

BARONSMEAD

Baronsmead VCT 2 plc
Quarterly update
For the 3 month period to
31 December 2014

Headlines

- NAV per share stable during the quarter
- £5.2 million realised from the sale of investments and loan note redemptions
- £3.2 million invested in new and follow-on investments



Performance Summary

Capital return	As at 31 Dec 2014	As at 30 Sep 2014	Movement
Total net assets	£82.48m	£83.14m	
Net asset value per share	98.62p	98.62p	-
Share price	91.75p	93.25p	(1.6%)

Total Return	3 months (%)	1 year (%)	5 years (%)	10 years (%)	Since launch (%)
Net asset value ⁽¹⁾	0.0	6.3	69.8	104.4	218.8

Key:

(1) NAV total return = NAV + reinvested dividends; Source: Livingbridge VC 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

In the three months to 31 December 2014, there was no change in Baronsmead VCT 2's net asset value per share. Over the quarter, the unquoted portfolio valuation increased by 0.9% including income received on the sale of investments. The quoted portfolio decreased by 1.3% and Wood Street Microcap Fund increased by 0.9%.

The Company's net assets as at 31 December 2014 were £82.48 million. This figure takes into account the valuation of the Company's quoted and unquoted investments as at 31 December 2014.

Top Ten Investments

Position at 31 Dec 2014	Position at 30 Sep 2014	Company	Percentage of NAV as at 31 Dec 2014
1	2	Netcall plc	4.0
2	3	Staffline Group plc	3.4
3	4	IDOX plc	3.1
4	1	Nexus Vehicle Holdings Limited	3.0
5	5	Crew Clothing Holdings Limited	3.0
6	6	Accumuli plc	2.2
7	9	Create Health Limited	2.2
8	19	Luxury For Less Limited	2.0
9	10	Tasty plc	1.8
10	15	Pho Holdings Limited	1.7
Total			26.4

Analysis of Total Assets

	Percentage of total assets at 31 Dec 2014	Percentage of total assets at 30 Sep 2014
Unquoted investments	30	30
AIM and collective investment vehicle	43	45
Listed interest bearing securities	13	13
Net current assets	14	12
Total liquid assets	27	25
Total assets	100	100

Analysis of Investment Portfolio by Sector

(excluding cash and interest bearing securities)

	Percentage of total investments at 31 Dec 2014	Percentage of total investments at 30 Sep 2014
Business Services	36	45
Consumer Markets	18	15
Healthcare & Education	11	10
Technology, Media & Telecommunications	35	30
Total	100	100

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Investment Activity

In the three months to 31 December 2014, Baronsmead VCT 2 invested a total of £3.2 million in 5 new and 2 follow on investments as set out in the table below.

Investments made	Date	Cost (£'000)
Kirona Limited	Dec 2014	955
IP Solutions Limited	Dec 2014	954
Upper Street Events Limited	Dec 2014	953
Plastics Capital plc*	Nov 2014	132
Castleton Technology plc	Nov 2014	68
Gresham House plc	Nov 2014	56
Happy Days Consultancy Limited*	Dec 2014	39
Total investments		3,157

*Follow on investments

In the three months to 31 December 2014, Baronsmead VCT 2 realised total proceeds of £5.2 million from the sale of investments in 2 unquoted and 3 quoted companies along with loan note redemptions in 2 unquoted companies as set out in the table below.

Realisations

Company	Date	Cost (£'000)	Proceeds† (£'000)	Multiple*
Nexus Vehicle Holdings Limited	Dec 2014	2,130	3,082	1.4
Jelf Group plc	Oct/Nov/ Dec 2014	210	737	3.5
GB Group plc	Oct/Nov 2014	108	384	3.6
Playforce Holdings Limited	Dec 2014	1,196	375	0.5
Surgi C Limited	Oct 2014	248	325	0.2
Cohort plc	Oct/Nov/ Dec 2014	131	209	1.6
Kingsbridge Limited	Nov 2014	53	96	1.8
Total realisations		4,076	5,208	

† Proceeds at time of realisation including redemption premium and interest.

*Includes interest/dividends received, loan note redemptions and partial realisations accounted for in prior periods.

Baronsmead VCT 2 plc is managed by Livingbridge VC LLP, which is Authorised and regulated by the Financial Conduct Authority (FCA). Livingbridge VC LLP manages five Baronsmead VCTs.

All information sources are provided by Livingbridge VC LLP and all figures are as at 31 December 2014 unless otherwise stated. Livingbridge VC LLP does not give investment advice. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as a long term investment and are only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result.

Net Asset Value as at 31 January 2015

The net asset value as at 31 January 2015 was 98.81 per share. This is based on valuation of the Company's unquoted investments as at 31 December 2014 and quoted investments as at 31 January 2015.

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

The Board is not aware of any significant events or transactions which have occurred between 31 December 2014 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 can be found at the Company's website: www.baronsmeadvct2.co.uk

Contact

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