

BARONSMEAD

Baronsmead VCT 5 plc

Shareholder Circular

General Meetings relating to the recommended proposals for the reconstruction and voluntary winding up of the Company in connection with the merger with Baronsmead Second Venture Trust 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 6 of this document.

If you have sold or otherwise transferred all your Ordinary Shares in Baronsmead VCT 5 plc (the “Company”), please send this document, together with the accompanying forms 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 5 of Part II of this document.

BARONSMEAD VCT 5 PLC

(Incorporated in England and Wales with registered number 05689280)

Recommended proposals for the reconstruction and voluntary winding up of the Company in connection with the merger with Baronsmead Second Venture Trust plc

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

This document should be read in conjunction with the accompanying Prospectus published by Baronsmead Second Venture Trust plc (“BSVT”).

Your attention is drawn to pages 3 to 6 of this document, which summarise the risk factors associated with the Proposals. However, you should read this document in its entirety before deciding what action you should take.

Notices convening General Meetings of the Company, to be held at 3.00 p.m. on 8 November 2016 and 11.00 a.m. on 30 November 2016, to approve the Proposals and to place the Company into members’ voluntary liquidation, are set out on pages 30 to 35 of this document. The First General Meeting will be held at the Grange St. Paul’s Hotel, Pepys Room, 10 Godliman Street, London EC4V 5AJ. The Second General Meeting will be held at 100 Wood Street, London EC2V 7AN. Forms of proxy for use at these meetings accompany this document (BLUE for the First General Meeting and GREEN for the Second General Meeting). To be valid, the relevant form of proxy must be completed and returned so as to be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible but in any event not later than 3.00 p.m. on 4 November 2016, in the case of the BLUE form of proxy for use at the First General Meeting, and not later than 11.00 a.m. on 28 November 2016, in the case of the GREEN form of proxy for use at the Second General Meeting.

Your attention is drawn to the section entitled “Action to be taken” on page 12 of this document.

Contents

	<i>Page</i>
Risk factors	3
Action to be taken by Shareholders	7
Expected timetable	8
Part I - Letter from the Chairman	9
Part II - Further details of the Proposals	13
Part III - The Scheme	15
Part IV - Baronsmead Second Venture Trust plc	19
Part V - Taxation	21
Part VI - General information	22
Definitions	26
Notice of First General Meeting	30
Notice of Second General Meeting	33

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 Resolutions. 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.

Details of BSVT are set out in Part IV of this document. Full details of BSVT and the risks associated with an investment in New Shares are set out in the Prospectus. The risks set out below are the same risks that are associated with the Enlarged Company. Shareholders are strongly advised to read the whole of the Prospectus and, in particular, the risk factors set out on pages 11 to 13 of that document before voting on the Resolutions.

Risks associated with the Scheme

Consequences of the Scheme not becoming effective

Implementation of the Scheme is conditional, amongst other conditions, upon the Resolutions being passed at the General Meetings (full details of the conditions of the Scheme are set out in section 11 of Part III 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 £161,000 (including VAT)) will be borne by the Company. In these circumstances, the Company would continue as a separate VCT and the Board would reassess the options available to the Company.

Valuation of entitlements under the Scheme

For the purposes of the Scheme, and in order to enable the Company's assets and liabilities to be transferred to BSVT, the value of the assets and liabilities of the Company and BSVT are expected to be calculated as at 5.00 p.m. on 28 November 2016 (which will be the Calculation Date for the purposes of the Scheme). The Company's undertaking, assets and liabilities will be transferred to BSVT as soon as practicable following the Effective Date, which is expected to be 30 November 2016. It is not expected that the value of the Company's assets or liabilities will change significantly between the Calculation Date and the Effective Date. However, movements in the value of BSVT's assets or liabilities during the intervening period may have a positive or negative effect on the value of entitlements of Shareholders.

Taxation

Representations in this document concerning the taxation of Shareholders are based on current UK law and practice, which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to Shareholders.

The Board have been advised that the Proposals would be treated as a scheme of reconstruction for the purposes of UK taxation of capital gains. Clearance has been obtained from HMRC under section 138 of the TCGA that section 136 of the TCGA will not be prevented from applying to the Scheme by virtue of section 137 of the TCGA. HMRC has also advised that no notices under section 698 of the Tax Act or section 733 of the Corporation Tax Act 2010 (cancellation of tax advantages from certain transactions in securities) ought to be given in respect of the Proposals.

The receipt by Shareholders of the New Shares under the Scheme will allow Shareholders to retain any upfront VCT income tax relief they obtained on subscription for their Shares in the Company (provided they retain their New Shares until at least five years after their Shares in the Company were issued).

General risk factors relating to BSVT and its shares

If the Proposals are implemented, Shareholders will receive New Shares in respect of their Ordinary Shares. Full details of BSVT and the rights attaching to the New Shares are contained in the Prospectus.

BSVT's portfolio

In order to comply with VCT legislation, BSVT (in common with 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.

BSVT'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 BSVT'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 BSVT not being able to meet its objective, may delay the investment of any proceeds raised by BSVT 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 BSVT and/or the performance of BSVT (and the portfolio companies in which it invests) and the value of and returns from BSVT 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 BSVT and/or the rates of tax, or other statutory provisions to which BSVT is subject, may change during the life of BSVT and such changes could be retrospective. While it is the intention of the BSVT Directors that BSVT 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 BSVT 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. 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 BSVT's underlying investments, in particular the valuation of BSVT's AIM-traded and other listed investments.

Legal and regulatory risks

Legal and regulatory changes could adversely affect BSVT. Regulation of investment vehicles such as BSVT is subject to change. The effect of any future legal or regulatory change on BSVT is impossible to

predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

Investment objective

BSVT's investment objective is to achieve long-term investment returns for private investors. There can be no guarantee that BSVT's investment objective will be met. Meeting its objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it will be met (as this will depend on the performance of and returns generated by portfolio companies). If BSVT does not meet its investment objective the returns made to BSVT Shareholders may go down. The value of an investment in BSVT may go down as well as up and investors may not get back the full value of their investment.

Economic environment

The profitability of the businesses of BSVT'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 BSVT's existing portfolio companies and any new investments.

New Shares may trade at a discount to Net Asset Value

At any given point in time, the price for New Shares which a shareholder could achieve on the stock market may be significantly less than the Net Asset Value or their issue price under the Scheme. The New 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 New Shares or the actual or expected performance of BSVT.

Liquidity

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

Although the existing shares in BSVT have been (and it is anticipated that the New Shares will be) admitted to the premium segment of the Official List and traded on the Main Market, there may not be a liquid market for the New 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

BSVT has stated that it is 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 BSVT's share price and the discount to NAV is monitored continuously and BSVT Shares may be bought back depending on market conditions at the time and only when the BSVT Directors believe it to be in the best interests of all BSVT Shareholders. There can, however, be no guarantee that BSVT will buy back BSVT Shares from BSVT 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 BSVT.

Restrictions in relation to payment of dividends

The BSVT Board seeks to maintain a minimum annual dividend of 4.5 pence per BSVT Share which primarily depends on the value of realisations achieved. There is no certainty that dividends will be paid to BSVT Shareholders. A reduction of income from BSVT's portfolio would adversely affect the ability of BSVT to pay dividends on the BSVT Shares. Any adverse performance of the assets acquired

from the Company, as well as the existing investments of BSVT, may restrict the ability of BSVT to pay dividends.

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

Investment manager of BSVT

BSVT has a board of non-executive Directors and has no employees. BSVT is dependent on the skills and experience of Livingbridge to manage its investments. If Livingbridge cease to act as investment manager of BSVT or if key personnel cease to remain with Livingbridge or be involved in the management of BSVT'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 BSVT and the value of the New Shares.

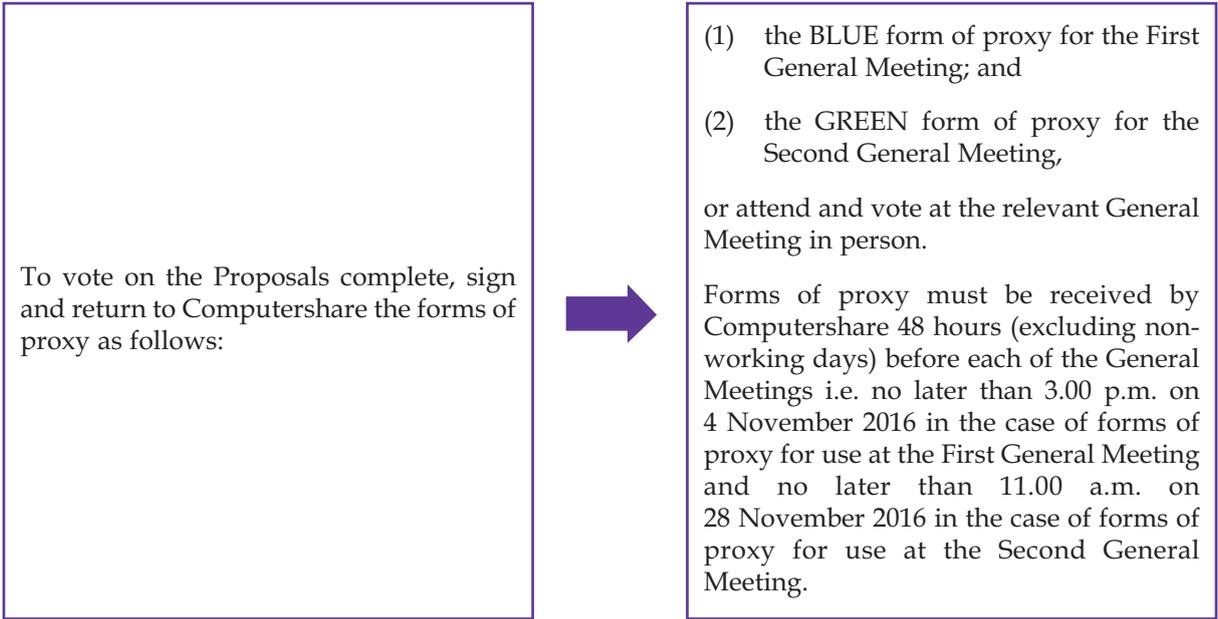
Action to be taken by Shareholders

To vote on the Proposals

The Proposals are conditional on Shareholder approval. All Shareholders are requested to complete and return their forms of proxy to indicate how they wish to vote.

Enclosed with this document are two forms of proxy for use by Shareholders:

- BLUE for the First General Meeting (to be held at 3.00 p.m. on 8 November 2016); and
- GREEN for the Second General Meeting (to be held at 11.00 a.m. on 30 November 2016).



Further details

Full details of the action to be taken by Shareholders are set out in the section headed “Action to be taken” on page 12 of Part I of this document and in the instructions on the forms of proxy.

The attention of Overseas Shareholders is drawn to the section headed “Overseas Shareholders” in section 5 of Part II of this document.

Expected timetable

2016

Latest time and date for receipt of BLUE forms of proxy for the First General Meeting	3.00 p.m. on 4 November
BSVT General Meeting to approve the issue of New Shares under the Scheme	2.00 p.m. on 8 November
First General Meeting of the Company	3.00 p.m. on 8 November
Time and date from which it is advised that dealings in Ordinary Shares should only be for cash settlement and immediate delivery of documents of title	8.00 a.m. on 24 November
Latest time and date for receipt of GREEN forms of proxy for the Second General Meeting	11.00 a.m. on 28 November
Calculation Date	5.00 p.m. on 28 November
Record Date for Shareholders' entitlements under the Scheme	6.00 p.m. on 28 November
Dealings in Ordinary Shares suspended	7.30 a.m. on 30 November
Second General Meeting of the Company	11.00 a.m. on 30 November
Effective Date for implementation of the Scheme and commencement of the liquidation of the Company	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 Shareholders under the Scheme	8.00 a.m. on 2 December
Cancellation of listing of Ordinary Shares on the premium segment of the Official List and trading on the Main Market	8.00 a.m. on 2 December
Share certificates in respect of New Shares issued in certificated form pursuant to the Scheme despatched to 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 VCT 5 PLC

(Incorporated in England and Wales with registered number 05689280)

Directors:

John Davies (*Chairman*)
David Hunter
Gillian Nott OBE
Charles Pinney

Registered office:

100 Wood Street
London
EC2V 7AN

17 October 2016

Dear Shareholder,

Recommended proposals for the reconstruction and voluntary winding up of the Company in connection with the merger with Baronsmead Second Venture Trust plc

1. Introduction

The Company and BSVT announced today that the Board and the BSVT Board have reached agreement in respect of a recommended merger of the assets and liabilities of the Company and BSVT (the “**Proposals**”) pursuant to a scheme of reconstruction and winding up of the Company under section 110 of the Insolvency Act 1986 (the “**Scheme**”). The purpose of this document is to provide Shareholders with further details of the Scheme and notice of the General Meetings to be held on 8 November 2016 and 30 November 2016, at which Shareholder approval will be sought for the implementation of the Scheme.

The Board considers the Proposals to be in the interests of Shareholders as a whole and recommends that Shareholders vote in favour of the Resolutions required to implement the Proposals at the General Meetings. Notices of the General Meetings are set out at the end of this document.

In the event that the Resolutions are not passed or any other condition of the Proposals is not met, the Proposals will not be implemented and the Company will continue as a separate VCT. In these circumstances, the Board will reassess the options available to the Company.

2. Background to the Proposals

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 BSVT from a cost savings point of view, with Shareholders and BSVT Shareholders benefiting from estimated aggregate costs savings for 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 of the Enlarged Company 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 BSVT.

3. The Proposals

Under the Proposals, the Company will be wound up voluntarily pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 and its undertaking, assets and liabilities will be transferred to BSVT in consideration for the issue of New Shares to Shareholders. The Merger is subject to approval by the Shareholders and BSVT Shareholders.

The New Shares will rank equally in all respects with the existing BSVT Shares.

4. Benefits of the Proposals

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

- It would result in estimated aggregate costs 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 BSVT.
- 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 of the Enlarged Company 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 of the Enlarged Company in the secondary market.

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

As Livingbridge will continue to manage the Enlarged Company's funds after the Scheme is implemented, Livingbridge has agreed to the termination of the Investment Management Agreement with the Company on the Effective Date without notice or penalty.

5. Information on BSVT and the Company

Baronsmead Second Venture Trust plc is a Venture Capital Trust which was launched in January 2001. The investment policy and strategy of BSVT is similar to the investment policy and strategy of the Company.

BSVT was established in January 2001 as Baronsmead VCT 3 plc. On 11 March 2016 BSVT merged with Baronsmead VCT 4 plc and was renamed Baronsmead Second Venture Trust plc. As at 30 September 2016, BSVT had a Net Asset Value of approximately £141 million, being the equivalent of 92.17 pence per Share and had an investment portfolio comprising investments in 18 unquoted companies, 50 AIM-traded and other listed companies and an investment in Wood Street giving investment exposure to a further 42 companies.

The Company was established in March 2006 as Baronsmead AIM VCT plc. On 14 December 2010 the Shareholders approved a change to the Company's investment policy making it a "generalist" VCT with an investment strategy similar to the other Baronsmead VCTs. Following the change of investment policy Baronsmead AIM VCT plc was renamed Baronsmead VCT 5 plc. As at 30 September 2016, the Company had a Net Asset Value of approximately £43 million, being the equivalent of 76.68 pence per Share and had an investment portfolio comprising 15 unquoted companies, 45 AIM-traded and other listed companies and an investment in Wood Street giving investment exposure to a further 42 companies. BSVT already holds investments in all of the companies that make up the BVCT5 portfolio.

If the Scheme becomes effective, Shareholders will continue to benefit from the management expertise of Livingbridge on similar terms. The calculation of the fees payable by the Enlarged Company will be based on the same arrangements as the Company's current management arrangements. Further details of BSVT's investment management arrangements (which will continue if the Scheme becomes effective) are set out in section 8 of Part IV of this document.

Further details about BSVT are set out in Part IV of this document and in the accompanying Prospectus published by BSVT.

6. Costs and expenses

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

The Board and the BSVT 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 BSVT and 75 per cent. to the Company. This method of splitting the costs ensures that the Shareholders and the BSVT Shareholders will have the same payback period of approximately 12 months.

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

7. Dealings in Ordinary Shares

The Register will remain open until the Record Date and as a result the Ordinary Shares will be disabled in CREST at the close of business on that day. The last day for trading in the Ordinary Shares on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 24 November 2016. As from 24 November 2016, dealings should be for cash settlement only and, in the case of certificated Ordinary Shares, will only be registered if documents of title are delivered immediately. The Record Date, being the date for determining which Shareholders are entitled to participate in the Scheme, is 6.00 p.m. on 28 November 2016. Dealings in the Ordinary Shares on the London Stock Exchange and the Official List will be suspended at 7.30 a.m. on 30 November 2016 and it is expected that the listing of the Ordinary Shares will be cancelled on or around 2 December 2016. Further details regarding dealings in the Ordinary Shares on the London Stock Exchange are set out in paragraph 2 of Part II of this document.

8. Taxation

As explained in more detail in Part V of this document, the receipt by Shareholders of New Shares will allow Shareholders to retain any upfront VCT income tax relief they obtained on subscription for their Ordinary Shares and would not constitute a disposal of their Ordinary Shares for UK capital gains tax purposes. Shareholders would, for UK tax purposes, effectively be able to treat the New Shares received pursuant to the Scheme as if they had been acquired at the date of and the price of the original Ordinary Shares in the Company. As BSVT is also a VCT, the usual VCT tax reliefs should continue to apply.

9. Shareholder meetings

The notices convening the First General Meeting (to be held at 3.00 p.m. on 8 November 2016) and the Second General Meeting (to be held at 11.00 a.m. on 30 November 2016) are set out on pages 30 to 35.

First General Meeting

The Resolution to be considered at the First General Meeting (which will be proposed as a special resolution) will, if passed, approve the Scheme and authorise its implementation by the Liquidators. Further details of the Scheme are set out in Part III of this document. The Resolution will require the approval of at least 75 per cent. of the votes cast in respect of it. The Scheme will not become effective unless and until, amongst other conditions, the Resolution to be proposed at the Second General Meeting has also been passed. The First General Meeting will be held at the Grange St. Paul's Hotel, Pepys Room, 10 Godliman Street, London EC4V 5AJ.

Second General Meeting

The Resolution to be considered at the Second General Meeting (which will be proposed as a special resolution) will be to wind up the Company voluntarily and appoint the Liquidators. This Resolution is subject to the conditions set out in paragraph 11 of Part III of this document being fulfilled. The Resolution will also authorise the Liquidators to exercise certain powers for which the express sanction of Shareholders is required. The Resolution will require the approval of at least 75 per cent. of the votes cast in respect of it. The Second General Meeting will be held at 100 Wood Street, London EC2V 7AN.

10. Conditions of the Scheme

Implementation of the Scheme is conditional, amongst other conditions, on the Resolutions being passed. If either of the Resolutions is not passed or any of the other conditions to the Scheme are not satisfied, the Proposals will not be implemented, in which event the Company will continue as a separate VCT. In these circumstances, the Board will reassess the options available to the Company.

The Scheme is also conditional on BSVT Shareholders approving the issue of New Shares in connection with the Scheme and on the other conditions set out in paragraph 11 of Part III of this document being satisfied.

11. Action to be taken

Shareholders will find enclosed forms of proxy for use in relation to the General Meetings (BLUE for the First General Meeting and GREEN for the Second General Meeting).

Whether or not they propose to attend the General Meetings, Shareholders are asked to complete and return both forms 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 3.00 p.m. on 4 November 2016, in the case of the BLUE forms of proxy for the First General Meeting, and 11.00 a.m. on 28 November 2016, in the case of the GREEN forms of proxy for the Second General Meeting. Completion and return of a form of proxy will not prevent Shareholders from attending and voting in person at the relevant General Meeting should they wish to do so.

12. 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 paragraph 5 of Part II.

13. Directors' intentions and recommendation

The Board considers the Proposals and the Resolutions to implement them to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings which total 346,941 Ordinary Shares (representing 0.62 per cent. of the total voting rights in the Company exercisable at each 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

John Davies
Chairman

Part II – Further details of the Proposals

1. Mechanics of the Proposals

Subject to the passing of the Resolutions (and satisfaction of the other conditions of the Scheme, full details of which are set out in paragraph 11 of Part III), the Company will be placed into members' voluntary liquidation and the Scheme will take effect from the Effective Date.

On the Effective Date the undertaking, assets and liabilities of the Company shall be transferred to BSVT. In consideration for the transfer of such undertaking, assets and liabilities to BSVT, New Shares will be issued to Shareholders (save for the dissenting Shareholders). In further consideration for the transfer of the undertaking, assets and liabilities of the Company to BSVT, BSVT 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 the Company and the purchase for cash of any holdings of dissenting Shareholders.

2. Dealings in Ordinary Shares on the London Stock Exchange

The last day for trading in the Ordinary Shares on the London Stock Exchange for normal settlement (in order to enable settlement prior to the Record Date) will be 24 November 2016. As from 24 November 2016, dealings will be for cash settlement only and, in the case of certificated Ordinary Shares, will only be registered if documents of title are delivered immediately.

The Record Date, being the date for determining which Shareholders are entitled to participate in the Scheme, is 6.00 p.m. on 28 November 2016.

If Shareholders dispose of their Ordinary Shares otherwise than through the London Stock Exchange, they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme.

3. Settlement and dealings in New Shares

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for the New Shares to be issued under the Scheme to be admitted to the premium segment of the Official List and to trading on the Main Market. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List and that the first day of dealings in such securities will be 2 December 2016.

New Shares will be issued in registered form and may be held in either certificated or uncertificated form. Those Shareholders who hold their Ordinary Shares in certificated form at the Record Date will receive their New Shares in certificated form. It is expected that share certificates in respect of such New Shares will be despatched to the Shareholders entitled thereto in the week commencing 12 December 2016.

It is expected that Shareholders who hold their Ordinary Shares in uncertificated form at the Record Date will receive their New Shares in uncertificated form on 2 December 2016, although BSVT reserves 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. BSVT will procure that instructions are given to credit the appropriate stock accounts in CREST with the relevant entitlements to New Shares in uncertificated form.

Share certificates

Existing certificates in respect of the Ordinary Shares will cease to be of tradable value following the despatch to Shareholders of certificates in respect of their new holdings in BSVT.

General

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Scheme will be despatched at Shareholders' own risk.

4. Dissenting Shareholders

Provided that a Shareholder does not vote in favour of the Resolution to be proposed at the First General Meeting, such Shareholder may within seven days following the First General Meeting, express his/her dissent to the Liquidators in writing at the registered office of the Company and require the Liquidators to purchase the Shareholder's holding in the Company. The Liquidators will offer to purchase the holdings of the dissenting Shareholders at the realisation value, this being an estimate of the amount a Shareholder would receive per Ordinary Share in an ordinary winding up of the Company if all of the assets of the Company had to be realised and distributed to Shareholders. The realisation value of an Ordinary Share is expected to be significantly below the unaudited Net Asset Value per Ordinary Share. The costs of purchasing the interests of any dissenting Shareholders will be paid out of the indemnity to be given by BSVT, as set out in the Deed of Indemnity.

5. Overseas Shareholders

- 5.1 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:
- 5.1.1 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;
 - 5.1.2 the 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
 - 5.1.3 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.
- 5.2 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.

6. Common Reporting Standards

From 1 January 2016 VCTs, along with investment trusts, are required to report the tax residence of their shareholders. Subject to the Scheme becoming effective, those Shareholders of the Company that are not already on the register of BSVT and who hold their shares in certificated form, will be sent a document along with their new share certificate in the Enlarged Company, which those Shareholders should complete and return to the Registrar.

7. Financial Reporting

In view of the Proposals, the Company expects to announce that it has posted on its website its quarterly update for the three months to 30 September 2016 in mid November 2016. Hard copies of the quarterly update will be available free of charge on request, but otherwise will only be distributed to Shareholders in the event that the Scheme does not become effective. Should the Scheme become effective the Company will not be required to publish its annual report and financial statements for the period ended 31 December 2016. The annual accounts of BSVT for the period ended 30 September 2016 are expected to be despatched to all shareholders of the Enlarged Company in December 2016 or January 2017. Thereafter, Shareholders will receive BSVT's interim and annual reports and quarterly updates in the usual manner. Should the Scheme not become effective, the Company will publish its annual report to 31 December 2016 and continue to report to Shareholders on a quarterly basis.

Part III – The Scheme

1. Definitions and interpretation

The definitions set out on pages 26 to 29 of this document have the same meaning when used in the context of the Scheme. Save as otherwise provided in this Part III, any Ordinary Shares held by persons who validly exercise their rights under section 111(2) of the Insolvency Act 1986 shall be disregarded for the purposes of this Part III and shall be treated as if those Ordinary Shares were not in issue.

2. Calculation of the Company's total assets

Subject to the Resolution contained in the notice of the First General Meeting being passed at such meeting and becoming unconditional, on the Calculation Date, or as soon as possible thereafter, the Directors, in consultation with the proposed Liquidators and the BSVT Directors, shall calculate the aggregate value of the total assets of the Company and the FAV per BVCT5 Share in accordance with paragraph 3.1 below.

3. Calculations of value

3.1 Except as otherwise provided in the Scheme, for the purposes of calculating the value of the Company's assets at any time and date at which the calculation of value is required by the Scheme, the assets and liabilities of the Company shall be valued on the following basis:

- (a) investments which are listed, quoted or traded either on AIM or on a recognised stock exchange shall be valued by reference to the bid price on the principal stock exchange where the relevant investment is listed, quoted or traded at the Relevant Time and according to the prices shown by the relevant exchange's method of publication of prices for such investments or, in the absence of such recognised method by the latest price available prior to the Relevant Time. If the relevant exchange is not open for business at the Relevant Time, the investments will be valued as at the latest day prior to the relevant date on which the relevant stock exchange was open for business;
- (b) unquoted investments and AIM-traded and other listed investments which are subject to restrictions on transferability or which, in the opinion of the Directors (or a duly constituted committee thereof) are otherwise illiquid shall be valued at their fair value as determined by the Directors;
- (c) any sums owing from debtors (including any dividends due but not paid and any accrual of interest on debt-related securities to the extent not already taken into account under sub-paragraph 3.1(b) above) as at the Relevant Time shall be valued at their actual amount less such provision for diminution of value (including provisions for bad or doubtful debts or discount to reflect the time value of money) as may be determined by the Directors; and
- (d) liabilities shall be valued in accordance with the Company's normal accounting policies.

In this paragraph 3.1, the **Relevant Time** means the time and date at which any calculation of value is required by the Scheme to be made. The Directors shall consult with the Liquidators and the BSVT Directors in making determinations pursuant to this paragraph 3.1.

3.2 Notwithstanding the foregoing, the Directors or a duly authorised committee thereof, may, in their absolute discretion (but in consultation with the Liquidators), permit an alternative method of valuation to be used if, acting in good faith, they consider that such valuation better reflects the fair value of any asset or security.

3.3 The FAV per BVCT5 Share shall be calculated by the Directors and shall be the adjusted Net Asset Value of an Ordinary Share as at the Calculation Date calculated in accordance with paragraph 3.1 above (and otherwise in accordance with the Company's normal accounting policies) adjusted to take account of the costs and expenses of the Proposals apportioned to the Company under the Scheme. Any costs incurred by the Company in relation to the Proposals, prior to the Calculation Date, will be added back to the adjusted Net Asset Value prior to the apportionment of the costs of the Proposals between the Company and BSVT. The FAV per

BVCT5 Share (expressed in pence) shall be calculated to two decimal places (with 0.005 rounded down).

- 3.4 The FAV per BSVT Share shall be calculated by BSVT and shall be the adjusted Net Asset Value of a BSVT Share as at the calculation date (as valued in accordance with its normal accounting policies) adjusted to take account of the costs and expenses of the Proposals apportioned to BSVT under the Scheme. Investments which are listed, quoted or traded 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 will be valued on the basis of the BSVT's Directors' valuation. Any costs incurred by BSVT in relation to the Proposals, prior to the Calculation Date, will be added back to the adjusted Net Asset Value prior to the apportionment of the costs of the Proposals between the Company and BSVT. The FAV per BSVT Share (expressed in pence) shall be calculated to two decimal places (with 0.005 rounded down).
- 3.5 The costs and expenses to be incurred by BSVT and the Company in connection with the Scheme are expected to be approximately £355,000 (including VAT and stamp duty). It has been 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 75 per cent. to the Company and 25 per cent. to BSVT. It is expected that this method of splitting the costs will result in a payback period of approximately 12 months.
- 3.6 None of the Directors, the Investment Manager, the BSVT Directors nor the Liquidators shall be under any liability by reason of the fact that a price reasonably believed to be the appropriate market price of any listed investment or any valuation reasonably believed to be appropriate may subsequently be found not to have been the appropriate market price or valuation, except in the case of fraud or bad faith.

4. Provision of information by the Liquidators

On the Effective Date, or as soon as practicable thereafter, the Investment Manager, on the instructions of the Liquidators, shall procure that there shall be delivered to BSVT (or its nominee) particulars of the assets and liabilities of the Company and a list certified by the Registrar of the names and addresses of, and the numbers of Ordinary Shares held by each Shareholder on the Register on the Record Date and the entitlements of such Shareholders to New Shares under the Scheme.

5. Transfer of assets and liabilities

- 5.1 On the Effective Date, or as soon as practicable thereafter, the Liquidators (in their personal capacity and on behalf of the Company) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of the undertaking, assets and liabilities of the Company to BSVT (or its nominee) in exchange for the issue of New Shares to holders of Ordinary Shares on the basis set out in paragraph 6.1 of this Part III.
- 5.2 The Transfer Agreement provides that the assets to be transferred to BSVT shall be transferred with such rights and title as the Company may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement further provides that the Company, acting by the Liquidators, insofar as they are reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by BSVT (or its nominee) in respect of the undertaking, assets and liabilities of the Company to be acquired and shall, in particular, account to BSVT for all income, dividends, distributions, interest and other rights and benefits in respect of such undertaking, assets and liabilities, received after the Effective Date.

6. Issue of New Shares

- 6.1 In consideration for the transfer of the undertaking, assets and liabilities of the Company to BSVT in accordance with paragraph 5 above, the New Shares shall be issued to the holders of Ordinary Shares (other than any such holders who shall have validly exercised their rights in accordance with section 111(2) of the Insolvency Act 1986) on the basis that the number of New Shares to be

issued to each holder of the Ordinary Shares shall be determined by the following formula and otherwise on the terms and in the manner prescribed in the Transfer Agreement:

$$A = \frac{B \times C}{D}$$

where:

A = the aggregate number of New Shares to be issued to each Shareholder holding Ordinary Shares;

B = the FAV per BVCT5 Share;

C = the number of Ordinary Shares held by the relevant Shareholder; and

D = the FAV per BSVT Share,

provided that no fraction of a New Share shall be issued to such Shareholder and assets representing fractional entitlements will be retained for the benefit of BSVT.

- 6.2 The New Shares to be issued pursuant to paragraph 6.1 shall be allotted, credited as fully paid, to the Liquidators (as nominee for the Shareholders entitled thereto) as soon as practicable after the delivery to BSVT (or its nominee) of the particulars referred to in paragraph 4 above, whereupon the Liquidators shall renounce the relevant New Shares to the Shareholders entitled thereto and BSVT shall issue such New Shares to such Shareholders. BSVT shall:
- (a) in the case of the New Shares issued in certificated form, arrange for the despatch of certificates for such shares issued under the Scheme to the Shareholders entitled thereto at their respective addresses in the Register (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto; and
 - (b) in the case of the New Shares issued in uncertificated form, procure that Euroclear is instructed on the first Business Day following the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the Shareholders entitled thereto with their respective entitlements to New Shares issued under the Scheme.
- 6.3 BSVT shall be entitled to assume that all information delivered to it in accordance with paragraph 4 above is correct and to utilise the same in procuring registration in the BSVT register of members of the holders of the New Shares issued under the Scheme.

7. Liquidators' indemnity

In consideration for the transfer of the undertaking, assets and liabilities of the Company to BSVT, BSVT 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 the Company and the purchase for cash of any holdings of dissenting Shareholders.

8. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions as the Directors and the parties to the Transfer Agreement may from time to time approve in writing.

9. Reliance on information

The Company, the Directors, the Liquidators, the Investment Manager and BSVT shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, the Directors (or any of them), the Investment Manager, BSVT, the BSVT Directors (or any of them) or the Registrar, auditors, bankers or other professional advisers, and no such person shall be liable or responsible for any loss suffered as a result thereof by the Company, any Shareholder, BSVT or any BSVT Shareholder.

10. Liquidators' liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators save for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme, the Transfer Agreement or any act which the Liquidators do or omit to do at the request of BSVT.

11. Conditions

11.1 The Scheme is conditional on:

- (a) the passing of the Resolution to be proposed at the First General Meeting and on any conditions of such Resolution (other than any such conditions relating to this paragraph 11.1) being satisfied and the passing of the Resolution to be proposed at the Second General Meeting and on any conditions of such Resolution (other than any such conditions relating to this paragraph 11.1) being satisfied;
- (b) the passing of the resolution of BSVT to approve the allotment of New Shares in connection with the Scheme at the BSVT 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 Financial Conduct Authority 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 Directors not having exercised their right in accordance with paragraph 12.2 below not to proceed with the Scheme.

11.2 Subject to paragraphs 11.1 and 11.4, the Scheme shall become effective on the date on which the special resolution for the winding up of the Company to be proposed at the Second General Meeting (or any adjournment thereof) is passed.

11.3 If it shall become effective, the Scheme shall, subject to the rights of any Shareholders who have validly exercised their rights to dissent under section 111(2) of the Insolvency Act 1986, be binding on all Shareholders and on all persons claiming through or under them.

11.4 If the Scheme does not become effective on or before 16 December 2016, the Scheme shall never become effective.

12. General

12.1 Any instructions for the payment of dividends on Ordinary Shares in force on the Effective Date and lodged with the Company and/or the Registrars shall, unless and until revoked by notice in writing to the Registrars, continue to apply in respect of distributions or allocations of, or the other application of, monies under the Scheme or in respect of the issue of New Shares under the Scheme.

12.2 If, within seven days after the passing of the Resolution proposed at the First General Meeting, 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 Ordinary Shares, the Directors may, but shall not be obliged to, abandon the Scheme.

12.3 The Scheme shall, in all respects, be governed by, and construed in accordance with, the laws of England.

Part IV – Baronsmead Second Venture Trust plc

The information that is set out below is extracted from the Prospectus and other publicly available documents published by BSVT. The Board and the Company accept no responsibility for the information set out below.

1. Constitution and status

BSVT was launched in January 2001 as Baronsmead VCT 3 plc. On 11 March 2016, Baronsmead VCT 3 plc merged with Baronsmead VCT 4 plc and was renamed Baronsmead Second Venture Trust plc. In common with the Company, BSVT has been managed by Livingbridge and its predecessor businesses since launch.

2. Directors

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

The Board and the BSVT Board have similar governance policies, both in terms of policy and committee structures.

3. Investments and Net Asset Value

As at 30 September 2016, BSVT's portfolio consisted of 18 unquoted companies, 50 AIM-traded and other listed companies and exposure to another 42 companies through BSVT's investment in Wood Street. As at 30 September 2016 (being the date of the latest valuation of BSVT's portfolio) the aggregate valuation of BSVT's portfolio was approximately £116.6 million. In addition, BSVT had cash and liquidity fund investments of approximately £24.3 million. As at 30 September 2016, the Net Asset Value per BSVT Share was 92.17 pence.

4. Investment policy and strategy

BSVT'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. BSVT's investment policy is set out in full in Part III of the Prospectus published by BSVT on 17 October 2016.

On 14 December 2010 the Shareholders approved a change to the Company's investment policy making it a "generalist" VCT. Since then the investment policies and strategies of the Company and BSVT have been very similar.

BSVT holds investments in all of the companies that make up the Company's portfolio.

5. Dividend policy

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

6. Share capital

BSVT's share capital comprises ordinary shares of 10 pence each. The New Shares will rank equally with the existing BSVT Shares.

7. Share buy backs

BSVT has previously stated that it will buy back its shares if, in the opinion of the BSVT Board, a repurchase of shares would be in the best interests of the BSVT Shareholders as a whole. The BSVT

Board have indicated that they will endeavour to buy back shares at a 5 per cent. discount to Net Asset Value. Any purchases of BSVT Shares will be made subject to the Listing Rules of the UK Listing Authority and will be made within the guidelines established from time to time by the BSVT Directors. There can be no guarantee that BSVT will be able to maintain its share buy back policy and future share buy backs, if any, will depend on market circumstances at the time.

8. Management fees and annual expenses

8.1. Basic management fees

Under the BSVT Investment Management Agreement, the Investment Manager receives a fee of 2.5 per cent. per annum of the net assets of BSVT. In addition, the Investment Manager is responsible for providing all secretarial and administrative services to BSVT. The Investment Manager has appointed Capita to provide these services to BSVT on its behalf. BSVT is responsible for paying the fee charged by Capita to the Investment Manager in relation to the performance of these services, which is currently £143,000 per annum. If the Merger becomes effective this fee will increase to £163,000 per annum to reflect the increased size of the Enlarged Company. The Investment Manager shall consult with the BSVT Board in relation to any increase in the fee charged by Capita, which is considered to be material.

8.2. Performance fees

In line with normal VCT practice, the Investment Manager is also entitled to receive a performance related fee. No performance fee is payable to the Investment Manager until the total return on the net asset value of the ordinary shares exceeds an annual threshold of 8.0 per cent. (simple). To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10 per cent. of the excess will be paid to the Investment Manager. The performance fee will not be triggered, however, until the total return on the aggregate of the amounts paid to BSVT pursuant to the offers of BSVT Shares exceeds 140 per cent. The amount of any performance fee which is paid in an accounting period shall be capped at 5.0 per cent. of the Net Asset Value. No performance fee was payable for the year ended 31 December 2015.

8.3. Annual running costs

BSVT's annual running costs are capped at 3.5 per cent. of the average net assets of BSVT during the period (excluding any performance fee payable to the Investment Manager and irrecoverable VAT). Any excess will be refunded by the Investment Manager by way of an adjustment to its management fee.

9. Accounts and auditors

In August 2016, BSVT announced that it had changed its financial year end from 31 December to 30 September. Annual accounts will normally be despatched in November each year with half yearly accounts for the six month period to 31 March being despatched in May each year. The annual accounts for the period ended 30 September 2016 will be despatched in December 2016 or January 2017 to allow for completion of the Merger. The auditors of BSVT are KPMG LLP.

10. Publication of Net Asset Value

The BSVT Directors have previously stated that the NAV of a BSVT Share will be calculated at least on a monthly basis and published via a Regulatory Information Service. The most recent unaudited NAV and share price of a BSVT Share are available free on the website of the London Stock Exchange.

Part V – Taxation

The following paragraphs apply to the Company and to such persons holding Ordinary Shares as an investment in the Company who are the absolute beneficial owners of such Ordinary Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice and is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

1. Receipt by Shareholders of New Shares

The receipt by Shareholders of New Shares under the Scheme will allow Shareholders to retain any upfront VCT income tax relief they obtained on subscription for their Ordinary Shares (provided they retain their New Shares until at least five years after their Ordinary Shares in the Company were issued).

The effective exchange of existing Ordinary Shares in the Company for New Shares should not constitute a disposal of the existing Ordinary Shares for the purposes of UK taxation. Instead, the new holdings of New Shares will be treated as having been acquired at the same time and at the same cost as the existing Ordinary Shares in the Company from which they are derived.

For Shareholders holding (together with their associates) more than 5 per cent. of the Ordinary Shares in the Company, clearance has been obtained from HMRC in terms of section 138 of TCGA that the treatment described above for persons who (together with their associates) own less than 5 per cent. of the Ordinary Shares in the Company should also apply to them.

Shareholders in BSVT, as a VCT, will be afforded the usual reliefs available to shareholders in VCTs. Shareholders should receive dividends paid tax free and should not be subject to UK taxation on any capital gains on the disposal of shares in BSVT.

No UK stamp duty will be payable by Shareholders as a result of the implementation of the Scheme.

2. Dissenting Shareholders

Dissenting Shareholders whose holdings are purchased for cash shall be treated as having disposed of their existing Ordinary Shares in the Company. The Company should still be able to claim the benefit of VCT status and the dissenting Shareholder should not be subject to any UK taxation in respect of any capital gains arising on disposal. However, the purchase will constitute a disposal of the existing holding in the Company. Depending upon the length of time that they have held their Ordinary Shares dissenting Shareholders may, in these circumstances, be deemed to have disposed of Ordinary Shares within the holding period required to retain upfront tax relief and income tax relief on those subscriptions may be repayable. As the Company will still be able to claim the benefit of VCT status whilst in liquidation the dissenting Shareholder will not be subject to any UK taxation in respect of any capital gains arising from the disposal.

3. Clearances

Clearance has been received from HMRC in respect of the Scheme under section 701 of the Income Tax Act 2007 and section 138 of TCGA. With regard to the former, the receipt of New Shares would not, except in the case of dealers, fall to be regarded as an income receipt for the purposes of UK taxation.

Clearance has been received from HMRC that the receipt by Shareholders of New Shares under the Scheme would not prejudice tax reliefs obtained by Shareholders on existing Ordinary Shares in the Company and would not be regarded as a disposal.

4. Linked sales

Tax relief on subscriptions for shares in a VCT is restricted where, within six months (before or after) that subscription, the investor had disposed of shares in the same VCT or a VCT which has merged, or merges at any time, with that VCT or if there is a contractual link between the subscription and the disposal.

Part VI – General information

1. Share capital

1.1 As at the date of this document, the issued share capital of the Company is as follows:

	Number	Issued and fully paid
Ordinary Shares of 10p each	61,698,902	£6,169,890.20

1.2 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2. Disclosure of interests

2.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

John Davies (*Chairman*)
David Hunter
Gillian Nott OBE
Charles Pinney

all of 100 Wood Street, London EC2V 7AN.

2.2 As at 13 October 2016, the interests of the Directors, or their immediate families, in the share capital of the Company (all of which were beneficial unless otherwise stated):

- (a) which had been or will be required to be notified to the Company pursuant to the Disclosure Guidance and Transparency Rules; or
- (b) being interests of a person connected (within the meaning of the Disclosure Guidance and Transparency Rules) with a Director which would, if such connected person 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, were as follows:

	No. of Ordinary Shares	Percentage of voting rights
<i>Director</i>		
John Davies	112,598	0.20%
David Hunter	182,502	0.33%
Gillian Nott OBE	39,735	0.07%
Charles Pinney	12,106	0.02%

2.3 There are no service agreements in existence between the Company and any of the Directors, nor are any such agreements proposed.

2.4 The total emoluments receivable by the Directors will not be varied in consequence of the Proposals.

2.5 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Company and which was effected by the Company in the financial year ended 31 December 2015 or in the current financial year.

2.6 As at the close of business on 13 October 2016, the Company was not aware of any persons who directly or indirectly were interested in 3.0 per cent. or more of its issued share capital.

3. Material contracts

Save as disclosed in this paragraph 3, the Company has not entered into (other than in the ordinary course of business): (a) any contract which is or may be material to the Company within two years

immediately preceding the publication of this document; or (b) any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company at the date of this document.

3.1. **Investment Management Agreement**

A management agreement that was made on 20 December 2006, as supplemented on 21 December 2006, varied on 19 May 2009 and 14 December 2010 and as amended and restated on 1 June 2014 whereby the Investment Manager agreed to provide investment management services to the Company. Livingbridge has appointed JPMorgan Chase Bank to provide custodian services in respect of the assets that are traded on a recognisable exchange, as well as assets traded on AIM and Ipes to provide custodian services in relation to its unquoted assets. The Investment Management Agreement is terminable by either party at any time by 12 months prior written notice. The Investment Management Agreement is subject to early termination in the event of, *inter alia*, a party committing a material breach of the Investment Management Agreement and/or becoming insolvent, and by the Company if the Investment Manager ceases to be regulated by the FCA or ceases to provide its services or perform its obligations to the Company pursuant to the Investment Management Agreement.

Under the Investment Management Agreement, Livingbridge is entitled to receive an annual management fee of 2.5 per cent. of the Company's net assets, calculated and paid on a quarterly basis. In addition, the Investment Manager receives an annual secretarial and accounting fee of £40,000, subject to annual review (linked to the movement in the UK Retail Price Index), plus a variable fee of 0.125 per cent. of the net assets of the Company which exceed £5 million.

Under the terms of the Investment Management Agreement, and in line with normal VCT practice, the Investment Manager is also entitled to receive a performance related incentive fee. A performance fee is payable to the Investment Manager when the total return on the net asset value of the Ordinary Shares exceeds 8.0 per cent. per annum (simple). To the extent that the total return exceeds the threshold, a performance fee (plus VAT) will be paid to the Investment Manager of an amount equal to 10 per cent. of the excess. The performance fee will not be triggered, however, until the total return on the aggregate of the amounts paid to the Company pursuant to the offers of Shares exceeds 140 per cent. The performance fee payable in any one year is capped at 5.0 per cent. of the net assets.

No performance fee was payable for the year ended 31 December 2015.

The annual running costs of the Company are capped at 3.5 per cent. of the net assets of the Company (excluding any performance fee payable to the Investment Manager and irrecoverable VAT). Any excess of this amount is refunded to the Company by the Investment Manager by way of an adjustment to its management fee.

If the Scheme becomes effective, Livingbridge has agreed to the termination of the Investment Management Agreement with the Company on the Effective Date without notice or penalty.

3.2. **Custodian agreement with JPMorgan Chase Bank**

A global custody agreement between the Company and JPMorgan Chase Bank made on 30 March 2015, whereby JPMorgan Chase Bank is appointed to undertake certain custodian functions in relation to the assets of the Company that are traded on a recognised exchange, as well as assets traded on AIM. JPMorgan Chase Bank is paid an annual fee based on the number of transactions that take place during the relevant period, subject to a minimum annual fee of £30,000 from the Baronsmead VCTs. The agreement provides for an initial period of three years from the date on which JPMorgan Chase Bank commenced providing services under the agreement. Following the initial term the Company may terminate the agreement on 60 days written notice and JPMorgan Chase Bank may terminate on 180 days written notice.

3.3. **Safekeeping agreement with Ipes**

A safekeeping agreement between the Company and Ipes made on 1 June 2014, whereby Ipes is appointed to undertake certain custodian functions in relation to the unquoted assets. The fee to be paid to Ipes will be calculated by reference to the number of transactions that take place

during the relevant period. Either party may terminate the agreement by giving not less than 60 days written notice.

3.4. **2015 Offer Agreement**

The 2015 Offer Agreement between the Company and Livingbridge made on 3 February 2015 pursuant to which Livingbridge were appointed to administrate an offer for subscription. As consideration for the services provided by Livingbridge to the Company, the Company agreed to pay Livingbridge a fee of 3.0 per cent. of the gross proceeds of the offer for subscription. The 2015 Offer Agreement provided that Livingbridge would be responsible for all costs and expenses of and incidental to the offer for subscription.

3.5. **2016 Offer Agreement**

The 2016 Offer Agreement between the Company and Livingbridge made on 12 February 2016, pursuant to which Livingbridge were appointed to administrate an offer for subscription. As consideration for the services provided by Livingbridge to the Company, the Company agreed to pay Livingbridge a fee of 3.0 per cent. of the offer for subscription. The Offer Agreement provided that Livingbridge would be responsible for all costs and expenses of and incidental to the offer for subscription.

3.6. **Transfer Agreement**

If the Resolution to be proposed at the Second General Meeting is passed, the Company will enter into the Transfer Agreement on or about the Effective Date, pursuant to which the undertaking and assets of the Company will be transferred to BSVT in consideration for the issue of New Shares to the Shareholders. The parties to the Transfer Agreement have entered into irrevocable undertakings to enter into the Transfer Agreement on the Effective Date.

3.7. **Deed of Indemnity**

If the Resolution to be proposed at the Second General Meeting is passed, BSVT will enter into the Deed of Indemnity with the Liquidators and the Company pursuant to which BSVT will undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of the Company and the purchase for cash of any holdings of dissenting Shareholders. The parties to the Deed of Indemnity have entered into irrevocable undertakings to enter into the Deed of Indemnity on the Effective Date.

3.8. **Co-investment agreement**

A co-investment agreement between the Company and Livingbridge EP LLP (the “**Administrator**”) made on 30 June 2005, as amended and restated on 1 June 2014 and as further varied on 11 August 2015 by an agreement to vary between the Company and the Investment Manager, whereby members of the Investment Manager’s investment team invest their own money into a proportion (limited to 12 per cent. at the date of this document) of the ordinary shares of each unquoted investment made by the Company and the other Baronsmead VCTs. The members must invest in every unquoted transaction (subject to an aggregate individual limit and unless the aggregate amount to be invested in ordinary shares by the Baronsmead VCTs is greater than £1.425 million, participation would be onerous or the investee company is within the biotechnology or biopharmaceutical sectors) at a price not less than the price paid for the ordinary shares by the Baronsmead VCTs and on terms no less favourable than those on which the Baronsmead VCTs invest. The members cannot exit an investment earlier than the Baronsmead VCTs. The co-investment agreement will terminate on 1 November 2017 unless the Company and the Administrator agree in writing that it will terminate on 1 November 2018 or the Administrator resolves to terminate it earlier.

4. General

4.1 Since 30 June 2016 (the date to which the latest published accounts of the Company were prepared) there has been no significant change in the financial or trading position of the Company.

- 4.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past (covering the 12 months preceding the date of this document), significant effects on the financial position or profitability of the Company.
- 4.3 The Liquidators have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in the form and context in which they appear.

5. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of the Investment Manager, 100 Wood Street, London EC2V 7AN:

- 5.1 the Articles;
- 5.2 the consent referred to in paragraph 4.3 of this Part VI;
- 5.3 the Prospectus published by BSVT on 17 October 2016 and the documents (other than this document) referred to in the Prospectus as being available for inspection; and
- 5.4 this document.

17 October 2016

Definitions

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

2015 Offer Agreement	the agreement between the Company and the Investment Manager, the terms of which are summarised in paragraph 3.4 of Part VI of this document
2016 Offer Agreement	the agreement between the Company and the Investment Manager, the terms of which are summarised in paragraph 3.5 of Part VI of this document
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, BSVT and the Company
Board or Directors	the directors of the Company or any duly constituted committee thereof
BSVT	Baronsmead Second Venture Trust plc, a company incorporated in England and Wales with registered number 04115341
BSVT Board or BSVT Directors	the directors of BSVT or any duly constituted committee thereof
BSVT General Meeting	the general meeting of BSVT convened for 2.00 p.m. on 8 November 2016, or any adjournment thereof
BSVT Investment Management Agreement	the agreement dated 1 June 2014, as more fully described at paragraph 3.1 of Part VI of this document between BSVT and the Investment Manager pursuant to which the Investment Manager manages BSVT's investments
BSVT Shareholder	a registered holder of shares in BSVT
BSVT Shares	ordinary shares of 10 pence each in the capital of BSVT
Business Day	any day on which banks are open for business in London (excluding Saturdays and Sundays)
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
Capita	Capita Sinclair Henderson Limited, a company incorporated in England and Wales with registered number 02056193
certificated or in certificated form	a share which is not in uncertificated form
Company	Baronsmead VCT 5 plc, a company incorporated in England and Wales with registered number 05689280

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 Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
Deed of Indemnity	deed of indemnity as more fully described at paragraph 3.7 of Part VI of this document between the Company, the Liquidators and BSVT
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 or, if later, on all conditions of such resolution being satisfied (which is expected to be 30 November 2016)
Enlarged Company	BSVT following completion of the Merger
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited
European Commission	The European Commission of the European Union
FAV per BSVT Share	the formula asset value of a BSVT Share calculated as at the Calculation Date in accordance with the Scheme
FAV per BVCT5 Share	the formula asset value of an Ordinary Share calculated as at the Calculation Date in accordance with the Scheme
FCA	the Financial Conduct Authority
First General Meeting	the general meeting of the Company 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 Meetings	the First General Meeting and Second General Meeting
HMRC	HM Revenue & Customs
Investment Management Agreement	the agreement dated 1 June 2014, as more fully described at paragraph 3.1 of Part VI of this document between the Company and the Investment Manager pursuant to which the Investment Manager manages the Company's investments
Investment Manager or Livingbridge	Livingbridge VC LLP, a limited liability partnership registered in England and Wales with registered number OC320408
Ipes	Ipes (Guernsey) Limited, a company registered in Guernsey with registered number 33475
JPMorgan Chase Bank	JPMorgan Chase Bank, N.A. a company registered as an overseas company in England and Wales with registered number FC004891
Liquidators	William Duncan and Gareth Harris of RSM Restructuring Advisory LLP, Springfield House, 4th Floor, 76 Wellington Street, Leeds LS1 2AY

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 BSVT Shares to be issued pursuant to the Scheme
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 the Company (including the Scheme) described in this document
Prospectus	the prospectus published by BSVT on 17 October 2016
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 meets 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 Shareholders are entitled to participate in the Scheme
Register	the register of members of the Company
Registrar or Computershare	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
Relevant Time	the relevant time for the calculations of value as defined in paragraph 3.1 of Part III of this document
Resolutions	the resolutions set out in the notices of the General Meetings
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 this document

Second General Meeting	the general meeting of the Company 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)
TCGA	the Taxation of Chargeable Gains Act 1992
Transfer Agreement	the agreement to be entered into on or about the Effective Date between the Liquidators (in their personal capacity and on behalf of the Company), the Investment Manager and BSVT, the terms of which are summarised in paragraph 3.6 of Part VI of this document
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the Financial Conduct Authority 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 BSVT (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
Wood Street	Wood Street Microcap Investment Fund, an investment company with variable capital incorporated in England and Wales with company number IC000714

BARONSMEAD VCT 5 PLC

(Incorporated in England and Wales with registered no. 05689280)

Notice of First 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 5JA on 8 November 2016 at 3.00 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:

- (A) subject to the fulfilment (or, to the extent permitted, earlier waiver) of the conditions set out in paragraph 11 of the Scheme contained in Part III of the circular to the shareholders of the Company dated 17 October 2016, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof (the "**Circular**"):
- (i) notwithstanding anything to the contrary in the Company's articles of association (the "**Articles**"), the Proposals be and are hereby approved and the Directors of the Company and the liquidators of the Company, when appointed, (the "**Liquidators**") be and are hereby authorised to implement the Proposals and to execute any document and do any thing for the purpose of carrying the Proposals into effect;
 - (ii) in particular and without prejudice to the generality of sub-paragraph (A)(i) above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to section 110 of the Insolvency Act 1986 and/or this resolution and/or the Articles as amended by this resolution:
 - (a) to enter into and give effect to the Transfer Agreement (in their personal capacity and on behalf of the Company) (in the form of the draft produced to the meeting and signed for the purpose of identification by the Chairman thereof) with such non-material amendments thereto as the Directors and the parties to such agreement may agree;
 - (b) to procure that the assets and liabilities of the Company be vested in Baronsmead Second Venture Trust plc (or its nominees) on and subject to the terms of the Transfer Agreement;
 - (c) to purchase the interests of any members of the Company who shall have validly exercised their rights under section 111(2) of the Insolvency Act 1986 out of the indemnity to be given by Baronsmead Second Venture Trust plc (as set out in the Scheme); and
 - (d) to request Baronsmead Second Venture Trust plc to allot and issue new ordinary shares in the capital of Baronsmead Second Venture Trust plc, credited as fully paid, on the basis described in the Transfer Agreement for distribution among the holders of ordinary shares in the capital of the Company entitled thereto under the Scheme (or to the Liquidators as nominee on their behalf) by way of satisfaction and discharge of their respective interests in so much of the undertaking, property and assets of the Company as shall be transferred to Baronsmead Second Venture Trust plc in accordance with the Transfer Agreement and with the Scheme;
- (B) this resolution shall operate by way of such amendments to the Articles as may be necessary to give effect hereto; and
- (C) terms defined in the Circular shall have the same meanings in this resolution, save where the context otherwise requires.

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 3.00 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 Ordinary 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 no 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 61,698,902 Ordinary Shares carrying one vote each of which 5,572,296 Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at 14 October 2016 comprised 56,126,606 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 General 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.

BARONSMEAD VCT 5 PLC

(Incorporated in England and Wales with registered no. 05689280)

Notice of Second General Meeting

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at 100 Wood Street, London EC2V 7AN on 30 November 2016 at 11.00 a.m. to consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution, namely:

Special Resolution

THAT:

- (A) subject to the fulfilment of the conditions (other than the passing of this resolution) set out in paragraph 11 of the Scheme contained in Part III of the circular to the shareholders of the Company dated 17 October 2016, a copy of which has been produced to the meeting and signed for the purpose of identification by the Chairman thereof (the “**Circular**”) (in each case prior to the passing of this resolution):
- (i) the Company be wound up voluntarily under the provisions of the Insolvency Act 1986 and William Duncan and Gareth Harris of RSM Restructuring and Advisory LLP (the “**Liquidators**”) are hereby appointed as liquidators of the Company for the purposes of such winding up with power to act for the purpose of winding up the affairs and distributing the assets of the Company in accordance with the Scheme under the provisions of the Insolvency Act 1986, and any power conferred on them by law or this resolution and any act required or authorised under any enactment to be done jointly or by each of them alone;
 - (ii) the remuneration (plus VAT) of the Liquidators be fixed by reference to the time properly spent by them and their staff in attending to matters arising prior to or during the winding up of the Company (including, without limitation, the implementation of the Scheme and any matters outside the statutory duties of the Liquidators and undertaken at the request of the members or a majority of them) and the Liquidators be and are hereby authorised to draw such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them to give effect to the Scheme;
 - (iii) the Company’s books and records be held by the investment manager of Baronsmead Second Venture Trust plc to the order of the Liquidators until the expiry of 12 months after the date of dissolution of the Company, when they may be disposed of, save for financial and trading records which shall be kept for a minimum of six years following the vacation of the Liquidators from office;
 - (iv) the Liquidators be empowered and directed to carry into effect the provisions of the Articles; and
 - (v) the Liquidators be and are hereby authorised pursuant to section 165 of the Insolvency Act 1986 to exercise the powers set out in Part 1 of Schedule 4 to that Act and to divide among the members in specie the whole or any part of the assets of the Company; and
- (B) terms defined in the Circular have the same meanings in this resolution, save where the context otherwise requires.

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 11.00 a.m. on 28 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 Ordinary 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 no 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 61,698,902 Ordinary Shares carrying one vote each of which 5,572,296 Ordinary Shares are held in treasury. Therefore, the total voting rights in the Company at 14 October 2016 comprised 56,126,606 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 General 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.