

BARONSMEAD

Baronsmead VCT 2 plc Quarterly update

For the 3 month period from 1 October 2012 to
31 December 2012



Financial Headlines

+5.2%	Increase in Net Asset Value per share
£4.73 million	Raised (net of expenses) from 832 shareholders
7.5%	Tax free dividend yield for qualifying shareholders for the 12 month period to 31 December 2012

Performance Summary

	As at 31 December 2012	As at 30 September 2012	Movement
Capital return			
Total net assets	£80.21m	£72.43m	
Net asset value per share	106.32p	101.10p	5.2%
Share price	100.13p	90.00p	11.3%
Discount to NAV	(5.8%)	(11.0%)	

	3 Months (%)	1 Year (%)	5 Years (%)	10 Years (%)	Since launch (%)
Total return					
Net asset value total return ¹	5.16	15.54	29.59	129.34	165.04

¹ NAV total return = NAV + reinvested dividends; Source: ISIS EP LLP

These total returns are stated before the inclusion of VCT tax reliefs which are designed to mitigate the higher risks and costs associated with investing in smaller companies and the constraints of the VCT legislation. The tax reliefs given at the time of subscription have varied between 20% and 40%, so any adjusted performance measure including this relief will vary depending on the date of subscription. There is also the additional ongoing benefit of receiving VCT dividends tax free.

Investment Performance

The Net Asset Value increased by 5.2% during the three months to 31 December 2012. Over the quarter the unquoted portfolio valuation increased by 1.4%, the AIM portfolio increased in value by 12.6% and Wood Street Microcap Fund increased by 8.2%.

Top Ten Investment Holdings

Position as at 31 December 2012	Position as at 30 September 2012	Company	Percentage of NAV as at 31 December 2012
1	2	IDOX plc	6.5
2	1	Nexus Vehicle Holdings Limited	5.9
3	3	CableCom Networking Holdings Limited	5.4
4	6	Independent Living Services Limited	4.1
5	4	Crew Clothing Holdings Limited	3.8
6	5	Kafevend Holdings Limited	3.7
7	9	Staffline Group plc	3.4
8	8	CSC (World) Limited	3.0
9	10	Valldata Group Limited	2.2
10	7	Fisher Outdoor Leisure Holdings Limited	2.1
Total			40.1

Analysis of Total Assets

	Percentage of total assets at 31 December 2012	Percentage of total assets at 30 September 2012
Unquoted investments	46	51
AIM, Listed & Collective Investments	37	36
Listed Interest Bearing Securities	3	8
Net Current Assets	<u>14</u>	<u>5</u>
Total Liquid Assets	<u>17</u>	<u>13</u>
Total Assets	100	100

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Analysis of Investment Portfolio by Sector

(excluding liquid assets)

	Percentage of total investments 31 December 2012	Percentage of total investments 30 September 2012
Business Services	34	34
Consumer Markets	17	19
Financial Services	2	2
Healthcare & Education	15	14
Technology, Media & Telecommunications	32	31
Total	100	100

Investment Activity

During the period a total of approximately £0.6m was invested in three follow on investments in the AIM traded companies listed below:

Investments made

Company	Date	Cost (£'000)
Accumuli plc	Nov 2012	57
Tangent Communications plc	Nov 2012	215
Hangar8 plc	Dec 2012	344
Total Investments		616

During the period one AIM investment, IDOX plc, was partially realised. In addition two unquoted investments, Impetus Holdings Limited and MLS Limited, were partially redeemed.

Realisations

Company	Date	Cost (£'000)	Proceeds (£'000)	Multiple of cost
IDOX plc	Nov 2012	118	594	5.03
Impetus Holdings Limited	Dec 2012	18	18	1.00
MLS Limited (partial loan note redemption)	Oct/Nov 2012	118	118	1.00
Total Realisations		254	730	

Fundraising Update

The Company issued a prospectus on 20 November 2012 to raise up to £5 million (before expenses). The Offer closed on 17 December 2012, raising £4.725 million after expenses from 426 existing shareholders and 406 new shareholders (comprising 231 shareholders who had previously invested in the other Baronsmead VCTs and 175 investors new to the Baronsmead VCTs).

Net Asset Value as at 31 January 2013

After taking account of the final dividend of 5.0p per share that was paid on 18 January 2013, the net asset value as at 31 January 2013 was 103.26p per share.

Investment Objective

Baronsmead VCT 2 is a tax efficient listed company which aims to achieve long-term investment returns for private investors, including tax free dividends.

Events after the period end

Other than the events described above, the Board is not aware of any significant events or transactions which have occurred between 1 January 2013 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Further information

Further information regarding the Company, including net asset values published since the end of the period and quarterly factsheets, can be found at the Company's website www.baronsmeadvct2.co.uk

Contact

For further information please contact:

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Baronsmead VCT 2 plc is managed by ISIS EP LLP (ISIS Equity Partners), which is Authorised and regulated by the Financial Services Authority (FSA). ISIS EP LLP manages five Baronsmead VCTs.

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