

BARONSMEAD

Baronsmead Second Venture Trust plc

Shareholder Circular

General Meeting relating to the recommended proposals for the merger with
Baronsmead VCT 5 plc

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 without delay. Shareholders should also carefully consider the risk factors set out on pages 3 to 5 of this document.

If you have sold or otherwise transferred all your Ordinary Shares in Baronsmead Second Venture Trust plc (the “**Company**”), please send this document, together with the accompanying form of proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction. Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this document and the accompanying documents outside the United Kingdom should read the section headed “Overseas Shareholders” in section 8 of Part I of this document.

This document should be read in conjunction with the accompanying Prospectus relating to the Company which has been prepared in accordance with the Prospectus Rules and the Listing Rules of the Financial Services and Markets Act 2000.

BARONSMEAD SECOND VENTURE TRUST PLC

(Incorporated in England and Wales with registered number 04115341)

Recommended proposals for the merger with Baronsmead VCT 5 plc

Notice of a General Meeting of the Company, to be held at 2.00 p.m. on 8 November 2016 at the Grange St. Paul’s Hotel, Pepys Room, 10 Godliman St, London EC4V 5AJ is set out on pages 19 to 20 of this document. A form of proxy for use in connection with the General Meeting is enclosed. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed on it. In order to be valid, the form of proxy must be completed and returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and in any event so as to be received no later than 2.00 p.m. on 4 November 2016.

Applications will be made to the UK Listing Authority for all of the New Shares to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange’s Main Market for listed securities. It is expected that Admission will become effective and dealings in the New Shares issued pursuant to the Scheme will commence on 2 December 2016.

Your attention is drawn to the letter from the Chairman of the Company in Part I of this document, which contains the recommendation of the Board that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

Your attention is drawn to the section entitled “Risk Factors” on pages 3 to 5 of this document and to the section entitled “Action to be taken” on page 9 of this document.

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Risk factors

The risks referred to in this section are the material risks known to the Directors at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes on the Resolution. Additional risks and uncertainties relating to the Company that are not currently known to the Directors or that the Directors do not currently consider to be material may also have an adverse effect on the Company. Shareholders who are in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under FSMA without delay.

Risks associated with the Scheme

Implementation of the Scheme is conditional, *inter alia*, upon the approval of Shareholders at the General Meeting and BVCT5 Shareholders approving the Scheme (full details of the conditions of the Scheme are set out in section 2 of Part II of this document). If any condition of the Scheme is not met, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme (estimated to be in the region of £54,000 (including VAT)) will be borne by the Company. In these circumstances, the Company would continue as a separate VCT.

The Company's portfolio

In order to comply with VCT legislation, the Company invests in AIM-traded and unquoted companies. Investment in AIM-traded and unquoted companies by its nature, may involve a higher degree of risk than investment in companies traded on the Main Market. 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 the value of smaller or unquoted companies or the risks to which they are exposed may also not be available.

The Company's investments may be difficult to realise. The fact that a share is traded on AIM 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 the Company's portfolio and opportunities for realisation may also depend on stock market conditions.

Changes in legislation concerning VCTs and in particular, changes in relation to qualifying holdings and qualifying trades, may limit the number of Qualifying Investment opportunities, reduce the level of returns which would otherwise have been achievable or result in the Company not being able to meet its objective, may delay the investment of any proceeds raised by the Company in future fundraisings and may reduce the levels of returns to investors.

Changes to governmental, economic, fiscal, monetary or political policy

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts and any changes to taxation and tax reliefs, in particular changes to the VCT rules, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company (and the portfolio companies in which it invests) and the value of and returns from Shares and/or its ability to maintain VCT status.

Loss of tax reliefs

The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective. While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.

State aid

As a result of the tax status of VCTs, investments by VCTs in underlying portfolio companies are regarded as State aided investments. Where the European Commission believes that State aid has been provided which is unlawful, in particular if it is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State aid. Such recovery may be from the investee company, the VCT or the VCT's investors. It is noted that on 23 June 2016 the UK voted in a referendum to leave the European Union. Accordingly, the extent to which State aid rules will apply, or continue to apply, to VCTs in the future is uncertain.

European Union referendum

On 23 June 2016 the UK voted to leave the European Union. The outcome of this referendum has caused, and may continue to cause, market uncertainty and volatility. This may affect the value of the Shares on the secondary market and the valuations of the Company's underlying investments, in particular the valuation of the Company's AIM-traded and other listed investments.

Legal and regulatory risks

Legal and regulatory changes could adversely affect the Company. Regulation of investment vehicles such as the Company is subject to change. The affect of any future legal or regulatory change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

Economic environment

The profitability of the businesses of the Company's portfolio companies could be impacted by business conditions and adverse economic conditions. Factors such as unemployment levels, the levels and volatility of equity markets, consumer confidence, exchange rates, interest rates and inflation could significantly affect the market for products or services of portfolio companies. The economic climate in the UK and the uncertainty over the manner in which the UK may leave the European Union may adversely affect the prospects for both existing portfolio companies and any new investments.

The Shares may trade at a discount to Net Asset Value

At any given point in time, the price for a Share which a Shareholder could achieve on the stock market may be significantly less than the Net Asset Value or the price paid by the Shareholder to acquire that Share. The Shares may trade at a discount to their Net Asset Value for a variety of reasons, including as a consequence of general market conditions, concerns regarding the general liquidity or marketability of the Shares or the actual or expected performance of the Company.

Liquidity

The Company is a closed-ended company. Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will be required to dispose of their Shares on the stock market. Accordingly, the ability of Shareholders to realise the Net Asset Value of, or any value in respect of, their Shares is dependent on the existence of a liquid market in the Shares and the market price of such Shares.

Although the existing Ordinary Shares issued by the Company have been (and it is anticipated that the New Shares will be) admitted to the premium segment of the Official List of the UK Listing Authority and traded on the Main Market, there may not be a liquid market for the Ordinary Shares as there is a limited secondary market for VCT shares (primarily because initial VCT income tax relief is only available to individuals subscribing for newly issued shares) and investors may find it difficult to realise their investments.

Share buy backs

The Company has stated its aim to seek a mid market share price discount to NAV of no more than 5 per cent. but keeps the share price discount policy under continuous review. The performance of the Company's share price and the discount to NAV is monitored continuously and Shares may be bought back depending on market conditions at the time and only when the Directors believe it to be in the

best interests of all Shareholders. There can, however, be no guarantee that the Company will buy back Ordinary Shares from Shareholders or that if it does the discount to NAV will not be greater than 5 per cent. Share buy backs will be subject to applicable legislation and VCT regulations and the availability of sufficient reserves and cash in the Company.

Restrictions in relation to payment of dividends

The Board seeks to maintain a minimum annual dividend of 4.5 pence per Ordinary Share which primarily depends on the value of realisations achieved. There is no certainty that any dividends will be paid. A reduction of income from the Company's portfolio would adversely affect the ability of the Company to pay dividends on the Ordinary Shares. Any adverse performance of the assets acquired from BVCT5, as well as the existing investments of the Company, may restrict the ability of the Company to pay dividends.

Any change in the tax treatment of dividends paid or income received by the Company may reduce the dividends paid to the holders of the Ordinary Shares. Such a reduction could arise, for example, from lower rates of dividends paid by investee companies or difficulties realising gains on portfolio investments.

Investment Manager

The Company has a Board of non-executive Directors and has no employees. The Company is dependent on the skills and experience of the Investment Manager to manage its investments. If the Investment Manager ceases to act as investment manager of the Company or if key personnel cease to remain with the Investment Manager or be involved in the management of the Company's portfolio, there is no assurance that suitable replacements will be found. If this occurs there may be an adverse effect on the performance of the Company and the value of the Shares.

Expected timetable

Scheme timetable

	2016
Latest time and date for receipt of forms of proxy for the General Meeting	2.00 p.m. on 4 November
General Meeting of the Company	2.00 p.m. on 8 November
First General Meeting of BVCT5	3.00 p.m. on 8 November
Calculation Date	5.00 p.m. on 28 November
Second General Meeting of BVCT5	11.00 a.m. on 30 November
Effective Date for implementation of the Scheme and commencement of the liquidation of BVCT5	30 November
Admission to listing and dealings commence in the New Shares issued pursuant to the Scheme	8.00 a.m. on 2 December
New Shares issued in uncertificated form credited to CREST accounts of BVCT5 Shareholders under the Scheme	8.00 a.m. on 2 December
Share certificates in respect of New Shares issued in certificated form pursuant to the Scheme despatched to BVCT5 Shareholders entitled thereto	week commencing 12 December

Note: Each of the times and dates in the above expected timetable (other than in relation to the General Meetings) may be extended or brought forward. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service.

Part I – Letter from the Chairman

BARONSMEAD SECOND VENTURE TRUST PLC

(Incorporated in England and Wales with registered number 04115341)

Directors:

Anthony Townsend (*Chairman*)
Malcolm Groat
Ian Orrock

Registered office:

100 Wood Street
London
EC2V 7AN

17 October 2016

Dear Shareholder,

Recommended proposals for the merger with Baronsmead VCT 5 plc

1. Introduction

The Company and BVCT5 announced today that the Board and the BVCT5 Board have reached agreement in respect of a recommended merger of the assets and liabilities of the Company and BVCT5 (the “**Proposals**”) pursuant to a scheme of reconstruction and winding up of BVCT5 under section 110 of the Insolvency Act 1986 (the “**Scheme**”). BVCT5 is a Venture Capital Trust which was launched in January 2006 and is also managed by the Company’s investment manager, Livingbridge. The purpose of this document is to provide Shareholders with further details of the Scheme.

A General Meeting has been convened at which Shareholders will be asked to consider and, if thought fit, approve the Resolution. The General Meeting, notice of which is set out at the end of this document, will be held at 2.00 p.m. on 8 November 2016 at the Grange St. Paul’s Hotel, Pepys Room, 10 Godliman St, London EC4V 5AJ.

The Board considers the Proposals to be in the interests of Shareholders as a whole and recommends that Shareholders vote in favour of the Resolution at the General Meeting.

2. Background to and reasons for the Scheme

Prior to April 2012, the VCT rules restricted the amount a VCT could invest in a portfolio company to £1 million per annum. This led to investment managers, such as Livingbridge, establishing numerous VCTs that pursued the same investment strategy allowing larger investments to be made in VCT Qualifying Investments. With effect from 6 April 2012, the VCT rules were amended and the annual investment limit was increased to £5 million per investee company. As a result there is no longer as significant an advantage in having multiple VCTs pursuing the same investment strategy.

Since 2012 Livingbridge has been reviewing the merits of merging the Baronsmead VCTs. In April 2014, changes to the stamp duty rules significantly reduced the overall cost of a merger. As a result, the Board believes that there is a compelling argument for the merger of the Company and BVCT5 from a cost savings point of view, with Shareholders and BVCT5 Shareholders benefiting from estimated aggregate cost savings of the Enlarged Company of approximately £345,000 per annum. In addition, the Directors believe that the size of the Enlarged Company could mean that the Shares would become more widely available on investment platforms and potentially make it more attractive to private client wealth managers, which may enhance the liquidity of the Shares in the secondary market.

For these reasons the Directors believe that Shareholders’ interests will be best served by the Merger of the Company with BVCT5.

3. The Scheme

Under the Scheme, BVCT5 will be wound up voluntarily pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986. The Scheme provides for the undertaking, assets and liabilities

of BVCT5 to be transferred to the Company in consideration for the issue of New Shares of an equivalent value to BVCT5 Shareholders. The Scheme is subject to, amongst other conditions, approval by the Shareholders and BVCT5 Shareholders. The Scheme will be familiar to Existing Shareholders many of whom are also BVCT5 Shareholders, as similar arrangements previously led to the successful merger of the Company and Baronsmead VCT 4 plc.

The New Shares issued pursuant to the Scheme will rank equally in all respects with the existing Shares in the Company.

In further consideration for the transfer of the undertaking, assets and liabilities of BVCT5 to the Company, the Company will, pursuant to the Deed of Indemnity, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of BVCT5 and the purchase for cash of any holdings of dissenting BVCT5 Shareholders.

Benefits of the Proposals

The Directors of the Company consider that the Merger would be in the best interests of Shareholders for the following reasons.

- It would result in estimated aggregate cost savings for the Enlarged Company of around £345,000 per annum.
- It would avoid duplicate communications being sent to the many shareholders who have investments in both the Company and BVCT5.
- It would create a larger merged company with net assets of approximately £184 million (based on the 30 September 2016 NAVs) which could mean that the Shares would become more widely available on investment platforms and potentially make it more attractive to private client wealth managers which may enhance the liquidity of the Shares in the secondary market.

Note: The net assets of the Enlarged Company are based on the combined net assets of the Company and BVCT5 as at 30 September 2016 after taking account of the costs of the Proposals, being approximately £355,000.

New Shares to be issued to BVCT5 Shareholders

If the Scheme is implemented, the Company will acquire all of BVCT5's undertaking, assets and liabilities. The consideration for such acquisition shall be the issue of New Shares to BVCT5 Shareholders and the Merger will be completed on a relative net asset basis. The Company already holds investments in all of the companies that currently make up the BVCT5 portfolio and therefore the portfolio of assets to be transferred to the Company is consistent with the Company's investment policy.

The number of New Shares to be issued to the BVCT5 Shareholders under the Scheme will be based on the adjusted Net Asset Value of an Ordinary Share (the "FAV per BSVT Share") and the adjusted Net Asset Value of a BVCT5 Share (the "FAV per BVCT5 Share"). The FAV per BSVT Share and the FAV per BVCT5 Share will be calculated as at the Calculation Date using each company's respective accounting policies (which are identical). The investments held by the Company and BVCT5 which are listed, quoted or traded either on AIM or a recognised stock exchange will be valued by reference to the bid price on the principal stock exchange where the relevant investment is listed, quoted or dealt. Unquoted investments held by the Company and BVCT5 will be valued at their fair value as at the Calculation Date as determined by the Directors and the BVCT5 Directors respectively.

The FAV per BSVT Share will be the Net Asset Value of an Ordinary Share adjusted to take account of the costs and expenses of the Proposals proportioned to the Company under the Scheme. The FAV per BVCT5 Share will be the Net Asset Value of a BVCT5 Share adjusted to take account of the costs and expenses of the Proposals proportioned to BVCT5 under the Scheme. Any costs incurred by the companies in relation to the Proposals, prior to the Calculation Date, will be added back to the relevant company's Net Asset Value prior to the apportionment of the costs of the Proposals between the Company and BVCT5.

BVCT5 Shareholders will be issued such number of New Shares in the Company with a FAV per BSVT Share equal to 100 per cent. of the FAV per BVCT5 Share of their holding of BVCT5 Shares. The New

Shares issued pursuant to the Scheme will rank equally in all respects with the existing issued Ordinary Shares.

The cash transferred to the Company by BVCT5 under the Scheme will be used and invested in accordance with the Enlarged Company's investment policy (save to the extent required to meet its liabilities).

Announcement of the results of the Scheme

The number of New Shares to be issued pursuant to the Scheme, the FAV per BSVT Share and the FAV per BVCT5 Share will all be announced through a Regulatory Information Service as soon as practicable following the Calculation Date.

4. Proposed Director

The Board and the BVCT5 Board have considered what the size and future composition of the Board should be following the Merger. The Board currently comprises three Directors, following the retirement of Robert Owen on 13 October 2016. It is anticipated that John Davies (currently Chairman of BVCT5) will be appointed to the Board. As a result, following the Merger, the Board will comprise four Directors.

5. Dividend policy

The Board seeks to maintain a minimum annual dividend of 4.5 pence per Ordinary Share which primarily depends on the value of realisations achieved. There is no certainty that any dividends will be paid. However, since launch, the average annual dividend paid to Shareholders has been 7.6 pence per Ordinary Share.

6. Costs and expenses of the Scheme

The aggregate costs and expenses to be incurred by the Company and BVCT5 in connection with the Scheme are expected to be approximately £355,000 (including VAT and stamp duty).

The Board and the BVCT5 Board have agreed that the most appropriate way to split the costs of the Merger is to allocate them on the basis of the relative ongoing cost savings for each Company. On this basis, the costs of the Merger will be split 25 per cent. to the Company and 75 per cent. to BVCT5. This method of splitting the costs ensures that the Existing Shareholders and the BVCT5 Shareholders will have the same pay back period of approximately 12 months.

In the event that the Scheme does not become effective, it is estimated that the aggregate costs incurred by the Company and BVCT5 in relation to the Scheme will be approximately £215,000 (including VAT). The Company and BVCT5 have agreed to bear these abort costs on the same basis as the Merger costs, being 25 per cent. and 75 per cent. respectively.

7. Action to be taken

Shareholders will find enclosed a form of proxy for use in relation to the General Meeting. Whether or not they propose to attend the General Meeting, Shareholders are asked to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 2.00 p.m. on 4 November 2016. Completion and return of a form of proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they wish to do so.

8. Overseas Shareholders

The issue of New Shares to persons, residents in or citizens of jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdiction. Further details relating to Overseas Shareholders are set out in section 10 of Part II.

9. Directors' intentions and recommendation

The Board considers the Resolution to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends unanimously that Shareholders vote in favour of the

Resolution, as the Directors intend to do in respect of their own beneficial holdings which total 256,300 Ordinary Shares (representing 0.17 per cent. of the total voting rights in the Company exercisable at the General Meeting).

Shareholders who are in any doubt as to the contents of this document or as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under FSMA without delay.

Yours faithfully

Anthony Townsend
Chairman

Part II – Additional Information

1. Further details

Under the Scheme, BVCT5 will be put into members' voluntary liquidation and BVCT5 Shareholders will receive New Shares to be issued by the Company.

2. Conditions of the Scheme

2.1. The Scheme is conditional on:

- (a) the passing of the resolution to be proposed at the First General Meeting of BVCT5 and on any conditions of such resolution (other than any such conditions relating to this paragraph 2.1) being satisfied and the passing of the resolution to be proposed at the Second General Meeting of BVCT5 and on any conditions of such resolution (other than any such conditions relating to this paragraph 2.1) being satisfied;
- (b) the passing of the Resolution to approve the allotment of New Shares in connection with the Scheme at the General Meeting or any adjournment of that meeting;
- (c) the UK Listing Authority, having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the New Shares to the Official List with a Premium Listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied and the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading, subject only to allotment; and
- (d) the BVCT5 Directors not having exercised their right to not proceed with the Scheme if, within seven days after the passing of the resolution at the First General Meeting of BVCT5, BVCT5 Shareholders validly exercise their rights under section 111(2) of the Insolvency Act 1986 in respect of more than 10 per cent. in nominal value of the issued share capital of BVCT5.

2.2. If any of these conditions is not satisfied by 16 December 2016, the Scheme will not become effective and no New Shares will be issued to the BVCT5 Shareholders.

3. Settlement and dealings in New Shares

Applications have been made to the UK Listing Authority for the New Shares to be admitted to the Official List with a Premium Listing. Applications have also been made to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. If the Proposals become effective, it is expected that the New Shares to be issued pursuant to the Scheme will be allotted on 30 November 2016, credited as fully paid, and that the first day of dealings in such shares on the Main Market will be 2 December 2016. New Shares will be issued in registered form and may be held in either certificated or uncertificated form.

It is expected that BVCT5 Shareholders who hold their BVCT5 Shares in uncertificated form at the Record Date will receive their New Shares in uncertificated form on 2 December 2016, although the Directors reserve the right to issue such securities in certificated form. In normal circumstances, this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Registrar in connection with CREST. The Company will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Shares in uncertificated form.

4. Fractional entitlements

Fractional entitlements to New Shares will not be issued pursuant to the Scheme and entitlements will be rounded down to the nearest whole number. No cash payments shall be made or returned in respect of any such fractional entitlements which will be retained for the benefit of the Company.

5. Directors' interests in shares

None of the Directors or the Proposed Director have any options over Ordinary Shares. As at the date of this document, the Directors, the Proposed Director, or their immediate families and related trusts, had the following interests in the issued share capital of the Company (all of which are beneficial) and will, if the Proposals are implemented, have the following interests (all of which are beneficial) immediately following the implementation of the Proposals (based on the assumptions set out below): (a) which are required to be notified to the Company pursuant to the Disclosure Guidance and Transparency Rules; or (b) being interests of persons connected (within the meaning given in the Disclosure Guidance and Transparency Rules) with the Directors or the Proposed Director which would, if such persons were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director or the Proposed Director:

Name	Ordinary Shares currently held	Percentage of current issued share capital	New Shares to be issued pursuant to Issue	Percentage of issued share capital following the Issue
Anthony Townsend	177,444	0.12	—	0.09
Ian Orrock	41,430	0.03	—	0.02
Malcolm Groat	37,426	0.02	—	0.02
John Davies	18,822	0.01	93,151	0.06

Notes:

- (1) The figures above assume that 46,433,133 New shares are issued pursuant to the Scheme.
- (2) John Davies holds 112,598 BVCT5 Shares and it is assumed he would be issued 93,151 New Shares under the Scheme.

6. Major Shareholders

- 6.1. The Directors are not aware of any person or persons who directly or indirectly, jointly or severally, exercise control over the Company or could do so following completion of the Issue.
- 6.2. As at 13 October 2016 (being the latest practicable date prior to publication of this document), the Company is not aware of any person who is or, following the Issue will be, interested directly or indirectly in 3.0 per cent. or more of the issued share capital of the Company.

7. No significant change

There has been no significant change in the trading or financial position of the Company since 30 June 2016 (being the end of the last financial period of the Company for which financial information has been published and incorporated by reference in Part VI of the Prospectus).

8. Investment objective and policy

The Board has recently updated the Company's investment policy to ensure that it is in line with the recent legislative changes to the VCT rules and HMRC's guidance on the new rules. The Company's investment policy is set out in full below.

The Company's investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK, although many of these investees may have some trade overseas.

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

The Company will make investments in accordance with the prevailing VCT legislation which places restrictions, *inter alia*, on the type and age of investee companies as well as the maximum amount of investment that such investee companies may receive.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and permitted non qualifying investments as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks or preference shares, while AIM-traded investments are primarily held in ordinary shares. No single investment may represent more than 15 per cent. (by VCT Value) of the Company's total investments.

Liquidity

Pending investment in VCT qualifying investments, the Company's cash and liquid funds are held in permitted non qualifying investments.

Investment style

Investments are selected in the expectation that the application of private equity disciplines including active management of the investments will enhance value and enable profits to be realised on the sale of investments.

Co-investment

The Company typically invests alongside the other Baronsmead VCTs in companies sourced by Livingbridge VC LLP (the "Manager").

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

Borrowing powers

Should it be required 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 of association.

To the extent that any future changes to the investment policy are considered to be material, Shareholder consent to such changes will be sought. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

9. Financial Reporting

In view of the Proposals, the Company expects to publish its report and financial statements for the period to 30 September 2016 and Notice of Annual General Meeting in December 2016 or January 2017. This will ensure that all of the shareholders of the Enlarged Company receive the documents, if the Merger becomes effective. Thereafter, Shareholders will receive the Company's interim and annual reports and quarterly updates in the usual manner.

10. Overseas Shareholders

10.1. The issue of New Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular:

10.1.1. none of the New Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States' state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or South Africa;

10.1.2. New Shares have not been and will not be registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and

10.1.3. no offer is being made, directly or indirectly, under the Scheme, in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Japan or South Africa.

10.2. It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

11. Consent

Dickson Minto W.S., which is authorised and regulated in the UK by the FCA, has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

12. Documents available for inspection

Copies of the following documents are available for inspection in person during normal business hours on any Business Day at the offices of Livingbridge VC LLP, 100 Wood Street, London EC2V 7AN until the Effective Date:

12.1. the Articles;

12.2. the Prospectus;

12.3. the BVCT5 Circular; and

12.4. this document.

17 October 2016

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

Admission	the admission of the New Shares to be issued under the Proposals to the Official List with a Premium Listing and to trading on the Main Market
AIM	the Alternative Investment Market operated by the London Stock Exchange
Articles	the articles of association of the Company in force from time to time
Baronsmead VCTs	Baronsmead Venture Trust plc, the Company and BVCT5
Beneficial Owner	a person in whom the beneficial ownership of the Shares is vested, or will be vested immediately upon the issue of the Shares
Board or Directors	the directors of the Company or any duly constituted committee thereof
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays)
BVCT5	Baronsmead VCT 5 plc, a company incorporated in England and Wales with registered number 05689280
BVCT5 Board or BVCT5 Directors	the directors of BVCT5 or any duly constituted committee thereof
BVCT5 Circular	the circular sent to BVCT5 Shareholders on 17 October 2016
BVCT5 Share	ordinary share of 10p in the capital of BVCT5
BVCT5 Shareholder	a registered holder of shares in BVCT5 prior to the Scheme becoming effective
Calculation Date	the time and date, to be determined by the Directors but expected to be 5.00 p.m. on 28 November 2016 (unless the First General Meeting is adjourned), at which the FAV per BSVT Share and the FAV per BVCT5 Share will be calculated for the purposes of the Scheme
certificated or in certificated form	a share which is not in uncertificated form
Company	Baronsmead Second Venture Trust plc, a company incorporated in England and Wales with registered number 04115341
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Manual	the CREST Reference Manual issued by Euroclear dated 27 June 2011
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
Deed of Indemnity	deed of indemnity between the Company, the Liquidators and BVCT5

Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the FCA
Effective Date	the date of the passing of the resolution to be proposed at the Second General Meeting of BVCT5 or, if later, on all conditions of such resolution being satisfied (which is expected to be 30 November 2016)
Enlarged Company	the Company following completion of the Merger
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited
European Commission	The European Commission of the European Union
Existing Shareholders	a registered holder of Ordinary Shares prior to the Scheme becoming effective
FAV per BSVT Share	the formula asset value of an Ordinary Share calculated as at the Calculation Date in accordance with the Scheme
FAV per BVCT5 Share	the formula asset value of a BVCT5 Share calculated as at the Calculation Date in accordance with the Scheme
FCA	the Financial Conduct Authority
First General Meeting of BVCT5	the general meeting of BVCT5 convened for 3.00 p.m. on 8 November 2016, or any adjournment thereof
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company convened for 2.00 p.m. on 8 November 2016, or any adjournment thereof
HMRC	HM Revenue & Customs
Investment Manager or Livingbridge	Livingbridge VC LLP, a limited liability partnership registered in England and Wales with registered number OC320408
Issue	the issue of New Shares pursuant to the Scheme
Liquidators	the liquidator for the time being of BVCT5, being initially the persons appointed at the Second General Meeting
Listing Rules	the Listing Rules made by the FCA under Part VI of FSMA, as amended
London Stock Exchange	London Stock Exchange plc
Main Market	the London Stock Exchange's main market for listed securities
NAV or Net Asset Value	in relation to a share, its net asset value on the relevant date calculated on the basis of the relevant company's normal accounting principles and policies
New Shares	the Ordinary Shares to be issued pursuant to the Scheme
Nominee	a party who holds, or subscribes for shares on behalf of, and as trustee of, a Beneficial Owner
Official List	the Official List of the UK Listing Authority
Ordinary Shares or Shares	ordinary shares of 10 pence each in the capital of the Company

Overseas Shareholders	Shareholders who have a registered address outside or who are resident in, or citizens, residents or nationals of, jurisdictions outside the United Kingdom
Premium Listing	a listing on the premium segment of the Official List
Proposals or Merger	the proposals for the voluntary winding up and reconstruction of BVCT5 (including the Scheme) described in the BVCT5 Circular
Proposed Director	John Davies
Prospectus	the prospectus published by the Company on 17 October 2016
Prospectus Rules	the rules made by the FCA under Part VI of FSMA, as amended
Qualifying Company	an unquoted (including AIM-traded) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
Qualifying Investment	shares in, or securities of, a Qualifying Company held by a VCT which meet the requirements of Part 4 of Chapter 6 of the Tax Act
Record Date	6.00 p.m. on 28 November 2016, being the record date for determining which BVCT5 Shareholders are entitled to participate in the Scheme
Registrar or Computershare or Receiving Agent	Computershare Investor Services PLC, a company incorporated in England & Wales with registered number 03498808
Regulatory Information Service	any of the services authorised from time to time by the FCA for the purposes of disseminating regulatory announcements
Resolution	the special resolution to be proposed at the General Meeting in connection with the authority to allot New Shares in connection with the Scheme
Risk Finance Guidelines	European Commission communication C(2014) 34/2 – Guidelines on State aid to promote risk finance investments
Scheme	the scheme under section 110 of the Insolvency Act 1986 set out in Part III of the BVCT5 Circular
Second General Meeting of BVCT5	the general meeting of BVCT5 convened for 11.00 a.m. on 30 November 2016, or any adjournment thereof
Shareholders	holders of Ordinary Shares
Tax Act	the Income Tax Act 2007 (as amended)
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the FCA acting in its capacity as the UK Listing Authority pursuant to Part VI of FSMA
uncertificated or in uncertificated form	recorded in the register of members of the Company or BVCT5 (as appropriate) as being held in uncertificated form in CREST and title to which may be transferred by means of CREST

VAT	value added tax
VCT or Venture Capital Trust	a venture capital trust as defined in section 259 of the Tax Act
VCT Value	the value of an investment calculated in accordance with section 278 of the Tax Act
Wood Street	Wood Street Microcap Investment Fund, an investment company with variable capital incorporated in England and Wales with company number IC000714

BARONSMEAD SECOND VENTURE TRUST PLC

(Incorporated in England and Wales with registered no. 04115341)

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the Grange St. Paul's Hotel, Pepys Room, 10 Godliman St, London EC4V 5AJ on 8 November 2016 at 2.00 p.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution, namely:

Special Resolution

THAT, subject to and conditional upon the scheme for the reconstruction and winding up of Baronsmead VCT 5 plc (as described in the circular to shareholders of the Company (the "**Circular**") dated 17 October 2016 of which this notice forms part) (the "**Scheme**") becoming unconditional in all respects (other than as regards any condition relating to the passing of this resolution) and in addition to any existing authority, the directors of the Company (the "**Directors**") be and are hereby unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot ordinary shares in the Company (the "**Ordinary Shares**") and to grant rights to subscribe for or to convert any security into shares in the Company, such authority being limited to the allotment of (or the grant of rights to subscribe for or to convert any security into) Ordinary Shares with an aggregate nominal value of up to £5,000,000 for the purposes of the Scheme, such authority to expire on 16 December 2016.

Dated 17 October 2016

Registered office:
100 Wood Street
London
EC2V 7AN

By Order of the Board

Livingbridge VC LLP
Company Secretary

Notes:

- (i) A member entitled to attend and vote at the general meeting convened by the above notice of general meeting (the "**General Meeting**") is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the General Meeting, each proxy must be appointed to exercise the rights attached to a different share held by the member.
- (ii) To appoint a proxy you may use the form of proxy enclosed with this notice of General Meeting. To be valid, the form of proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY **as soon as possible but in any event so as to be received by not later than 2.00 p.m. on 4 November 2016**. Amended instructions must also be received by Computershare Investor Services PLC by the deadline for receipt of forms of proxy.
- (iii) Completion of the form of proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**") should note that the provisions in notes (i) to (ii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the General Meeting.
- (v) Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days (excluding non-working days) prior to the time fixed for the General Meeting shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is 6.00 p.m. two days (excluding non-working days) prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Shareholders who hold their shares electronically may submit their votes at www.eproxyappointment.com so as to be received by the Registrar not later than 48 hours (excluding non-working days) before the start of the meeting.
- (ix) Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours (excluding non-working days) before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically.
- (x) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Registrar (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (xi) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
- (xii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3.0 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiii) Any questions relevant to the business of the General Meeting may be asked at the General Meeting by anyone permitted to speak at the General Meeting. A Shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (xiv) At 14 October 2016 (the business day before the printing of this Notice), the Company's issued capital consisted of 161,960,010 Ordinary Shares carrying one vote each of which 9,089,214 Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at 14 October 2016 comprised 152,870,796 votes. Further information regarding the General Meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the General Meeting (including this Notice) can be accessed at www.baronsmeadvcts.co.uk.
- (xv) In accordance with section 311A of the Companies Act 2006, the contents of this notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.baronsmeadvcts.co.uk
- (xvi) You may not use any electronic address provided either in this notice of General Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.