

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the 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).

Supplementary Prospectus

Baronsmead VCT plc

*Incorporated in England
and Wales with registered
number 03035709
ISIN: GB0000803584*

Baronsmead VCT 2 plc

*Incorporated in England
and Wales with registered
number 03504214
ISIN: GB0002631934*

Baronsmead VCT 3 plc

*Incorporated in England
and Wales with registered
number 04115341
ISIN: GB0030028103*

Baronsmead VCT 4 plc

*Incorporated in England
and Wales with registered
number 04313537
ISIN: GB0031095283*

Offers for Subscription

to raise, in aggregate, up to £40,000,000 by way of an issue of New Shares

Important Notice

This document constitutes a supplementary prospectus prepared in accordance with the Prospectus Rules made under FSMA and has been approved by the Financial Conduct Authority (FCA) (**Supplementary Prospectus**). This Supplementary Prospectus is supplemental to, and should be read in conjunction with the securities note, registration document and summary, each dated 22 January 2014, together constituting a prospectus (the **Prospectus**) issued by Baronsmead VCT plc (**Baronsmead VCT**), Baronsmead VCT 2 plc (**Baronsmead VCT 2**), Baronsmead VCT 3 plc (**Baronsmead VCT 3**) and Baronsmead VCT 4 plc (**Baronsmead VCT 4**) (together, the **Companies** and each a **Company**). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

Howard Kennedy Corporate Services LLP (**Howard Kennedy**), which is authorised and regulated in the United Kingdom for the conduct of investment business by the FCA, is acting exclusively for the Companies and for no one else in connection with the Offers and, subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder, will not be responsible to any person other than the Companies for providing the protections afforded to customers of Howard Kennedy or for providing advice to them in relation to the Offers or any other matter referred to in the Prospectus and this Supplementary Prospectus. Howard Kennedy is not making any representation or warranty, express or implied, as to the contents of the Prospectus or this Supplementary Prospectus.

Responsibility

Each Company and the Directors of each of the Companies accept responsibility for the information contained in the Prospectus and this Supplementary 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 and this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Events arising since publishing the Prospectus

1. Baronsmead VCT 3 audited statutory accounts for the year ended 31 December 2013

On 18 February 2014, Baronsmead VCT 3 published its audited statutory accounts for the year ended 31 December 2013 (the **Baronsmead VCT 3 2013 Accounts**), which are being incorporated by reference in to the Prospectus and which can be accessed at the following website, www.baronsmeadvct3.co.uk. The Baronsmead VCT 3 2013 Accounts contain a description of Baronsmead VCT 3's financial condition, changes in financial condition and results of operations for the financial year ended 31 December 2013. Baronsmead VCT 3's auditors, KPMG Audit plc of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, have reported on the Baronsmead VCT 3 2013 Accounts without qualification and without statements under sections 495 to 497 of CA 2006. The Baronsmead VCT 3 2013 Accounts 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'.

1	Historical Financial Information	Baronsmead VCT 3 2013 Accounts
	Balance sheet	Page 42
	Income statement (or equivalent)	Page 41
	Statement showing all changes in equity (or equivalent note)	Page 51
	Cash flow statement	Page 43
	Accounting policies and notes	Page 44
	Auditors' report	Page 38
2	Operating and Financial Review	
	The descriptions of Baronsmead VCT 3's financial condition (in both capital and revenue terms), details of Baronsmead VCT 3's investment activity, portfolio exposure and changes in Baronsmead VCT 3's financial condition, for the financial year ended 31 December 2013, are included in the Baronsmead VCT 3 2013 Accounts, as set out below:	
	Objective	Page 2
	Performance summary	Page 3
	Results and dividend	Page 1
	Investment policy	Page 12
	Chairman's statement	Page 5
	Manager's review	Page 8
	Portfolio Summary	Page 16
	Valuation Policy	Page 45
3	Selected Financial Information	
	The key figures that summarise the financial condition of Baronsmead VCT 3, which have been extracted without material adjustment from the historical financial information referred to in Section 1 above, are set out in the following table:	
	Profit/loss on ordinary activities before taxation (£'000)	9,108
	Earnings per Share (p)	13.73
	Dividends per Share (p)	7.5
	Net assets (£'000)	74,879
	NAV per Share (p)	113.40

The Directors are not proposing a final dividend.

2. Baronsmead VCT 4 audited statutory accounts for the year ended 31 December 2013

On 18 February 2014, Baronsmead VCT 4 published its Baronsmead VCT 4 audited statutory accounts for the year ended 31 December 2013 (the **Baronsmead VCT 4 2013 Accounts**), which are being incorporated by reference in to the Prospectus and which can be accessed at the following website, www.baronsmeadvct4.co.uk. The Baronsmead VCT 4 2013 Accounts contain a description of Baronsmead VCT 4's financial condition, changes in financial condition and results of operations for the financial year ended 31 December 2013. Baronsmead VCT 4's auditors, KPMG Audit plc, of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, have reported on the Baronsmead VCT 4 2013 Accounts without qualification and without statements under sections 495 to 497 of CA 2006. The Baronsmead VCT 4 2013 Accounts 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'.

1	Historical Financial Information	Baronsmead VCT 4 2013 Accounts
	Balance sheet	Page 41
	Income statement (or equivalent)	Page 40
	Statement showing all changes in equity (or equivalent note)	Page 49
	Cash flow statement	Page 42
	Accounting policies and notes	Page 43
	Auditors' report	Page 37
2	Operating and Financial Review	
	The descriptions of Baronsmead VCT 4's financial condition (in both capital and revenue terms), details of Baronsmead VCT 4's investment activity, portfolio exposure and changes in Baronsmead VCT 4's financial condition, for the financial year ended 31 December 2013, are included in the Baronsmead VCT 4 2013 Accounts, as set out below:	
	Objective	Page 2
	Performance summary	Page 3
	Results and dividend	Page 1
	Investment policy	Page 11
	Chairman's statement	Page 4
	Manager's review	Page 7
	Portfolio Summary	Page 15
	Valuation Policy	Page 44
3	Selected Financial Information	
	The key figures that summarise the financial condition of Baronsmead VCT 4, which have been extracted without material adjustment from the historical financial information referred to in Section 1 above, are set out in the following table:	
	Profit/loss on ordinary activities before taxation (£'000)	5,952
	Earnings per Share (p)	9.11
	Net assets (£'000)	65,337
	Dividends per Share (p)	7.0
	NAV per Share (p)	100.06

The Directors are not proposing a final dividend.

Supplements to the Summary

As a result of the publication of the Baronsmead VCT 3 2013 Accounts and the Baronsmead VCT 4 2013 Accounts, the summary document which forms part of the Prospectus is hereby supplemented as follows:

B7	Selected financial information and statement of any significant changes	<div>Certain selected historical information of Baronsmead VCT 3 and Baronsmead VCT 4, which has been extracted without material adjustment from the audited financial statements referenced in the following tables, is set out below:</div> <div><div><div><div>Baronsmead VCT 3</div><div>Profit/loss on ordinary activities before taxation (£'000)</div><div>Earnings per Share (p)</div><div>Dividends per Share (p)</div><div>Net assets (£'000)</div><div>NAV per Share (p)</div></div><div><div>Financial year end</div><div>31 December 2013 (audited)</div><div>9,108</div><div>13.73</div><div>7.5</div><div>74,879</div><div>113.40</div></div></div><div><div>Baronsmead VCT 4</div><div>Profit/loss on ordinary activities before taxation (£'000)</div><div>Earnings per Share (p)</div><div>Dividends per Share (p)</div><div>Net assets (£'000)</div><div>NAV per Share (p)</div></div><div><div>Financial year end</div><div>31 December 2013 (audited)</div><div>5,952</div><div>9.11</div><div>7.0</div><div>65,337</div><div>100.06</div></div></div>																																								
B10	Qualifications in the audit report	Not applicable. There were no qualifications in the audit reports for Baronsmead VCT 3 and Baronsmead VCT 4 for the year ended 31 December 2013.																																								
B45	Investment portfolio	<div>Each Company invests in a diversified portfolio of UK growth businesses, whether unquoted or traded on AIM. An audited summary of Baronsmead VCT 3's and Baronsmead VCT 4's unquoted and quoted portfolio (representing at least 50 per cent. of its respective gross assets as at the date of this document (the values of NAV being as at 31 January 2014)) is set out below:</div> <div><table><tr><th colspan="4">Baronsmead VCT 3</th></tr><tr><th></th><th>Cost £'000</th><th>Market Value £'000</th><th>% of NAV £'000</th></tr><tr><td>Unquoted</td><td>24,609</td><td>29,226</td><td>38.37%</td></tr><tr><td>Quoted</td><td>5,838</td><td>15,866</td><td>20.83%</td></tr><tr><td>Wood Street</td><td>3,525</td><td>7,499</td><td>9.85%</td></tr></table><table><tr><th colspan="4">Baronsmead VCT 4</th></tr><tr><th></th><th>Cost £'000</th><th>Market Value £'000</th><th>% of NAV £'000</th></tr><tr><td>Unquoted</td><td>24,609</td><td>29,226</td><td>44.49%</td></tr><tr><td>Quoted</td><td>5,112</td><td>13,485</td><td>20.53%</td></tr><tr><td>Wood Street</td><td>—</td><td>—</td><td>—</td></tr></table></div>	Baronsmead VCT 3					Cost £'000	Market Value £'000	% of NAV £'000	Unquoted	24,609	29,226	38.37%	Quoted	5,838	15,866	20.83%	Wood Street	3,525	7,499	9.85%	Baronsmead VCT 4					Cost £'000	Market Value £'000	% of NAV £'000	Unquoted	24,609	29,226	44.49%	Quoted	5,112	13,485	20.53%	Wood Street	—	—	—
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No Significant Change

Save as disclosed in this document, there has been no significant change and no significant new matter in respect of the Companies since the publication of the Prospectus.

The Offers are being made on the terms and subject to the conditions of the Prospectus. Investors who have already submitted applications for New Shares which have been received on behalf of the Companies and who have not yet received an allotment of New Shares with regard to such applications, may withdraw such applications under section 87Q of FSMA. The Companies will accept withdrawals of applications by telephone or by post until close of business on 24 February 2014. Investors who wish to withdraw their applications should contact the Receiving Agent on 0131 243 7210 or by post to The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh EH2 1DF (no investment advice can be given).

Availability of Prospectus and this Supplementary Prospectus

Copies of the Prospectus and this document are available, free of charge, from the Companies' registered office at 100 Wood Street, London, EC2V 7AN and on each Company's website:

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

In accordance with the Listing Rules, the Prospectus and this document have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM.

For further information, please contact:

Michael Probin – VCT Investor Relations Director
 ISIS EP LLP
 Telephone: 020 7506 5796