on 22 February 2010. The company was subsequently dissolved on 4 February 2012. As at the date of the final meeting of the creditors, the company had satisfied its debt to its secured creditor and had also made a dividend distribution of £7,184 to unsecured creditors (constituting a return of 0.54p per £1).

Christina McComb was also a director of Partnerships UK Limited until 30 April 2011. The company was subsequently placed into solvent voluntary members' liquidation on 24 May 2013.

- (k) There have been no official public incriminations of and/or sanctions on any Baronsmead VCT 2 Director by statutory or regulatory authorities (including designated professional bodies) and no Baronsmead VCT 2 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 and as further amended by agreement between Baronsmead VCT 2 and the Manager), 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 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) 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 (**Excess**), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

In addition, 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 Baronsmead VCT 2's annual report and accounts. The Manager also receives monitoring fees from unquoted portfolio companies.

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Manager and/or FPPE LLP in respect of investments made by the relevant Company in Wood Street.

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 is 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 2 and Baronsmead VCT 2 is entitled to terminate the agreement on not less than three months' notice if there is a change in control of the Manager.

- (b) A liquid assets investment management agreement (**Baronsmead VCT 2 Liquid Assets Agreement**) dated 20 December 2006 and made between Baronsmead VCT 2, the Manager and FPPE, whereby FPPE was appointed to be the investment manager of the assets of Baronsmead VCT 2 (including cash) which are not venture capital investments.

The Baronsmead VCT 2 Liquid Assets 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, FPPE is 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 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 FPPE.

- (c) The 2012 RAM Appointment Letter referred to in paragraph 4(c) of Section A above.
- (d) The 2012 Manager's Cost Indemnity Letter referred to in paragraph 4(d) of Section A above.
- (e) The 2014 RAM Appointment Letter referred to in paragraph 4(e) of Section A above.
- (f) The 2014 Manager's Cost Indemnity Letter referred to in paragraph 4(f) 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 Baronsmead VCT 2 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(e) 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, 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 the expenses of its Offer in excess of 3 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it, FPPE or a sister LLP to ISIS, 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 3.0 per cent. of the gross proceeds of its Offer, Baronsmead VCT 2 will pay the balance to the Manager. If the maximum of £10 million is raised for Baronsmead VCT 2, the net proceeds of the Baronsmead VCT 2 Offer will amount to approximately £9.7 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 Baronsmead VCT 2 Share of 10p.
- (d) 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 21 January 2014 (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.

- (e) 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.
- (f) 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 and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies).
- (g) 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.
- (h) Baronsmead VCT 2 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.
- (i) Related party transactions for Baronsmead VCT 2 undertaken in the three financial years ended 30 September 2011, 2012 and 2013 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 3, 4, 10 and 23 on pages 35, 36, 39 and 45 for the financial year ended 30 September 2011, in Notes 3, 4, 10 and 23 on pages 41, 45 and 51 for the financial year ended 30 September 2012 and in Notes 2.6, 2.8 and 3.4 on pages 48, 49 and 54 for the financial year ended 30 September 2013. Apart from the payment of Baronsmead VCT 2 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(f) above, Baronsmead VCT 2 has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 30 September 2013.
- (j) 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. Baronsmead VCT 2 Shares in uncertificated form will be credited to CREST accounts.
- (k) Baronsmead VCT 2 is subject to the investment restrictions relating to a venture capital trust in ITA 2007 (a summary of which is set out in paragraph 5 of Section E of this Part V). In addition, for so long as the Baronsmead VCT 2 Shares are admitted to the Official List, Baronsmead VCT 2 is required to abide by applicable Listing Rules including the following:
 - (i) Baronsmead VCT 2 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) Baronsmead VCT 2 will not conduct any trading activity which is significant in the context of Baronsmead VCT 2 (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 Baronsmead VCT 2 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 ITA 2007 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 ITA 2007.
- (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 ITA 2007. Baronsmead VCT 3 operates under CA 2006 and the regulations made thereunder. Baronsmead VCT 3 is not regulated by the FCA or any other regulatory body 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 AIFMD seeks to regulate managers of alternative investment funds (AIFs) which are marketed or managed in the European Union. Baronsmead VCT 3, as an AIF, is required under the AIFMD to appoint an alternative investment fund manager (AIFM). The Baronsmead VCT 3 Board has determined that Baronsmead VCT 3 will register as its own AIFM in May 2014.
- (h) The ISIN number for the Baronsmead VCT 3 Shares is GB0030028103.

2 Share capital

- (a) As at 31 December 2010, Baronsmead VCT 3's share capital comprised 67,619,851 Shares of which 6,997,317 Shares were held in treasury.
- (b) Baronsmead VCT 3's issued share capital history since 31 December 2010 is as follows:
 - during the financial year ended 31 December 2011, Baronsmead VCT 3 bought back 880,000 Baronsmead VCT 3 Shares to be held in treasury and 235,000 Baronsmead VCT 3 Shares were sold out of treasury. As at 31 December 2011, the issued share capital of Baronsmead VCT 3 comprised 67,619,851 Baronsmead VCT 3 Shares, of which 7,622,317 Baronsmead VCT 3 Shares were held in treasury;
 - during the financial year ended 31 December 2012, Baronsmead VCT 3 issued 8,112,068 new Baronsmead VCT 3 Shares and bought back 1,306,897 Baronsmead VCT 3 Shares to be held in treasury. As at 31 December 2012, the issued share capital of Baronsmead VCT 3 comprised 75,731,919 Baronsmead VCT 3 Shares, of which 8,929,214 Baronsmead VCT 3 Shares were held in treasury;
 - during the financial year ended 31 December 2013, Baronsmead VCT 3 bought back 770,000 Baronsmead VCT 3 Shares to be held in treasury. As at 31 December 2013, the issued share capital of Baronsmead VCT 3 comprised 75,731,919 Baronsmead VCT 3 Shares, of which 9,699,214 Baronsmead VCT 3 Shares were held in treasury; and
 - during the period from 31 December 2013 to 21 January 2014 (this being the latest practicable date prior to the publication of this document) there has been no movement in the issued share capital of Baronsmead VCT 3, as a result, as at 21 January 2014, the issued share capital of

Baronsmead VCT 3 comprised 75,731,919 Baronsmead VCT 3 Shares, of which 9,699,214 Baronsmead VCT 3 Shares were held in treasury.

- (c) The following authorities were granted at the annual general meeting of Baronsmead VCT 3 on 10 April 2013 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 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 £3,340,135 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 CA 2006, to allot equity securities (as defined in section 560 of 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 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 30 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; andin 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 2014, 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; and
 - (iii) the Company was empowered to make market purchases within the meaning of section 693(4) of 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 (equivalent to 10,013,725 Shares at 15 February 2013);
 - (B) the minimum price which may be paid for a Share is the nominal value thereof of 10p;
 - (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 2014, 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 3 Share of 112.14p (being the unaudited NAV per Baronsmead VCT 3 Share as at 30 November 2013), after taking account of the second interim dividend of 4.5p paid on 20 December 2013, 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 84,374,961 Baronsmead VCT 3 Shares (including 9,699,214 Baronsmead VCT 3 Shares held in treasury).

3 Directors' and other interests

- (a) As at 21 January 2014 (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 21 January 2014 (being the latest practicable date before the publication of this document) the holdings of Baronsmead VCT 3 Shares of the Baronsmead VCT 3 Directors were as follows:

	Baronsmead VCT 3 No. of Shares	% of Issued Baronsmead VCT 3 voting Share capital
Anthony Townsend	44,439	0.07%
Andrew Karney	86,548	0.13%
Gillian Nott OBE	48,071	0.07%
Ian Orrock	15,535	0.02%

- (c) Baronsmead VCT 3 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 Baronsmead VCT 3 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 Baronsmead VCT 3 Directors under the terms of which the Baronsmead VCT 3 chairman is entitled to annual remuneration of £25,750, the Chairman of the Audit and Risk Committee is entitled to annual remuneration of £20,500 and the other Baronsmead VCT 3 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. Baronsmead VCT 3 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 Baronsmead VCT 3 Directors by Baronsmead VCT 3 for the financial period ending on 31 December 2014 under the arrangements in force at the date of this document will not exceed £82,250 (plus payments in relation to out-of-pocket expenses). For the year ended 31 December 2013, Anthony Townsend received £25,750, Gillian Nott received £20,500 and Andrew Karney and Ian Orrock received £18,000 each. 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 Baronsmead VCT 3 Director.
- (f) None of the Baronsmead VCT 3 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 Baronsmead VCT 3 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 Baronsmead VCT 3 Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) Save as set out below, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Baronsmead VCT 3 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.

Andrew Karney was a director of Conclusive Logic Limited which was placed into creditors' voluntary liquidation on 27 February 2002 and was subsequently dissolved on 28 September 2013. As at the date of the final meeting of the creditors, the company had no secured creditors and had received unsecured claims amounting to £2,554,339.37 of which a distribution of £843,318.52 has been made.

Ian Orrock was a director of Vianet Limited until 2 September 2009. The company was placed into administration on 11 December 2008 and moved from administration to creditors' voluntary liquidation on 21 October 2009. The company was subsequently dissolved on 3 August 2011. As at the date of the final meeting of the creditors, the company had no secured creditors and £354,598.85 had been distributed to unsecured creditors (constituting a return of 23.059p per £1).

Ian Orrock was a director of Henderson Private Equity Investment Trust plc until 27 June 2013. The company was placed into solvent members' voluntary liquidation on the same date.

- (k) There have been no official public incriminations of and/or sanctions on any Baronsmead VCT 3 Director by statutory or regulatory authorities (including designated professional bodies) and no Baronsmead VCT 3 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 (**Excess**), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

In addition, 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 Baronsmead VCT 3's annual report and accounts. The Manager also receives monitoring fees from unquoted portfolio companies.

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Manager and/or FPPE LLP in respect of investments made by the relevant Company in Wood Street.

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 is 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 3 and Baronsmead VCT 3 is entitled to terminate the agreement on not less than three months' notice if there is a change in control of the Manager.

- (b) A liquid assets investment management agreement (**Baronsmead VCT 3 Liquid Assets Agreement**) dated 20 December 2006 and made between Baronsmead VCT 3, the Manager and FPPE, whereby FPPE was appointed to be the investment manager of the assets of Baronsmead VCT 3 (including cash) which are not venture capital investments.

The Baronsmead VCT 3 Liquid Assets 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, FPPE is 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 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 FPPE.

- (c) The 2012 RAM Appointment Letter referred to in paragraph 4(c) of Section A above.
- (d) The 2012 Manager's Cost Indemnity Letter referred to in paragraph 4(d) of Section A above.
- (e) The 2014 RAM Appointment Letter referred to in paragraph 4(e) of Section A above.
- (f) The 2014 Manager's Cost Indemnity Letter referred to in paragraph 4(f) 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 Baronsmead VCT 3 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 the Baronsmead VCT 3 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(e) 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, 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 the expenses of its Offer in excess of 3 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it, FPPE or a sister LLP to ISIS, 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 3 per cent. of the gross proceeds of its Offer, Baronsmead VCT 3 will pay the balance to the Manager. If the maximum of £10 million is raised for Baronsmead VCT 3, the net proceeds of the Baronsmead VCT 3 Offer will amount to approximately £9.7 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 Baronsmead VCT 3 Share of 10p.
- (d) 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 21 January 2014 (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.
- (e) 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.
- (f) 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 and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies).
- (g) 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.
- (h) Baronsmead VCT 3 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.

- (i) Related party transactions for Baronsmead VCT 3 undertaken in the two financial years ended 31 December 2011 and 2012 are set out in the respective audited reports and accounts for those years which are incorporated by reference: in Notes 3, 4 and 23 on pages 36, 37 and 45 for the financial year ended 31 December 2011 and in Notes 3, 4, 10 and 23 on pages 42, 47 and 53 for the financial year ended 31 December 2012. Apart from the payment of Baronsmead VCT 3 Directors' remuneration on the basis set out in paragraph 3(d) above, the promotion fees paid to ISIS for the financial year ended 31 December 2013 of £85,876.95 and the payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(f) above, Baronsmead VCT 3 has not entered into any related party transactions within the meaning of IFRS or UK GAAP in the financial year ended 31 December 2013 and to the date of this document in the current financial year.
- (j) 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. Baronsmead VCT 3 Shares in uncertificated form will be credited to CREST accounts.
- (k) Baronsmead VCT 3 is subject to the investment restrictions relating to a venture capital trust in ITA 2007 (a summary of which is set out in paragraph 5 of Section E of this Part V). In addition, for so long as the Baronsmead VCT 3 Shares are admitted to the Official List, Baronsmead VCT 3 is required to abide by applicable Listing Rules including the following:
 - (i) Baronsmead VCT 3 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) Baronsmead VCT 3 will not conduct any trading activity which is significant in the context of Baronsmead VCT 3 (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 Baronsmead VCT 3 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 ITA 2007 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 ITA 2007.
- (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 ITA 2007. Baronsmead VCT 4 operates under CA 2006 and the regulations made thereunder. Baronsmead VCT 4 is not regulated by the FCA or any other regulatory body 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 AIFMD seeks to regulate managers of alternative investment funds (AIFs) which are marketed or managed in the European Union. Baronsmead VCT 4, as an AIF, is required under the AIFMD to appoint an alternative investment fund manager (AIFM). The Baronsmead VCT 4 Board has determined that Baronsmead VCT 4 will register as its own AIFM in May 2014.
- (h) The ISIN number for the Baronsmead VCT 4 Shares is GB0031095283.

2 Share capital

- (a) As at 31 December 2010, Baronsmead VCT 4's share capital comprised 64,402,829 Shares of which 5,158,593 Shares were held in treasury.
- (b) The Company's issued share capital history since 31 December 2010 is as follows:
 - during the financial year ended 31 December 2011, Baronsmead VCT 4 bought back 990,000 Baronsmead VCT 4 Shares to be held in treasury and 20,000 Baronsmead VCT 4 Shares were sold out of treasury. As at 31 December 2011, the issued share capital of Baronsmead VCT 4 comprised 64,402,829 Baronsmead VCT 4 Shares, of which 6,128,593 Baronsmead VCT 4 Shares were held in treasury;
 - during the financial year ended 31 December 2012, Baronsmead VCT 4 issued 7,787,817 new Baronsmead VCT 4 Shares and bought back 1,061,537 Baronsmead VCT 4 Shares to be held in treasury. As at 31 December 2012, the issued share capital of Baronsmead VCT 4 comprised 72,190,646 Baronsmead VCT 4 Shares, of which 7,190,130 Baronsmead VCT 4 Shares were held in treasury;
 - during the financial year ended 31 December 2013, Baronsmead VCT 4 issued 1,026,543 Baronsmead VCT 4 Shares and bought back 730,000 Baronsmead VCT 4 Shares to be held in treasury. As at 31 December 2013, the issued share capital of Baronsmead VCT 4 comprised 73,217,189 Baronsmead VCT 4 Shares, of which 7,920,130 Baronsmead VCT 4 Shares were held in treasury; and
 - during the period from 31 December 2013 to 21 January 2014 (this being the latest practicable date prior to the publication of this document) there has been no movement in the issued share capital of Baronsmead VCT 4, as a result, as at 21 January 2014, the issued share capital of

Baronsmead VCT 4 comprised 73,217,189 Baronsmead VCT 4 Shares, of which 7,920,130 Baronsmead VCT 4 Shares were held in treasury.

(c) The following authorities were granted at the annual general meeting of Baronsmead VCT 4 on 16 April 2013 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 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 £3,250,025 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 of the Company were empowered, pursuant to sections 570 and 573 of CA 2006 to allot equity securities (as defined in section 560 of 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 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 30 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 2014, 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; and

(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 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 9,743,577 or, if lower, such number of Shares as shall equal 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 10p;

(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 2014, 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 99.72p (being unaudited the NAV per Baronsmead VCT 4 Share as at 30 November 2013), after taking account of the second interim dividend of 4.0p paid on 20 December 2013 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 82,935,361 Baronsmead VCT 4 Shares (including 7,920,130 Baronsmead VCT 4 Shares held in treasury).

3 Directors' and other interests

- (a) As at 21 January 2014 (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 21 January 2014 (being the latest practicable date before the publication of this document) the holdings of Baronsmead VCT 4 Shares of the Baronsmead VCT 4 Directors were as follows:

	Baronsmead VCT 4 No. of Shares	% of Issued Baronsmead VCT 4 voting Share capital
Robert Owen	10,300	0.02%
Malcolm Groat	-	-
Alan Pedder CBE	110,271	0.17%
Robin Williams	9,627	0.01%

- (c) Baronsmead VCT 4 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 Baronsmead VCT 4 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 Baronsmead VCT 4 Directors under the terms of which the Baronsmead VCT 4 chairman is entitled to annual remuneration of £27,000 and the other Baronsmead VCT 4 Directors are entitled to annual remuneration of £20,000 each respectively. These letters of appointment are for a specified term of three years, subject to re-appointment. Baronsmead VCT 4 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 Baronsmead VCT 4 Directors by Baronsmead VCT 4 for the financial period ending on 31 December 2014 under the arrangements in force at the date of this document will not exceed £87,000 (plus payments in relation to out-of-pocket expenses). For the financial year ended 31 December 2013, Robert Owen received £27,000, Alan Pedder and Robin Williams each received £20,000, Malcolm Groat received £14,179 and Ian Kirkpatrick, who resigned on 16 April 2013, received £5,897. 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 Baronsmead VCT 4 Director.

- (f) None of the Baronsmead VCT 4 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 Baronsmead VCT 4 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 Baronsmead VCT 4 Directors have any convictions in relation to fraudulent offences during the previous five years.
- (j) Save for those companies which have an asterisk alongside their name in Part I above (which were voluntarily struck off the Register of Companies at Companies House) and as set out below, there were no bankruptcies, receiverships or liquidations of any companies or partnerships where any of the Baronsmead VCT 4 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.

Robin Williams was a director of Killby & Gayford Group Limited until 16 October 2011. Thereafter the company was placed into administration on 18 April 2012 and moved from administration to creditors' voluntary liquidation on 24 April 2013. As at the date of the latest filed administrator's progress report, the company had two secured creditors, the first of which has received distributions of £282,046 and it is anticipated that the remaining £1,393,595 owed will be paid in full by the Killby & Gayford group of companies. However, it is also anticipated that the second secured creditor who is owed £6,075,000 from the Killby & Gayford group of companies will suffer a significant shortfall under its security. Also as at the date of the latest filed administrator's progress report, the administrator had received unsecured claims totalling £25,573,944 and it is anticipated that the dividend to such unsecured creditors is likely to be made in the region of 1p per £1.

- (k) There have been no official public incriminations of and/or sanctions on any Baronsmead VCT 4 Director by statutory or regulatory authorities (including designated professional bodies) and no Baronsmead VCT 4 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 (**Excess**), the fees payable to the Manager in respect of the next four quarters will be reduced by one quarter of the Excess.

In addition, 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 Baronsmead VCT 4's annual report and accounts. The Manager also receives monitoring fees from unquoted portfolio companies.

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Manager and/or FPPE LLP in respect of investments made by the relevant Company in Wood Street.

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 is 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 4 and Baronsmead VCT 4 is entitled to terminate the agreement on not less than three months' notice if there is a change in control of the Manager.

- (b) A liquid assets investment management agreement (**Baronsmead VCT 4 Liquid Assets Agreement**) dated 20 December 2006 and made between Baronsmead VCT 4, the Manager and FPPE, whereby FPPE was appointed to be the investment manager of the assets of Baronsmead VCT 4 (including cash) which are not venture capital investments.

The Baronsmead VCT 4 Liquid Assets 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, FPPE is 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 4 and Baronsmead VCT 4 is entitled to terminate the agreement on not less than three months' notice if there is a change in control of FPPE.

- (c) The 2012 RAM Appointment Letter referred to in paragraph 4(c) of Section A above.
- (d) The 2012 Manager's Cost Indemnity Letter referred to in paragraph 4(d) of Section A above.
- (e) The 2014 RAM Appointment Letter referred to in paragraph 4(e) of Section A above.
- (f) The 2014 Manager's Cost Indemnity Letter referred to in paragraph 4(f) of Section A above.

5 Dividend policy

The Board of Baronsmead VCT 4 has the objective to sustain a progressive dividend policy for Baronsmead VCT 4 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 the Baronsmead VCT 4 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(e) 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, 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 the expenses of its Offer in excess of 3 per cent. of the gross proceeds of its Offer (excluding permissible annual trail commission), whilst it, FPPE or a sister LLP to ISIS 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 3 per cent. of the gross proceeds of its Offer, Baronsmead VCT 4 will pay the balance to the Manager. If the maximum of £10 million is raised for Baronsmead VCT 4, the net proceeds of the Baronsmead VCT 4 Offer will amount to approximately £9.7 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 10p.
- (d) 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 21 January 2014 (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.
- (e) 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.
- (f) 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 and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies).
- (g) 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.
- (h) Baronsmead VCT 4 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.
- (i) Related party transactions for Baronsmead VCT 4 undertaken in the two financial years ended 31 December 2011 and 2012 are set out in the respective audited reports and accounts for those years which are incorporated by reference in Notes 3, 4, 10 and 23 on pages 33, 34, 37 and 42 for the financial year ended 31 December 2011 and in Notes 3, 4, 10 and 23 on pages 39, 43 and 49 for the financial year ended 31 December 2012. Apart from the payment of Baronsmead VCT 4 Directors' remuneration on the basis set out in paragraph 3(d) above, the promotion fees paid to ISIS for the financial year ended 31 December 2013 of £68,213.80 and the payments to ISIS under the agreements referred to in paragraphs 4(a) and 4(f) above,

Baronsmead VCT 4 has not entered into any related party transactions within the meaning of IFRS or UK GAAP in the financial year ended 31 December 2013 and to the date of this document in the current financial year.

- (j) 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. Baronsmead VCT 4 Shares in uncertificated form will be credited to CREST accounts.
- (k) Baronsmead VCT 4 is subject to the investment restrictions relating to a venture capital trust in ITA 2007 (a summary of which is set out in paragraph 5 of Section E of this Part V). In addition, for so long as the Baronsmead VCT 4 Shares are admitted to the Official List, Baronsmead VCT 4 is required to abide by applicable Listing Rules including the following:
 - (i) Baronsmead VCT 4 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) Baronsmead VCT 4 will not conduct any trading activity which is significant in the context of Baronsmead VCT 4 (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 Baronsmead VCT 4 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: 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.
- (e) 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.
- (f) 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 of each Company monthly and publishes it via a Regulatory Information Service. The Directors of each Company 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, National Association, 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 FCA and the Prudential Regulation Authority.

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 ITA 2007. 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 ITA 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 ISDX 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 him 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.

The New Shares have not been, nor will they be, registered in the United States under the United States Securities Act of 1933, as amended, (**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 SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG 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;
- 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 Corporate Services LLP is acting as sponsor to each Company in respect of their respective applications for Admission. Howard Kennedy Corporate Services LLP 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 February 2013
AIC Guide	the AIC Corporate Governance Guide for Investment Companies issued in February 2013
AIFMD	the Alternative Investment Fund Managers Directive as transposed into English law by the Alternative Investment Fund Managers Regulations 2013
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 4 Director)
Baronsmead VCT 4 Offer	the offer for subscription of New Shares in Baronsmead VCT 4 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
Companies	Baronsmead VCT, Baronsmead VCT 2, Baronsmead 3, Baronsmead VCT 4 (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 FCA under section 73A of FSMA
FCA	the Financial Conduct Authority
FPPE	FPPE LLP, a sister LLP to ISIS
FSMA	the Financial Services and Markets Act 2000

HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards
ISDX	the ICAP Securities & Derivatives Exchange, a prescribed market for the purposes of section 118 of FSMA
ISIS or the Manager	ISIS EP LLP, a sister LLP to FPPE
ITA 2007	the Income Tax Act 2007 (as amended)
LLP	a limited liability partnership
Listing Rules	the listing rules made by the UK Listing Authority under section 74 of FSMA
London Stock Exchange	London Stock Exchange plc
NAV or net asset value	means, in relation to a share, the net asset value of a share calculated in accordance with the relevant company's accounting policies and, in relation to a company, the aggregate net asset value attributable to that company's issued shares (excluding any shares held in treasury)
New Shares	new Shares in a Company to be issued under its Offer
Offer Price	the subscription price of the New Shares under each Offer as calculated in accordance with the Pricing Formula
Offers	the Baronsmead VCT Offer, the Baronsmead VCT 2 Offer, the Baronsmead VCT 3 Offer and the Baronsmead VCT 4 Offer (and each an Offer)
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 ISDX-traded and AIM-traded) company which satisfies the requirements of Part 4 of Chapter 6 of ITA 2007
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 ITA 2007
Qualifying Investor	an individual aged 18 or over who satisfies the conditions of eligibility for tax relief available to investors in a VCT
Receiving Agent	The City Partnership (UK) Limited
Registrars	Computershare Investor Services PLC
Registration Document	this document dated 22 January 2014
Regulatory Information Service	a regulatory information service approved by the FCA
Restricted Territories	Canada, Australia, Japan and South Africa
Securities Note	the securities note issued by the Companies dated 22 January 2014 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)
Summary	the summary issued by the Companies dated 22 January 2014 in connection with the Offers
this document	the Registration Document
UK Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012

UK GAAP	UK Generally Accepted Accounting Principles
UK Listing Authority	the FCA 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 ITA 2007
Venture Capital Trust or VCT	a venture capital trust as defined in section 259 of ITA 2007

Directors, Managers and Advisers

Directors of Baronsmead VCT plc

Peter Lawrence
Godfrey Jillings
John Mackie CBE
Valerie Marshall

Directors of Baronsmead VCT 3 plc

Anthony Townsend
Andrew Karney
Gillian Nott OBE
Ian Orrock

Manager and Secretary

ISIS EP LLP
100 Wood Street
London
EC2V 7AN
Telephone: 020 7506 5600

Solicitors to the Offers and to Baronsmead VCT plc, Baronsmead VCT 2 plc and Baronsmead VCT 3 plc

SGH Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

Auditors to Baronsmead VCT plc and Baronsmead VCT 2 plc

KPMG LLP

Auditors to Baronsmead VCT 3 plc and Baronsmead VCT 4 plc

KPMG Audit Plc
(each of)
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Receiving Agent

The City Partnership (UK) Limited
Thistle House
21-23 Thistle Street
Edinburgh
EH2 1DF
Tel: 0131 243 7210

Promoter

RAM Capital Partners LLP
10 Furnival Street
London
EC4A 1YH

Directors of Baronsmead VCT 2 plc

Clive Parritt
Gillian Nott OBE
Howard Goldring
Christina McComb

Directors of Baronsmead VCT 4 plc

Robert Owen
Malcolm Groat
Alan Pedder CBE
Robin Williams

Companies' Websites

www.baronsmeadvct.co.uk
www.baronsmeadvct2.co.uk
www.baronsmeadvct3.co.uk
www.baronsmeadvct4.co.uk

Solicitors to Baronsmead VCT 4 plc

Norton Rose Fulbright LLP
3 More London Riverside
London
SE1 2AQ

Sponsor

Howard Kennedy Corporate Services LLP
19 Cavendish Square
London
W1A 2AW

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Telephone: 0870 703 0137

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

