

# Baronsmead

## Prospectus

Baronsmead Venture Trust plc  
Baronsmead Second Venture Trust plc



Offers for Subscription to raise up to  
£40 million in aggregate, together with  
an Over-allotment Facility to raise up  
to a further £35 million



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This document comprises a prospectus relating to Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc (the "Companies"). This document has been approved by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuers that are the subject of this prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Shares. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129. This document will be made available to the public in accordance with the Prospectus Regulation Rules by being made available at <https://www.baronsmeadvcts.co.uk>.

The Directors of Baronsmead Venture Trust plc ("**BVT**"), whose names appear on page 21 of this document, and BVT each accept responsibility for the information contained in this document, other than those parts of the document that specifically relate to BSVT. To the best of the knowledge of the BVT Directors and BVT the information contained in those parts of this document for which they are responsible is in accordance with the facts and those parts of this document make no omission likely to affect the import of such information.

The Directors of Baronsmead Second Venture Trust plc ("**BSVT**"), whose names appear on page 21 of this document, and BSVT each accept responsibility for the information contained in this document, other than those parts of the document that specifically relate to BVT. To the best of the knowledge of the BSVT Directors and BSVT the information contained in those parts of this document for which they are responsible is in accordance with the facts and those parts of this document make no omission likely to affect the import of such information.

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## Baronsmead Venture Trust plc

*(a company incorporated in England and Wales with registered number 03504214)*

and

## Baronsmead Second Venture Trust plc

*(a company incorporated in England and Wales with registered number 04115341)*

**Offers for Subscription to raise up to £40 million in aggregate, together with an Over-allotment Facility to raise up to a further £35 million**

Sponsored by  
**Dickson Minto W.S.**

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Applications will be made to the FCA and the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective in relation to the New Shares issued under the Offers, and dealings for normal settlement in such New Shares will commence no later than ten Business Days following the allotment of the relevant New Shares. The First Allotment is anticipated to take place on or around 10 November 2020. The Offers will close at 12 noon on 24 March 2021, unless either or both Boards decide to extend the Offer in relation to the relevant Company or the Offers are fully subscribed before this time.

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken. This document does not constitute, and may not be used for the purposes of, an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Companies, the Sponsor, or the Investment Manager or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of the New Shares is not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan, the Republic of South Africa or any other

Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from, or to any resident of, the United States, Canada, Australia, Japan, the Republic of South Africa or any other Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. The New Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of, or with any securities regulatory authority of, any state of the United States or of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan or the Republic of South Africa. The Companies have not been and will not be registered under the US Investment Company Act and recipients of this document and investors will not be entitled to the benefits of that Act.

Dickson Minto W.S. which is authorised and regulated in the United Kingdom by the FCA, is the sponsor to the Companies in relation to the Offers and is acting for the Companies and is not advising any other person or treating any other person as its client in relation to the Offers or the matters referred to in this document and will not be responsible to anyone other than the Companies for providing the protections afforded to its clients nor for providing advice in relation to the Offers or the matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. under FSMA or the regulatory regime established thereunder, Dickson Minto W.S. does not make any representation, express or implied, or accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it or on its behalf in connection with the Companies, the Investment Manager, the Ordinary Shares or the Offers. Accordingly Dickson Minto W.S., to the fullest extent permitted by law, disclaims all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Persons wishing to participate in the Offers should complete an Electronic Subscription Form by logging on to <https://www.baronsmeadvctoffer.co.uk> and following the instructions given. Electronic Subscription Forms must be accompanied by an online payment for the full amount applied for. Alternatively, Subscribers can complete the Subscription Form attached to the back of this document. To be valid, completed Subscription Forms must be returned, with a cheque(s) in respect of the relevant subscription amount, by post to Computershare Investor Services PLC at Corporate Actions 3, Bridgwater Road, Bristol BS99 6AR.

**Prospective investors should carefully consider all of the information in this document, in particular the sections headed 'Risk Factors' (on pages 10 to 13) and 'Forward looking statements' (on page 16), before making a Subscription for New Shares.**

16 September 2020

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# Summary

## Introduction and Warning

### *Name and ISIN of securities*

This document relates to the issue of new ordinary shares of 10 pence each in the capital of Baronsmead Venture Trust plc (“**BVT**”) and new ordinary shares of 10 pence each in the capital of Baronsmead Second Venture Trust plc (“**BSVT**”).

Ticker for the BVT Shares: BVT  
ISIN of the BVT Shares: GB0002631934

Ticker for the BSVT Shares: BMD  
ISIN of the BSVT Shares: GB0030028103

### *Identity and contact details of the issuer*

Name: Baronsmead Venture Trust plc  
LEI: 213800VQ1PQHOJXDDQ88  
Registered office: 5 New Street Square, London EC4A 3TW  
Telephone: 020 3875 9862

Name: Baronsmead Second Venture Trust plc  
LEI: 2138008D3WUMF6TW8C28  
Registered office: 5 New Street Square, London EC4A 3TW  
Telephone: 020 3875 9862

### *Identity and contact details of the competent authority*

Name: Financial Conduct Authority  
Head office: 12 Endeavour Square, London E20 1JN  
Tel: 020 3837 6270

### *Date of approval of the prospectus*

16 September 2020

### *Warning*

The following summary should be read as an introduction to the prospectus. Any decision to invest in New BVT Shares or New BSVT Shares should be based on a consideration of this document as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

It should be remembered that the value of the New BVT Shares and the New BSVT Shares, and the income from such shares (if any), may go down as well as up. An investment in either of the Companies is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).

## Key Information on the Issuers

### *Who are the issuers of the securities?*

#### *Details of the Companies*

BVT was incorporated and registered in England and Wales on 29 January 1998 as a public company limited by shares under the Companies Act 1985 with registered number 03504214 and BVT's LEI is 213800VQ1PQHOJXDDQ88.

BSVT was incorporated and registered in England and Wales on 22 November 2000 as a public company limited by shares under the Companies Act 1985 with registered number 04115341 and BSVT's LEI is 2138008D3WUMF6TW8C28. BSVT is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

The principal legislation under which the Companies operate is the Companies Act 2006.

#### *Principal activities*

The Companies each carry on business as a venture capital trust. The investment objective of BVT is to achieve long-term investment returns for private investors, including tax-free dividends. The investment objective of BSVT is to achieve long-term investment returns for private investors.

Historically both Companies have paid a dividend yield of more than 7 per cent. (of the opening NAV) per annum and the intention is for both Companies to continue to exceed this target if investment performance allows.

#### *Major Shareholders*

As at close of business on 11 September 2020 (being the latest practicable date prior to the publication of this document), the Companies and the Directors were not aware of any person or persons who, directly or indirectly, jointly or severally, exercised or could exercise control over the Companies. There are no different voting rights for any Shareholder in respect of a relevant Company.

#### *Directors and Investment Manager*

The Companies are authorised as self managed AIFMs for the purposes of the AIFMD. The Boards have delegated the portfolio management activities relating to each of the Companies to Gresham House Asset Management Limited (the "**Investment Manager**"). The BVT Directors are as follows:

- Peter Lawrence (Chairman);
- Les Gabb;
- Valerie Marshall; and
- Susannah Nicklin.

All of the BVT Directors are non-executive directors.

The BSVT Directors are as follows:

- Sarah Fromson (Chairman);
- Anthony Townsend;
- Malcolm Groat; and
- Tim Farazmand.

All of the BSVT Directors are non-executive directors.

#### *Statutory auditors*

The auditors of each Company is KPMG LLP.

## What is the key financial information regarding the issuers?

### BVT

Selected audited financial information relating to BVT which summarises the financial condition of BVT for the financial year ended 30 September 2019 and the six month period ended 31 March 2020 is set out in the following table.

	Annual financial report for the year ended 30 September 2019	Unaudited interim report for the six months ended 31 March 2020
<b>Net asset value</b>		
Number of Ordinary Shares in issue	201,285,693	231,667,817
Net assets (£'000)	151,069	151,572
Net asset value per Ordinary Share (p)	75.05	65.43
<b>Ordinary Share price (p)</b>	72.50	58.50
<b>Income</b>		
Total income before operating expenses (£'000)	2,665	369
Net profit/(loss) (£'000)	(17,052)	(14,682)
Performance fee (accrued/paid) (£'000)	—	—
Investment Manager fee charged to revenue (accrued/paid) (£'000)	(735)	(363)
Any other material fees (accrued/paid) to service providers (£'000)	(597)	(331)
Revenue return per Ordinary Share (p)	0.64	(0.15)
Dividend per Ordinary Share (p)	6.50	—
<b>Ongoing charges</b>		
As a percentage of average total Shareholders' funds (%)	2.2	—
<b>Portfolio summary</b>		
Shareholders' funds (£'000)	151,069	151,572

### BSVT

Selected audited financial information relating to BSVT which summarises the financial condition of BSVT for the financial year ended 30 September 2019 and the six month period ended 31 March 2020 is set out in the following table.

	Annual financial report for the year ended 30 September 2019	Unaudited interim report for the six months ended 31 March 2020
<b>Net asset value</b>		
Number of Ordinary Shares in issue	227,627,173	248,485,874
Net assets (£'000)	175,376	165,084
Net asset value per Ordinary Share (p)	77.05	66.44
<b>Ordinary Share price (p)</b>	74.50	61.00
<b>Income</b>		
Total income before operating expenses (£'000)	3,258	519
Net profit/(loss) (£'000)	(16,194)	(17,810)
Performance fee (accrued/paid) (£'000)	—	—
Investment Manager fee charged to revenue (accrued/paid) (£'000)	(1,079)	(529)
Any other material fees (accrued/paid) to service providers (£'000)	(695)	(362)
Revenue return per Ordinary Share (p)	0.64	(0.16)
Dividend per Ordinary Share (p)	6.50	—
<b>Ongoing charges</b>		
As a percentage of average total Shareholders' funds (%)	2.7	—
<b>Portfolio summary</b>		
Shareholders' funds (£'000)	175,376	165,084

### ***What are the key risks that are specific to the issuers?***

The following are brief descriptions of what the BVT Directors and BSVT Directors believe, at the date of publication of this document, to be the key material risks specific to the Companies.

- In order to comply with VCT legislation, the Companies invest in unquoted and AIM-traded companies. Investment in unquoted and AIM-traded companies by its nature may involve a higher degree of risk than investment in companies traded on the Main Market of the London Stock Exchange. 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.
- The ability of the Companies to generate returns on the unquoted investments in their Portfolios is dependent, in particular, on the ability of key skilled professionals from the Investment Manager to source, evaluate and close such investments and then monitor and realise the investments. If any of the relevant individuals cease to be employed by the Investment Manager or be involved in the management of the Portfolios, their knowledge and understanding of the investee companies may be lost and this may have an adverse effect on the performance of the Companies and the returns they are able to make to Shareholders.

## **Key Information on the Securities**

### ***What are the main features of the securities?***

#### *Details of the securities*

The BVT Shares have a nominal value of 10 pence each. The ISIN for the BVT Shares is GB0002631934 and the SEDOL number is 0263193. The ticker code for the BVT Shares is BVT. The BSVT Shares have a nominal value of 10 pence each. The ISIN for the BSVT Shares is GB0030028103 and the SEDOL number is 3002810. The ticker code for the BSVT Shares is BMD.

As at 11 September 2020 (being the latest practicable date prior to the publication of this document), the issued share capital of BVT comprised 252,685,805 BVT Shares, of which 21,540,412 BVT Shares are held in treasury. As at 11 September 2020 (being the latest practicable date prior to the publication of this document), the issued share capital of BSVT comprised 271,466,654 BSVT Shares, of which 24,019,366 BSVT Shares are held in treasury.

#### *Rights attached to the securities*

The New Shares will rank *pari passu* in all respects with the existing Shares. Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, Shareholders have the right to receive notice of, attend and vote at general meetings of the relevant Company. Subject to the provisions of the Companies Act, the Companies may from time to time declare dividends and make other distributions on the Shares. Shareholders are entitled to participate in the net assets of the relevant Company attributable to their Shares on a winding up of the relevant Company or other return of capital.

There are no restrictions on the transferability of the BVT Shares or the BSVT Shares.

#### *Dividend policy*

The Board of each Company will decide the annual dividends each year and the level of the dividends will depend on the investment performance, the level of realised returns and available liquidity of the relevant Company. The dividend policy guidelines below are not binding and each Board retains the ability to pay higher or lower dividends relevant to prevailing circumstances. However, the Boards of each of the Companies confirm the following two guidelines that shape their dividend policies:

- the Board will, wherever possible, seek to pay two dividends to Shareholders in each calendar year, typically an interim dividend in September and a final dividend following the annual general meeting of the Company in February or March; and
- the Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent. of the opening NAV of the relevant Company in that financial year.

Historically both Companies have paid a dividend yield of more than 7 per cent. (of the opening NAV) per annum and the intention is for both Companies to continue to exceed this target if investment performance allows.

### ***Where will the securities be traded?***

Applications will be made to the FCA and the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that such admissions will become effective in relation to the New Shares issued under the Offers, and dealings in New Shares issued under each Offer are expected to commence on the Business Day following the allotment of the relevant New Shares.

### ***What are the key risks that are specific to the securities?***

The following are brief descriptions of what the BVT Directors and the BSVT Directors believe, at the date of publication of this document, to be the key material risks specific to the Ordinary Shares of each Company.

- Any change to governmental, economic, fiscal, monetary or political policy may limit the number of Qualifying Investment opportunities, reduce the value and level of returns which would otherwise have been achievable or result in the Companies not being able to achieve or maintain VCT status.
- The tax rules or their interpretation in relation to an investment in the Companies and/or the rates of tax, or other statutory provisions to which the Companies are subject, may change during the life of the Companies and such changes could be retrospective.
- 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 underlying portfolio company, the VCT or the VCT's investors.
- At any given point in time, the sale price for a Share which a Shareholder could achieve on the stock market may be significantly less than the Net Asset Value per Share or the price paid by the Shareholder to acquire that Share.
- The Companies each carry on business as a VCT. Shareholders will have no right to have their Shares redeemed or repurchased by the relevant Company at any time. Shareholders wishing to realise their investment will be required to dispose of their Shares on the stock market. Accordingly, the ability of Shareholders to realise any value in respect of their Shares is dependent on the existence of a liquid market in the Shares and the prevailing market price of such Shares. There is a limited secondary market for shares in VCTs (primarily because initial VCT income tax relief is only available to individuals who subscribe for newly issued shares rather than upon the purchase of existing issued shares) and investors may find it difficult to realise their investments.

## **Key Information on the Offer**

### ***Under which conditions and timetable can I invest in these securities?***

#### *General terms of the Offers*

The number of New Shares to be allotted to each Subscriber under the Offers will be determined by dividing their Subscription amount by the Offer Price in relation to the relevant allotment. The Offer Price will be calculated on the basis of the following formula.

**Latest published NAV of an existing Ordinary Share in the relevant Company at the time of the allotment divided by 0.955 (to allow for the costs of the Offer of 4.5 per cent. of the total amount raised under the relevant Offer) rounded up to the nearest 0.1 pence.**

The NAV per Ordinary Shares used to calculate the Offer Price will be adjusted to reflect any dividend which has been declared by the relevant Company but not yet paid.

The number of New Shares to be issued under the Offers will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). Subscribers must subscribe a minimum of £3,000 in each elected Offer and thereafter in multiples of £1,000 in each elected Offer. All Subscriptions will be processed by the Receiving Agent on a "first come, first served" basis. Subscribers who are issued New Shares on or prior to 31 January 2021 will be entitled to receive the Final Dividend, for the

avoidance of doubt, subscribers who are issued New Shares after 31 January 2021 will not be entitled to receive the Final Dividend in relation to those New Shares.

The Companies have each entered into an Offer Agreement with the Investment Manager under which each Company has agreed to pay the Investment Manager a fee of 4.5 per cent. of the amount raised under the relevant Offer. The Investment Manager has agreed to administer the Offers and will pay all costs associated with the Offers, including any fees which exceed 4.5 per cent. of the amount raised under the relevant Offer. The Offer Price is calculated so as to take account of the fees to be paid to the Investment Manager.

#### *Early bird rebate*

The Investment Manager has agreed to rebate a proportion of Subscriptions made by Subscribers on or before 30 October 2020 on the following basis:

- Existing Shareholders will receive a rebate of 0.75 per cent. of their Subscription; and
- New Investors will receive a rebate of 0.5 per cent. of their Subscription.

The rebate will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price. The rebate will be limited to Subscriptions which represent the first £7.5 million received by each Company under the relevant Offer.

#### *Commission*

Commission will be available to certain financial advisers and execution only brokers under the Offers. The Investment Manager has agreed to pay all commission, including trail commission, from the fees that it receives under the Offer Agreements.

#### *Non-advised Subscriptions*

Commission is available to financial advisers who have not provided financial advice in relation to the Subscription and execution only brokers. Initial commission of 1.5 per cent. of the amount subscribed will be available in relation to non-advised Subscriptions. Advisers will also be entitled to trail commission of 0.5 per cent. for a period of five years,

Advisers can choose to waive the initial commission. Commission waived by an adviser will be rebated to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

#### *Advised Subscriptions*

Financial advisers who provide investment advice in relation to a Subscription are not entitled to receive commission. However, the relevant Company is able to facilitate the payment of an adviser fee on behalf of the Subscriber. In addition, the Investment Manager has agreed with the Companies that it will rebate 1.5 per cent. of the amount invested by Subscribers who invest in the Offers through a financial adviser and receive advice in relation to their Subscription.

#### *Direct Subscriptions*

The Investment Manager has agreed with the Companies that it will rebate 1 per cent. of the amount invested by Subscribers who invest in the Offers directly through the Investment Manager.

Rebates to be paid in relation to advised Subscriptions and direct Subscriptions will be paid in addition to any rebate the Subscriber is entitled to under the early bird rebate and will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

#### ***Why is this prospectus being produced?***

The Companies are seeking to raise further funds to allow them to take advantage of attractive investment opportunities over the short to medium term, in accordance with their investment policies.

Under the Offers, both Companies are proposing to raise up to £20 million (before costs). Each Board will also have the option to utilise an over-allotment facility to raise up to a further £17.5 million (before costs). Subscribers can elect to invest in either or both of the Offers. Subscribers must subscribe a minimum of £3,000 per elected Offer and thereafter in multiples of £1,000 per elected Offer.

# Risk Factors

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Companies or the Shares. There may be additional risks that the Directors do not currently consider to be material, or which are not presently known to the Directors. Before investing in the New Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the FSMA if they are in the United Kingdom or, in the case of a potential investor who is located outside the United Kingdom, another appropriately authorised financial adviser.

An investment in either of the Companies should not be regarded as short-term in nature and involves risks that could lead to the loss of all or part of that investment. An investment in either of the Companies is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors should consider carefully all of the information set out in this document, including the risks described below, as well as their own personal circumstances, before deciding to invest in either of the Companies.

The Directors believe that the risks described below are the material risks relating to an investment in the Shares at the date of this document. If any of the adverse events described below occur, the financial condition, performance and prospects of the Companies and the market price of the Shares could be materially adversely affected and Shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this document, or that the Directors considered to be immaterial at the date of this document, may also have an adverse effect on the financial condition, performance and prospects of the Companies and the market price of the Shares.

**Potential investors should carefully consider all the information in this document, including the following material risk factors in relation to the Companies and the Shares, before deciding to invest in either of the Companies.**

## Risks relating to Venture Capital Trusts

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

Any change to governmental, economic, fiscal, monetary or political policy, in particular any changes to taxation, tax reliefs, tax status and other rules or regulations associated with VCTs, could materially affect, directly or indirectly, the operation and/or the performance of the Companies (and the portfolio companies in which they invest), the value of and returns from the Shares and/or the ability for the Companies to achieve or maintain VCT status.

### *Loss of tax reliefs*

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

### *State aid*

As a result of the tax status of VCTs, investments by VCTs in underlying portfolio companies are regarded as State aided investments. Where the European Commission believes that State aid has been provided which is unlawful, in particular if it is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State aid. Such recovery may be from the underlying portfolio company, the VCT or the VCT's investors.

### ***Discount***

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

### ***Liquidity***

The Companies are Venture Capital Trusts. Shareholders will have no right to have their Shares redeemed or repurchased by the relevant Company at any time. Shareholders wishing to realise their investment will be required to dispose of their Shares on the stock market. Accordingly, the ability of Shareholders to realise any value in respect of their Shares is dependent on the existence of a liquid market in the Shares and the prevailing market price of such Shares.

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

### ***Brexit***

The UK left the EU on 31 January 2020 following a process commonly referred to as "Brexit". The UK Government is currently negotiating the terms of the UK's future relationship with the EU. It is unknown at this time what terms will emerge, whether regulatory control affecting VCTs will increase or decrease or how the eventual terms will affect positively or negatively the business model, business operations and financial results or impact sales demand, material and labour costs, availability and cost of finance for the Companies or any underlying investee companies. In particular, it is not clear if State aid rules will apply to the UK going forward.

### ***COVID-19 pandemic***

The COVID-19 pandemic and the measures taken to control the outbreak have led to volatility and a substantial downturn in the UK's economy. The future development and the long-term consequences of the outbreak are unknown and it remains to be seen how and when the UK economy will recover from the impact of the pandemic and what effect any secondary outbreaks may have on the economy and financial markets. It is unknown at this time whether the COVID-19 pandemic will have a material adverse impact on the future investment returns of the Companies, the price of the Ordinary Shares and the ability of the Investment Manager to find and realise suitable investments.

## **Specific risks relating to the Companies**

### ***Reliance on key individuals of the Investment Manager***

Each of the Companies has a board of non-executive Directors and no employees and therefore each is dependent on the skills of the Investment Manager to manage their investments. In particular, the ability of the Companies to generate returns on the unquoted investments in their Portfolios is dependent on the ability of key skilled professionals from the Investment Manager to source, evaluate and close, in particular, such investments and then monitor and realise such investments. During this process these individuals at the Investment Manager will develop a close working relationship with the management team at the relevant investee company and in-depth knowledge and understanding of the investee company's business. If the Investment Manager ceases to act as investment manager or if key personnel cease to be employed by the Investment Manager or be involved in the management of the Portfolios, there can be no assurance that suitable replacements will be found and this knowledge and understanding may be lost. This may have an adverse effect on the performance of the Companies and the returns they are able to make to Shareholders.

### ***Third party service providers***

The Companies rely upon third party service providers to perform certain functions. In particular, the Investment Manager, Administrator, Custodian and Registrar will perform services that are integral to each of the Companies' operations and financial performance.

The Companies are dependent on those service providers to protect against breaches of the Companies' legal and regulatory obligations, including those in relation to data protection. Failure by any service provider to carry out its obligations to the relevant Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the relevant Company at all as a result of insolvency, fraud, breaches of cybersecurity, failures in business continuity plans or other causes, could have a material adverse effect on the relevant Company's operations and performance and on returns to Shareholders. The termination of either Companies' relationship with any third party service provider, or any delay in appointing a replacement for any such service provider, could materially disrupt the business of the relevant Company and could have a material adverse effect on the relevant Company's performance and returns to Shareholders.

### ***The Portfolios***

In order to comply with VCT legislation, the Companies invest in unquoted and AIM-traded companies. Investment in unquoted and AIM-traded companies by its nature may involve a higher degree of risk than investment in companies traded on the Main Market of the London Stock Exchange. 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 the short to medium term returns to Shareholders will largely be determined by the performance of the existing Portfolios of the Companies, which largely consist of investments made prior to the VCT rules being amended by the Finance Act 2018 which took effect on 15 March 2018. The consequence of these amendments is that VCTs are now required to invest in earlier stage companies. Over time, as the Portfolios are brought into line with the amended VCT rules, Shareholder returns and dividends payable by the Companies may take longer to generate and the levels of those returns may be more volatile and may be less than the level of returns historically experienced by the Companies due to the nature of investing in earlier stage companies.

### ***Unquoted investments***

It is unlikely that there will be a liquid market for the shares and other securities that the Companies hold in unquoted investee companies and, therefore, it may be difficult for the Companies to sell such shares and other securities. The value of unquoted stock is often more volatile and more difficult to predict than the value of stock in quoted companies. In addition, as unquoted companies tend to have less mature businesses, less depth of management and a higher risk profile, the risk of insolvency in unquoted companies is higher than in quoted stocks. If these risks or similar risks were to materialise across a range of the unquoted investments held by the Companies it may have a material adverse effect on their business prospects, financial position and returns to Shareholders.

### ***AIM-traded companies***

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 be limited and may not be achievable. The valuation of the Portfolios and opportunities for realisation of AIM-traded investments within the Portfolios may also depend on stock market conditions.

### ***Valuations of unquoted investments***

The unquoted investments within the Portfolios will be valued by the relevant Directors based on recommendations from the Investment Manager. Such valuations may be unaudited and may be subject to limited verification or other due diligence. If the realisable value of any unquoted investments or other assets held by the Companies is less than their valuations this may have a material adverse effect on future Shareholder returns.

***Realisation of investments***

Investments in unquoted and AIM-traded companies are more likely to be illiquid than investments in companies traded on the Main Market of the London Stock Exchange. Investments may not be able to be realised within a reasonable timeframe or at all. Such illiquidity may affect the ability of the Companies to vary their portfolios or dispose of investments in a timely fashion and at satisfactory prices in response to changes in economic or other conditions. This could have an adverse effect on the financial condition and results of operations of the Companies as it could reduce the profits and proceeds realised from such investments by the Companies.

# Important Information

## General

No person has been authorised to give any information or make any representations in connection with the Offers other than the information contained in, or incorporated by reference into, this document and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Companies, the Investment Manager, the Sponsor or any of their respective affiliates, officers, directors, members, employees or agents.

Without prejudice to the obligations of the Companies under applicable law and regulations, neither the delivery of this document nor any subscription for or purchase of New Shares made pursuant to the Offers shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Companies since the date of this document or that the information contained in this document, including any forward looking statements, is correct as at any time subsequent to the date of this document.

Prospective investors should be aware that although the Companies have similar investment objectives and policies, the same Investment Manager and similar portfolios they are two separate companies with independent Boards, separate dividend policies and their own management fee arrangements. Prospective investors should consider all of these factors before subscribing for New Shares in either or both of the Companies.

The value of an investment in either of the Companies and any income derived from it, if any, may go down as well as up. An investment in the Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). There can be no guarantee that any appreciation in the value of the investments held by the Companies will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Companies will be achieved or provide the returns sought by the Companies. No assurance can be given that any sale of the investments held by the Companies would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the investments made by the Companies. Although the Ordinary Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty selling them.

Prospective investors should carefully consider all of the information contained in, or incorporated by reference into, this document before making any application for New Shares and should rely only on that information when considering an investment in the Companies. However, prospective investors should not treat the contents of this document or any subsequent communication from the Companies, the Investment Manager, the Sponsor or any of their respective affiliates, officers, directors, members, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other related matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely on their own advisers as to legal, financial, taxation, accounting, regulatory, investment or any other related matters concerning the Companies and an investment in the New Shares.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor under FSMA or the regulatory regime established thereunder, the Sponsor makes no representation, express or implied, or accepts any responsibility whatsoever for the contents of this document or for any statement

made or purported to be made by it or on its behalf in connection with the Companies, the Investment Manager, the Ordinary Shares or the Offers. Accordingly, the Sponsor, to the fullest extent permitted by law, disclaims all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Memorandum of Association and the Articles of the relevant Company which prospective investors should review. A summary of the Articles of each Company is contained in paragraph 3 of Part 7 of this document.

Information on the website of the Companies, <https://www.baronsmeadvcts.co.uk>, does not form part of this prospectus unless such information was expressly incorporated by reference.

## Regulatory information

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document (“KID”) in respect of each of the Companies. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Investment Manager’s website and the relevant Company’s website. The Companies are not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns referred to in the KID are prescribed by the law. The figures in the KID may not reflect the expected returns for the relevant Company and anticipated performance returns cannot be guaranteed.

## Data protection

The information that an investor provides to the relevant Company or its agents in relation to a subscription for or purchase of New Shares or subsequently, by whatever means, which relates to the investor (if the investor is an individual) or a third party individual (“**personal data**”) will be held and processed by the relevant Company (and any third party, functionary or agent in the United Kingdom to whom the relevant Company may delegate certain administrative or other functions in relation to the Company, including the Registrar) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom.

Each prospective investor acknowledges that personal data provided to any of the Companies by prospective investors will be held and processed in compliance with the relevant Company’s privacy policy. Please refer to the relevant Company’s website for a copy of the privacy policy. Investors will be notified if an updated privacy policy has been published on the relevant Company’s website via a Regulatory Information Service announcement.

Investors and/or other applicants are responsible for informing and obtaining any required consent of any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

## Presentation of information

### ***Market, economic and industry data***

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Companies and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### ***Currency presentation***

All references in this document to “£”, “Sterling” or “pence” are to the lawful currency of the United Kingdom.

### ***Law and practice***

Statements made in this document are based on the law and practice in force in England and Wales as at the date of this document and are subject to changes therein.

## Forward looking statements

This document includes forward looking statements concerning the Companies that are based on the current expectations of the relevant Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements containing the words “believes”, “intends”, “expects”, “anticipates”, “targets”, “estimates” or their negative or other similar expressions.

Such forward looking statements involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Companies, or industry results, to be materially different from future results, financial condition, performance or achievements expressed or implied by such forward looking statements. Given these risks and uncertainties, prospective investors should not place undue reliance on such forward looking statements as a prediction of actual results.

Such forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations, each Company expressly disclaims any obligation to update or revise any forward looking statement contained in this document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Information in this document will be updated as required under the Prospectus Regulation Rules, the Listing Rules and/or the Disclosure Guidance and Transparency Rules.

Nothing in the preceding three paragraphs seeks to limit or qualify in any way the working capital statement in relation to each of the Companies in Part 5 of this document.

## Selling restrictions

The distribution of this document and the offering of New Shares in jurisdictions other than the United Kingdom may be restricted by law or regulation and accordingly persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. No action has been taken to permit the distribution of this document and the offering of New Shares in any jurisdiction outside the United Kingdom where such action is required to be taken.

This document does not constitute, and may not be used for the purposes of, an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the relevant Company, the Sponsor, or the Investment Manager or to any person to whom it is unlawful to make such offer or solicitation. If you receive a copy of this document in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom, to satisfy yourself that you have fully observed the laws of any relevant territory in connection with your receipt of this document and/or New Shares, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

Without limiting the above, the New Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of, or with any securities regulatory authority of, any state of the United States or of Canada, Australia, Japan or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan or the Republic of South Africa. The Companies have not been and will not be registered under the US Investment Company Act and recipients of this document and investors will not be entitled to the benefits of that Act.

## Latest practicable date

In this document, where the context requires, references to 11 September 2020 should be treated as being references to the latest practicable date prior to the publication of this document.

# Terms of the Offers

## Timetable

	Subscriptions to be submitted by 12 noon on	Anticipated date of allotment
First Allotment	30 October 2020	10 November 2020
Second Allotment	8 December 2020	18 December 2020
Third Allotment	19 January 2021	29 January 2021
Fourth Allotment	16 February 2021	26 February 2021
Final Allotment	24 March 2021	31 March 2021

All Subscriptions will be processed by the Receiving Agent on a “first come, first served” basis. If the Offer is fully subscribed earlier than 24 March 2021, the Boards may close the Offer prior to all allotments taking place. Each Board reserves the right to allot and arrange for the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the relevant Offer as the Board sees fit, which may not be on the dates stated above.

In order for New Shares to be issued under an allotment, a completed Subscription must be received and the funds in relation to the Subscription must have cleared by 12 noon on the date shown in the table above. The Offers will close at 12 noon on 24 March 2021, unless either or both Boards decide to extend the Offer in relation to the relevant Company or the Offers are fully subscribed before this time.

Subscribers who are issued New Shares on or prior to 31 January 2021 will be entitled to receive the Final Dividend. For the avoidance of doubt, Subscribers who are issued New Shares after 31 January 2021 will not be entitled to receive the Final Dividend in relation to those New Shares.

## Offer Price

The number of New Shares to be allotted to each Subscriber under the Offers will be determined by dividing their Subscription amount by the Offer Price in relation to the relevant allotment. The Offer Price will be calculated on the basis of the following formula.

**Latest published NAV of an existing Ordinary Share in the relevant Company at the time of the allotment divided by 0.955 (to allow for the costs of the Offer of 4.5 per cent. of the total amount raised under the relevant Offer) rounded up to the nearest 0.1 pence.**

The NAV per Ordinary Shares used to calculate the Offer Price will be adjusted to reflect any dividend which has been declared by the relevant Company but not yet paid.

## Early bird rebate

The Investment Manager has agreed to rebate a proportion of Subscriptions made by Subscribers on or before 30 October 2020 on the following basis:

- Existing Shareholders will receive a rebate of 0.75 per cent. of their Subscription; and
- New Investors will receive a rebate of 0.5 per cent. of their Subscription.

The rebate will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price. The rebate will be limited to Subscriptions which represent the first £7.5 million received by each Company under the relevant Offer.

## Commission

Commission will be available to certain financial advisers and execution only brokers under the Offers. The Investment Manager has agreed to pay all commission, including trail commission, from the fees that it receives under the Offer Agreements.

### *Non-advised Subscriptions*

Commission is available to financial advisers who have not provided financial advice in relation to the Subscription and execution only brokers. Initial commission of 1.5 per cent. of the amount subscribed will be available in relation to non-advised Subscriptions. Advisers will also be entitled to trail commission of 0.5 per cent. for a period of five years.

Advisers can choose to waive the initial commission. Commission waived by an adviser will be rebated to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

### *Advised Subscriptions*

Financial advisers who provide investment advice in relation to a Subscription are not entitled to receive commission. However, the relevant Company is able to facilitate the payment of an adviser fee on behalf of the Subscriber. In addition, the Investment Manager has agreed with the Companies that it will rebate 1.5 per cent. of the amount invested by Subscribers who invest in the Offers through a financial adviser and receive advice in relation to their Subscription.

### *Direct Subscriptions*

The Investment Manager has also agreed with the Companies that it will rebate 1 per cent. of the amount invested by Subscribers who invest in the Offers directly through the Investment Manager.

Rebates to be paid in relation to advised Subscriptions and direct Subscriptions will be paid in addition to any rebate the Subscriber is entitled to under the early bird rebate and will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

## **Minimum Subscription**

The minimum Subscription that can be made under each of the Offers is £3,000 and thereafter in multiples of £1,000 in each elected Offer.

# The Companies

## Background

BVT and BSVT were launched in April 1998 and January 2001 respectively, making them two of the longest standing VCTs.

NAV of BVT as at 31 August 2020 £165 million  
NAV of BSVT as at 31 August 2020 £182 million

Both Companies invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value. Full details of the investment policies are set out in Part 2 of this document and details of the existing Portfolios are contained in Part 5.

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

## Performance track records

A summary of the performance track records of the Companies since launch is set out below:

Company	Average annual dividends paid and declared per Share since launch* (p)	Average annual dividends paid and declared per Share over the past 5 years* (p)
BVT	7.3	9.1
BSVT	7.4	9.2

\* As at 11 September 2020.

The NAV Total Return over recent years for the Companies and since launch is set out below:

Period to 31 August 2020	NAV Total Return per Share (p)				
	1 year	3 years	5 years*	10 years*	Since launch*
BVT	102.6	100.7	115.1	201.0	397.5
BSVT	102.9	101.7	115.6	189.5	316.3

\* On 8 February 2016 BVT (formerly named Baronsmead VCT 2 plc) merged with Baronsmead VCT plc. On 11 March 2016 BSVT (formerly named Baronsmead VCT 3 plc) merged with Baronsmead VCT 4 plc. BSVT subsequently merged with Baronsmead VCT 5 plc on 30 November 2016. Some of the data in the table above relates to periods prior to these mergers taking place. Prior to the mergers the Baronsmead VCTs did not invest alongside each other and the portfolios of the five original VCTs differed significantly. Since the mergers the portfolios of the Companies have been aligned and the Companies now generally invest alongside each other in new investments.

The past performance of the Companies is not a guide to their future performance. The data in the tables above relates partly to periods prior to November 2015 when the UK Government amended the VCT rules to restrict the types of investments that VCTs can make.

## Dividend policies

The Board of each Company will decide the annual dividends each year and the level of the dividends will depend on investment performance, the level of realised returns and available liquidity of the relevant Company. The dividend policy guidelines below are not binding and each Board retains the ability to pay higher or lower dividends relevant to prevailing circumstances. However, the Boards of each of the Companies confirm the following two guidelines that shape their dividend policies:

- the Board will, wherever possible, seek to pay two dividends to Shareholders in each calendar year, typically an interim dividend in September and a final dividend following the annual general meeting of the Company in February or March; and

- the Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent. of the opening NAV of the relevant Company in that financial year.

Historically both Companies have paid a dividend yield of more than 7 per cent. (of the opening NAV) per annum and the intention is for both Companies to continue to exceed this target if investment performance allows.

Further details of the historic dividends paid by each of the Companies is set out in Part 2.

## Shareholder choice

The Directors wish to provide Shareholders with a number of choices that enable them to utilise their investments in the Companies in ways that best suit their personal investment and tax planning requirements and in a way that treats all Shareholders equally.

- **Dividend reinvestment plan** – The Companies offer a dividend reinvestment plan which enables Shareholders to purchase additional Ordinary Shares through the secondary market in lieu of cash dividends.
- **Buyback of Shares** – From time to time the Companies buyback their own Shares through the market in accordance with their share price discount policy. Subject to certain conditions, the Companies seek to maintain a mid share price discount of approximately 5 per cent. to the relevant NAV per Share.
- **Secondary market** – The Shares are listed on the main market of the London Stock Exchange and can be bought or sold by Shareholder using a stockbroker or authorised share dealing service in the same way as shares of any other listed company.

# Directors, Investment Manager and Advisers

## **BVT Directors**

Peter Lawrence *(Chairman)*  
Les Gabb  
Valerie Marshall  
Susannah Nicklin

## **BSVT Directors**

Sarah Fromson *(Chairman)*  
Anthony Townsend  
Malcolm Groat  
Tim Farazmand

all non-executive and of:

5 New Street Square  
London EC4 3TW

## **Investment Manager and Secretary**

Gresham House Asset Management Limited  
5 New Street Square  
London EC4A 3TW

## **Solicitors and Sponsor**

Dickson Minto W.S.  
Broadgate Tower  
20 Primrose Street  
London EC2A 2EW

## **Auditors**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

## **VCT status adviser**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham B3 2DT

## **Registrar and Receiving Agent**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

## **Promoter**

RAM Capital Partners LLP  
4 Staple Inn  
London WC1V 7QH

# Part 1 – Letter from the Chairmen of the Companies

16 September 2020

Dear Investors

## Introduction

The Boards are delighted to be offering Existing Shareholders and New Investors the opportunity to invest in both Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc.

The Companies are two of the largest Venture Capital Trusts with combined net assets of over £345 million as at the date of this document. The Companies are managed by Gresham House Asset Management Limited, a subsidiary of Gresham House plc, a specialist alternative asset manager with funds under management of approximately £3.3 billion as at 30 June 2020.

Despite the current market volatility caused by the ongoing COVID-19 pandemic, the Boards are confident that the Investment Manager will continue to identify attractive new investment opportunities which comply with the VCT rules and fit within the investment policies of the Companies.

## Offers for subscription

Under the Offers, both Companies are seeking to raise £20 million, being an aggregate of up to £40 million. Each Board will also have the option to utilise an Over-allotment Facility to raise up to a further £17.5 million per Company. The Investment Manager will, in respect of services provided pursuant to the Offers, receive a fee of 4.5 per cent. of the gross proceeds of each Offer. Out of this fee, the Investment Manager will pay all costs associated with the Offers, including all commission and trail commission, on behalf of the Companies. The Investment Manager will be responsible for any costs associated with the Offers in excess of this fee.

Subscribers can elect to invest in either or both of the Offers. The minimum subscription under each of the Offers is £3,000 and thereafter in multiples of £1,000 per Offer. There is no maximum investment. However, potential investors should be aware that tax relief is only available on a maximum subscription of £200,000 in VCTs in each tax year. Potential investors should consult their professional advisers before deciding whether and, if so, how much they should invest under any of the Offers.

The Directors and their connected persons have committed to invest £154,000 in aggregate in the Offers.

Key terms of the Offers are set out on pages 17 and 18 of this document and further details of the Offers are set out in Part 4.

## Investment outlook

The COVID-19 pandemic has resulted in significant personal and economic disruption and uncertainty. This was reflected in the sharp decline in equity markets when the lockdown restrictions were introduced in March 2020. Equity markets have subsequently rebounded strongly, in large part due to the UK government's post COVID-19 economic stimulus package. However, it is likely that markets will remain volatile as the government commences the staged withdrawal of financial assistance for businesses and the full effects of the pandemic become evident. Secondary or tertiary outbreaks of COVID-19 and further periods of geographically targeted or a national lockdown will also slow any widespread bounce in the UK economy.

Despite the challenging environment, the Boards believe that the disruption and dislocation caused by COVID-19 will provide opportunities for small and agile businesses, led by entrepreneurial management teams, to take on venture capital funding to accelerate growth. The Companies are well placed in that they have an established, well diversified portfolio of both public and private market investments. Over the past few months, the Investment Manager has seen an increasing number of attractive investment opportunities across public and private markets. A number of existing portfolio companies have also sought additional capital to drive a step change in growth. The funds raised under the Offers will ensure

the Companies are well capitalised to take advantage of the expected levels of new dealflow and positive market dynamics but also to play their role in aiding the economic recovery by providing capital and expertise to support early stage, high growth British businesses.

## **Action to be taken**

Should you wish to participate in either or both of the Offers and subscribe for New Shares in either Company you should read the whole of this document, but in particular Part 4, together with the full Terms and Conditions of the Offers set out in Part 8 of this document. Investors can subscribe for New Shares online by logging on to <https://www.baronsmeadvctoffer.co.uk> and completing an Electronic Subscription Form.

Alternatively, Investors can subscribe using the blank Subscription Form at the back of this document or by downloading a copy of the Subscription Form from the website of the Companies, <https://www.baronsmeadvcts.co.uk>.

Paper Subscription Forms should be completed and returned as soon as possible to the Receiving Agent, Computershare Investor Services PLC at Corporate Action 3, Bridgwater Road, Bristol BS99 6AR or by hand (during business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

We would like to thank Existing Shareholders for their continued support of the Companies, and very much look forward to welcoming participation from Existing Shareholders and New Investors in the Companies.

Yours faithfully

**Peter Lawrence**  
**(Chairman of Baronsmead Venture Trust plc)**

**Sarah Fromson**  
**(Chairman of Baronsmead Second Venture Trust plc)**

## Part 2 – Further information on the Companies

### Investment objectives and policies

#### ***Baronsmead Venture Trust***

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

BVT'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.

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

#### **Investment securities**

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

#### **Liquidity**

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

#### **Investment style**

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

#### **Co-investment**

BVT typically invests alongside BSVT in companies sourced by the Investment Manager.

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

#### **Borrowing powers**

BVT's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent. of BVT's gross assets, as permitted by BVT's Articles of Association.

Any material change in the investment policy will require the approval of BVT Shareholders at a general meeting. In the event of a breach of BVT's investment policy, the BVT Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

#### ***Baronsmead Second Venture Trust***

BSVT is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

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

### **Investment securities**

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

### **Liquidity**

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

### **Investment style**

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

### **Co-investment**

BSVT typically invests alongside BVT in companies sourced by the Investment Manager.

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

### **Borrowing powers**

BSVT's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent. of BSVT's gross assets, as permitted by BSVT's Articles of Association.

Any material change in the investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of BSVT's investment policy, the BSVT Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

### **Gearing**

Although the investment policies of the Companies allow each Company to borrow up to a maximum of 25 per cent. of its gross assets, neither of the Companies currently has any external loan finance in place.

### **Dividends**

Both Boards have sought to maintain a regular flow of dividends to Shareholders over time, as illustrated in the table below. They have done so through the retention of some of the profits realised from the sale of investments for the payment of future dividends, where it has been possible and appropriate to do so. The Boards intend to continue this strategy in the future where appropriate, and at the sole discretion of each Board, should it consider it to be in the best interests of the relevant Company's Shareholders and subject to the legal and regulatory requirements at the time. There is no certainty that any dividends will be paid in the future.

	Dividends paid and/or declared in the previous five financial years (pence per Share)					
	2015	2016	2017	2018	2019	Average
<b>BVT</b>	6.5	18.5	6.5	7.5	6.5	9.1
<b>BSVT</b>	7.5	17.0	7.5	7.5	6.5	9.2

The ability of either Company to meet the objective of its dividend policy cannot be guaranteed and depends primarily on the level and timing of profitable realisations of its investments. As a result, there may be variations in the amounts and timing of dividends paid year on year. The value of the investment in, and the dividend stream from, a company can rise and fall. The data in the table above relates partly to periods prior to November 2015 when the UK Government amended the VCT rules to restrict the types of investments that VCTs can make.

### Share buyback policy

From time to time the Companies may buyback their own Shares through the market. Subject to the likely impact on Shareholders in the relevant Company, the funding requirements of that Company and the market conditions at the time, each of the Companies seeks to maintain a mid share price discount of approximately 5 per cent. to Net Asset Value per share where possible. However, it should be noted that this discount may widen during periods of market volatility. Any share buyback will be subject to applicable legislation and VCT regulations and the availability of sufficient reserves and cash in the relevant Company.

### Shareholder communications

The Directors are committed to a policy of regular and open communication with Shareholders and this is expressed not only in the statutory accounts but also through quarterly updates, annual general meetings and ad hoc Shareholder surveys.

### Annual running costs

Annual running costs, including the Investment Manager's fees, Directors' fees, professional fees and the costs incurred by the Companies in the ordinary course of business (but excluding any performance fees payable to the Investment Manager and irrecoverable VAT), are capped at 3.5 per cent. of the relevant Company's net assets, any excess being met by the Investment Manager by way of reduction in future management fees. Further details of the fees paid to the Investment Manager are set out in Part 3 of this document.

### Capital structure

Each of the Companies has one class of share in issue, Ordinary Shares. The Ordinary Shares are listed on the premium segment of the Official List and traded on the Main Market. As at 11 September 2020 (being the latest practicable date prior to the publication of this document), the issued share capital of BVT comprised 252,685,805 BVT Shares, of which 21,540,412 BVT Shares are held in treasury. As at 11 September 2020 (being the latest practicable date prior to the publication of this document), the issued share capital of BSVT comprised 271,466,654 BSVT Shares, of which 24,019,366 BSVT Shares are held in treasury.

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

The ISIN for the BVT Shares is GB0002631934, the SEDOL number is 0263193 and the LEI code for BVT is 213800VQ1PQHOJXDDQ88. The ISIN for the BSVT Shares is GB0030028103, the SEDOL number is 3002810 and the LEI Code for BSVT is 2138008D3WUMF6TW8C28.

Further details of the rights attaching to the Ordinary Shares are set out in paragraph 3 of Part 7 of this document.

### **Accounts and auditors**

The accounting reference date for the Companies is 30 September and annual accounts are usually dispatched in December each year with half yearly accounts for the six month period to 31 March being dispatched in May/June each year. The auditor of the Companies is KPMG LLP.

### **Publication of NAV**

The NAV per Ordinary Share is calculated by the Investment Manager in accordance with the relevant Company's accounting policies. The NAV per Ordinary 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 an Ordinary Share may be viewed free of charge on the website of the London Stock Exchange and on each Companies website. The calculation of the NAV per Ordinary Share will be suspended only in circumstances where the underlying data necessary to value the investments of the relevant Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

For the purposes of calculating the NAV, unquoted investments are valued at fair value by the Directors using methodology which is consistent with the International Private Equity and Venture Capital guidelines. AIM-traded securities are valued at either bid price or the last traded price, depending on the convention of the exchange on which the investment is traded. In respect of collective investment vehicles, which consists of investments in open ended investment companies authorised in the UK, the valuation is based on the closing price.

### **Advising ordinary retail investors**

The Companies currently conduct their affairs so that the Shares can be recommended by financial intermediaries to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and the Companies intend to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to any of the Shares because they are shares in a VCT which, for the purposes of the FCA rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail investors without restriction.

### **VCT status**

Each Board has managed and intends to continue to manage the affairs of their respective Company in order that they comply with the legislation applicable to VCTs. In this regard, the Companies have retained PricewaterhouseCoopers LLP to advise on their VCT status. The Companies have continued to conduct their affairs so as to comply with section 274 of the Tax Act for their current financial years and intend to do so for subsequent financial periods. However, there can be no guarantee that their VCT status will be maintained and investors' attention is drawn to Part 6 of this document.

## Part 3 – Directors, Investment Manager, Custodian Arrangements and Administration

### BVT Directors

The BVT Board currently comprises four Directors, all of whom are non-executive and independent of the Investment Manager. The BVT Directors are responsible for the determination of BVT's investment policy and the overall supervision of BVT. The BVT Directors are as follows:

**Peter Lawrence** was until the merger on 8 February 2016, a Non-Executive Director of Baronsmead VCT plc having been appointed in November 1999 and becoming Chair in 2009. Peter was also a prior Chair of Baronsmead VCT 5 plc before retiring in 2010. Peter was formerly Chair of ECO Animal Health Group plc, an AIM-traded company which he founded in 1972.

Peter is currently the Chair of Amati AIM VCT plc and the Chair of Anpario plc, which is traded on AIM.

**Les Gabb** served as a Director of Baronsmead VCT plc from May 2014 until the merger on 8 February 2016. For 10 years from 1990 Les was the Managing Director of the London subsidiary of the Bank of Bermuda with responsibility for the finance function of the Bank's European group.

Since 2015 Les has been Finance Partner at Felix Capital Partners, a venture capital manager specialising in digital technology, and previously from 2000 held a similar role at Advent Venture Partners. Les is an ACA and an Associate of the Institute of Taxation, and a previous member of the BVCA Legal and Technical committee and the EVCA Venture Capital Council.

**Valerie Marshall** was appointed to the Board on 8 February 2016 following the merger with Baronsmead VCT plc where she served as a Director from November 2009. She invested in growing companies with both 3i plc and the Scottish Development Agency for nearly 20 years, and was then Corporate Finance Director of stockbrokers Greig Middleton and Co Ltd.

She has been Chair of the Council of the University of Kent and Deputy Chair of the Committee of University Chairs as well as Treasurer and trustee of the British Science Association, established by Royal Charter. Valerie recently retired as CEO of Stratagem Corporate Finance and Strategy Ltd, and as a Director of Marshall Capital Limited. She is Vice Chair of Town and Country Housing Group and is an Investment Committee member of the Angel Co-Investment Fund.

**Susannah Nicklin** is an Investment and Financial Services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. Susannah was previously a Director of Baronsmead VCT plc.

Susannah is a Non-Executive Director and Senior Independent Director of Pantheon International plc and Non-Executive Director of The North American Income Trust plc, AIM VCT plc and Ecofin Global Utilities and Infrastructure Trust plc. She will be retiring as a Non-Executive Director of the City of London Investment Group plc in October.

### BSVT Directors

The BSVT Board currently comprises four Directors, all of whom are non-executive and, with the exception of Anthony Townsend, independent of the Investment Manager. The BSVT are responsible for the determination of BSVT's investment policy and the overall supervision of BSVT. The BSVT Directors are as follows:

**Sarah Fromson** retired from her executive role as Head of Risk at Wellcome Trust in 2019. Sarah was previously at RBS Asset Management (formerly Coutts) where she held a number of senior positions, including Chief Investment Risk Officer, Co-Head of Investments and Head of the Long-Only Investment team.

Sarah is Chair of JP Morgan Global Emerging Markets Income Trust plc, as well as being a non-executive board member of Boston-based Arrowstreet Capital Partners. Sarah is also a Pension Trustee

Director of Genome Research Pensions Trustee Limited and Wellcome Trust Pensions Trustee Limited. She is also on the board of Quilter Investors Ltd, a subsidiary of Quilter plc.

**Anthony Townsend** has spent over 50 years working in the City and was Chairman of the Association of Investment Companies from 2001 to 2003. He is currently Chairman of Gresham House plc and Finsbury Growth & Income Trust plc.

He was a Director of Brit Insurance Holdings plc (1999-2008), representing it on the Council of Lloyd's of London (2006 to 2008). Prior to this, he was Managing Director of Finsbury Asset Management Ltd (1988-1998). He was a Non-Executive Director of Worldwide Healthcare Trust plc (1995-2013) and retired as the Chairman of BMO Global Smaller Companies plc on 30 July 2020.

**Malcolm Groat** served as a Director of Baronsmead VCT 4 plc from April 2014 until the merger on 11 March 2016. He is a fellow of the Institute of Directors, the Institute of Chartered Accountants in England and Wales, and the Royal Society for the Encouragement of Arts, Manufactures and Commerce.

During his executive career, Malcolm held C-suite positions with global businesses in engineering, construction and financial services. Since 2004, he has also served as Chairman or Non-Executive Director in a number of significant businesses, currently holding directorships at two AIM-listed ventures InfraStrata and Tomco Energy. He is also Chairman at The Corps of Commissionaires and at Zaim Credit Systems plc.

**Tim Farazmand** has spent 30 years in private equity. His last full-time role was as a Managing Director at LDC, the private equity arm of Lloyds Bank. He previously worked for 3i Group Plc and Royal Bank of Scotland Private Equity.

He was Chair of the British Venture Capital Association (BVCA) for the 2014-2015 term. He currently chairs the Palatine Impact Fund, sits on the Advisory Board of Beechbrook Capital and the boards of Estio, The Lakes Distillery and Vinoteca.

## Investment management arrangements

Gresham House Plc is an AIM-traded specialist alternative asset manager with over £3.3 billion assets under management, offering funds, direct investment and tailored investment solutions including co-investment, across five highly differentiated alternative investment strategies; Public Equity, Private Assets, Forestry, New Energy, Housing and Infrastructure.

Their stated vision is to build an 'Asset to Covet' – a business that employees are proud to work for, clients want to invest with and that shareholders want to own. It is a business with an entrepreneurial culture in which individual flair and thinking is encouraged.

The Investment Manager aims to bring capital and strategic support to small, early stage growth businesses that have ambitious management teams, scalable business models and the potential for market leadership. The Investment Manager applies a private equity investment philosophy to public and private equity investing, taking an active role where it can in helping the portfolio companies to grow through organic development and/or acquisition, providing expertise from within its own team and helping to source external support when required.

Details of the senior members of the team responsible for the Companies are set out below:

**Bevan Duncan** joined Gresham House in November 2018 having previously been at Livingbridge since 2005. Bevan has overall responsibility for all portfolio management activities for the Baronsmead VCTs. He also directly manages portfolio investments and has been an active board member of several Baronsmead investee companies including MLS, Eque2, Key Travel and Pho. He qualified as a Chartered Accountant at KPMG in New Zealand, where he provided consultancy services to fast growing small businesses.

**Ken Wotton** joined Gresham House in November 2018 as Managing Director of Quoted Investments, having previously spent 11 years with Livingbridge leading the Equity Funds investment team managing AIM and other listed investments on behalf of the Baronsmead VCTs, LF Gresham House UK Micro Cap Fund (formerly named LF Livingbridge UK Micro Cap Fund), and LF Gresham House UK Multi Cap Income Fund (formerly named LF Livingbridge UK Multi Cap Income Fund). He had previously spent two years at Evolution Securities where he worked in equity research, specialising in the telecoms and

technology sectors, focusing on smaller companies with significant experience of AIM market fund raisings. Prior to that, he spent five years in the equity research department of Commerzbank Securities where he focused on the pan-European telecoms sector. Ken qualified as a Chartered Accountant with KPMG in London.

**Steve Cordiner** joined Gresham House in November 2018 having been at Livingbridge since 2010. Steve has led the VCT unquoted investment team investing on behalf of the Baronsmead VCTs since that date. Notable investments include Happy Days Nurseries and Carousel Logistics, along with successful realisations such as Kingsbridge and Symphony Ventures. Steve is a qualified Chartered Accountant and prior to joining Livingbridge he spent five years advising corporate and private equity clients on a range of corporate finance and due diligence matters.

**Tania Hayes** joined Gresham House in November 2018 as Divisional Finance Director, having been at Livingbridge for 13 years. Tania has worked on the Baronsmead VCTs since she joined Livingbridge, progressing from administration assistant to Finance Manager in 2011 and qualified as a Chartered Management Accountant in 2012 while working for Livingbridge. Previously she had worked at a Chartered Accountancy practice in New Zealand for eight years where she commenced her accounting training.

**Tony Dalwood** became CEO of Gresham House in December 2014 and brought in a new management team that transformed the company from an investment trust into an AIM listed specialist asset management group. With over 20 years in the industry, Tony is an experienced investor and has also advised numerous public and private equity businesses. He started his career at Phillips & Drew Fund Management (later UBS Global Asset Management), one of the UK's most prominent value investment firms with £60 billion in assets at its peak. He was a member of the UK Equity Investment Committee with responsibility for managing over £1.5 billion of UK equities. In 2002 Tony founded and became CIO of SVG Investment Managers and CEO of SVG Advisers (formerly Schroder Ventures (London) Limited), the global private equity funds business and specialist alternatives manager, before launching Strategic Equity Capital plc, a London listed Investment Trust in 2005.

**Andrew Hampshire** is COO and CTO at Gresham House and joined at the start of 2017. Prior to Gresham House Andrew was an Investment Director at mid-market private equity firm LDC, leading strategic and operational growth programmes in the underlying investment companies and working with portfolio company boards. Andrew was also responsible for leading integrations and carve-outs within portfolio businesses. Prior to LDC, Andrew held various senior operational management positions within Lloyds Banking Group and started his career with his own software development business. Andrew holds an MBA from the University of Warwick.

As part of the sale of the fund and investment business of Livingbridge to Gresham House which was completed on 30 November 2018, it was agreed that Sheenagh Egan and Andrew Garside, two partners at Livingbridge who worked with the Companies, will continue as consultants to the Companies for up to three years from the date of completion to provide continuity and support.

## Custodian arrangements

JPMorgan Chase Bank has been appointed as the custodian of the assets of the Companies which are traded on a recognised exchange. JPMorgan Chase Bank has its registered office at 1111 Polaris Parkway, Columbus, Ohio 43240, United States and its principal place of business in the UK is 25 Bank Street, Canary Wharf, London E14 5JP. Its telephone number is 0212 270 6000. The Custodian is authorised by the PRA and regulated by the FCA and PRA.

Apex holds the share certificates in relation to the Companies' unquoted investments. Apex has its registered office at 1 Royal Plaza Avenue, St Peter Port, Guernsey GY1 2HL. Its telephone number is 01481 713843

## Management and administration

### *Baronsmead Venture Trust plc*

Under the BVT Investment Management Agreement, the Investment Manager receives a fee of 2.0 per cent. per annum of the net assets of BVT. The Investment Manager is responsible for providing all secretarial, administrative and accounting services to BVT. The Investment Manager has appointed

Link to provide these services to BVT on its behalf. BVT is responsible for paying the fee charged by Link in relation to the performance of these services to the Investment Manager, which is currently £156,000 per annum, excluding VAT. The Investment Manager shall consult with the BVT Board in relation to any increase in the fee charged by Link, which is considered to be material.

Under the BVT Investment Management Agreement 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 shareholders' funds exceeds an annual threshold of the higher of 4.0 per cent. or base rate plus 2.0 per cent. calculated on a compound basis. To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10.0 per cent. of the excess will be paid to the Investment Manager. The amount of any performance fee which is paid in an accounting period shall be capped at 5.0 per cent. of Shareholders' funds for that period.

BVT will not pay a performance fee in relation to the 12 month period to 30 September 2020. BVT did not pay a performance fee in relation to the 12 month period to 30 September 2019.

### ***Baronsmead Second Venture Trust plc***

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. The Investment Manager is responsible for providing all secretarial, administrative and accounting services to BSVT. The Investment Manager has appointed Link to provide these services to BSVT on its behalf. BSVT is responsible for paying the fee charged by Link in relation to the performance of these services to the Investment Manager, which is currently £177,000 per annum, excluding VAT. The Investment Manager shall consult with the BSVT Board in relation to any increase in the fee charged by Link, which is considered to be material.

Under the BSVT Investment Management Agreement the Investment Manager is also entitled to receive a performance related fee. A performance fee is payable to the Investment Manager when the total return on net proceeds of the BSVT Shares exceeds 8.0 per cent. per annum simple. To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10.0 per cent. of the excess will be paid to the Investment Manager. The amount of any performance fee which is paid in an accounting period shall be capped at 5.0 per cent. of Shareholders' funds for that period.

BSVT will not pay a performance fee in relation to the 12 month period to 30 September 2020. BSVT did not pay a performance fee in relation to the 12 month period to 30 September 2019.

Annual running costs are capped at 3.5 per cent of the net assets of each Company (excluding any performance fee payable to the Investment Manager and irrecoverable VAT), any excess being refunded by the Investment Manager by way of an adjustment to its management fee.

## **Management incentivisation and retention**

The Boards wish the Investment Manager to maintain the quality of its investment teams in the VCT and private equity market place. As a result, Livingbridge introduced an incentive scheme in November 2004 to help attract, recruit, retain and incentivise staff. The Investment Manager has agreed to continue this scheme on the same terms.

The rules that govern the incentive scheme have been updated to accommodate the increasing number of equity only/low geared investments being made by the Companies due to the changes to the VCT rules introduced by the Finance Act 2018. For such investments, the existing method whereby the co-investment scheme participants acquire a 12 per cent. equity stake in each investee company would be onerously expensive and has been replaced with an alternative approach. For investments that are all equity or predominately equity, the participants now acquire a 0.75 per cent. equity stake at the outset as well as an option over a further 12 per cent. of equity which may only be exercised when the investment is sold. The option exercise price has a built-in hurdle rate of 8 per cent. per annum to ensure that the option only has value if the Companies achieve a good return on their investment. The economic impact of this approach is equivalent to the original method, still used for the more traditional higher leverage investments, of obtaining a 12 per cent. equity stake at the outset and, therefore, there is no substantive change in the overall result for the Companies.

## Other fees received by the Investment Manager

In addition to the fees described above, which are paid by the Companies, the Investment Manager receives advisory fees in connection with new investments which are paid by the relevant investee company. Where expenses have been incurred and the investment does not proceed, the Investment Manager pays any abort fees. The Investment Manager also receives monitoring fees from unquoted portfolio companies. Details of these fees are disclosed each year in the annual report and accounts for each Company

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Investment Manager's group in respect of investments made by the Companies in the Collective Investment Vehicles.

## Conflicts of interest

The Investment Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Companies. In particular, it currently does, and may continue to, provide investment management, investment advice or other services in relation to a number of other funds or accounts that may have similar investment objectives and/or policies to that of the Companies and may receive *ad valorem* and/or performance-related fees for doing so. As a result, the Investment Manager may have conflicts of interest in allocating investments among the Companies and other clients and in effecting transactions between the Companies and other clients. The Investment Manager may give advice or take action with respect to such other clients that differs from the advice given or actions taken with respect to the Companies.

The Boards have noted that the Investment Manager has other clients and have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest.

The Investment Manager has regard to its obligations under the BVT Investment Management Agreement and the BSVT Investment Management Agreement or otherwise to act in the best interests of each of the Companies, so far as is practicable having regard to its obligations to the other Company and its other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COB Rules. The COB Rules require the Investment Manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate. In particular, the Investment Manager uses its reasonable efforts to ensure that each Company has the opportunity to participate in potential investments identified by the Investment Manager which fall within the investment objectives and policies of the Companies, on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COB Rules.

# Part 4 – The Offers

## The Offers

The Companies are seeking to raise £40 million in aggregate under the Offers before taking account of any further funds that may be raised under the Over-allotment Facilities. The net proceeds of each Company's Offer will be added to its resources available for investment so as to allow each Company to take advantage of attractive investment opportunities over the short to medium term, in accordance with their respective investment policies. The Offers are not being underwritten.

The Directors of each of the Companies believe that the profile of a typical investor in the relevant Company is a client of a financial adviser or an individual retail investor aged 18 or over who is a UK tax payer and who is willing to invest for the long term in small, illiquid unquoted and quoted companies.

All Subscriptions will be processed on a "first come, first served" basis by the Receiving Agent and there will be no exclusive subscription period for Existing Shareholders. Investors can subscribe for New Shares by completing the Subscription Form at the end of this document or online by logging on to <https://www.baronsmeadvctoffer.co.uk> and completing an Electronic Subscription Form.

## Terms of the Offers

Under the Offers both Companies are proposing to raise up to £20 million (before costs), being an aggregate of up to £40 million (before costs). Each Board will also have the option to utilise an Over-allotment Facility to raise up to a further £17.5 million (before costs). Subscribers can elect to invest in either or both of the Offers. Subscribers must subscribe a minimum of £3,000 per elected Offer and thereafter in multiples of £1,000 per elected Offer.

If the Over-allotment Facilities are utilised in full by each Board, the maximum amount to be raised under the Offers would be £75 million (being £37.5 million under the BVT Offer and £37.5 million under the BSVT Offer) before taking account of the costs of the Offers.

The Companies have each entered into an Offer Agreement with the Investment Manager under which each Company has agreed to pay the Investment Manager a fee of 4.5 per cent. of the amount raised under the relevant Offer. The Investment Manager has agreed to administer the Offers and will pay all costs associated with the Offers, including any costs which exceed 4.5 per cent. of the amount raised under the relevant Offer. The Offer Price is calculated so as to take account of the fees to be paid to the Investment Manager.

The costs of the Offer to be paid by each Company is £1,687,500 (assuming the Over-allotment Facilities are utilised in full by each Board and each Offer is fully subscribed). The total net proceeds of each Offer would therefore be £35,812,500.

Subscribers who are issued New Shares on or prior to 31 January 2021 will be entitled to receive the Final Dividend. For the avoidance of doubt, Subscribers who are issued New Shares after 31 January 2021 will not be entitled to receive the Final Dividend in relation to those New Shares.

The Boards may close their respective Offer earlier than 24 March 2021 if their Offer is fully subscribed or may extend such Offers to a date not later than 10 September 2021. The Boards further reserve the right to accept a Subscription and to allot and arrange the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the Offers as the Boards see fit, which may not be on the dates anticipated in this document.

The New Shares will rank *pari passu* with existing Shares. There is no maximum amount for which a Subscriber may subscribe under the Offers. However, a Subscriber may wish to consider the annual VCT allowance of £200,000 per Qualifying Investor, as detailed in Part 6 of this document, and the acquisition of other shares in VCTs that they may have made prior to subscribing to the Offers during the current tax year.

## Pricing Formula

The number of New Shares to be allotted under the Offers to a Subscriber will be determined by dividing their Subscription amount by an Offer Price calculated on the basis of the following Pricing Formula.

**Latest published Net Asset Value of an existing Ordinary Share in the relevant Company at the time of allotment divided by 0.955 (to allow for the costs of the Offer of 4.5 per cent. of the total amount raised under the relevant Offer) rounded up to the nearest 0.1 pence.**

The NAV per Ordinary Shares used to calculate the Offer Price will be adjusted to reflect any dividend which has been declared by the relevant Company but not yet paid.

The number of New Shares to be issued under the Offers will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). If there is a surplus of funds from an investor's subscription amount, the balance will be returned (without interest) by cheque made payable to the Subscriber (or Nominee if applicable) sent to the address shown on the Subscription Form (or Nominee Subscription Form) (save where the amount is less than £2.00, in which case it will be retained by the relevant Company). If an Electronic Subscription Form is submitted surplus funds will be returned (without interest) to the bank account the funds were sent from. Share and tax certificates will be sent to the Subscriber (or Nominee if applicable) at the address shown on the Subscription.

## Issue of New Shares

The Net Asset Values of the Companies are expected to be announced in respect of the anticipated allotments under the Offer in accordance with the following table:

	Date of NAV	Expected date of NAV announcement	Subscriptions to be submitted by 12 noon on	Anticipated date of allotment
First Allotment	31 October 2020	5 November 2020	30 October 2020	10 November 2020
Second Allotment	30 November 2020	4 December 2020	8 December 2020	18 December 2020
Third Allotment	31 December 2020	22 January 2021	19 January 2021	29 January 2021
Fourth Allotment	31 January 2021	4 February 2021	16 February 2021	26 February 2021
Final Allotment	28 February 2021	4 March 2021	24 March 2021	31 March 2021

In order for New Shares to be issued under an allotment, a completed Subscription must be received and the funds in relation to the Subscription must have cleared by 12 noon on the date shown in the table above. The Offers will close at 12 noon on 24 March 2021, unless either or both Boards decide to extend the Offer in relation to the relevant Company or the Offers are fully subscribed before this time.

## Illustrative Offer Prices

An illustration of the application of the Pricing Formula based on the published NAV per Ordinary Share for each Company as at 31 August 2020, is set out below.

	Unaudited NAV per Ordinary Share as at 31 August 2020	Illustrative Offer Price per New Share*
BVT	71.49 pence	74.9 pence
BSVT	73.71 pence	77.2 pence

\* The Illustrative Offer Prices shown above are for illustrative purposes only as the NAV per Ordinary Share may be different for the purposes of calculating the actual Offer Prices applicable for each allotment of New Shares under the Offers (which may be higher or lower than in the example above). The actual Offer Price paid by each Subscriber will depend on the latest published NAV per Ordinary Share at the time of allotment of New Shares to the Subscriber.

The illustrative Offer Prices set out above do not take account of any rebates that may be applicable to the Subscription.

For illustrative purposes, assuming the BVT Offer is fully subscribed, but the Over-allotment Facility is not utilised, and the New BVT Shares are issued at the BVT Illustrative Offer Price of 74.9 pence, set out above, the number of New BVT Shares that will be issued under the BVT Offer is 26,702,270 New BVT Shares (although the actual number of New BVT Shares that will be issued will depend on the level of Subscriptions received under the BVT Offer and the BVT Offer Price which could be higher or lower than the BVT Illustrative Offer Price).

Likewise, for illustrative purposes, assuming the BSVT Offer is fully subscribed, but the Over-allotment Facility is not utilised, and the New BSVT Shares are issued at the BSVT Illustrative Offer Price of 77.2 pence, set out above, the number of New BSVT Shares that will be issued under the BSVT Offer is 25,906,736 New BSVT Shares (although the actual number of New BSVT Shares that will be issued will depend on the level of Subscriptions received under the BSVT Offer and the BSVT Offer Price which could be higher or lower than the BSVT Illustrative Offer Price).

## Early bird rebate

The Investment Manager has agreed to rebate a proportion of Subscriptions made by Subscribers on or before 30 October 2020 on the following basis:

- Existing Shareholders will receive a rebate of 0.75 per cent. of their Subscription; and
- New Investors will receive a rebate of 0.5 per cent. of their Subscription.

The rebate will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price. The rebate will be limited to Subscriptions which represent the first £7.5 million received by each Company under the relevant Offer.

## Commission

Commission will be available to certain financial advisers and execution only brokers under the Offers. The Investment Manager has agreed to pay all commission, including trail commission, from the fees that it receives under the Offer Agreements.

### *Non-advised Subscriptions*

Commission is available to financial advisers who have not provided financial advice in relation to the Subscription and execution only brokers. Initial commission of 1.5 per cent. of the amount subscribed will be available in relation to non-advised Subscriptions. Advisers will also be entitled to trail commission of 0.5 per cent. for a period of five years.

Advisers can choose to waive the initial commission. Commission waived by an adviser will be rebated to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

### *Advised Subscriptions*

Financial advisers who provide investment advice in relation to a Subscription are not entitled to receive commission. However, the relevant Company is able to facilitate the payment of an adviser fee on behalf of the Subscriber. In addition, the Investment Manager has agreed with the Companies that it will rebate 1.5 per cent. of the amount invested by Subscribers who invest in the Offers through a financial adviser and receive advice in relation to their Subscription.

### *Direct Subscriptions*

The Investment Manager has agreed with the Companies that it will rebate 1 per cent. of the amount invested by Subscribers who invest in the Offers directly through the Investment Manager.

Rebates to be paid in relation to advised Subscriptions and direct Subscriptions will be paid in addition to any rebate the Subscriber is entitled to under the early bird rebate and will be paid to Subscribers in the form of additional New Shares issued at the relevant Offer Price.

## **Listing and dealing**

New Shares issued pursuant to each Offer will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of New Shares will, where requested, be despatched by post within 10 Business Days of the allotment of the relevant New Shares. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the Register. Dealings in New Shares issued under each Offer are expected to commence on the Business Day following the allotment of the relevant New Shares. The Offers cannot be revoked after dealings in the relevant New Shares have commenced.

The ISIN for the New BVT Shares is GB0002631934 and the SEDOL number is 0263193. The ISIN for the New BSVT Shares is GB0030028103 and the SEDOL number is 3002810.

## **Dilution**

Existing Shareholders are not obliged to participate in the Offers. However, those Shareholders who do not participate in the Offers will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued by the relevant Company. Existing Shareholders would need to participate in the relevant Offer in proportion to their current holding to avoid any dilution to their existing shareholding.

Assuming the BVT Offer is fully subscribed (and the Over-allotment Facility is not utilised) at a BVT Offer Price of 74.9 pence (being the BVT Illustrative Offer Price), the maximum number of New BVT Shares to be issued under the BVT Offer would be 26,702,270. If such maximum number of BVT Shares is issued, a BVT Shareholder who does not participate in the BVT Offer will suffer dilution of 10.4 per cent. to their existing holding in BVT.

Assuming the BSVT Offer is fully subscribed (and the Over-allotment Facility is not utilised) at a BSVT Offer Price of 77.2 pence (being the BSVT Illustrative Offer Price), the maximum number of New BSVT Shares to be issued under the BSVT Offer would be 25,906,736. If such maximum number of BSVT Shares is issued, a BSVT Shareholder who does not participate in the BSVT Offer will suffer dilution of 9.5 per cent. to their existing holding in BSVT.

## **Directors' subscriptions**

The Directors and their connected persons intend to subscribe £154,000, in aggregate, for New Shares under the Offers.

## **Application procedure**

Investors can subscribe for New Shares online by logging on to <https://www.baronsmeadvctoffer.co.uk> and completing an Electronic Subscription Form. Existing Shareholders applying online should ensure that they insert their unique ten digit Shareholder Reference Number. Failure to do so may result in a new shareholding being created within the Share register. A Subscription Form for use in connection with the Offers is also attached at the end of this document.

If the subscription for New Shares in the Company of your choice cannot be fulfilled, your subscription will be fulfilled through the issue of New Shares in the other Company (subject to availability). Both the Subscription Form and the Electronic Subscription Form provide an option for investors to indicate that they do not wish for this to happen.

Subscribers are advised to read the notes on how to complete the Subscription Form on pages 110 to 113 of this document.

Subscription Forms accompanied by a post-dated cheque will not be accepted. Each Company may, in its absolute discretion, reject Subscriptions if cheques do not clear on first presentation. Acknowledgement of the receipt of Subscriptions will be sent electronically to the Subscriber's email address to be included in his or her Subscription Form. All online Subscriptions must be accompanied by an online payment for the full amount applied for. Online payments must be made using a debit card only. Credit card payments will not be accepted. Subscriptions may not be revoked, save in respect of Electronic Subscription Forms which may be revoked on or before the date of allotment.

Following the introduction of the 2014 Finance Act investments in a VCT can now be made through a Nominee. If you would like to apply for New Shares as a Nominee please contact Computershare on 0800 923 1533 for a separate Nominee Subscription Form.

The terms and conditions of Subscription for New Shares under the Offers are set out in Part 8 of this document. By signing a Subscription Form or submitting an Electronic Subscription Form, Subscribers will be declaring that they have read the terms and conditions of Subscription and agree to be bound by them.

# Part 5 – Financial Information (Including Portfolio Information)

## Baronsmead Venture Trust

### 1. Introduction

BVT has prepared an annual report and statutory accounts for the financial period ended 30 September 2019. BVT's auditors, KPMG LLP of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have reported on these statutory accounts without qualification and without including statements under sections 495 to 497 of the Companies Act. The annual reports were prepared under UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The annual report referred to above was also prepared in accordance with the fair value rules of the Companies Act and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual report contains a description of BVT's financial condition, changes in financial condition and results of operations for the financial year ending 30 September 2019, and are being incorporated into this document by reference and can be accessed at the following website: <https://www.baronsmeadvcts.co.uk>

Where the annual report makes reference to other documents, such other documents are not incorporated into and do not form part of this document.

### 2. Historical financial information

Historical financial information relating to BVT on the matters referred to below is included in the published annual report and audited accounts of BVT for the financial year ended 30 September 2019 and in the unaudited interim report for the six months ended 31 March 2020 as set out in the table below and is incorporated by reference into this document. The non-incorporated parts of these annual and interim reports of BVT are either not relevant to investors or covered elsewhere in this document.

Nature of information	Annual report for the year ended 30 September 2019 Page No.	Unaudited interim report for the six months ended 31 March 2020 Page No.
Financial Headlines	2	1
Independent auditor's report	39 – 44	—
Income statement	45	10
Statement of changes in equity	46	11
Balance sheet	47	12
Statement of cash flows	48	13
Notes to the financial statements	49 – 62	13 – 17

### 3. Selected financial information

The information in this paragraph 3 has been extracted directly from the financial information referred to in paragraph 2 of this Part 5. Selected historical financial information relating to BVT which summarises the financial condition of BVT for the financial year ended 30 September 2019 and the six month period ended 31 March 2020 is set out in the following table:

Nature of information	Annual financial report for the year ended 30 September 2019	Unaudited interim report for the six months ended 31 March 2020
<b>Net asset value</b>		
Number of Ordinary Shares in issue	201,285,693	231,667,817
Net assets (£'000)	151,069	151,572
Net asset value per Ordinary Share (p)	75.05	65.43
<b>Ordinary Share price (p)</b>	72.50	58.50
<b>Income</b>		
Total income before operating expenses (£'000)	2,665	369
Net profit/(loss) (£'000)	(17,052)	(14,682)
Performance fee (accrued/paid) (£'000)	—	—
Investment Manager fee charged to revenue (accrued/paid) (£'000)	(735)	(363)
Any other material fees (accrued/paid) to service providers (£'000)	(597)	(331)
Revenue return per Ordinary Share (p)	0.64	(0.15)
Dividend per Ordinary Share (p)	6.50	—
<b>Ongoing charges</b>		
As a percentage of average total Shareholders' funds (%)	2.2	—
<b>Portfolio summary</b>		
Shareholders' funds (£'000)	151,069	151,572

### 4. Operational and financial review

A description of changes in the performance of BVT, both capital and revenue, and changes to BVT's portfolio of investments is set out in the sections headed "Performance Summary", "Chairman's Statement", "Manager's Review" and "Full Investment Portfolio" in the published annual and interim financial report for the periods stated as follows and are incorporated by reference into this document:

Nature of information	Annual financial report for the year ended 30 September 2019 Page No.	Unaudited interim report for the six months ended 31 March 2020 Page No.
Performance Summary	2	2 – 3
Chairman's Statement	4 – 6	4 – 6
Manager's Review	7 – 11	—
Full Investment Portfolio	66 – 67	18 – 19

### 5. Significant change

Since 31 March 2020 (being the end of the last financial period of BVT for which financial information has been published) there has been no significant change in the financial position of BVT.

## 6. Capitalisation and indebtedness

The following table shows the capitalisation and indebtedness of BVT (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 11 September 2020.

	As at 31 March 2020 £'000
<b>Total current debt</b>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Total non-current debt</b>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Shareholders' equity</b>	—
Share capital	25,269
Other reserves	126,303
<b>Total debt and Shareholders' equity</b>	<u>151,572</u>

The information in the table above is unaudited financial information of BVT as at 31 March 2020, extracted from internal accounting records and has not been reported on by an accountant. There has been no material change to the capitalisation of BVT since 31 March 2020 (being the last date in respect of which financial information for BVT has been published).

The following table shows BVT's net indebtedness as at 31 August 2020.

	£'000
A. Cash	19,413
B. Cash equivalent	28,140
C. Trading securities	88,354
<b>D. Liquidity (A+B+C)</b>	<b>135,907</b>
<b>E. Current financial receivable</b>	<b>29</b>
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
<b>I. Current financial debt (F + G + H)</b>	<b>—</b>
<b>J. Net current financial indebtedness (I - E - D)</b>	<b>135,878</b>
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
<b>N. Non-current financial indebtedness (K + L + M)</b>	<b>—</b>
<b>O. Net financial indebtedness (J + N)</b>	<b>135,878</b>

The information in the table above is unaudited financial information of BVT and has been extracted from internal accounting records as at 31 August 2020 and has not been reported on by an accountant.

## 7. Working capital

BVT is of the opinion that the working capital available to BVT is sufficient for its present requirements (that is, for at least the next 12 months from the date of this document).

## 8. Net Asset Value

The unaudited NAV per BVT Share as at 31 August 2020 (being the latest date in respect of which BVT has published its NAV per BVT Share) was 71.49 pence.

## 9. Analysis of BVT's investment portfolio

As at 31 August 2020 BVT directly invested in 29 unquoted investments and 48 AIM-traded investments. As at 31 August 2020 (being the date of the latest valuations of the quoted investments in BVT's portfolio) the aggregate valuation of BVT's portfolio was £125 million. In addition, BVT had cash and liquidity fund investments of approximately £40 million.

An unaudited summary of BVT's unquoted and quoted portfolio (representing at least 76 per cent. of its gross assets as at the date of this document (the values are all as at 31 August 2020, being the latest dates for which valuations have been produced)) is set out below:

	Cost £'000	Market Value £'000	% of NAV
Unquoted	29,959	36,407	22
Quoted	37,693	57,420	35
Investments held through Collective Investment Vehicles	9,550	30,935	19

The following tables show the distribution of BVT's portfolio by sector, asset class and the time investments have been held as at the date of this document (the values are all as at 31 August 2020, the latest dates for which valuations have been produced):

By sector	% by value
Business Services	24
Consumer Markets	11
Healthcare and Education	21
Technology, Media and Telecommunications	44
By asset class	% by value
Unquoted – loan stock	8
Unquoted – equity	14
AIM listed and Collective Investment Vehicles	54
Net liquid assets	24
By time investments held	% by value
Less than 1 year	6
Between 1 and 3 years	22
Between 3 and 5 years	20
Greater than 5 years	52

The table below shows BVT's portfolio as at the date of this document (the values are all as at 31 August 2020, the latest date for which valuations have been produced):

Company	Sector	Location	Book cost £'000	Valuation £'000
<b>Unquoted investments</b>				
Carousel Logistics Limited	Business Services	Sittingbourne	1,910	6,277
Ten10 Limited	Business Services	West Sussex	1,907	3,768
Custom Materials Limited	Technology, Media & Telecommunications	London	1,994	3,758
Pho Holdings Ltd	Consumer markets	London	1,981	3,286
Happy Days Consultancy Ltd	Healthcare & Education	Cornwall	3,420	2,721
Clarilis Ltd	Technology, Media & Telecommunications	Birmingham London	1,680 1,407	1,680 1,407
IWP Limited	Business Services			
Rezatec Ltd	Technology, Media & Telecommunications	Oxfordshire	1,380	1,380
SecureCloud+ Limited	Technology, Media & Telecommunications	Berkshire	700	1,366
Yappy Ltd	Consumer markets	Manchester	846	1,311
Storyshare Holdings Ltd	Technology, Media & Telecommunications	London	1,006	1,058
Tribe Limited	Technology, Media & Telecommunications	London	946	946
Your Welcome Limited	Technology, Media & Telecommunications	London	914	914
Vinoteca Limited	Consumer markets	London	934	893
CMME Group Ltd	Consumer markets	Hampshire	930	739
Pointr Limited	Technology, Media & Telecommunications	London	466	723
Funding Xchange Ltd	Business Services	London	705	705
Cisiv Limited	Technology, Media & Telecommunications	London	700	673
Glisser Ltd	Business Services	London	587	587
TravelLocal Ltd	Consumer markets	Richmond	705	529
Equipsme (Holdings) Limited	Business Services	London	513	513
Rainbird Technologies Ltd	Technology, Media & Telecommunications	Norwich	700	350
Rockfish Group Limited	Consumer markets	Dartmouth	700	350
Key Travel Holdings Limited	Business Services	London	209	248
Munnypot Limited	Technology, Media & Telecommunications	West Sussex	447	223
Armstrong Craven Ltd	Business Services	Manchester	544	—
Labrador Limited	Technology, Media & Telecommunications	London	233	—
Samuel Knight International Ltd	Business Services	Newcastle	705	—
SilkFred Limited	Consumer markets	London	790	—
<b>Total unquoted investments</b>			<b>29,959</b>	<b>36,407</b>
<b>Quoted investments</b>				
Cerillion plc	Technology, Media & Telecommunications	London	1,800	7,247
Ideagen plc	Technology, Media & Telecommunications	Nottinghamshire	565	4,594
Bioventix plc	Healthcare & Education	Surrey	261	4,130
Netcall plc	Technology, Media & Telecommunications	Hertfordshire	1,738	3,862

Company	Sector	Location	Book cost £'000	Valuation £'000
Diaceutics plc	Healthcare & Education	Belfast	1,410	3,321
Wey Education plc	Healthcare & Education	London	428	3,298
IDOX plc	Technology, Media & Telecommunications	London	614	3,001
Inspired Energy plc	Business Services	Lancashire	575	2,956
Ixico plc	Healthcare & Education	London	675	2,170
Anpario plc	Healthcare & Education	Nottinghamshire	304	1,760
Cloudcall Group plc	Technology, Media & Telecommunications	Leicestershire	2,133	1,751
Roslyn Data Technologies plc	Technology, Media & Telecommunications	London	1,151	1,319
Driver Group plc	Business Services	Rosendale	1,127	1,266
PCI Pal plc	Technology, Media & Telecommunications	London	1,100	1,223
LoopUp Group	Technology, Media & Telecommunications	London	504	1,169
Property Franchise Group plc (The)	Consumer markets	Bournemouth	686	1,098
The Panoply Holdings plc	Technology, Media & Telecommunications	London	585	1,067
Access Intelligence plc	Business Services	London	586	1,021
Vianet Group plc	Business Services	Glasgow	1,293	973
Begbies Traynor Group plc	Business Services	Manchester	434	933
Belvoir Lettings plc	Consumer markets	Lincolnshire	752	932
Dods (Group) plc	Technology, Media & Telecommunications	London	2,022	872
Open Orphan plc	Healthcare & Education	London	1,224	871
Everyman Media Group plc	Consumer markets	London	783	802
Eden Research plc	Business Services	Gloucestershire	1,125	789
Entertainment AI plc	Technology, Media & Telecommunications	London	1,410	689
Sysgroup plc	Technology, Media & Telecommunications	Liverpool	1,293	642
Beeks Financial Cloud Group plc	Technology, Media & Telecommunications	Renfrewshire	338	641
Collagen Solutions plc	Healthcare & Education	London	451	564
Fusion Antibodies plc	Healthcare & Education	Belfast	540	519
One Media iP Group plc	Technology, Media & Telecommunications	Buckinghamshire	396	330
Scholium Group Plc	Consumer markets	London	900	270
Gresham House plc	Business Services	London	112	267
Staffline Recruitment Group plc	Business Services	Nottinghamshire	174	198
KRM22 plc	Technology, Media & Telecommunications	London	450	162
Gama Aviation plc	Business Services	Oxford	776	148
Science in Sport plc	Consumer markets	London	287	141
Fulcrum Utility Services Ltd	Business Services	Nottingham	31	137
Totally plc	Healthcare & Education	London	71	79
Tasty plc	Consumer markets	London	1,189	56
Zoo Digital Group plc	Technology, Media & Telecommunications	Sheffield	788	50
AorTech International plc	Healthcare & Education	London	509	38
Adept4 plc	Technology, Media & Telecommunications	Cheshire	437	29
I-Nexus Global plc	Technology, Media & Telecommunications	West Midlands	563	25

<b>Company</b>	<b>Sector</b>	<b>Location</b>	<b>Book cost £'000</b>	<b>Valuation £'000</b>
Hawkwing Plc	Business Services	London	1,467	11
InterQuest Group plc	Business Services	London	619	—
Mi-Pay Group plc	Business Services	Surrey	800	—
MXC Capital Ltd	Business Services	Guernsey	220	—
<b>Total quoted investments</b>			<b>37,693</b>	<b>57,420</b>
<b>LF Gresham House UK Micro Cap Fund</b>			<b>7,050</b>	<b>28,026</b>
<b>LF Gresham House UK Multi Cap Income Fund</b>			<b>2,500</b>	<b>2,909</b>
<b>Total</b>			<b>77,202</b>	<b>124,762</b>

# Baronsmead Second Venture Trust

## 1. Introduction

BSVT has prepared an annual report and statutory accounts for the financial period ended 30 September 2019. BSVT's auditors, KPMG LLP of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG, have reported on these statutory accounts without qualification and without including statements under sections 495 to 497 of the Companies Act. The annual report was prepared under UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The annual report referred to above were also prepared in accordance with the fair value rules of the Companies Act and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The annual report contains a description of BSVT's financial condition, changes in financial condition and results of operations for the financial year ended 30 September 2019 and are being incorporated into this document by reference and can be accessed at the following website: <https://www.baronsmeadvcts.co.uk>

Where the annual report makes reference to other documents, such other documents are not incorporated into and do not form part of this document.

## 2. Historical financial information

Historical financial information relating to BSVT on the matters referred to below is included in the published annual report and audited accounts of BSVT for the financial year ended 30 September 2019 and in the unaudited half yearly report for the six months ended 31 March 2020 as set out in the table below and is incorporated by reference into this document. The non-incorporated parts of these annual and interim reports of BSVT are either not relevant to investors or covered elsewhere in this document.

Nature of information	Annual financial report for the year ended 30 September 2019 Page No.	Unaudited interim report for the year ended 31 March 2020 Page No.
Financial Headlines	2	1
Independent auditor's report	38 – 44	—
Income statement	45	10
Statement of changes in equity	46	11
Balance sheet	47	12
Statement of cash flows	48	13
Notes to the financial statements	49 – 62	13 – 17

### 3. Selected financial information

The information in this paragraph 3 has been extracted directly from the financial information referred to in the above paragraph 2 of this Part 5. Selected historical financial information relating to BSVT which summarises the financial condition of BSVT for the financial year ended 30 September 2019 and the six month period ended 31 March 2020 is set out in the following table:

Nature of information	Annual financial report for the year ended 30 September 2019	Unaudited interim report for the year ended 31 March 2020
<b>Net asset value</b>		
Number of Ordinary Shares in issue	227,627,173	248,485,874
Net assets (£'000)	175,376	165,084
Net asset value per Ordinary Share (p)	77.05	66.44
<b>Ordinary Share price (p)</b>	74.50	61.00
<b>Income</b>		
Total income before operating expenses (£'000)	3,258	519
Net profit/(loss) (£'000)	(16,194)	(17,810)
Performance fee (accrued/paid) (£'000)	—	—
Investment Manager fee charged to revenue (accrued/paid) (£'000)	(1,079)	(529)
Any other material fees (accrued/paid) to service providers (£'000)	(695)	(362)
Revenue return per Ordinary Share (p)	0.64	(0.16)
Dividend per Ordinary Share (p)	6.50	—
<b>Ongoing charges</b>		
As a percentage of average total Shareholders' funds (%)	2.7	—
<b>Portfolio summary</b>		
Shareholders' funds (£'000)	175,376	165,084

### 4. Operational and financial review

A description of changes in the performance of BSVT, both capital and revenue, and changes to BSVT's portfolio of investments is set out in the sections headed "Performance Summary", "Chairman's Statement", "Manager's Review" and "Full Investment Portfolio" in the published annual and interim financial reports of BSVT for the periods stated as follows and are incorporated by reference into this document:

Nature of information	Annual financial report for the year ended 30 September 2019 Page No.	Unaudited interim report for the year ended 31 March 2020 Page No.
Performance Summary	2	2 – 3
Chairman's Statement	4	4 – 6
Manager's Review	7 – 11	—
Full Investment Portfolio	66 – 67	18 – 19

### 5. Significant change

Since 31 March 2020 (being the end of the last financial period of BSVT for which financial information has been published) there has been no significant change in the financial position of BSVT.

## 6. Capitalisation and indebtedness

The following table shows the capitalisation and indebtedness of BSVT (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 11 September 2020.

	As at 31 March 2020 £'000
<b>Total current debt</b>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Total non-current debt</b>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
<b>Shareholders' equity</b>	—
Share capital	27,147
Other reserves	137,937
<b>Total debt and Shareholders' equity</b>	<u>165,084</u>

The information in the table above is unaudited financial information of BSVT as at 31 March 2020, extracted from internal accounting records and has not been reported on by an accountant. There has been no material change to the capitalisation of BSVT since 31 March 2020 (being the last date in respect of which financial information BSVT has been published).

The following table shows BSVT's net indebtedness as at 31 August 2020.

	£'000
A. Cash	18,902
B. Cash equivalent	22,000
C. Trading securities	106,261
<b>D. Liquidity (A+B+C)</b>	<b>147,163</b>
<b>E. Current financial receivable</b>	<b>36</b>
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
<b>I. Current financial debt (F + G + H)</b>	<b>—</b>
<b>J. Net current financial indebtedness (I - E - D)</b>	<b>147,127</b>
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
<b>N. Non-current financial indebtedness (K + L + M)</b>	<b>—</b>
<b>O. Net financial indebtedness (J + N)</b>	<b>147,127</b>

The information in the table above is unaudited financial information of BSVT and has been extracted from internal accounting records as at 31 August 2020 and has not been reported on by an accountant.

## 7. Working capital

BSVT is of the opinion that the working capital available to BSVT is sufficient for its present requirements (that is, for at least the next 12 months from the date of this document).

## 8. Net Asset Value

The unaudited NAV per BSVT Share as at 31 August 2020 (being the latest date in respect of which BSVT has published its NAV per BSVT Share) was 73.71 pence.

## 9. Analysis of BSVT's investment portfolio

As at 31 August 2020 BSVT has directly invested in 29 unquoted investments and 46 AIM-traded investments. As at 31 August 2020 (being the date of the latest valuations of the quoted investments in BSVT's portfolio) the aggregate valuation of BSVT's portfolio was £149 million. In addition BSVT had cash and liquidity fund investments of approximately £33 million.

An unaudited summary of BSVT's unquoted and quoted portfolio (representing at least 82 per cent. of its gross assets as at the date of this document (the values are all as at 31 August 2020) is set out below:

	Cost £'000	Market Value £'000	% of NAV
Unquoted	34,939	43,033	24
Quoted	48,431	76,107	42
Collective Investment Vehicles	11,189	30,155	16

The following tables show the distribution of BSVT's portfolio by sector, asset class and time investments held as at the date of this document (the values are all as at 31 August 2020, the latest date for which valuations have been produced):

By sector	% by value
Business Services	24
Consumer Markets	11
Healthcare and Education	21
Technology, Media and Telecommunications	44
By asset class	% by value
Unquoted – loan stock	9
Unquoted – equity	15
AIM listed and Collective Investment Vehicles	58
Net current assets (principally cash)	18
By time investments held	% by value
Less than 1 year	6
Between 1 and 3 years	20
Between 3 and 5 years	19
Greater than 5 years	55

The table below shows BSVT's portfolio as at the date of this document (the values are as at 31 August 2020, the latest date for which valuations have been produced):

Company	Sector	Location	Book cost £'000	Valuation £'000
<b>Unquoted investments</b>				
Carousel Logistics Limited	Business Services	Sittingbourne	2,335	7,672
Ten10 Limited	Business Services	West Sussex	2,331	4,605
Custom Materials Limited	Technology, Media & Telecommunications	London	2,437	4,593
Pho Holdings Ltd	Consumer markets	London	2,421	4,016
Happy Days Consultancy Ltd	Healthcare & Education	Cornwall	4,180	3,326
Clarilis Ltd	Technology, Media & Telecommunications	Birmingham	1,819	1,819
Rezatec Ltd	Technology, Media & Telecommunications	Oxfordshire	1,620	1,620
IWP Limited	Business Services	London	1,587	1,587
SecureCloud+ Limited	Technology, Media & Telecommunications	Berkshire	789	1,542
Yappy Ltd	Consumer markets	Manchester	954	1,478
Storyshare Holdings Ltd	Technology, Media & Telecommunications	London	1,135	1,193
Tribe Limited	Technology, Media & Telecommunications	London	1,067	1,067
Your Welcome Limited	Technology, Media & Telecommunications	London	1,031	1,031
Vinoteca Limited	Consumer markets	London	1,054	1,007
CMME Group Ltd	Consumer markets	Hampshire	1,137	904
Pointr Limited	Technology, Media & Telecommunications	London	526	816
Funding Xchange Ltd	Business Services	London	795	795
Cisiv Limited	Technology, Media & Telecommunications	London	789	759
Glisser Ltd	Business Services	London	662	662
TravelLocal Ltd	Consumer markets	Richmond	795	596
Equipsme (Holdings) Limited	Business Services	London	579	579
Rainbird Technologies Ltd	Technology, Media & Telecommunications	Norwich	789	395
Rockfish Group Limited	Consumer markets	Dartmouth	789	395
Key Travel Holdings Limited	Business Services	London	255	303
Munnypot Limited	Technology, Media & Telecommunications	West Sussex	546	273
Armstrong Craven Ltd	Business Services	Manchester	664	—
Labrador Limited	Technology, Media & Telecommunications	London	263	—
Samuel Knight International Ltd	Business Services	Newcastle	795	—
SilkFred Limited	Consumer markets	London	795	—
<b>Total unquoted investments</b>			<b>34,939</b>	<b>43,033</b>
<b>Quoted investments</b>				
Cerillion plc	Technology, Media & Telecommunications	London	2,200	8,858
Netcall plc	Technology, Media & Telecommunications	Hertfordshire	2,616	5,769
Ideagen plc	Technology, Media & Telecommunications	Nottinghamshire	691	5,615

Company	Sector	Location	Book cost £'000	Valuation £'000
IDOX plc	Technology, Media & Telecommunications	London	1,027	5,167
Bioventix plc	Healthcare & Education	Surrey	319	5,048
Inspired Energy plc	Business Services	Lancashire	862	4,434
Wey Education plc	Healthcare & Education	London	522	4,031
Anpario plc	Healthcare & Education	Nottinghamshire	662	3,835
Diaceutics plc	Healthcare & Education	Belfast	1,590	3,745
Ixico plc	Healthcare & Education	London	825	2,652
Cloudcall Group plc	Technology, Media & Telecommunications	Leicestershire	2,607	2,140
Driver Group plc	Business Services	Rossendale	1,529	1,701
Rosslyn Data Technologies plc	Technology, Media & Telecommunications	London	1,407	1,612
Vianet Group plc	Business Services	Glasgow	2,093	1,559
PCI Pal plc	Technology, Media & Telecommunications	London	1,345	1,495
LoopUp Group	Technology, Media & Telecommunications	London	616	1,429
Property Franchise Group plc (The)	Consumer markets	Bournemouth	839	1,342
Dods (Group) plc	Technology, Media & Telecommunications	London	3,267	1,316
Access Intelligence plc	Business Services	London	716	1,248
The Panoply Holdings plc	Technology, Media & Telecommunications	London	660	1,203
Belvoir Lettings plc	Consumer markets	Lincolnshire	919	1,139
Fulcrum Utility Services Ltd	Business Services	Nottingham	342	1,115
Open Orphan plc	Healthcare & Education	London	1,496	1,065
Begbies Traynor Group plc	Business Services	Manchester	545	1,018
Everyman Media Group plc	Consumer markets	London	957	980
Eden Research plc	Business Services	Gloucestershire	1,375	965
Sysgroup plc	Technology, Media & Telecommunications	Liverpool	1,580	785
Beeks Financial Cloud Group plc	Technology, Media & Telecommunications	Renfrewshire	413	784
Entertainment AI plc	Technology, Media & Telecommunications	London	1,590	777
Collagen Solutions plc	Healthcare & Education	London	551	689
Fusion Antibodies plc	Healthcare & Education	Belfast	660	634
One Media iP Group plc	Technology, Media & Telecommunications	Buckinghamshire	484	403
Scholium Group Plc	Consumer markets	London	1,100	330
Gresham House plc	Business Services	London	137	326
KRM22 plc	Technology, Media & Telecommunications	London	550	198
Gama Aviation plc	Business Services	Oxford	1,004	193
Science in Sport plc	Consumer markets	London	351	173
Tasty plc	Consumer markets	London	2,034	105
Totally plc	Healthcare & Education	London	87	97
Zoo Digital Group plc	Technology, Media & Telecommunications	Sheffield	817	52
Adept4 plc	Technology, Media & Telecommunications	Cheshire	535	36
I-Nexus Global plc	Technology, Media & Telecommunications	West Midlands	687	30
Hawkwing Plc	Business Services	London	2,137	16

<b>Company</b>	<b>Sector</b>	<b>Location</b>	<b>Book cost £'000</b>	<b>Valuation £'000</b>
InterQuest Group plc	Business Services	London	619	—
Mi-Pay Group plc	Business Services	Surrey	800	—
MXC Capital Ltd	Business Services	Guernsey	269	—
<b>Total quoted investments</b>			<b>48,431</b>	<b>76,107</b>
<b>LF Gresham House UK Micro Cap Fund</b>			<b>6,189</b>	<b>24,477</b>
<b>LF Gresham House UK Multi Cap Income Fund</b>			<b>2,500</b>	<b>3,107</b>
<b>LF Gresham House UK Smaller Companies Fund</b>			<b>2,500</b>	<b>2,571</b>
<b>Total</b>			<b>94,559</b>	<b>149,295</b>

# Part 6 – Taxation

## Tax Position of Investors

### 1. Tax reliefs

The following is only a summary of the current law concerning the tax position of individual Qualifying Investors in VCTs. Potential investors are recommended to consult a duly authorised independent financial adviser as to the taxation consequences of an investment in a VCT. The tax rules or their interpretation in relation to an investment in the Companies and/or rates of tax may change during the life of the Companies and can be retrospective.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offers and will be dependent on personal circumstances. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year does not exceed £200,000. Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

#### 1.1. Income tax

##### 1.1.1. *Relief from income tax on investment*

A Qualifying Investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year.

The relief is given at the rate of 30 per cent. on the amount subscribed regardless of whether the Qualifying Investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

##### 1.1.2. *Dividend relief*

A Qualifying Investor, who acquires shares in VCTs in any tax year having a value of up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

##### 1.1.3. *Purchases in the market*

A Qualifying Investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph 1.1.2 above) but not relief from income tax on investment (as described in paragraph 1.1.1 above).

##### 1.1.4. *Withdrawal of relief*

Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period as detailed below.

Dividend relief ceases to be available once the Qualifying Investor ceases to be beneficially entitled to the dividend or if the VCT loses its approval within this period as detailed below.

##### 1.1.5. *Linked sales*

If an investor subscribes for shares in a VCT within 6 months before or after selling any shares in that same VCT, or if there is a contractual link between the subscription and the disposal, the tax reliefs in relation to that subscription will apply only to the amount invested less the amount for which the shares are sold.

## 1.2. Capital gains tax

### 1.2.1. Relief from capital gains tax on disposal of VCT shares

Provided certain conditions are met a disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

### 1.2.2. Purchases in the market

An individual purchaser of existing shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 1.2.1 above).

## 1.3. Loss of VCT approval

For a company to be fully approved as a VCT it must meet the various requirements for full approval as set out below.

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

## 2. Illustration of effect of tax relief for Qualifying Investors

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a Qualifying Investor subscribing for VCT shares to only £7,000:

	Effective cost	Tax relief
Investors unable to claim any tax reliefs	£10,000	Nil
Qualifying Investor able to claim full 30% income tax relief	£7,000	£3,000

Income tax relief is only available if the shares are held for the minimum holding period of five years. The limit for obtaining income tax relief on investments in VCTs is £200,000 in each tax year.

## 3. Obtaining tax reliefs

The Companies will provide to each Qualifying Investor a certificate which the Qualifying Investor may use to claim income tax relief, either by obtaining from HMRC an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

## Tax position of the Companies

The Companies have to satisfy a number of tests to qualify as VCTs. A summary of these tests is set out below.

### 1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- not be a close company;
- have each class of its ordinary share capital listed on a regulated market in the EU or European Economic Area;
- derive its income wholly or mainly from shares or securities;
- have at least 80 per cent. by VCT Value of its investments in shares or securities in Qualifying Investments;

- (e) for funds raised after 5 April 2011, or investments made after 5 April 2018 from funds raised by the VCT before 6 April 2011, have at least 70 per cent. by value of Qualifying Investments in Eligible Shares;
- (f) have at least 10 per cent. by VCT Value of each Qualifying Investment in any single company or group in Eligible Shares;
- (g) invest at least 30 per cent. of any funds raised in accounting periods beginning after 5 April 2018 in Qualifying Investments by the first anniversary of the end of the accounting period in which the funds are raised;
- (h) not have more than 15 per cent. by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (i) not retain more than 15 per cent. of its income derived from shares and securities in any accounting period;
- (j) not return capital to shareholders before the third anniversary of the end of the accounting period during which the subscription for shares occurs;
- (k) not make an investment in any company which causes that company to receive more than £5 million (£10 million if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid investment (including from VCTs) in the 12 month period ending on the date of this investment;
- (l) not make an investment in any company which causes that company to receive more than £12 million (£20 million in the case of a Knowledge Intensive Company) of Risk Finance State Aid investment (including from VCTs) over the company's lifetime;
- (m) not make an investment in a company whose first commercial sale was more than 7 years prior to the VCT investment (10 years in the case of a Knowledge Intensive Company), unless the company had obtained Risk Finance State Aid investment before that point in time and is still carrying on exactly the same qualifying business activity;
- (n) not invest in a company which uses any of the VCT's investment to acquire another existing business or trade, or shares in another company; and
- (o) the VCT must not make a non-Qualifying Investment other than those specified in section 274 of the Tax Act.

## 2. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Chapter 4 of Part 6 of the Tax Act.

The conditions are detailed, but include the following:

- (a) the investee company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment;
- (b) investee companies receiving VCT investments have to have fewer than 250 full-time (or full-time equivalent) employees at the time of making the investment (500 in the case of a Knowledge Intensive Company);
- (c) apply the money raised for the purposes of a qualifying trade within a certain time period;
- (d) the investee company cannot be controlled by another company and at the time of investment does not obtain more than £5 million of Risk Finance State Aid investment (£10 million in the case of a Knowledge Intensive Company) in the 12 month period ending on the date of the investment by the VCT;
- (e) at the time of investment the investee company has not obtained more than £12 million (£20 million in the case of a Knowledge Intensive Company) of Risk Finance State Aid investment in its lifetime;

- (f) the first commercial sale of the company was not more than seven years (ten years in the case of a Knowledge Intensive Company) prior to the first VCT or EIS investment unless the company had obtained Risk Finance State Aid investment before that point in time and still carrying on exactly the same qualifying business activity;
- (g) the money raised from the VCT investments must be for the company's organic growth and development or, where the company is a parent, the group's; and
- (h) for investments made after 15 March 2018 the investment must comply with the Risk to Capital condition which is a principles based rule. There are two parts to the condition which must be met as follows:
  - the company in which the investment is made must have objectives to grow and develop over the long term; and
  - the investment must carry a significant risk that the investor will lose more capital than they gain as a return (including any tax relief).

The investee company's status as a qualifying investment may also be affected where it uses any of the investment from a VCT to acquire another company or trade in the 5 years after the VCT's investment.

### **3. Qualifying Companies**

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying 90 per cent. subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

A Qualifying Company must have a permanent establishment in the UK, but a Qualifying Company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company cannot be controlled by another company and may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be more than 50 per cent. owned.

From 6 April 2012 there is a 'disqualifying purpose' test under which an investment will not be a Qualifying Investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business, although the Board currently anticipates that these measures are unlikely to affect the Companies.

### **4. Approval as a VCT**

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval letter issued by HMRC.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

The Companies have each received approval as a VCT from HMRC.

### **5. Withdrawal of approval**

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

The Finance Act 2014 restricts the ability of a VCT to return capital to its investors. If a VCT makes a payment to its shareholders in relation to shares issued on or after 6 April 2014, which amounts to a

repayment of share capital (including the payment of a dividend or a distribution), other than for the purpose of redeeming or repurchasing such shares, before the end of the third accounting period following the accounting period in which the shares were issued, the VCT status will be withdrawn.

Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

## **6. State aid**

As a result of the tax status of VCTs, investments by VCTs in underlying portfolio companies are regarded as State aid. Where the European Commission believe 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.

The VCT regime as it currently stands has been approved as consistent with State aid rules by the European Commission. However, from 1 January to 18 November 2015 there was no State aid approval in place for the VCT regime. There is therefore a risk that VCT relief may be withdrawn for investments made between those dates.

The Companies have updated their investment policy to ensure it is consistent with current legislation and HMRC guidance, which has received EU State aid approval. The Board and the Investment Manager will continue to monitor the situation in relation to investments made in the relevant period and will update Shareholders if required.

It is not clear if State aid rules will apply to the UK going forward.

# Part 7 – General Information

## 1. Incorporation and general

- 1.1. BVT was incorporated and registered in England and Wales on 29 January 1998 as a public company limited by shares with registered number 03504214. BVT operates under the Companies Act (and the regulations from time to time made thereunder). Its registered office and principal place of business is at 5 New Street Square, London EC4A 3TW (telephone number 020 3837 6270). Save for its compliance with the Companies Act (and the regulations from time to time made thereunder), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules, BVT is not an authorised or regulated entity. The objects of BVT are unrestricted.
- 1.2. BSVT was incorporated and registered in England and Wales on 22 November 2000 as a public company limited by shares with registered number 04115341. BSVT operates under the Companies Act (and the regulations from time to time made thereunder). Its registered office and principal place of business is at 5 New Street Square, London EC4A 3TW (telephone number 020 3837 6270). Save for its compliance with the Companies Act (and the regulations from time to time made thereunder), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules, BSVT is not an authorised or regulated entity. The objects of BSVT are unrestricted.
- 1.3. The Companies have each been granted approval as a VCT under section 274 of the Tax Act and the respective Directors have managed and intend to manage the affairs of BVT and BSVT respectively in such a manner so as to comply with section 274 of the Tax Act.
- 1.4. The Companies are both registered as a small UK registered Alternative Investment Fund under the Alternative Investment Fund Managers Directive.
- 1.5. Applications will be made to the FCA for all of the New Shares to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for such Shares to be admitted to trading on the Main Market. It is expected that Admission will become effective and dealings in the New Shares issued pursuant to the Offers will commence no later than ten Business Days following the allotment of the relevant New Shares.
- 1.6. The Investment Manager was incorporated and registered in England and Wales on 18 February 2015 as a private limited company with registered number 09447087. The Investment Manager operates under the Companies Act and the regulations from time to time made thereunder. Its registered office and principal place of business is at 5 New Street Square, London EC4A 3TW (telephone number 020 3837 6270). The Investment Manager is authorised and regulated by the FCA.
- 1.7. JPMorgan Chase Bank was registered in England and Wales on 1 January 1993 as an overseas company with registered number FC004891. Its registered office is at 1111 Polaris Parkway, Columbus, Ohio 43240, United States and its principal place of business in the UK is 25 Bank Street, Canary Wharf, London E14 5JP (telephone number 020 7777 2000). JPMorgan Chase Bank is authorised by the PRA and regulated by the FCA and PRA with firm reference number 124491.
- 1.8. Apex was incorporated and registered in Guernsey on 9 January 1998 with registered number 33475. Its registered office is at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL (telephone number is 01481 713843).

## 2. Share capital and indebtedness

- 2.1. The issued share capital of each of the Companies (all of which is, and will be, fully paid in respect of both Companies) as at the date of this document and immediately following completion of the Offers (assuming (i) the maximum number of New Shares available under the Offers (in relation to BVT and BSVT respectively) are issued at the Illustrative Offer Prices; and (ii) the over-allotment facilities are not used) is and will be:

	Number of Ordinary Shares	Nominal value of each Share
<b>As at the date of this document</b>		
BVT Shares	252,685,805	10 pence
BSVT Shares	271,466,654	10 pence
<b>Immediately following the Offers*</b>		
BVT Shares	279,388,075	10 pence
BSVT Shares	297,373,390	10 pence

\* Note: The above table assumes that 26,702,270 New BVT Shares are issued pursuant to the BVT Offer and 25,906,736 New BSVT Shares are issued pursuant to the BSVT Offer.

As at the date of this document, BVT held 21,540,412 BVT Shares in treasury and BSVT held 24,019,366 BSVT Shares in treasury.

- 2.2. The following changes have occurred in the share capital of BVT between 1 October 2018 and 31 March 2020 (being the period covered by the historical financial information incorporated by reference into this document).
  - 2.2.1. during the financial year from 1 October 2018 to 30 September 2019 BVT bought back 5,534,163 Ordinary Shares into treasury, issued 14,248,452 new Ordinary Shares and issued 725,000 Ordinary Shares from treasury;
  - 2.2.2. during the six months from 1 October 2019 to 31 March 2020 BVT bought back 1,770,006 Ordinary Shares and issued 32,152,130 new Ordinary Shares.
- 2.3. As at 1 October 2018, BVT had in issue 220,724,042 Ordinary Shares and, as at 31 March 2020, BVT had in issue 263,819,947 Ordinary Shares, of which, 21,017,988 Ordinary Shares were held in treasury.
- 2.4. The following changes have occurred in the share capital of BSVT between 1 October 2018 and 31 March 2020 (being the period covered by the historical financial information incorporated by reference into this document).
  - 2.4.1. during the financial year from 1 October 2018 to 30 September 2019 BSVT bought back 5,064,941 Ordinary Shares into treasury, issued 15,229,139 new Ordinary Shares and issued 970,000 Ordinary Shares from treasury;
  - 2.4.2. during the six months from 1 October 2019 to 31 March 2020 BSVT bought back 2,587,625 Ordinary Shares into treasury and issued 23,446,326 new Ordinary Shares.
- 2.5. As at 1 October 2018, BSVT had in issue 249,089,403 Ordinary Shares and, as at 31 March 2020, BSVT had in issue 271,466,654 Ordinary Shares, of which, 22,980,780 were Ordinary Shares held in treasury.
- 2.6. No share or loan capital of the Companies is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.7. At the annual general meeting of BVT held on 26 February 2020, *inter alia*;
  - 2.7.1. the BVT Directors were, in substitution for all subsisting authorities to the extent unused, generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot shares in BVT up to an aggregate nominal amount of £10,754,433 (such authority to expire on the fifth anniversary following the passing of the resolution);
  - 2.7.2. the BVT Directors were, in substitution for all subsisting authorities to the extent unused, generally and unconditionally empowered pursuant to sections 570 and 573 of the Companies Act to allot equity securities (as defined in section 560 of the Companies Act) for cash, pursuant (save in relation to a transfer of equity shares out of treasury) to the authority referred to in paragraph 2.7.1 above, as if section 561 of the Companies Act did not apply to any such allotment (such authority to expire on the expiry of fifteen months following the passing of the resolution or, if earlier, the conclusion of BVT next annual general meeting); and

- 2.7.3. BVT was authorised, generally and unconditionally, in accordance with section 701 of the Companies Act to make market purchases (within the meeting of section 693(4) of the Companies Act) of no more than 32,241,821 Ordinary Shares in aggregate or, if lower, up to 14.99 per cent. of the issued Ordinary Shares (such authority to expire on the expiry of fifteen months following the passing of the resolution or, if earlier, the conclusion of BVT's next annual general meeting).
- 2.8. At the annual general meeting of the BSVT held on 27 February 2020, *inter alia*;
- 2.8.1. the BSVT Directors were, in substitution for all subsisting authorities to the extent unused, generally and unconditionally authorised in accordance with section 551 of the Companies Act to allot shares in BSVT up to an aggregate nominal amount of £11,934,969 (such authority to expire on the fifth anniversary following the passing of the resolution);
- 2.8.2. the BSVT Directors were, in substitution for all subsisting authorities to the extent unused, generally and unconditionally empowered pursuant to sections 570 and 573 of the Companies Act to allot equity securities (as defined in section 560 of the Companies Act) for cash, pursuant (save in relation to a transfer of equity shares out of treasury) to the authority referred to in paragraph 2.8.1 above, as if section 561 of the Companies Act did not apply to any such allotment (such authority to expire on the expiry of fifteen months following the passing of the resolution or, if earlier, the conclusion of BSVT's next annual general meeting); and
- 2.8.3. BSVT was authorised, generally and unconditionally, in accordance with section 701 of the Companies Act to make market purchases (within the meeting of section 693(4) of the Companies Act) of no more than 35,781,037 Ordinary Shares in aggregate or, if lower, up to 14.99 per cent. of the issued Ordinary Shares (such authority to expire on the expiry of fifteen months following the passing of the resolution or, if earlier, the conclusion of BSVT's next annual general meeting).
- 2.9. The disapplication of statutory pre-emption rights in the terms provided under the special resolutions noted at paragraphs 2.7.2 and 2.8.2 of this Part 7 has given the Companies the flexibility to resell Ordinary Shares which they may purchase and hold in treasury for cash without first being required to offer such Ordinary Shares to BVT Shareholders or BSVT Shareholders respectively in proportion to their existing holdings.
- 2.10. The provisions of section 561 of the Companies Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply except as referred to in paragraphs 2.7.1, 2.7.2, 2.8.1 and 2.8.2 of this Part 7.
- 2.11. It is intended that the authorities set out in paragraphs 2.7 and 2.8 will be renewed at the annual general meetings of BVT and BSVT to be held on 24 February 2021 and 22 February 2021 respectively.
- 2.12. Panmure Gordon & Co acts as market maker in respect of the BVT Shares and the BSVT Shares.

### **3. Summary of the Articles of the Companies**

The Articles of BVT were adopted on 14 December 2009 and the Articles of BSVT were adopted on 18 May 2010 by way of special resolution and both contain, *inter alia*, provisions as summarised below.

For the purposes of paragraph 3 of this Part 7, "Company" shall be read to mean BVT or BSVT respectively.

#### **3.1. Voting rights**

Subject to the provisions of the Companies Act or any special terms as to voting on which any shares may have been issued, or may for the time being be held, and to any suspension or abrogation of voting rights pursuant to the Articles, on a show of hands every member who is present in person or by proxy at any general meeting of the Company shall have one vote and on a poll every member who is present in person or who (being a corporation) is present by a representative or by proxy shall have one vote for every share of which he is the holder.

### **3.2. Offer of Shares**

Subject to the provisions of the Companies Act and the Articles and to any relevant authority of the Company in general meeting required by the Companies Act, unissued shares shall be at the disposal of the Board and they may allot, grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons at such time and on such terms as the Board may decide, provided that no share may be issued at a discount to its nominal value. The Board may also issue redeemable shares on such terms as provided in the Articles

### **3.3. Transfer of shares**

Subject to such of the restrictions of the Articles and Companies Act as may be applicable, any member may transfer all or any of his shares by an instrument of transfer in the usual form or in any other form that the Board may approve. Such instrument shall be signed for or on behalf of the transferor and (in the case of a partly paid share) the transferee.

The Board may, in its absolute discretion, refuse to register any transfer of a share unless (i) it is in respect of a share which is fully paid up, (ii) it is in respect of only one class of shares, (iii) it is in favour of a single transferee or not more than four joint transferees, (iv) it is duly stamped (if so required) and (v) it is delivered for registration to the registered office of the Company or such other place as the Board may from time to time determine, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution of the transfer by him or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

### **3.4. Variation of rights**

Where the Company's share capital is divided into different classes of shares, the rights attached to any shares or class of shares may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class of shares. The quorum for such a class meeting is two persons holding or representing by proxy at least one third of the nominal amount of the issued shares of that class.

### **3.5. Alteration of capital**

The Company may from time to time in general meeting, by ordinary resolution, consolidate and divide all or any of its share capital into shares of larger nominal amounts than its existing shares, and sub-divide its shares, or any of them into shares of a smaller amount and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred or deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

### **3.6. Dividends and distributions**

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Board. Subject to the provisions of the Companies Act, in so far as, in the Board's opinion, the Company's profits justify such payments, the Board may pay interim dividends on any class of shares including those carrying a fixed dividend. The Board may, if authorised by an ordinary resolution of the Company, offer shareholders in respect of any dividend the right to receive shares instead of cash. The Board may, where the shares in question represent at least 0.25 per cent. in nominal value of the issued shares of their class, withhold dividends payable (with no obligation to pay interest thereon) on those shares after there has been a failure to provide the Company with information concerning interests in those shares required to be provided under the Articles or the Companies Act until such failure has been remedied. Any dividend unclaimed after a period of 12 years from the date such dividend is payable shall, if the Board resolves, be forfeited and shall revert to the Company.

### **3.7. Distribution of realised capital profits**

At any time when the Company has given notice in the prescribed form (which has not been revoked) to the Registrar of Companies of its intention to carry on business as an investment company (a "Relevant Period"), distribution of the Company's capital profits (within the meaning of section 833(2)(c) of the Companies Act) shall be prohibited except to the extent that the requirements for investment company status under section 833 of the Companies Act do not require a company to prohibit the distribution of its capital profits in its memorandum or articles of association. The Board shall establish a reserve to be called the capital reserve. During a Relevant Period, all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, repayment of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital shall be credited to the capital reserve. Subject to the Companies Act, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one way and partly the other. During a Relevant Period, any loss realised on the realisation or repayment of or other dealing with any investments or other capital assets and, subject to the Companies Act, any expense or liability (or provision thereof) which the Board considers to relate to a capital item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a Relevant Period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which the sums standing to any revenue reserve are applicable except and provided that, notwithstanding any other provision of the Articles, no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of the Companies Act), except to the extent that the requirements for investment company status under section 833 of the Companies Act do not require a company to prohibit the distribution of its capital profits in its memorandum or articles of association, or be applied in paying dividends on any shares in the Company. In periods other than a Relevant Period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined by section 829 of the Companies Act) or applied in paying dividends on any shares in the Company.

### **3.8. Duration and winding up**

The Board shall procure that, at the annual general meeting of the Company falling after the fifth anniversary of the then latest allotment of shares and every third annual general meeting thereafter, an ordinary resolution will be proposed to the effect that the Company shall continue in being as a VCT. If, at any such meeting, such resolution is not passed the Board shall, within nine months of such meeting, convene an extraordinary general meeting to propose a special resolution for the re-organisation or re-construction of the Company and (if such resolution is not passed) a special resolution to wind up the Company voluntarily. In the case of the special resolution relating to voluntary winding up only, any member may demand a poll and each holder of shares present in person or by proxy and who votes in favour of the special resolution shall have such number of votes in respect of each share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of shares in respect of which votes are cast against the resolution and each holder of shares who votes against the resolution shall have one vote for each share held by him.

If the Company shall be wound up, the liquidator may, with the authority of a special resolution and subject to any sanction, divide among the members in specie the whole or part of the assets of the Company and may determine how such a division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved, but no member shall be compelled to accept any assets in respect of which there is a liability

### **3.9. Directors**

- 3.9.1. Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate directors) shall not be less than two and not more than ten in number.
- 3.9.2. The Company may by ordinary resolution appoint a person who is willing to be a Director. The Board may appoint any person who is willing to act as a Director. The Board may appoint one or more of its body to hold any employment or executive office and may revoke or terminate such appointment, without prejudice to any claim for damages for breach of contract between the Director and the Company.
- 3.9.3. A Director shall not be required to hold any shares in the Company.
- 3.9.4. The Company may by ordinary resolution remove any Director before the expiration of his period of office.
- 3.9.5. The business and affairs of the Company shall be managed by the Board, which may exercise all such powers of the Company, subject nevertheless to the provisions of the Companies Act and the Articles and to any directions given by the Company in general meeting by special resolution.
- 3.9.6. Subject to the provisions of the Articles, at every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office. If there are fewer than three Directors who are subject to retirement by rotation, one Director will retire.

### **3.10. Authorisation of interests of Directors**

- 3.10.1. Subject to the provisions of the Companies Act and of the Articles, a Director, notwithstanding his office:
  - (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in regard to his tenure of any office or place of profit or as vendor, purchaser or otherwise;
  - (b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other Article;
  - (c) may be a Director or other officer, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.
- 3.10.2. A Director who, to his knowledge, is in any way (directly or indirectly) interested in any contract, arrangement, transaction or proposal with the Company, shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

3.10.3. Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or any proposal whatsoever to which the Company is or is to be a party and in which he is, to his knowledge, alone or together with any person connected with him, materially interested, unless the resolution concerns any of the following matters:

- (a) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) any contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other body corporate (a "relevant company") in which he (together with persons connected with him), directly or indirectly (and whether as an officer or shareholder, creditor or otherwise), does not hold or have a beneficial interest in 1.0 per cent. or more of either a relevant company or an intermediate company (as defined in the Articles);
- (e) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates, and concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme under which he may benefit and which either has been approved by or is subject to and conditional on approval by, HMRC for taxation purposes or relates to both employees and Directors of the Company (or any of its subsidiaries) and does not accord to any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; or
- (f) any contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors pursuant to the Articles.

3.10.4. A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or any company in which the Company is interested, such proposals may be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

3.10.5. Subject to the provisions of the Companies Act and the Articles:

- (a) the Board shall have the power to purchase and maintain insurance at the expense of the Company for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, including insurance

against any liability incurred by such persons in relation to or in connection with their duties, powers or offices in relation to the Company; and

- (b) every Director, alternate director and other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, damages and liabilities incurred by him in connection with his duties or the exercise of his powers.

### 3.11. Borrowing powers

The Board may exercise all powers of the Company to borrow money and to mortgage or charge all or any Part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Companies Act, to create and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Such powers are however limited so that the aggregate principal amount outstanding in respect of monies borrowed by the Company shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25 per cent. of the value of its gross assets.

### 3.12. General meetings

Annual general meetings shall be called by not less than 21 clear days notice in writing. Any other general meeting shall be called by not less than 14 clear days notice in writing.

### 3.13. Uncertificated Shares

Uncertificated Shares may be transferred by means of a relevant system. The Board may refuse to register a transfer of uncertificated Shares in such circumstances as may be permitted or required by the regulations relating thereto and the relevant system.

## 4. Directors' and others' interests

### *Baronsmead Venture Trust*

- 4.1. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the BVT Directors by BVT for the current financial period will not exceed £110,800, the said estimated aggregate remuneration to be paid in the form set out in the table below. None of the BVT Directors are eligible for bonuses, pensions, retirement or other similar benefits or share options.

Name	Financial period to 30 September 2020
Peter Lawrence	£29,200
Les Gabb	£27,200
Valerie Marshall	£27,200
Susannah Nicklin	£27,200

- 4.2. Each of Peter Lawrence, Les Gabb and Valerie Marshall has been appointed pursuant to the terms of letters of appointment with BVT dated 9 June 2017. Susannah Nicklin has been appointed pursuant to the terms of a letter of appointment with BVT dated 21 February 2018. Either party may terminate the appointment upon three months notice. The fees will be reviewed annually by the BVT Board and may be increased in line with market rates. No amounts have been set aside by BVT to provide pension, retirement or similar benefits. Save as set out in this paragraph 4.2, there are no existing or proposed letters of engagement between any Director and BVT.
- 4.3. No Director has, or has had, any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of BVT and which has been effected by BVT since its date of incorporation.
- 4.4. BVT has no current borrowings nor any borrowing requirements and the BVT Directors have no current intention of making any borrowings.

- 4.5. The BVT Directors do not have any options over BVT Shares. As at the date of this document, the BVT Directors or their immediate families and related trusts, had the following interests in the issued share capital of BVT (all of which are beneficial): (a) which are required to be notified to BVT pursuant to the Disclosure Guidance and Transparency Rules; or (b) being interests of persons connected (within the meaning given in the Disclosure Guidance and Transparency Rules) with the BVT Directors which would, if such persons were a BVT 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 BVT Director:

Name	Ordinary Shares currently held	Percentage of current issued share capital
Peter Lawrence	760,276	0.3
Les Gabb	85,660	0.03
Valerie Marshall	80,835	0.03
Susannah Nicklin	10,968	0.00

- 4.6. The BVT Directors are not aware of any person or persons who directly or indirectly, jointly or severally, exercise control over BVT or could do so following completion of the Offers.
- 4.7. As at 11 September 2020 (being the latest practicable date prior to publication of this document), BVT is not aware of any person who is or, following the Offers will be, interested directly or indirectly in 3.0 per cent. or more of the issued share capital of BVT.
- 4.8. There are no different voting rights for any BVT Shareholder, save for those which derive from the Articles.
- 4.9. Details of those companies (other than BVT) and partnerships of which the BVT Directors have been a member of the administrative, management or supervisory body or a partner at any time during the five years immediately preceding the date of this document (apart from their directorships of the subsidiaries of any issuers of which the BVT Directors are or have been members of the administrative, management or supervisory bodies) are as follows:

	<i>Current directorships/partnership</i>	<i>Previous directorships/partnership</i>
Peter Lawrence	7 Springfield Road Management Company Limited Amati AIM VCT plc Anpario Plc Dynamic Design UK Holdings Ltd ELL Investments Emmelle Construction Limited Emmelle Developments Limited ICA in Israel JCA Charitable Foundation Petlove Limited	Amati VCT plc Aquatice Limited Baronsmead VCT plc Eco Animal Health Group plc Higher Nature Limited Kiotech Limited
Valerie Marshall	Angel Co-Investment Fund Marshall Capital Limited Town and Country Housing Group	Baronsmead VCT plc British Association for the Advancement of Science Fusion Lifestyle Limited
Les Gabb	Felix Capital Partners LLP	Advent Venture Partners LLP Baronsmead VCT plc
Susannah Nicklin	Amati AIM VCT plc City of London Investment Group plc Ecofin Global Utilities and Infrastructure Trust plc Pantheon International Plc The North American Income Trust plc	Apprecie Limited Baronsmead VCT plc

- 4.10. As at the date of this document there are no potential conflicts of interest between any of the BVT Directors' duties to BVT and their private interests and/or other duties.
- 4.11. As at the date of this document, none of the BVT Directors:
- 4.11.1. has any convictions in relation to fraudulent offences during the previous five years;
- 4.11.2. has in the past five years immediately preceding the date of this document been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years; or
- 4.11.3. has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

### **Baronsmead Second Venture Trust**

- 4.12. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the BSVT Directors by BSVT for the current financial period will not exceed £136,000, the said estimated aggregate remuneration to be paid in the form set out in the table below. None of the BSVT Directors are eligible for bonuses, pensions, retirement or other similar benefits or share options.

Name	Year ending 30 September 2020
Sarah Fromson	£32,733
John Davies*	£14,850
Anthony Townsend	£28,390
Malcolm Groat	£30,000
Ian Orrock*	£18,222
Tim Farazmand**	£11,667

\* John Davies and Ian Orrock retired from the board on 27 February 2020 and 30 April 2020, respectively.

\*\* Tim Farazmand was appointed to the Board on 1 May 2020.

- 4.13. Each of Anthony Townsend and Malcolm Groat were appointed pursuant to the terms of letters of appointment with BSVT dated 9 June 2017. Sarah Fromson and Tim Farazmand have been appointed pursuant to the terms of letters of appointment dated 1 October 2019 and 1 May 2020, respectively. Under all letters of appointment, either party may terminate the appointment upon three months notice. The fees will be reviewed annually by the BSVT Board and may be increased in line with market rates. No amounts have been set aside by BSVT to provide pension, retirement or similar benefits. Save as set out in this paragraph 4.13, there are no existing or proposed letters of engagement between any Director and BSVT.
- 4.14. No Director has, or has had, any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of BSVT and which has been effected by BSVT since its date of incorporation.
- 4.15. BSVT has no current borrowings nor any borrowing requirements and the BSVT Directors have no current intention of making any borrowings.
- 4.16. The BSVT Directors do not have any options over BSVT Shares. As at the date of this document, the BSVT Directors or their immediate families and related trusts, had the following interests in the issued share capital of BSVT (all of which are beneficial): (a) which are required to be notified to BSVT pursuant to the Disclosure Guidance and Transparency Rules; or (b) being interests of persons connected (within the meaning given in the Disclosure Guidance and Transparency Rules) with the BSVT Directors which would, if such persons were a Director, be required to be disclosed under (a) above and the existence of which was known to or could, with reasonable diligence, be ascertained by the Director:

Name	Ordinary Shares currently held	Percentage of current issued share capital
Sarah Fromson	19,011	0.07
Anthony Townsend	221,381	0.08
Malcolm Groat	147,312	0.05
Tim Farazmand	0	—

- 4.17. The BSVT Directors are not aware of any person or persons who directly or indirectly, jointly or severally, exercise control over BSVT or could do so following completion of the Offers.
- 4.18. As at 11 September 2020 (being the latest practicable date prior to publication of this document), BSVT is not aware of any person who is or, following the Offers will be, interested directly or indirectly in 3.0 per cent. or more of the issued share capital of BSVT.
- 4.19. There are no different voting rights for any BSVT Shareholder, save those which derive from the Articles.
- 4.20. Details of those companies (other than BSVT) and partnerships of which the BSVT Directors have been a member of the administrative, management or supervisory body or a partner at any time during the five years immediately preceding the date of this document (apart from their directorships of the subsidiaries of any issuers of which the BSVT Directors are or have been members of the administrative, management or supervisory bodies) are as follows:

	<i>Current directorships/partnership</i>	<i>Previous directorships/partnership</i>
Sarah Fromson	Arrowstreet Capital Partners Capital Generation Partners Genome Research Pensions Trustee Limited JPMorgan Global Emerging Markets Income Trust plc Quilter Investors Limited Welcome Trust Pensions Trustees Limited	Jewish Community Academy Trust
Anthony Townsend	Finsbury Growth & Income Trust plc Gresham House PLC Hansa Capital Limited	BMO Global Smaller Companies plc British & American Investment Trust plc Cranleigh Foundation Cranleigh School Miton Global Opportunities plc
Malcolm Groat	Auric Global Limited Corps of Commissionaires Management Limited daVictus plc GS Technologies Ltd inven PLC Infrastrata plc Maritime House Limited TomCo Energy PLC Zaim Credit Systems plc	London Mining plc (in liquidation) MMM Consulting Ltd (in liquidation) Mr Lee's Pure Foods Co Ltd Rare Metals Limited Tekcapital Europe Limited Tekcapital Inc Tekcapital plc Vale International Group Ltd
Tim Farazmand	Estio Training Limited Goldhill Mill Associates LLP PCB Corporate Finance Limited Project Dahl Topco Limited SUK Retail Limited The Lakes Distillery Company plc Vinoteca Limited Westminster Growth Capital Limited	A Collected Man Limited Accord Marketing Limited Catalyst Fund Management and Research Limited ClearlySo Limited New World Trading Company (UK) Holdings Limited The British Private Equity and Venture Capital Association The Ethical Property Company plc

- 4.21. As at the date of this document there are no potential conflicts of interest between any of the BSVT Directors' duties to BSVT and their private interests and/or other duties.
- 4.22. Tim Farazmand is a director of SUK Retail Limited, a company which entered voluntary administration on 18 March 2019 as a result of cash flow pressure caused by supply chain difficulties and continuing poor sales.
- 4.23. Other than as disclosed above, as at the date of this document, none of the BSVT Directors:
- 4.23.1. has any convictions in relation to fraudulent offences during the previous five years;
- 4.23.2. has in the past five years immediately preceding the date of this document been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years, or (iv) a senior manager during the previous five years; or
- 4.23.3. has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

## 5. Corporate governance

### *Baronsmead Venture Trust plc*

The BVT Board consists solely of non-executive Directors of whom Peter Lawrence is Chairman. All of the BVT Directors are considered by the BVT Board to be independent of the Investment Manager and the BVT Board does not consider that a Director's tenure reduces his ability to act independently.

By reporting against the AIC Code and by following the AIC Corporate Governance Guide, as at the date of this document BVT complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Articles that all BVT Directors retire by rotation, the BVT Board considers that it is not appropriate for the BVT Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the BVT Board has agreed that each BVT Director will retire and, if appropriate, seek annual re-election.

The BVT Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee and the nomination committee.

The audit committee, chaired by Les Gabb, operates within clearly defined terms of reference and comprises all the BVT Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the BVT Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Susannah Nicklin, comprises all of the BVT Directors and reviews the appropriateness of the Investment Manager's appointment together with the terms and conditions thereof on a regular basis.

The nomination committee, chaired by Valerie Marshall, comprises all of the BVT Directors and is convened for the purpose of considering the appointment of additional directors as and when considered appropriate. In considering appointments to the BVT Board, the nomination committee takes into account the ongoing requirements of BVT and the need to have a balance of skills, experience and knowledge within its Board, together with diversity of experience and approach.

### **Baronsmead Second Venture Trust plc**

The BSVT Board consists solely of non-executive Directors of whom Sarah Fromson is Chairman. All of the BSVT Directors, with the exception of Anthony Townsend, are considered by the BSVT Board to be independent of the Investment Manager and the BSVT Board does not consider that a Director's tenure reduces his ability to act independently.

By reporting against the AIC Code and by following the AIC Corporate Governance Guide, as at the date of this document BSVT complies with its obligations under the UK Corporate Governance Code.

In view of the requirement in the Articles that all BSVT Directors retire by rotation, the BSVT Board considers that it is not appropriate for the BSVT Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision B.2.3 of the UK Corporate Governance Code. However, the BSVT Board has agreed that each BSVT Director will retire and, if appropriate, seek annual re-election.

The BSVT Board has delegated certain responsibilities and functions to the audit committee, the management engagement and remuneration committee and the nomination committee.

The audit committee, chaired by Malcolm Groat, operates within clearly defined terms of reference and comprises all the BSVT Directors. The duties of the audit committee include reviewing the annual and interim accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. It also provides a forum through which the auditors may report to the BSVT Board and meets at least twice yearly.

The management engagement and remuneration committee, chaired by Sarah Fromson, comprises all of the BSVT Directors and reviews the appropriateness of the Investment Manager's appointment together with the terms and conditions thereof on a regular basis.

The nomination committee, chaired by Sarah Fromson, comprises all of the BSVT Directors and is convened for the purpose of considering the appointment of additional directors as and when considered appropriate. In considering appointments to the BSVT Board, the nomination committee takes into account the ongoing requirements of BSVT and the need to have a balance of skills, experience and knowledge within its Board, together with diversity of experience and approach.

## **6. Material contracts**

The following are the only material contracts (being contracts other than contracts entered into in the ordinary course of business) that have been entered into by the Companies during the period beginning two years prior to publication of this document and which are, or may be, material to the Companies, or are all of the contracts which have been entered into by the Companies and contain any provisions under which the Companies have any obligations or entitlements which are material as at the date of this document:

### **6.1. Baronsmead Venture Trust plc**

#### **6.1.1. BVT Investment Management Agreement**

A management agreement that was made on 20 December 2006, as supplemented on 11 October 2007, varied on 19 May 2009 and, by way of an oral agreement, in August 2013 and as amended and restated on 1 June 2014 and 10 August 2016 and which was novated on 30 November 2018 whereby the Investment Manager agreed to provide investment management services to BVT. The Investment Manager has appointed JPMorgan Chase Bank to provide custodian services in respect of the assets that are traded on a recognisable exchange and Apex to provide custodian services in relation to its non-quoted assets. The BVT Investment Management Agreement is terminable by either party at any time by 12 months prior written notice. The BVT Investment Management Agreement is subject to early termination in the event of, *inter alia*, a party committing a material breach of the BVT Investment Management Agreement and/or becoming insolvent, and by BVT if the Investment Manager ceases to be regulated by the FCA or ceases to provide its services or perform its obligations to BVT pursuant to the BVT Investment Management Agreement.

Under the BVT Investment Management Agreement the Investment Manager is entitled to receive an annual management fee of 2.0 per cent. of BVT's net assets, calculated and paid on a quarterly basis. In addition, the Investment Manager is responsible for providing all secretarial, administrative and accounting services to BVT. The Investment Manager has appointed Link to provide these services to BVT on its behalf. BVT is responsible for paying the fee charged by Link in relation to the performance of these services to the Investment Manager.

Under the terms of the BVT Investment Management Agreement, the Investment Manager is also entitled to receive a performance related incentive fee. No performance fee is payable to the Investment Manager until the total return on shareholders' funds exceeds an annual threshold of the higher of 4 per cent. or base rate plus 2 per cent. calculated on a compound basis. 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 amount of any performance fee which is paid in an accounting period shall be capped at 5 per cent. of shareholders' funds for that period. BVT did not pay a performance fee in relation to the 12 month period to 30 September 2019.

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

#### **6.1.2. Custodian agreement with JPMorgan Chase Bank**

A global custody agreement between BVT 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 BVT that are traded on a recognised exchange. 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 Companies. 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 BVT may terminate the agreement on 60 days written notice and JPMorgan Chase Bank may terminate on 180 days written notice.

#### **6.1.3. Custodian agreement with Apex**

A safekeeping agreement between BVT and Apex made on 1 June 2014, whereby Apex is appointed to undertake certain custodian functions in relation to the BVT's non-quoted assets. The fee to be paid to Apex 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.

#### **6.1.4. Registrar agreement with Computershare**

A Registrar agreement between BVT and Computershare dated 10 December 2014 and as amended by side letters dated 28 November 2016 and 8 March 2018, under which Computershare agreed to act as BVT's registrar and carry out various duties including the maintenance of the register of Shareholders of BVT and the processing of any transfer of Ordinary Shares. BVT have agreed a fixed fee in respect of the maintenance of its register with other ad hoc services charged in addition to this.

#### **6.1.5. Directors' letters of appointment**

Letters of appointment between BVT and each of the BVT Directors, dated 9 June 2017 (with the exception of Susannah Nicklin who was appointed on 21 February 2018), under which each Director is required to devote such time to the affairs of BVT as the BVT Board reasonably requires and as is consistent with his role as a non-executive Director. The letters are terminable on notice by either party. Other than these letters of appointment, none of the BVT Directors have a service contract with BVT.

#### **6.1.6. BVT offer agreement**

An offer agreement between BVT and the Investment Manager made on 16 September 2020, pursuant to which the Investment Manager was appointed to administer the offer for subscription. As consideration for the services provided by the Investment Manager to BVT, BVT has agreed to pay the Investment Manager a fee of 4.5 per cent of the gross proceeds of the BVT Offer. The offer agreement provides that the Investment Manager shall be responsible for all costs and expenses of and incidental to the BVT Offer.

### **6.2. *Baronsmead Second Venture Trust plc***

#### **6.2.1. BSVT Investment Management Agreement**

A management agreement that was made on 20 December 2006, as supplemented on 11 October 2007, varied on 19 May 2009 and, by way of an oral agreement, in August 2013, as amended and restated on 1 June 2014 and as further amended and restated on 25 January 2016 and which was novated on 30 November 2018 whereby the Investment Manager agreed to provide investment management services to BSVT. The Investment Manager has appointed JPMorgan Chase Bank to provide custodian services in respect of the assets that are traded on a recognisable exchange and Apex to provide custodian services in relation to its non-quoted assets. The BSVT Investment Management Agreement is terminable by either party at any time by 12 months prior written notice. The BSVT Investment Management Agreement is subject to early termination in the event of, *inter alia*, a party committing a material breach of the BSVT Investment Management Agreement and/or becoming insolvent, and by BSVT if the Investment Manager ceases to be regulated by the FCA or ceases to provide its services or perform its obligations to BSVT pursuant to the BSVT Investment Management Agreement.

Under the BSVT Investment Management Agreement the Investment Manager is entitled to receive an annual management fee of 2.5 per cent. of BSVT's net assets, calculated and paid on a quarterly basis. In addition, the Investment Manager is responsible for providing all secretarial, administrative and accounting services to BSVT. The Investment Manager has appointed Link to provide these services to BSVT on its behalf. BSVT is responsible for paying the fee charged by Link in relation to the performance of these services to the Investment Manager.

Under the terms of the BSVT Investment Management Agreement, 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 net proceeds of the BSVT Shares exceeds 8 per cent. per annum (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 amount of any performance fee which is paid in an accounting period shall be capped at 5 per cent. of shareholders' funds for that period.

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

#### **6.2.2. Custodian agreement with JPMorgan Chase Bank**

A global custody agreement between BSVT 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 BSVT that are traded on a recognised exchange. 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 BSVT. 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 BSVT may terminate the agreement on 60 days written notice and JPMorgan may terminate on 180 days written notice.

### **6.2.3. Custodian agreement with Apex**

A safekeeping agreement between BSVT and Apex made on 1 June 2014, whereby Apex is appointed to undertake certain custodian functions in relation to the BSVT's non-quoted assets. The fee to be paid to Apex 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.

### **6.2.4. Registrar agreement with Computershare**

A Registrar agreement between BSVT and Computershare dated 10 December 2014 and as amended by side letters dated 8 November 2016 and 8 March 2018, under which Computershare agreed to act as BSVT's registrar and carry out various duties including the maintenance of the register of Shareholders of BSVT and the processing of any transfer of Ordinary Shares. BSVT have agreed a fixed fee in respect of the maintenance of its register with other ad hoc services charged in addition to this.

### **6.2.5. Directors' letters of appointment**

Anthony Townsend and Malcolm Groat have been appointed pursuant to the terms of a letters of appointment dated 9 June 2017. Sarah Fromson and Tim Farazmand have been appointed pursuant to the terms of letters of appointment dated 1 October 2019 and 1 May 2020, respectively. Under the letters of appointment, each Director is required to devote such time to the affairs of BSVT as the BSVT Board reasonably requires and as is consistent with his role as a non-executive Director. The letters are terminable on notice by either party. Other than these letters of appointment, none of the BSVT Directors have a service contract with BSVT.

### **6.2.6. BSVT offer agreement**

The offer agreement between BSVT and the Investment Manager made on 16 September 2020, pursuant to which the Investment Manager was appointed to administer an offer for subscription. As consideration for the services provided by the Investment Manager to BSVT, BSVT agreed to pay the Investment Manager a fee of 4.5 per cent. of the gross proceeds of the BSVT Offer. The offer agreement provides that the Investment Manager would be responsible for all costs and expenses of and incidental to the BSVT Offer.

## **7. Investment and other restrictions**

- 7.1. The Companies are closed-ended investment funds and each must comply with Chapter 15 of the Listing Rules. In accordance with Chapter 15 of the Listing Rules, each of the Companies must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy. A detailed description of the current investment policy of each of the Companies is set out in Part 2 of this document. In accordance with Chapter 15 of the Listing Rules, neither of the Companies will make any material changes to their respective investment policy without the approval of their respective Shareholders by ordinary resolution passed at a general meeting of the relevant Company. Such an alteration would be announced by the relevant Company through a Regulatory Information Service provider. The Companies will be subject to and will comply with the restrictions regarding investments for closed-ended investment funds that are contained in the Listing Rules.
- 7.2. In the event of any breach of either of the Companies' investment policy or of the investment restrictions applicable to each of the Companies, shareholders will be informed of the actions to be taken by the relevant Company and/or the Investment Manager (at the time of such a breach) by an announcement issued through a Regulatory Information Service provider.
- 7.3. The Companies are not required to be, and are therefore not, regulated by the FCA. In order to obtain VCT status, the Companies must, however, obtain and maintain approval as a VCT from HMRC.
- 7.4. The Companies are regulated by Part 6 of the Tax Act in respect of the investments they make. Each of the Companies have appointed PWC as its VCT status adviser. PWC will report twice

yearly to the Companies in their annual and half yearly reporting obligations. In respect of any breach of the VCT rules, the Companies will report the matter immediately to HMRC.

- 7.5. The Companies will not invest in any derivatives or currencies save for the purpose of efficient portfolio management, that is, solely for the purpose of reducing, transferring or eliminating investment risk in underlying investments.
- 7.6. The Companies do not intend to conduct any significant trading activity.
- 7.7. In accordance with Chapter 15 of the Listing Rules, the Companies will not invest more than 10 per cent. in aggregate of the value of its total assets at the time of a new investment in other closed ended investment funds listed on the premium segment of the Official List (except to the extent that those closed-ended investment funds have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds listed on the premium segment of the Official List).

## **8. Related party transactions**

### ***Baronsmead Venture Trust***

Save for the BVT Investment Management Agreement and the BVT offer agreement, BVT is not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) in the period from 1 October 2018 (being the start of the period covered by the historical financial information in Part 5 of this document up to the date of this document).

### ***Baronsmead Second Venture Trust***

Save for the BSVT Investment Management Agreement and the BSVT offer agreement, BSVT is not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) in the period from 1 October 2018 (being the start of the period covered by the historical financial information in Part 5 of this document up to the date of this document).

## **9. General**

- 9.1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Companies are 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 Companies.
- 9.2. The Companies have no subsidiaries.
- 9.3. The Companies have no employees and own no premises.
- 9.4. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which it is included.

## **10. Mandatory bids, squeeze-out and sell-out rules**

### **10.1. Mandatory bids**

As companies incorporated in England and Wales with shares to be admitted to trading on the London Stock Exchange, the Companies will be subject to the provisions of the Takeover Code. The Takeover Code is issued and administered by the Panel on Takeovers and Mergers. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Takeovers Directive. Following the implementation of the Takeovers Directive, the rules set out in the Takeover Code which is derived from the Takeovers Directive now have a statutory basis in the United Kingdom.

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable

at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Companies.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when he/she had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buyback by the Companies of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

## 10.2. Squeeze-out and sell-out rules

Other than as provided by the Companies Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Shares. Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Shares of either of the Companies (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Shares not assented to the offer. It would do so by sending a notice to the other holders of Shares telling them that it will compulsorily acquire their Shares and then, six weeks later, it would execute a transfer of the outstanding Shares in its favour and pay the consideration to the relevant Company, which would hold the consideration on trust for the holders of those Shares subject to the transfer. The consideration offered to the holders whose Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the Shares (in value and by voting rights, pursuant to a takeover offer that relates to all the Shares in the relevant Company) to which the offer relates, any holder of Shares to which the offer relates who has not accepted the offer may require the offeror to acquire his Shares on the same terms as the takeover offer.

The offeror would be required to give any holder of Shares notice of his right to be bought out within one month of that right arising. Such sell out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of Shares notifying them of their sell out rights. If a holder of Shares exercises their rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

## 11. Restrictions on transfer

### 11.1. General

The distribution of this document and offer of New Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### 11.2. European Economic Area

11.2.1. In relation to each of the EEA States (other than the United Kingdom) which has implemented the Prospectus Regulation Rules (each, a “**relevant member state**”), with effect from and including the date on which the Prospectus Regulation Rules was implemented in that relevant member state (the “**relevant implementation date**”) no New Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of New Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Companies of a prospectus pursuant to Article 3 of the Prospectus Regulation Rules, provided that no such offer of New Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation Rules or any measure implementing the Prospectus Regulation Rules in a relevant member state and each person who initially acquires any New Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1) of the Prospectus Regulation Rules.

11.2.2. For the purpose of the expression an “offer of any New Shares to the public” in relation to any New Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue of any New Shares, so as to enable a potential investor to decide to purchase or subscribe for the New Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Regulation Rules in that relevant member state.

## 12. Disclosure requirements and notification of interest in shares

Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited exceptions, a person must notify the Companies (and, at the same time, the FCA) of the percentage of voting rights he or she holds (within two trading days) if he or she acquires or disposes of shares in the company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he or she holds as a shareholder (or, in certain cases, which he or she holds indirectly) or through his or her direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- 12.1. reaches, exceeds or falls below 3.0 per cent. and each 1.0 per cent. threshold thereafter; or
- 12.2. reaches, exceeds or falls below an applicable threshold in paragraph 12.1 of this Part 7 above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Companies.

Such notification must be made using the prescribed form TR1 available from the FCA’s website at <http://www.fca.org.uk>. Under the Disclosure and Transparency Rules, the relevant Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

## 13. Disclosures under the Market Abuse Regulation

The Companies have not made any disclosures over the last 12 months under the Market Abuse Regulation that relate to the Offers.

## 14. Overseas investors

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an invitation or offer to him unless, in the relevant territory, such an invitation or offer could be lawfully made to him without contravention of any registration or other legal requirements.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction.

It is the responsibility of any person outside the UK wishing to make an application to satisfy himself as to the full observance of the laws of the relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken.

The New Shares have not been, nor will they be, registered in the United States under the US Securities Act or under the securities laws of any Restricted Territory and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of US Persons or any national, citizen or resident of the United States or any of the Restricted Territories. The New Shares are not being offered, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. In particular, prospective shareholders who are resident in the United States or any Restricted Territory should note that this document is being sent for information purposes only.

All applicants under the Offers will be required to warrant that they are not a US Person nor a resident, national or citizen of a Restricted Territory.

## **15. Documents available for inspection**

Copies of the following documents are available for inspection at any time on the website of the Companies (<https://www.baronsmeadvcts.co.uk>) or on request by emailing [baronsmeadvcts@greshamhouse.com](mailto:baronsmeadvcts@greshamhouse.com):

- 15.1. the Articles of each of the Companies;
- 15.2. the letters of appointment as referred to in paragraphs 6.1.5 and 6.2.5 of this Part 7;
- 15.3. the report and accounts of BVT for the financial year ended 30 September 2019;
- 15.4. the unaudited report and accounts of BVT for the six month period ended 31 March 2020;
- 15.5. the report and accounts of BSVT for the financial year ended 30 September 2019;
- 15.6. the unaudited report and accounts of BSVT for the six month period ended 31 March 2020; and
- 15.7. this document.

## **16. Availability of prospectus**

The Prospectus is available for inspection at <https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/national-storage-mechanism> and hard copies are available on request by emailing [baronsmeadvcts@greshamhouse.com](mailto:baronsmeadvcts@greshamhouse.com).

**16 September 2020**

## Part 8 – Terms and Conditions of Subscription under the Offers

The following terms and conditions apply to the Offers.

Save where the context otherwise requires, words and expressions defined in this document have the same meanings when used in the terms and conditions of Subscription, the Subscription Form and explanatory notes.

The section headed “Notes on how to complete the Subscription Form” forms part of these terms and conditions of Subscription.

- (a) The contract created by the acceptance of a Subscription under the Offers will be conditional on Admission, unless otherwise so resolved by the Boards.
- (b) The right is reserved by the Companies to present all cheques and bankers’ drafts for payment on receipt and to retain the relevant share certificates and Subscription monies, pending clearance of such successful Subscribers’ cheques and bankers’ drafts. The Companies may treat Subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Companies may, at their discretion, accept a Subscription in respect of which payment is not received by the Companies prior to the closing date of the Offers. If any Subscription is not accepted in full or if any contract created by acceptance does not become unconditional, the Subscription monies or, as the case may be, the unused balance thereof in excess of £2.00 will be returned (without interest) by returning each relevant Subscriber’s (or Nominee’s) cheque or bankers’ draft or by crossed cheque in favour of the Subscriber (or Nominee), through the post at the risk of the person(s) entitled thereto. Balances of less than £2.00 may be retained by the relevant Company and used for its own purposes. In the meantime, Subscription monies will be retained by the Companies in a separate account. The Board reserves the right to close the Offers earlier than the closing date if fully subscribed or to extend such Offers to a date up to and including 10 September 2021. Subscriptions which are accompanied by post-dated cheques will not be accepted until such date as the cheque can be presented, subject to the absolute discretion of the Boards to accept such Subscriptions. If any dispute arises as to the date or time on which a Subscription is received, the determination of the Boards shall be final and binding.
- (c) Subject to paragraph (d) below, no person receiving a copy of this document or any part thereof, or a Subscription Form, in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make a Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (d) The New Shares have not been, nor will they be, registered in the United States under the US Securities Act or under the securities laws of the Restricted Territories and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of, US Persons or any national, citizen or resident of the United States or any of the Restricted Territories. The Offers are not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore, persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Subscription Form is not being and must not be forwarded to or transmitted in or into the United States or a Restricted Territory. No Subscription will be accepted if it bears an address in the United States.

- (e) Subscribers will be bound by the Subscription(s) indicated by them on their Subscription Forms. Subscriptions will be accepted on a first come, first served basis, subject always to the discretion of the Boards. The right is reserved to reject in whole or in part and scale down any Subscription or any part thereof including, without limitation, Subscriptions in respect of which any verification of identity which the Companies or the Receiving Agent consider may be required for the purposes of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 has not been satisfactorily supplied. The Board in their absolute discretion may decide to close, suspend or extend the Offers to a date up to and including 10 September 2021. The Offers shall be suspended if the issue of such New Shares in the Companies would result in a breach of the Listing Rules, the Companies not having the requisite Shareholder authorities from time to time to allot New Shares or a breach of any other statutory provision or regulation applicable to the Companies. Dealings prior to the issue of certificates for New Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a Subscription may not have been accepted to the extent anticipated at all.
- (f) By completing and delivering a Subscription Form, you confirm and warrant that you:
- (i) offer to subscribe the monetary amount stated on the Subscription Form in the relevant Company for such number of New Shares (or such lesser amount for which your Subscription is accepted and subject to paragraph I above) obtained by dividing the monetary amount by the applicable Offer Price of the New Shares resulting from the application of the Pricing Formula (as described in this document), subject to these terms and conditions of Subscription, and subject to the Memorandum of Association and Articles;
  - (ii) agree that, in consideration of the Companies agreeing to process your Subscription, your Subscription will not be revoked until the Offers are closed, save in respect of Electronic Subscription Forms which may be revoked on or before the date of admission and that this paragraph shall constitute a collateral contract between you and the Companies which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Subscription Form;
  - (iii) agree and warrant that your cheque or bankers' draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured your Subscription may be rejected and you will not be entitled to receive a certificate in respect of the New Shares in the relevant Company until you make payment in cleared funds for such New Shares in the relevant Company and such payment is accepted by the relevant Company in its absolute discretion, (which acceptance shall be on the basis that you indemnify the Companies and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the relevant Company of such late payment, the relevant Company may (without prejudice to its other rights) void the agreement to allot such New Shares to you and may issue or allot such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Subscription Form, without interest;
  - (iv) agree that, in respect of those New Shares for which your Subscription has been received and is not rejected, your Subscription may be accepted at the election of the Companies either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
  - (v) agree that any monies refundable to you may be retained by the Companies or the Receiving Agent pending clearance of your remittance and any verification of identity which is, or which the Companies or the Receiving Agent may consider to be, required for the purposes of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and that such monies will not bear interest;
  - (vi) authorise the Receiving Agent to send share certificate(s) or arrange for your CREST account to be credited in respect of the number of New Shares for which your Subscription

is accepted and authorise the relevant Company to send a crossed cheque for any monies returnable, by post, at your own risk, without interest, to your address set out in the Subscription Form and to procure that your name is placed on the register of members of the relevant Company in respect of such New Shares;

- (vii) agree that all Subscriptions, acceptances of Subscriptions and contracts resulting therefrom and any non-contractual obligations arising out of or in connection with your Subscription shall be governed by and construed in all respects in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Companies to bring any action, suit or proceeding arising out of or in connection with any such Subscriptions, acceptances of Subscriptions and contracts in any other manner permitted by law or any court of competent jurisdiction;
- (viii) agree and acknowledge that you are making your Subscription on the basis of the information and statements concerning the Companies and the New Shares contained in this document and that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the relevant Company or the New Shares or for any change in the law or regulations affecting VCTs;
- (ix) irrevocably authorise the Receiving Agent and/or the Companies or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name and authorise any representative of the Receiving Agent or of the Companies, as relevant, to execute any document required thereof;
- (x) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and statements concerning the Companies and the New Shares contained therein;
- (xi) confirm that you are not a US Person within the meaning of Regulation S made under the US Securities Act or a resident of any of the Restricted Territories and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US Person or a resident of any of the Restricted Territories, and that you have reviewed the restrictions contained in paragraphs l and (d) above and warrant compliance therewith;
- (xii) declare that you are an individual aged 18 or over;
- (xiii) agree that all documents in connection with the Offers and any returned monies will be sent by post at your risk;
- (xiv) agree (if your Subscription is for more than £12,000) to the Receiving Agent carrying out the necessary enquiries to verify your identity to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. Verification of the investor's identity may be provided by means of a "Letter of Introduction" from an intermediary or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 or a UK or EC financial institution (such as a bank). The Receiving Agent will supply specimen wording on request;
- (xv) if a Subscription is made direct (not through a financial intermediary), the Companies, or a third party acting on behalf of the Companies, will carry out an online check of the investor's identity using Veriphy, an online anti-money laundering and identity verification system. Investors may opt out of the electronic identity verification system. If an investor chooses to opt out they must enclose a copy of their passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form. If a cheque is drawn by a third party, the above will also be required from that third party;

- (xvi) agree that neither the Investment Manager nor the Receiving Agent will treat you as its customer by virtue of your Subscription being accepted nor owe you any duties or responsibilities concerning the price of the New Shares in the relevant Company or the suitability for you of New Shares in the relevant Company or be responsible to you for providing the protections afforded to its customers;
  - (xvii) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares and that the New Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
  - (xviii) confirm and warrant that the information provided in the Subscription Form is true and accurate;
  - (xix) warrant that, if you sign the Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Subscription Form; and
  - (xx) consent to the information provided on the Subscription Form being provided to the Receiving Agent and the Registrar to process shareholding details and send notifications to you.
- (g) Where a Subscription is made by a Nominee on behalf of a Beneficial Owner, the Nominee:
- (i) warrants that there is in force a valid and binding agreement between the Nominee and the Beneficial Owner, pursuant to which:
    - (a) the Nominee is authorised and entitled to make the Subscription on behalf of the Beneficial Owner; and
    - (b) the beneficial ownership of the Shares issued in respect of that Subscription will be vested in the Beneficial Owner immediately upon the issue of the Shares;
  - (ii) warrants that the Nominee has made the Beneficial Owner aware of these terms and conditions, and that the Beneficial Owner has assented to them;
  - (iii) warrants that if the Subscription is for more than £12,000 the Nominee has carried out the necessary enquiries to verify the identity of the Beneficial Owner to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; and
  - (iv) undertakes, at no expense to the Companies, to do all such acts and to procure that the Beneficial Owner does all such acts as the Companies may from time to time reasonably require to ensure the full compliance by the Beneficial Owner with these terms and conditions, as though the Beneficial Owner were the Subscriber.
- (h) The Companies reserve the right to publish revised Subscription Forms from time to time. Subscribers and their intermediaries should, therefore, check when completing a Subscription Form that no subsequent version has been published or made available by the relevant Company which will be downloadable from the relevant Company's website.

# Part 9 – Terms and Conditions of the Dividend Reinvestment Plan of the Companies

## Baronsmead Venture Trust

### 1. What Service are Computershare providing?

We agree to allow you to participate in the Baronsmead Venture Trust plc dividend reinvestment plan with the opportunity to use your cash dividend to buy Shares through a special dealing arrangement (“**Plan**”) arranged by Computershare or a Broker, on an execution only basis. The Plan is administered in the UK by Computershare Investor Services PLC (“**Service**”) and not by the Company. We are authorised and regulated by the Financial Conduct Authority

As a participant of the Plan you are bound by these legally binding terms and conditions. Please read them and keep them safe so you can refer to them in the future. We may change these terms and conditions, if they do so, Computershare will let you know beforehand.

The price of Shares can go down as well as up and the income from Shares is not guaranteed. You may suffer a loss and receive back less than you originally invested. The price may even change from when you send Computershare an instruction to trade Shares to when Computershare receive it and are able to conclude the transaction. Remember that past performance is no guide to future performance. Please note that your order may be combined with other orders which may result in a more or less favourable price than if your instruction had been carried out separately. See the At what price will the Shares be bought and how many Shares will you receive section for further details.

### 2. How much will it cost you to use the Service?

We do not charge you any fees for joining the Plan but each time Computershare buy Shares for you Computershare will charge you a dealing fee of 0.75 per cent. of the total price of the Shares purchased, subject to a minimum fee of £2.50. Purchases will be subject to stamp duty reserve tax of 0.50 per cent.

For example if Computershare use £1000 of your cash dividend to reinvest in Shares valued at £1 each, Computershare will charge you a dealing fee of £7.50. In addition, £5.00 of stamp duty reserve tax will be deducted. Charges would therefore reduce the number of Shares purchased from 1000 to 987. However if Computershare use £300.00 or less of your cash dividend to reinvest in Shares then Computershare will still charge you their minimum fee which would be £2.50 in addition to stamp duty reserve tax.

We will deduct these amounts from your cash dividends before buying the Shares. You may request an itemised breakdown of total costs and charges. We will not pay the Broker a fee for providing its service to us. Please see the What are their Costs section for further information on their charges.

### 3. Are Computershare providing you with any advice?

We will not provide you with any investment, taxation or legal advice, or advice on whether or not the transaction is right for you. We will not assess the suitability or appropriateness of any product, service or transaction and Computershare will not recommend or invite you to sell, buy, transfer or hold Shares. You will not benefit from the protection of the FCA Rules on assessing appropriateness.

It is your responsibility to make sure the Service is right for you and you may wish to seek independent professional advice before using it.

### 4. How do you contact us?

You can contact Computershare by e-mail at [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk) or post. You can also telephone Computershare on 0800 923 1533 between 08:30 and 17:30 on Business Days. The Contacting Each Other section has further details.

## 5. How do you keep your personal information up to date?

When Computershare contact you, Computershare will use the most recent contact details they have for you on their records. You may create an online account at <https://www.investorcentre.co.uk>. Where Computershare make a payment to you, for example if there is a cash surplus when you leave the Plan, Computershare will either:

- send a cheque to the most recent address Computershare have for you on their records;
- use the bank account details Computershare have for you on their records; or
- make payment electronically via CREST (if applicable).

It is your responsibility to keep your login details secure. You must tell Computershare if you change your contact details or your bank account. You can log in to your online account and update your personal details at any time.

## 6. What happens if something goes wrong?

Computershare will always aim to provide the Service with reasonable care and skill. If you are not happy with any aspect of the Service, please contact us. The Complaints and Compensation section has further information. Please note that Computershare limit their liability to you under these terms and conditions. Further information is contained in the Limits on Computershare's Liability section.

## 7. How does joining the Plan affect my tax position?

Individuals who acquire ordinary VCT shares may qualify for exemption from income tax on dividends and may be exempt from capital gains tax in respect of shares acquired in any tax year, subject to meeting the qualifying conditions.

However the specific tax analysis will depend upon your personal circumstances. If you are in any doubt about your tax position, including when you are deciding whether to join the Plan or are selling any of your shares, Computershare recommend that you consult with an independent financial advisor.

### *List of technical words used in these terms and what they mean*

When a word appears in these terms that starts with a capital letter, check to see if it appears in the list of defined terms below for its specific meaning.

<b>“Broker”</b>	means the stockbroker or Market Maker who Computershare use from time to time in order to execute your instructions;
<b>“Business Day”</b>	means any day on which the London Stock Exchange (LSE) is open for business;
<b>“Business Hours”</b>	means the hours within any day during which the LSE is open for normal business;
<b>“Company”</b>	means the company whose Shares may be reinvested under these terms and any other company it has control of or that is controlled by the same people who also control the company, as the context requires;
<b>“Company’s Record Date”</b>	means the date determined by BVT as the date on which a Shareholder must appear on its register as the owner of the Shares in order to be entitled to a dividend;
<b>“Computershare”</b>	means Computershare Investor Services PLC (Company Number: 03498808) whose registered address is The Pavilions, Bridgwater Road, Bristol, BS13 8AE, Financial Services Register Number 188534;
<b>“Costs”</b>	means Computershare’s fees, commission or any other charges payable on the purchase of Shares;

<b>“CSD”</b>	means a central securities depository which is a computer-based system enabling securities to be held and transferred electronically. The relevant CSD in the UK is CREST;
<b>“FCA”</b>	means the Financial Conduct Authority;
<b>“FCA Rules”</b>	means the rules, guidance and principles set out in the FCA handbook;
<b>“First Dividend Payment Date”</b>	means the first date following a Company’s Record Date on which dividends are paid;
<b>“Market Maker”</b>	means the broker-dealer firm which buys shares and makes shares available to purchase at published prices in order to facilitate trading;
<b>“Second Dividend Payment Date”</b>	means the next date on which dividends are paid following the First Dividend Payment Date;
<b>“Shares”</b>	means shares which are a unit of share capital issued by BVT; and
<b>“you”</b>	means the person holding an interest in the Shares.

**Interpretation** These terms refer to some statutes, regulations or other rules. References to them include references to them as amended or replaced from time to time. Where reference is made to a time of day this means UK time, unless stated otherwise. Where a phrase starts with the words ‘including’ or ‘include’, the phrase is to be construed as illustrative only and does not limit the sense of the words preceding those terms.

## **8. How the Plan will operate**

### ***Who may participate in the Plan?***

- 8.1. If Computershare find out that you are subject to laws, procedures or regulations of a country outside the UK which does not allow you to participate in the Plan, you may not be permitted to benefit from the Service and Computershare may cancel your participation in the Plan.

### ***How do you join the Plan?***

- 8.2. If you would like to join the Plan, please complete the online form at <https://www.investorcentre.co.uk> or, complete, sign and return the election form to us. If you do not have an election form please contact us. If you are a CREST member or sponsored by a CREST member and you wish to participate in the Plan you must submit your election using the CREST system. Further details are contained in the CREST Procedures section.
- 8.3. If you have more than one shareholding in BVT that you want included in the Plan then you should complete a separate form for each shareholding. If you would like to combine your shareholdings in BVT please contact us. If your Shares are held jointly with others and you are joining the plan online, you must confirm that you have obtained the consent of all other joint shareholders to use the Plan before you are able to join. If you are using an election form, it must be signed by all joint shareholders. Computershare must receive your application at least 15 Business Days before the dividend payment date. Any applications Computershare receive after that date will apply to the next dividend payment, if there is one.
- 8.4. If you have not completed the application properly, Computershare may request further information from you or ask you to complete the form correctly. Computershare will not accept any forms sent by fax, email or telephone instruction or a photocopied form.
- 8.5. If Computershare decide not to accept a particular instruction, Computershare will notify you in writing as soon as Computershare reasonably can.

- 8.6. By joining the Plan, you instruct Computershare to reinvest all future dividends from your Shares until you notify Computershare of your intention to withdraw from the Plan or Computershare suspend or terminate the Plan. However, if you hold your Shares in uncertificated form in CREST the CREST Procedures section of these terms and conditions will apply.

#### ***Can you join the Plan with just some of your Shares?***

- 8.7. If you choose to participate in the Plan all the Shares you hold in BVT falling under a single shareholder reference number will be included within the Plan.
- 8.8. Where you are a corporate shareholder or you are acting on behalf of more than one beneficial owner, (e.g. a nominee arrangement) Computershare may allow part of your shareholding to apply to the Plan. A cash dividend will be paid on the balance of the Shares not included in the Plan. This instruction will not be applied to future dividends.

#### ***How does the Plan work?***

- 8.9. Computershare will use the cash dividend paid to you by BVT to buy Shares in the Company. Computershare will buy as many whole Shares as possible from the proceeds of each cash dividend. Purchases are made on or as soon as reasonably practicable after each dividend payment date. The Plan may not be available for a particular dividend and where the Plan is not available, cash dividends will be paid.
- 8.10. Computershare must receive your election form at least 15 Business Days before the dividend payment date.
- 8.11. When Computershare execute your instruction Computershare are irrevocably and unconditionally appointed to act as your agent. Computershare will then carry out your instructions as your agent, which means that Computershare will have your authority to sign, complete and deliver any transfer form or other document, or do anything else which Computershare think is necessary to carry out your instructions.
- 8.12. Where Computershare hold a cash-balance for you at the end of a quarter Computershare will send you a statement which may be included with an advice note. Computershare will continue to send you a statement on a quarterly basis (i.e. at regular intervals not less than four times a year) for as long as Computershare hold a cash-balance for you. You may request statements more frequently, but Computershare may charge you for providing these.

#### ***What are Computershare's Costs?***

*Refer to the 'Key Information' section for further details*

- 8.13. Our Costs are set out in the 'Key Information' section.
- 8.14. Where the 'Key Information' section states that Computershare will pay the Broker a fee for providing its service to us, such fee will be taken from the fee Computershare charge you. If you would like further information on this arrangement please contact Computershare using the details in the 'Contacting Each Other' section.
- 8.15. Where the 'Key Information' section states that purchases are subject to stamp duty reserve tax, it will be deducted at the time your Shares are purchased.
- 8.16. All applicable UK Value Added Tax ("VAT") on Computershare's fees, commissions and charges is payable by you to us. All their fees, commissions and charges are inclusive of any applicable VAT unless specifically stated otherwise. Our dealing fees are exclusive of VAT, but currently no VAT is applicable to these fees. If that situation changes in the future Computershare will charge you VAT without notifying you beforehand.
- 8.17. If Computershare provide you with any information, ancillary services or other services not mentioned in these terms and conditions, Computershare may write and ask you to pay for that service or information.
- 8.18. Where Computershare are required to make a change to the Service due to a change in applicable law or regulations, Computershare may amend the Plan without giving you any notice, and will

inform you in writing of the change as soon as Computershare can. In all other cases, Computershare will notify you in writing at least 20 Business Days in advance of any proposed new charge or before Computershare increase their charges.

- 8.19. Computershare may increase their charges for any reason, which may include:
- (a) increases in inflation;
  - (b) changes in interest rates;
  - (c) increases in their running costs of the Plan;
  - (d) increases in their running costs of the Service;
  - (e) additional charges imposed by parties Computershare work with in connection with the provision of the Plan;
  - (f) alterations in the provision of the Service being provided; and/or
  - (g) tax or legal changes.

***What happens if you buy or sell Shares?***

- 8.20. If you buy more or sell some (but not all) of your Shares, the Plan will continue to apply to the Shares from your increased or decreased shareholding. If you sell all of your Shares, there will be no dividend entitlement and your participation in the Plan will end unless you are a CREST participant in which case the CREST Procedures section of these terms and conditions will apply. Any cash surplus will be returned to you, please see the Cash Surplus on leaving the Plan section for more information.
- 8.21. If you sell your Shares on or after a specific date (known as the ex-dividend date) it will be you, rather than any buyer of your Shares who will remain entitled to that dividend.

***At what price will the Shares be bought and how many Shares will you receive?***

- 8.22. On payment of a dividend by BVT, Computershare will pool your cash dividends with the cash dividends of all other Plan participants. Computershare will follow the instructions you give them on our website and your election form, or via the CREST system. Computershare will instruct the Broker to buy as many whole Shares from the pooled cash dividends after the Broker deducts their dealing fee and any applicable stamp duty reserve tax. The pooled monies will be used to pay for the completed trades when payment becomes due.
- 8.23. When you instruct Computershare to deal with your Shares they will take reasonable care in appointing a Broker to carry out your instructions from their panel of approved Brokers, listed in their Order Handling Policy. Computershare and the Broker will then take reasonable steps to obtain the best possible results for you. Through the appointed Broker, Computershare will execute your orders through the execution venues as listed in their Order Handling Policy which you can access on their website or by writing to Computershare at The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom. In deciding which execution venue to use Computershare and the Broker will focus on a number of factors, primarily price, but also the likelihood of concluding the transaction, size of your order, nature of stock, speed of settlement, market volume, market impact and transaction venue. Information on their top five execution venues from the previous year is available on their website. The Broker will normally carry out your instructions in regulated markets, organised trading facilities or multi-lateral trading facilities. However to obtain the best result for you the Broker may decide to carry out your instructions outside of these regulated markets, for example where the Broker carries out your instructions with a Market Maker or matches your instructions with instructions received from another client.
- 8.24. By using the Service you expressly agree that the Broker may use a venue that is not a regulated market, an organised trading facility or a multilateral trading facility.

- 8.25. Computershare may combine your order with orders received from other clients using the Service. The Broker may combine your order with orders received from their other clients. This may result in a more or less favourable price than if your instruction had been carried out separately. Where the Broker executes a number of instructions for Computershare then it may average the price obtained for all the orders if different instructions were dealt at different prices.
- 8.26. Where the overall transaction is above a certain size then Computershare may need two UK Business Days (or more) to process it.
- 8.27. When you instruct Computershare to deal for you, there may be occasions when Computershare are unable to complete a transaction. When this happens you agree that Computershare may carry out further trades to complete the transaction you originally instructed. Computershare will act in compliance with their Order Handling Policy in order to correct any errors.
- 8.28. Computershare and the Broker have to get you the best price reasonably available when Computershare buy your Shares. Computershare or the Broker may therefore sometimes delay a purchase of Shares for several Business Days if Computershare think that is in your best interests.
- 8.29. You agree that you can only use the Service in accordance with BVT's share dealing Policy, available upon request from BVT.
- 8.30. Where trading in BVT's Shares is halted or suspended Computershare will not be able to process any outstanding instructions you have given them until trading resumes. In the meantime Computershare will treat your money in the same way as described in the 'What happens when money is left over after Shares have been bought' section. Computershare accept no responsibility for the impact that any such suspension may have on the price Computershare may then have to buy the Shares for.
- 8.31. Computershare and the Broker check that the correct number of Shares have been purchased. Computershare will only treat the purchase of Shares as complete and properly executed when Computershare have:
- (a) determined the total number of Shares purchased;
  - (b) received and allocated the Shares;
  - (c) carried out the necessary internal audit procedures; and
  - (d) received the printed confirmation note from the Broker.
- 8.32. Depending on the nature of the trade, this process can take up to 14 Business Days. The prices at which the Shares are purchased may vary between transactions, but Computershare will calculate the average price across all Shares of BVT which have been purchased as part of this trade to ensure that all Plan participants receive the same share price. This may operate to your advantage or disadvantage.
- 8.33. When Computershare are satisfied that the purchase of Shares are complete and properly executed Computershare will send an advice note to the address of the first named shareholder setting out the number of Shares purchased, the Costs that have been charged and any other commission or charges.
- 8.34. Computershare will send you the advice note by post within one Business Day of the Broker confirming the purchase to us. If you are a CREST member you may also be notified via the CREST system.
- 8.35. The Broker Computershare use to execute your instructions is chosen in accordance with their Broker Selection Policy. Computershare will only select Brokers whose stated Policy is to obtain the best possible result for you. Our Order Handling Policy identifies factors affecting the carrying out of client instructions by the Broker. You agree that you are legally bound by their Order Handling Policy. Both Policies are available on their website, alternatively please contact Computershare if you would like copies. If you would like additional information on how Computershare review their Order Handling policy and arrangements with the brokers on their approved panel, please contact them.

***What happens when money is left over after Shares have been bought?***

8.36. Only whole Shares can be bought under the Plan so there will usually be a cash surplus left (insufficient to buy another whole Share). This cash surplus will be carried forward and held in a client money account under the FCA Rules. The cash surplus will be added to future cash dividends for reinvestment in BVT's Shares. All advice notes Computershare send to you will include a statement of any cash surplus.

***What if there is a cash Surplus when you leave the Plan?***

8.37. If you leave the Plan, you will be paid any cash surplus that Computershare have collected for you. Computershare will treat you as leaving the Plan if:

- (a) you cancel or withdraw from the Plan;
- (b) you sell or transfer all of your Shares and do not purchase more Shares under the same Shareholder Reference Number prior to the next dividend record date;
- (c) you request that Computershare pay to you any cash surplus that would otherwise be carried forward for reinvestment;
- (d) Computershare receive proper notice of your bankruptcy, mental incapacity or death;
- (e) you are a shareholder which is a corporate entity and Computershare receive proper notice that you have become insolvent, been placed in administration or are the subject of similar proceedings and as a result Computershare determine it is appropriate for you to cease to be a Plan participant;
- (f) BVT has become insolvent, been placed in administration or is the subject of similar proceedings and Computershare determine it is appropriate for you to cease to be a Plan participant as a result;
- (g) the Plan is terminated, suspended or withdrawn for any reason; or
- (h) you cease to be a Plan participant for any other reason.

8.38. If Computershare treat you as having left the Plan, Computershare will return any money to you:

- (a) on the First Dividend Payment Date if you leave before BVT's Record Date; or
- (b) on the Second Dividend Payment Date if you leave on or after BVT's Record Date.

***Our right to end the Plan***

8.39. Computershare and BVT reserve the right to suspend or terminate the Plan at any time. When exercising this right, Computershare will try to ensure you are provided with notice before such suspension or termination takes place.

***Your right to cancel or withdraw from the Plan.***

8.40. **Cancellation rights** – if you want to cancel your participation in the Plan, you should notify Computershare within 14 Business days from the date Computershare receive your election form (the Cancellation Period). You will lose the right to cancel the Plan, if during the Cancellation Period, you make a request for Computershare to reinvest your cash dividend. Computershare need to know the number of participants in the Plan at least 15 Business Days before a dividend payment date. Computershare refer to the first day of this 15 Business Day period as the Cut-Off Date. If you choose to submit your election form to Computershare at a time which would result in your Cancellation Period expiring on or after the Cut-Off Date, Computershare will treat you as having instructed them to reinvest your cash dividend during the Cancellation Period. If Computershare do not receive a notice of cancellation from you prior to the Cut-Off Date, you will lose your cancellation rights.

8.41. **Withdrawal** – If you decide to withdraw from the Plan, you must let Computershare know in writing. You can withdraw at any time provided that your notice to withdraw from the Plan is received before the Cut-Off Date (if you do not want that dividend reinvested in Shares).

- 8.42. If you make an online request for your cash surplus to be returned, this will be treated as a notice that you wish to withdraw from the Plan.
- 8.43. If Computershare receive notice of your death, bankruptcy or mental incapacity (or, in the case of a corporate shareholder, your insolvency, administration or similar proceedings) your participation in the Plan will stop unless the Shares are held jointly with others in line with their Policies and procedures. For further information please contact us.

### ***CREST Procedures***

*Please read this section if you are a CREST Member*

- 8.44. If you hold your Shares in uncertificated form in CREST and you wish to receive the Services you must comply with the CREST procedures. If you elect via CREST you confirm that you agree to receive the Service in line with these terms and conditions, and you appoint Computershare as your agent to arrange the purchase of Shares.
- 8.45. If Computershare buy Shares for you, these will be credited to your CREST member account unless Computershare or BVT decides that the Shares should be issued by certificate.
- 8.46. You may only remove an election which has been made via CREST by following the CREST procedure set out in the CREST Manual, unless Computershare or BVT agrees another form of removal (which Computershare notify to you in writing). If your holding is reduced to zero, any future Shares you acquire will be subject to the previous election, unless you change it.

Computershare recommend that you input any messages to delete an election at least 24 hours in advance of the deadline to give Computershare and BVT sufficient time to accept the deletion. There is no facility to amend an election which has been made by Dividend Election Input Message. If you wish to change your election details you must first delete the existing election and then input a Dividend Election Input Message with the required new details.

## **9. General information**

### ***Limits on their Liability***

- 9.1. Computershare will provide the Service with reasonable care and skill.
- 9.2. Computershare are not liable for losses unless they are foreseeable by each of the parties at the time Computershare enter into an agreement governed by these terms and conditions and are caused by their breach of these terms and conditions, negligence, wilful default or fraud.
- 9.3. Computershare are not liable for losses or expenses suffered by you that are caused by:
- (a) your failure to obey the law;
  - (b) third parties (which for this purpose includes banks and custodians and CSDs but otherwise excludes their own sub-contractors) subject to the provisions of these terms and conditions;
  - (c) documents getting lost or delayed in the post;
  - (d) delays over the internet before your communication reaches their website;
  - (e) your online communication being intercepted or hacked before it reaches their website;
  - (f) any planned maintenance that Computershare have to carry out which will normally take place outside Business Hours;
  - (g) fraudulent instructions;
  - (h) us acting on your instructions; and/or
  - (i) unclear instructions.

- 9.4. Computershare are not liable for any indirect losses or consequential loss of any kind and in any event Computershare are not liable for:
- (a) loss of opportunity (including investment opportunity);
  - (b) loss of potential future income, revenue, or increase in value;
  - (c) loss of income including interest;
  - (d) loss of goodwill;
  - (e) loss of anticipated savings; or
  - (f) any wasted time, whether they amount to direct or indirect loss.
- 9.5. Our maximum aggregate liability to you arising in connection with the Service shall not exceed the total value of the dividend payments Computershare receive on your behalf for reinvestment in the 12 month period immediately before you first issue a claim against us, or if you have left the Plan at that point, in the 12 month period immediately before you left the Plan, or if higher the total fees you have paid Computershare for using the Service since you joined the Plan. The maximum liability will cover the aggregate of all losses, costs, interest and expenses whether arising under contract, tort (including negligence) or otherwise suffered by you or any other party in connection with the Service Computershare provide to you. This liability cap shall apply to all claims you make while you are a participant of the Plan and after you have left the Plan.
- 9.6. Nothing in these terms and conditions excludes or limits in any way their liability for:
- (a) death or personal injury caused by their negligence; or
  - (b) fraud or fraudulent misrepresentation; or
  - (c) any other matter for which it would be illegal or unlawful for Computershare to exclude or limit or attempt to exclude or limit their liability.
- 9.7. Computershare shall not be responsible for delays or failure to perform the Service due to circumstances beyond their reasonable control which may include for example market conditions, halts on trading in a market, power failures or natural disasters. Where Computershare do suffer such delays Computershare will try to resume the Service as soon as reasonably possible.
- 9.8. Where Computershare have sent you details on how to access your account online it is your responsibility to keep these details secure. So if you suspect that any of these details have been obtained by anyone else you must tell Computershare immediately, or you will be liable for any fraudulent instructions that Computershare may receive as Computershare will always accept any instructions as valid if they contain these details. If you have any doubt about an instruction you should telephone Computershare immediately.
- 9.9. You accept responsibility for all instructions you send to Computershare or arrange to be sent to Computershare on your behalf.

#### *Contacting Each Other*

- 9.10. If you want to contact Computershare then you may do so using the details in the 'Key Information' section or by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Computershare will normally contact you by email if Computershare have your email address, otherwise Computershare will use the post.
- 9.11. When Computershare send you a communication Computershare will treat it as received by you if:
- (a) delivered by hand or courier, on delivery;
  - (b) sent by UK domestic post, two Business Days after sending;

- (c) sent by international post (outside the UK), five Business Days after sending;
  - (d) delivered by email or via their website, immediately.
- 9.12. Computershare provide these terms and conditions in English and Computershare will only communicate with you in English when providing the Service. If Computershare translate these terms and conditions into another language they should be treated as being informative only. Computershare will only be bound by the English version of these terms and conditions which govern the Service.

### **General**

- 9.13. In performing the Service Computershare may on occasion employ agents to carry out certain activities. Before doing so Computershare will satisfy themselves that they are able to do the job Computershare are asking them to do.
- 9.14. Computershare will not do anything which Computershare think would or might break any relevant laws, rules, regulations or codes, or risk exposing Computershare to criticism for behaving improperly or not acting in accordance with good market practice.
- 9.15. When Computershare provide you with the Service you agree that Computershare can hold your money in a UK bank chosen by us. Under the law that will apply, Computershare will not be responsible for anything a UK bank does or fails to do with your money. The money will be held in a separate pooled client money bank account together with other clients' monies but separate from their money. You will still have the same rights to your money. The account will be governed by the FCA Rules on client money. All money belonging to clients will be held on trust for the sole benefit of clients. Computershare will not pay interest on monies Computershare hold for you. If the bank becomes insolvent Computershare will try to recoup your money on your behalf. If there is a shortfall in the money held in the client money account, all clients will share any shortfall proportionately. In this situation you may not recover all your money. You may then be able to make a claim under the Financial Services Compensation Scheme (FSCS). Sometimes, in exceptional circumstances, it may be necessary for Computershare to hold your money in a bank based outside of the UK, (for example, to facilitate payments to you if you are based outside the UK). If so, Computershare will take all reasonable steps to protect your money in line with local laws, which may be different from the laws in the UK. Your rights if the bank becomes insolvent may be reduced in this instance.
- 9.16. If Computershare hold your money and there has been no movement in your balance for at least six years, other than for charges Computershare may have levied, Computershare may remove this money from the client money bank account and donate it to a registered charity of their choice. You may later claim this sum of money back from us, but you will not be entitled to claim any interest on it. Computershare will let you know at least 28 days before Computershare do this by writing to you at the last email or postal address Computershare have for you. Where the amount is no more than £25 (or equivalent) and you fail to claim it before the 28 day notice period expires Computershare will donate the money without attempting to contact you again. If the amount is more than £25 (or equivalent) after the 28 day notice period expires, Computershare will make at least one further attempt to contact you using other means, before donating the money to charity.
- 9.17. If Computershare move all or part of their business to another provider, after the move is complete Computershare will no longer hold your money in the client money bank account. Computershare will exercise due skill, care and diligence in assessing whether the provider that Computershare are transferring your client money to will follow the requirements of the FCA Rules or apply adequate equivalent measures to protect your client money.
- 9.18. Where Computershare owe you money Computershare will round down the monies payable to the nearest penny. Where you owe Computershare money Computershare will round it up to the nearest penny. In each case we will keep the difference for their own benefit.
- 9.19. These terms and conditions and the Service are governed by the laws of England. You agree that any action must be brought in an English Court.

- 9.20. You lose your entitlement to any benefit associated with your Shares, such as a dividend payment, on the day your Shares are sold which will be before the Shares are registered with the new owners. If you receive such a benefit after your Shares are sold you may have to transfer it to the new owners of the Shares. If Computershare become aware of such a claim when Computershare have received the money from selling your Shares then Computershare will account for it to the new owner of the Shares and may deduct the same amount from the proceeds of the sale.
- 9.21. Computershare may withdraw the Service from you immediately due to a change in law or because we find out that you are not entitled to participate in the Service under local laws. Computershare will settle any outstanding instructions from you before Computershare do this, in so far as Computershare are permitted to do so by law.
- 9.22. In offering the Service Computershare will treat you as a "retail client". As a retail client you are protected by the FCA Rules and you may be eligible for compensation under the FSCS, as described further in the Complaints and Compensation section.
- 9.23. Conflicts of interest which may be detrimental to you, may arise between us, their agents, their other corporate clients, their employees and those who use this service. Computershare will make every effort to identify and prevent such conflicts. Where this is not possible, Computershare will manage and mitigate the conflicts. Where Computershare cannot prevent, manage or mitigate such conflicts Computershare will disclose details to you. You may obtain a copy of their Conflicts of Interest Policy, which Computershare update regularly, on their website or you may request a copy by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom.
- 9.24. Only you or Computershare have any right to enforce these terms and no third party has any right to enforce any of the terms by virtue of the Contracts (Rights of Third Parties) Act 1999.
- 9.25. If you owe Computershare money they may deduct the amount that you owe to them from any amounts that Computershare owe to you. If you owe Computershare money they may sell enough of your Shares to recover their own costs, even if this means Computershare sell your Shares at a loss and/or you suffer any tax liability as a result. Computershare may also offset any monies due to you against any monies you owe us. If Computershare plan to sell your Shares Computershare will let you know one month before Computershare do so. However even if Computershare do or they offset any sums of money you may owe them, they still reserve the right to go to court to recover any outstanding monies you may owe them.
- 9.26. If any of these terms and conditions is found to be unfair Computershare will not be able to rely upon it. However, that will not have any impact on the other terms and conditions which will remain in force.
- 9.27. You may not use this Service in a country where it would either be illegal to do so or would require Computershare to observe regulatory procedures or legal formalities in addition to those required in England and Wales.
- 9.28. Computershare will notify you when they change these terms and conditions and if they make any changes that are to your material disadvantage, they will give you not less than twenty Business Days' notice before such change becomes effective, and you will be able to withdraw from the Service.
- 9.29. We may change these terms and conditions without telling you beforehand if Computershare need to change them because the law or regulation changes.

#### ***Data Protection***

- 9.30. In order to provide the Service to you Computershare need to use your personal information. We may also transfer your personal information to other countries which have different data protection laws. We will only do this if Computershare are satisfied that there are adequate safeguards in place to protect your personal information.

- 9.31. For full details about how Computershare use and share your personal information please see their Privacy Policy, which is available on their website or you may request a copy by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom. The Privacy Policy also explains your rights in relation to your personal information and how you can exercise them.

### **Complaints and Compensation**

- 9.32. If you are dissatisfied with the Service Computershare have provided you or wish to receive a copy of their complaints procedure please write to Computershare or find a copy of their complaints procedure on their website. If Computershare cannot resolve your complaint, you may refer it to the Financial Ombudsman Service, Telephone: +44 (0)800 023 4567 (free from UK landlines) or 0300 123 9123 (from UK mobiles) or at <https://www.financial-ombudsman.org.uk>.
- 9.33. Under the FSCS you may be entitled to compensation if Computershare cannot meet their financial obligations. You may be covered for up to 100% of the first £85,000 of your investments (i.e. a maximum of £85,000 per person). Where Computershare hold your money in a client bank account and the relevant UK approved bank becomes insolvent, you may be covered under the FSCS for up to £85,000 of the money on deposit with that bank. Details about their external banking partners are available on request. These amounts may be subject to change. Where Computershare are required to hold your client money in a jurisdiction outside the UK, your rights in the event of insolvency may be reduced. Further details of your rights under the FSCS can be found here: <https://www.fscs.org.uk>.

## **Baronsmead Second Venture Trust**

### **1. What Service are Computershare providing?**

We agree to allow you to participate in the Baronsmead Second Venture Trust plc dividend reinvestment plan with the opportunity to use your cash dividend to buy Shares through a special dealing arrangement (“**Plan**”) arranged by Computershare or a Broker, on an execution only basis. The Plan is administered in the UK by Computershare Investor Services PLC (“**Service**”) and not by the Company. We are authorised and regulated by the Financial Conduct Authority.

As a participant of the Plan you are bound by these legally binding terms and conditions. Please read them and keep them safe so you can refer to them in the future. We may change these terms and conditions, if they do so, Computershare will let you know beforehand.

The price of Shares can go down as well as up and the income from Shares is not guaranteed. You may suffer a loss and receive back less than you originally invested. The price may even change from when you send Computershare an instruction to trade Shares to when Computershare receive it and are able to conclude the transaction. Remember that past performance is no guide to future performance. Please note that your order may be combined with other orders which may result in a more or less favourable price than if your instruction had been carried out separately. See the At what price will the Shares be bought and how many Shares will you receive section for further details.

### **2. How much will it cost you to use the Service?**

We do not charge you any fees for joining the Plan but each time Computershare buy Shares for you Computershare will charge you a dealing fee of 0.75% of the total price of the Shares purchased, subject to a minimum fee of £2.50. Purchases will be subject to stamp duty reserve tax of 0.50 per cent.

For example if Computershare use £1000 of your cash dividend to reinvest in Shares valued at £1 each, Computershare will charge you a dealing fee of £7.50. In addition, £5.00 of stamp duty reserve tax will be deducted. Charges would therefore reduce the number of Shares purchased from 1000 to 987. However if Computershare use £300.00 or less of your cash dividend to reinvest in Shares then Computershare will still charge you their minimum fee which would be £2.50 in addition to stamp duty reserve tax.

We will deduct these amounts from your cash dividends before buying the Shares. You may request an itemised breakdown of total costs and charges. We will not pay the Broker a fee for providing its service to us. Please see the ‘What are their Costs’ section for further information on their charges.

### **3. Are Computershare providing you with any advice?**

We will not provide you with any investment, taxation or legal advice, or advice on whether or not the transaction is right for you. We will not assess the suitability or appropriateness of any product, service or transaction and Computershare will not recommend or invite you to sell, buy, transfer or hold Shares. You will not benefit from the protection of the FCA Rules on assessing appropriateness.

It is your responsibility to make sure the Service is right for you and you may wish to seek independent professional advice before using it.

### **4. How do you contact us?**

You can contact Computershare by e-mail at [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk) or post. You can also telephone Computershare on 0800 923 1533 between 08:30 and 17:30 on Business Days. The Contacting Each Other section has further details.

### **5. How do you keep your personal information up to date?**

When Computershare contact you Computershare will use the most recent contact details they have for you on their records. You may create an online account at <https://www.investorcentre.co.uk>. Where Computershare make a payment to you, for example if there is a cash surplus when you leave the Plan, Computershare will either:

- send a cheque to the most recent address Computershare have for you on their records;
- use the bank account details Computershare have for you on their records; or
- make payment electronically via CREST (if applicable).

It is your responsibility to keep your login details secure. You must tell Computershare if you change your contact details or your bank account. You can log in to your online account and update your personal details at any time.

### **6. What happens if something goes wrong?**

Computershare will always aim to provide the Service with reasonable care and skill. If you are not happy with any aspect of the Service, please contact us. The Complaints and Compensation section has further information. Please note that Computershare limit their liability to you under these terms and conditions. Further information is contained in the Limits on Computershare's Liability section.

### **7. How does joining the Plan affect my tax position?**

Individuals who acquire ordinary VCT shares may qualify for exemption from income tax on dividends and may be exempt from capital gains tax in respect of shares acquired in any tax year, subject to meeting the qualifying conditions.

However the specific tax analysis will depend upon your personal circumstances. If you are in any doubt about your tax position, including when you are deciding whether to join the Plan or are selling any of your shares, Computershare recommend that you consult with an independent financial advisor.

#### ***List of technical words used in these terms and what they mean***

When a word appears in these terms that starts with a capital letter, check to see if it appears in the list of defined terms below for its specific meaning.

<b>“Broker”</b>	means the stockbroker or Market Maker who Computershare use from time to time in order to execute your instructions;
<b>“Business Day”</b>	means any day on which the London Stock Exchange (LSE) is open for business;
<b>“Business Hours”</b>	means the hours within any day during which the LSE is open for normal business;

<b>“Company”</b>	means the company whose Shares may be reinvested under these terms and any other company it has control of or that is controlled by the same people who also control the company, as the context requires;
<b>“Company’s Record Date”</b>	means the date determined by BSVT as the date on which a Shareholder must appear on its register as the owner of the Shares in order to be entitled to a dividend;
<b>“Computershare”</b>	means Computershare Investor Services PLC (Company Number: 03498808) whose registered address is The Pavilions, Bridgwater Road, Bristol, BS13 8AE, Financial Services Register Number 188534;
<b>“Costs”</b>	means Computershare’s fees, commission or any other charges payable on the purchase of Shares;
<b>“CSD”</b>	means a central securities depository which is a computer-based system enabling securities to be held and transferred electronically. The relevant CSD in the UK is CREST;
<b>“FCA”</b>	means the Financial Conduct Authority;
<b>“FCA Rules”</b>	means the rules, guidance and principles set out in the FCA handbook;
<b>“First Dividend Payment Date”</b>	means the first date following a Company’s Record Date on which dividends are paid;
<b>“Market Maker”</b>	means the broker-dealer firm which buys shares and makes shares available to purchase at published prices in order to facilitate trading;
<b>“Second Dividend Payment Date”</b>	means the next date on which dividends are paid following the First Dividend Payment Date;
<b>“Shares”</b>	means shares which are a unit of share capital issued by BSVT; and
<b>“you”</b>	means the person holding an interest in the Shares.

**Interpretation** These terms refer to some statutes, regulations or other rules. References to them include references to them as amended or replaced from time to time. Where reference is made to a time of day this means UK time, unless stated otherwise. Where a phrase starts with the words ‘including’ or ‘include’, the phrase is to be construed as illustrative only and does not limit the sense of the words preceding those terms.

## **8. How the Plan will operate**

### ***Who may participate in the Plan?***

- 8.1. If Computershare find out that you are subject to laws, procedures or regulations of a country outside the UK which does not allow you to participate in the Plan, you may not be permitted to benefit from the Service and Computershare may cancel your participation in the Plan.

### ***How do you join the Plan?***

- 8.2. If you would like to join the Plan, please complete the online form at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) or, complete, sign and return the election form to us. If you do not have an election form please contact us. If you are a CREST member or sponsored by a CREST member and you wish to participate in the Plan you must submit your election using the CREST system. Further details are contained in the CREST Procedures section.

- 8.3. If you have more than one shareholding in BSVT that you want included in the Plan then you should complete a separate form for each shareholding. If you would like to combine your shareholdings in BSVT please contact us. If your Shares are held jointly with others and you are joining the plan online, you must confirm that you have obtained the consent of all other joint shareholders to use the Plan before you are able to join. If you are using an election form, it must be signed by all joint shareholders. Computershare must receive your application at least 15 Business Days before the dividend payment date. Any applications Computershare receive after that date will apply to the next dividend payment, if there is one.
- 8.4. If you have not completed the application properly, Computershare may request further information from you or ask you to complete the form correctly. Computershare will not accept any forms sent by fax, email or telephone instruction or a photocopied form.
- 8.5. If Computershare decide not to accept a particular instruction, Computershare will notify you in writing as soon as Computershare reasonably can.
- 8.6. By joining the Plan, you instruct Computershare to reinvest all future dividends from your Shares until you notify Computershare of your intention to withdraw from the Plan or Computershare suspend or terminate the Plan. However, if you hold your Shares in uncertificated form in CREST the CREST Procedures section of these terms and conditions will apply.

#### ***Can you join the Plan with just some of your Shares?***

- 8.7. If you choose to participate in the Plan all the Shares you hold in BSVT falling under a single shareholder reference number will be included within the Plan.
- 8.8. Where you are a corporate shareholder or you are acting on behalf of more than one beneficial owner, (e.g. a nominee arrangement) Computershare may allow part of your shareholding to apply to the Plan. A cash dividend will be paid on the balance of the Shares not included in the Plan. This instruction will not be applied to future dividends.

#### ***How does the Plan work?***

- 8.9. Computershare will use the cash dividend paid to you by BSVT to buy Shares in the Company. Computershare will buy as many whole Shares as possible from the proceeds of each cash dividend. Purchases are made on or as soon as reasonably practicable after each dividend payment date. The Plan may not be available for a particular dividend and where the Plan is not available, cash dividends will be paid.
- 8.10. Computershare must receive your election form at least 15 Business Days before the dividend payment date.
- 8.11. When Computershare execute your instruction Computershare are irrevocably and unconditionally appointed to act as your agent. Computershare will then carry out your instructions as your agent, which means that Computershare will have your authority to sign, complete and deliver any transfer form or other document, or do anything else which Computershare think is necessary to carry out your instructions.
- 8.12. Where Computershare hold a cash-balance for you at the end of a quarter Computershare will send you a statement which may be included with an advice note. Computershare will continue to send you a statement on a quarterly basis (i.e. at regular intervals not less than four times a year) for as long as Computershare hold a cash-balance for you. You may request statements more frequently, but Computershare may charge you for providing these.

#### ***What are Computershare's Costs?***

Refer to the Key Information section for further details

- 8.13. Our Costs are set out in the Key Information section.
- 8.14. Where the Key Information Section states that Computershare will pay the Broker a fee for providing its service to us, such fee will be taken from the fee Computershare charge you. If you would like further information on this arrangement please contact Computershare using the details in the Contacting Each Other section.

- 8.15. Where the Key Information section states that purchases are subject to stamp duty reserve tax, it will be deducted at the time your Shares are purchased.
- 8.16. All applicable UK Value Added Tax ("VAT") on Computershare's fees, commissions and charges is payable by you to us. All their fees, commissions and charges are inclusive of any applicable VAT unless specifically stated otherwise. Our dealing fees are exclusive of VAT, but currently no VAT is applicable to these fees. If that situation changes in the future Computershare will charge you VAT without notifying you beforehand.
- 8.17. If Computershare provide you with any information, ancillary services or other services not mentioned in these terms and conditions, Computershare may write and ask you to pay for that service or information.
- 8.18. Where Computershare are required to make a change to the Service due to a change in applicable law or regulations, Computershare may amend the Plan without giving you any notice, and will inform you in writing of the change as soon as Computershare can. In all other cases, Computershare will notify you in writing at least 20 Business Days in advance of any proposed new charge or before Computershare increase their charges.
- 8.19. Computershare may increase their charges for any reason, which may include:
  - (a) increases in inflation;
  - (b) changes in interest rates;
  - (c) increases in their running costs of the Plan;
  - (d) increases in their running costs of the Service;
  - (e) additional charges imposed by parties Computershare work with in connection with the provision of the Plan;
  - (f) alterations in the provision of the Service being provided; and/or
  - (g) tax or legal changes.

***What happens if you buy or sell Shares?***

- 8.20. If you buy more or sell some (but not all) of your Shares, the Plan will continue to apply to the Shares from your increased or decreased shareholding. If you sell all of your Shares, there will be no dividend entitlement and your participation in the Plan will end unless you are a CREST participant in which case the CREST Procedures section of these terms and conditions will apply. Any cash surplus will be returned to you, please see the Cash Surplus on leaving the Plan section for more information.
- 8.21. If you sell your Shares on or after a specific date (known as the ex-dividend date) it will be you, rather than any buyer of your Shares who will remain entitled to that dividend.

***At what price will the Shares be bought and how many Shares will you receive?***

- 8.22. On payment of a dividend by BSVT, Computershare will pool your cash dividends with the cash dividends of all other Plan participants. Computershare will follow the instructions you give them on our website and your election form, or via the CREST system. Computershare will instruct the Broker to buy as many whole Shares from the pooled cash dividends after the Broker deducts their dealing fee and any applicable stamp duty reserve tax. The pooled monies will be used to pay for the completed trades when payment becomes due.
- 8.23. When you instruct Computershare to deal with your Shares they will take reasonable care in appointing a Broker to carry out your instructions from their panel of approved Brokers, listed in their Order Handling Policy. Computershare and the Broker will then take reasonable steps to obtain the best possible results for you. Through the appointed Broker, Computershare will execute your orders through the execution venues as listed in their Order Handling Policy which you can access on their website or by writing to Computershare at The Pavilions, Bridgewater Road, Bristol BS13 8AE, United Kingdom. In deciding which execution venue to use

Computershare and the Broker will focus on a number of factors, primarily price, but also the likelihood of concluding the transaction, size of your order, nature of stock, speed of settlement, market volume, market impact and transaction venue. Information on their top five execution venues from the previous year is available on their website. The Broker will normally carry out your instructions in regulated markets, organised trading facilities or multi-lateral trading facilities. However to obtain the best result for you the Broker may decide to carry out your instructions outside of these regulated markets, for example where the Broker carries out your instructions with a Market Maker or matches your instructions with instructions received from another client

- 8.24. By using the Service you expressly agree that the Broker may use a venue that is not a regulated market, an organised trading facility or a multilateral trading facility.
- 8.25. Computershare may combine your order with orders received from other clients using the Service. The Broker may combine your order with orders received from their other clients. This may result in a more or less favourable price than if your instruction had been carried out separately. Where the Broker executes a number of instructions for Computershare then it may average the price obtained for all the orders if different instructions were dealt at different prices.
- 8.26. Where the overall transaction is above a certain size then Computershare may need two UK Business Days (or more) to process it.
- 8.27. When you instruct Computershare to deal for you, there may be occasions when Computershare are unable to complete a transaction. When this happens you agree that Computershare may carry out further trades to complete the transaction you originally instructed. Computershare will act in compliance with their Order Handling Policy in order to correct any errors.
- 8.28. Computershare and the Broker have to get you the best price reasonably available when Computershare buy your Shares. Computershare or the Broker may therefore sometimes delay a purchase of Shares for several Business Days if Computershare think that is in your best interests.
- 8.29. You agree that you can only use the Service in accordance with BSVT's share dealing Policy, available upon request from BSVT.
- 8.30. Where trading in BSVT's Shares is halted or suspended Computershare will not be able to process any outstanding instructions you have given them until trading resumes. In the meantime Computershare will treat your money in the same way as described in the What happens when money is left over after Shares have been bought section. Computershare accept no responsibility for the impact that any such suspension may have on the price Computershare may then have to buy the Shares for.
- 8.31. Computershare and the Broker check that the correct number of Shares have been purchased. Computershare will only treat the purchase of Shares as complete and properly executed when Computershare have:
  - (a) determined the total number of Shares purchased;
  - (b) received and allocated the Shares;
  - (c) carried out the necessary internal audit procedures; and
  - (d) received the printed confirmation note from the Broker.
- 8.32. Depending on the nature of the trade, this process can take up to 14 Business Days. The prices at which the Shares are purchased may vary between transactions, but Computershare will calculate the average price across all Shares of BSVT which have been purchased as part of this trade to ensure that all Plan participants receive the same share price. This may operate to your advantage or disadvantage.
- 8.33. When Computershare are satisfied that the purchase of Shares are complete and properly executed Computershare will send an advice note to the address of the first named shareholder

setting out the number of Shares purchased, the Costs that have been charged and any other commission or charges.

- 8.34. Computershare will send you the advice note by post within one Business Day of the Broker confirming the purchase to us. If you are a CREST member you may also be notified via the CREST system.
- 8.35. The Broker Computershare use to execute your instructions is chosen in accordance with their Broker Selection Policy. Computershare will only select Brokers whose stated Policy is to obtain the best possible result for you. Our Order Handling Policy identifies factors affecting the carrying out of client instructions by the Broker. You agree that you are legally bound by their Order Handling Policy. Both Policies are available on their website, alternatively please contact Computershare if you would like copies. If you would like additional information on how Computershare review their Order Handling policy and arrangements with the brokers on their approved panel, please contact them.

***What happens when money is left over after Shares have been bought?***

- 8.36. Only whole Shares can be bought under the Plan so there will usually be a cash surplus left (insufficient to buy another whole Share). This cash surplus will be carried forward and held in a client money account under the FCA Rules. The cash surplus will be added to future cash dividends for reinvestment in BSVT's Shares. All advice notes Computershare send to you will include a statement of any cash surplus.

***What if there is a cash Surplus when you leave the Plan?***

- 8.37. If you leave the Plan, you will be paid any cash surplus that Computershare have collected for you. Computershare will treat you as leaving the Plan if:
- (a) you cancel or withdraw from the Plan;
  - (b) you sell or transfer all of your Shares and do not purchase more Shares under the same Shareholder Reference Number prior to the next dividend record date;
  - (c) you request that Computershare pay to you any cash surplus that would otherwise be carried forward for reinvestment;
  - (d) Computershare receive proper notice of your bankruptcy, mental incapacity or death;
  - (e) you are a shareholder which is a corporate entity and Computershare receive proper notice that you have become insolvent, been placed in administration or are the subject of similar proceedings and as a result Computershare determine it is appropriate for you to cease to be a Plan participant;
  - (f) BSVT has become insolvent, been placed in administration or is the subject of similar proceedings and Computershare determine it is appropriate for you to cease to be a Plan participant as a result;
  - (g) the Plan is terminated, suspended or withdrawn for any reason; or
  - (h) you cease to be a Plan participant for any other reason.
- 8.38. If Computershare treat you as having left the Plan, Computershare will return any money to you:
- (a) on the First Dividend Payment Date if you leave before BSVT's Record Date; or
  - (b) on the Second Dividend Payment Date if you leave on or after BSVT's Record Date.

***Our right to end the Plan***

- 8.39. Computershare and BSVT reserve the right to suspend or terminate the Plan at any time. When exercising this right, Computershare will try to ensure you are provided with notice before such suspension or termination takes place.

### ***Your right to cancel or withdraw from the Plan.***

- 8.40. **Cancellation rights** – if you want to cancel your participation in the Plan, you should notify Computershare within 14 Business days from the date Computershare receive your election form (the Cancellation Period). You will lose the right to cancel the Plan, if during the Cancellation Period, you make a request for Computershare to reinvest your cash dividend. Computershare need to know the number of participants in the Plan at least 15 Business Days before a dividend payment date. Computershare refer to the first day of this 15 Business Day period as the Cut-Off Date. If you choose to submit your election form to Computershare at a time which would result in your Cancellation Period expiring on or after the Cut-Off Date, Computershare will treat you as having instructed them to reinvest your cash dividend during the Cancellation Period. If Computershare do not receive a notice of cancellation from you prior to the Cut-Off Date, you will lose your cancellation rights.
- 8.41. **Withdrawal** – if you decide to withdraw from the Plan, you must let Computershare know in writing. You can withdraw at any time provided that your notice to withdraw from the Plan is received before the Cut-Off Date (if you do not want that dividend reinvested in Shares).
- 8.42. If you make an online request for your cash surplus to be returned, this will be treated as a notice that you wish to withdraw from the Plan.
- 8.43. If Computershare receive notice of your death, bankruptcy or mental incapacity (or, in the case of a corporate shareholder, your insolvency, administration or similar proceedings) your participation in the Plan will stop unless the Shares are held jointly with others in line with their Policies and procedures. For further information please contact us.

### ***CREST Procedures***

*Please read this section if you are a CREST Member*

- 8.44. If you hold your Shares in uncertificated form in CREST and you wish to receive the Services you must comply with the CREST procedures. If you elect via CREST you confirm that you agree to receive the Service in line with these terms and conditions, and you appoint Computershare as your agent to arrange the purchase of Shares.
- 8.45. If Computershare buy Shares for you, these will be credited to your CREST member account unless Computershare or BSVT decides that the Shares should be issued by certificate.
- 8.46. You may only remove an election which has been made via CREST by following the CREST procedure set out in the CREST Manual, unless Computershare or BSVT agrees another form of removal (which Computershare notify to you in writing). If your holding is reduced to zero, any future Shares you acquire will be subject to the previous election, unless you change it.
- 8.47. Computershare recommend that you input any messages to delete an election at least 24 hours in advance of the deadline to give Computershare and BSVT sufficient time to accept the deletion. There is no facility to amend an election which has been made by Dividend Election Input Message. If you wish to change your election details you must first delete the existing election and then input a Dividend Election Input Message with the required new details.

## **9. General information**

### ***Limits on their Liability***

- 9.1. Computershare will provide the Service with reasonable care and skill.
- 9.2. Computershare are not liable for losses unless they are foreseeable by each of the parties at the time Computershare enter into an agreement governed by these terms and conditions and are caused by their breach of these terms and conditions, negligence, wilful default or fraud.
- 9.3. Computershare are not liable for losses or expenses suffered by you that are caused by:
- (a) your failure to obey the law;

- (b) third parties (which for this purpose includes banks and custodians and CSDs but otherwise excludes their own sub-contractors) subject to the provisions of these terms and conditions;
  - (c) documents getting lost or delayed in the post;
  - (d) delays over the internet before your communication reaches their website;
  - (e) your online communication being intercepted or hacked before it reaches their website;
  - (f) any planned maintenance that Computershare have to carry out which will normally take place outside Business Hours;
  - (g) fraudulent instructions;
  - (h) us acting on your instructions; and/or
  - (i) unclear instructions.
- 9.4. Computershare are not liable for any indirect losses or consequential loss of any kind and in any event Computershare are not liable for:
- (a) loss of opportunity (including investment opportunity);
  - (b) loss of potential future income, revenue, or increase in value;
  - (c) loss of income including interest;
  - (d) loss of goodwill;
  - (e) loss of anticipated savings; or
  - (f) any wasted time, whether they amount to direct or indirect loss.
- 9.5. Our maximum aggregate liability to you arising in connection with the Service shall not exceed the total value of the dividend payments Computershare receive on your behalf for reinvestment in the 12 month period immediately before you first issue a claim against us, or if you have left the Plan at that point, in the 12 month period immediately before you left the Plan, or if higher the total fees you have paid Computershare for using the Service since you joined the Plan. The maximum liability will cover the aggregate of all losses, costs, interest and expenses whether arising under contract, tort (including negligence) or otherwise suffered by you or any other party in connection with the Service Computershare provide to you. This liability cap shall apply to all claims you make while you are a participant of the Plan and after you have left the Plan.
- 9.6. Nothing in these terms and conditions excludes or limits in any way their liability for:
- (a) death or personal injury caused by their negligence; or
  - (b) fraud or fraudulent misrepresentation; or
  - (c) any other matter for which it would be illegal or unlawful for Computershare to exclude or limit or attempt to exclude or limit their liability.
- 9.7. Computershare shall not be responsible for delays or failure to perform the Service due to circumstances beyond their reasonable control which may include for example market-conditions, halts on trading in a market, power failures or natural disasters. Where Computershare do suffer such delays Computershare will try to resume the Service as soon as reasonably possible.
- 9.8. Where Computershare have sent you details on how to access your account online it is your responsibility to keep these details secure. So if you suspect that any of these details have been obtained by anyone else you must tell Computershare immediately, or you will be liable for any fraudulent instructions that Computershare may receive as Computershare will always accept any instructions as valid if they contain these details. If you have any doubt about an instruction you should telephone Computershare immediately.

- 9.9. You accept responsibility for all instructions you send to Computershare or arrange to be sent to Computershare on your behalf.

### ***Contacting Each Other***

- 9.10. If you want to contact Computershare then you may do so using the details in the Key Information section or by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Computershare will normally contact you by email if Computershare have your email address, otherwise Computershare will use the post.
- 9.11. When Computershare send you a communication Computershare will treat it as received by you if:
- (a) delivered by hand or courier, on delivery;
  - (b) sent by UK domestic post, two Business Days after sending;
  - (c) sent by international post (outside the UK), five Business Days after sending;
  - (d) delivered by email or via their website, immediately.
- 9.12. Computershare provide these terms and conditions in English and Computershare will only communicate with you in English when providing the Service. If Computershare translate these terms and conditions into another language they should be treated as being informative only. Computershare will only be bound by the English version of these terms and conditions which govern the Service.

### ***General***

- 9.13. In performing the Service Computershare may on occasion employ agents to carry out certain activities. Before doing so Computershare will satisfy themselves that they are able to do the job Computershare are asking them to do.
- 9.14. Computershare will not do anything which Computershare think would or might break any relevant laws, rules, regulations or codes, or risk exposing Computershare to criticism for behaving improperly or not acting in accordance with good market practice.
- 9.15. When Computershare provide you with the Service you agree that Computershare can hold your money in a UK bank chosen by us. Under the law that will apply, Computershare will not be responsible for anything a UK bank does or fails to do with your money. The money will be held in a separate pooled client money bank account together with other clients' monies but separate from their money. You will still have the same rights to your money. The account will be governed by the FCA Rules on client money. All money belonging to clients will be held on trust for the sole benefit of clients. Computershare will not pay interest on monies Computershare hold for you. If the bank becomes insolvent Computershare will try to recoup your money on your behalf. If there is a shortfall in the money held in the client money account, all clients will share any shortfall proportionately. In this situation you may not recover all your money. You may then be able to make a claim under the Financial Services Compensation Scheme (FSCS). Sometimes, in exceptional circumstances, it may be necessary for Computershare to hold your money in a bank based outside of the UK, (for example, to facilitate payments to you if you are based outside the UK). If so, Computershare will take all reasonable steps to protect your money in line with local laws, which may be different from the laws in the UK. Your rights if the bank becomes insolvent may be reduced in this instance.
- 9.16. If Computershare hold your money and there has been no movement in your balance for at least six years, other than for charges Computershare may have levied, Computershare may remove this money from the client money bank account and donate it to a registered charity of their choice. You may later claim this sum of money back from us, but you will not be entitled to claim any interest on it. Computershare will let you know at least 28 days before Computershare do this by writing to you at the last email or postal address Computershare have for you. Where the amount is no more than £25 (or equivalent) and you fail to claim it before the 28 day notice period expires Computershare will donate the money without attempting to contact you again. If the

amount is more than £25 (or equivalent) after the 28 day notice period expires, Computershare will make at least one further attempt to contact you using other means, before donating the money to charity.

- 9.17. If Computershare move all or part of their business to another provider, after the move is complete Computershare will no longer hold your money in the client money bank account. Computershare will exercise due skill, care and diligence in assessing whether the provider that Computershare are transferring your client money to will follow the requirements of the FCA Rules or apply adequate equivalent measures to protect your client money.
- 9.18. Where Computershare owe you money Computershare will round down the monies payable to the nearest penny. Where you owe Computershare money Computershare will round it up to the nearest penny. In each case we will keep the difference for their own benefit.
- 9.19. These terms and conditions and the Service are governed by the laws of England. You agree that any action must be brought in an English Court.
- 9.20. You lose your entitlement to any benefit associated with your Shares, such as a dividend payment, on the day your Shares are sold which will be before the Shares are registered with the new owners. If you receive such a benefit after your Shares are sold you may have to transfer it to the new owners of the Shares. If Computershare become aware of such a claim when Computershare have received the money from selling your Shares then Computershare will account for it to the new owner of the Shares and may deduct the same amount from the proceeds of the sale.
- 9.21. Computershare may withdraw the Service from you immediately due to a change in law or because we find out that you are not entitled to participate in the Service under local laws. Computershare will settle any outstanding instructions from you before Computershare do this, in so far as Computershare are permitted to do so by law.
- 9.22. In offering the Service Computershare will treat you as a "retail client". As a retail client you are protected by the FCA Rules and you may be eligible for compensation under the FSCS, as described further in the Complaints and Compensation section.
- 9.23. Conflicts of interest which may be detrimental to you, may arise between us, their agents, their other corporate clients, their employees and those who use this service. Computershare will make every effort to identify and prevent such conflicts. Where this is not possible, Computershare will manage and mitigate the conflicts. Where Computershare cannot prevent, manage or mitigate such conflicts Computershare will disclose details to you. You may obtain a copy of their Conflicts of Interest Policy, which Computershare update regularly, on their website or you may request a copy by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom.
- 9.24. Only you or Computershare have any right to enforce these terms and no third party has any right to enforce any of the terms by virtue of the Contracts (Rights of Third Parties) Act 1999.
- 9.25. If you owe Computershare money they may deduct the amount that you owe to them from any amounts that Computershare owe to you. If you owe Computershare money they may sell enough of your Shares to recover their own costs, even if this means Computershare sell your Shares at a loss and/or you suffer any tax liability as a result. Computershare may also offset any monies due to you against any monies you owe us. If Computershare plan to sell your Shares Computershare will let you know one month before Computershare do so. However even if Computershare do or they offset any sums of money you may owe them, they still reserve the right to go to court to recover any outstanding monies you may owe them.
- 9.26. If any of these terms and conditions is found to be unfair Computershare will not be able to rely upon it. However, that will not have any impact on the other terms and conditions which will remain in force.
- 9.27. You may not use this Service in a country where it would either be illegal to do so or would require Computershare to observe regulatory procedures or legal formalities in addition to those required in England and Wales.

- 9.28. Computershare will notify you when they change these terms and conditions and if they make any changes that are to your material disadvantage, they will give you not less than twenty Business Days' notice before such change becomes effective, and you will be able to withdraw from the Service.
- 9.29. We may change these terms and conditions without telling you beforehand if Computershare need to change them because the law or regulation changes.

#### ***Data Protection***

- 9.30. In order to provide the Service to you Computershare need to use your personal information. We may also transfer your personal information to other countries which have different data protection laws. We will only do this if Computershare are satisfied that there are adequate safeguards in place to protect your personal information.
- 9.31. For full details about how Computershare use and share your personal information please see their Privacy Policy, which is available on their website or you may request a copy by writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom. The Privacy Policy also explains your rights in relation to your personal information and how you can exercise them.

#### ***Complaints and Compensation***

- 9.32. If you are dissatisfied with the Service Computershare have provided you or wish to receive a copy of their complaints procedure please write to Computershare or find a copy of their complaints procedure on their website. If Computershare cannot resolve your complaint, you may refer it to the Financial Ombudsman Service, Telephone: +44 (0)800 023 4567 (free from UK landlines) or 0300 123 9123 (from UK mobiles) or at <https://www.financial-ombudsman.org.uk>.
- 9.33. Under the FSCS you may be entitled to compensation if Computershare cannot meet their financial obligations. You may be covered for up to 100% of the first £85,000 of your investments (i.e. a maximum of £85,000 per person). Where Computershare hold your money in a client bank account and the relevant UK approved bank becomes insolvent, you may be covered under the FSCS for up to £85,000 of the money on deposit with that bank. Details about their external banking partners are available on request. These amounts may be subject to change. Where Computershare are required to hold your client money in a jurisdiction outside the UK, your rights in the event of insolvency may be reduced. Further details of your rights under the FSCS can be found here: <https://www.fscs.org.uk>.

## Part 10 – Definitions

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

<b>2014 Finance Act</b>	the Finance Act 2014, as amended
<b>Admission</b>	the admission of any New Shares to the premium listing segment of the Official List and to trading on the Main Market becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the Code of Corporate Governance published by the AIC from time to time
<b>AIFM</b>	Alternative Investment Fund Manager under the UK SI 2013/1773, the Alternative Investment Fund Managers Regulations 2013
<b>AIFM Directive</b> or <b>AIFMD</b>	Directive 2011/61/EU of the European Parliament and of the Council on alternative investment fund managers
<b>AIM</b>	the Alternative Investment Market operated by the London Stock Exchange
<b>Apex</b>	Apex Fund and Corporate Services (Guernsey) Limited, a company incorporated in Guernsey with registered number 33475
<b>Articles</b> or <b>Articles of Association</b>	the articles of association of the relevant Company, as amended from time to time, as the context requires
<b>Audit Committee</b>	the audit committee of the relevant Board, as further described in Part 3 of this document
<b>Auditors</b>	the auditors of each Company from time to time, being KPMG LLP as at the date of this document
<b>Australia</b>	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>Baronsmead Second Venture Trust</b> or <b>BSVT</b>	Baronsmead Second Venture Trust plc, a company incorporated in England and Wales with registered number 04115341
<b>Baronsmead Venture Trust</b> or <b>BVT</b>	Baronsmead Venture Trust plc, a company incorporated in England and Wales with registered number 03504214
<b>Beneficial Owner</b>	a person in whom the beneficial ownership of any New Shares is vested or will be vested immediately upon their issue
<b>Boards</b>	the BVT Board and the BSVT Board
<b>BSVT Board</b>	the directors of BSVT or any duly constituted committee thereof
<b>BSVT Directors</b>	the directors of BSVT from time to time

<b>BSVT Illustrative Offer Price</b>	the Offer Price calculated in accordance with the Pricing Formula as set out in this document based on the most recent published NAV per BSVT Share
<b>BSVT Investment Management Agreement</b>	the investment management agreement dated 30 November 2018 between BSVT and the Investment Manager, further details of which are set out in paragraph 6.2.1 of Part 7
<b>BSVT Offer</b>	the offer for subscription for New BSVT Shares at the BSVT Offer Price as described in this document
<b>BSVT Offer Price</b>	the subscription price of the New BSVT Shares under the BSVT Offer as calculated in accordance with the Pricing Formula
<b>BSVT Share</b>	an ordinary share of 10 pence each in the capital of BSVT
<b>BSVT Shareholder</b>	a registered holder of BSVT Shares
<b>Business Day</b>	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>BVT Board</b>	the directors of BVT or any duly constituted committee thereof
<b>BVT Directors</b>	the directors of BVT from time to time
<b>BVT Illustrative Offer Price</b>	the Offer Price calculated in accordance with the Pricing Formula as set out in this document based on the most recent published NAV per BVT Share
<b>BVT Investment Management Agreement</b>	the investment management agreement dated 30 November 2018 between BVT and the Investment Manager, further details of which are set out in paragraph 6.1.1 of Part 7
<b>BVT Offer</b>	the offer for subscription for New BVT Shares at the BVT Offer Price as described in this document
<b>BVT Offer Price</b>	the subscription price of the New BVT Shares under the BVT Offer as calculated in accordance with the Pricing Formula
<b>BVT Share</b>	an ordinary share of 10 pence each in the capital of BVT
<b>BVT Shareholder</b>	a registered holder of BVT Shares
<b>Canada</b>	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
<b>certificated or in certificated form</b>	a share or other security which is not in uncertificated form
<b>COB Rules</b>	the Conduct of Business Sourcebook as set out in the FCA Handbook
<b>Collective Investment Vehicles</b>	other funds managed by the Investment Manager
<b>Companies</b>	Baronsmead Venture Trust and Baronsmead Second Venture Trust (and each a “ <b>Company</b> ”)
<b>Companies Act</b>	the Companies Act 2006, as amended

<b>Corporate Governance Code</b>	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended) in respect of which Euroclear is the operator in accordance with which securities may be held in uncertificated form
<b>Directors</b>	the directors of the Companies from time to time, and “ <b>Director</b> ” shall be construed accordingly
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made by the FCA, as amended from time to time
<b>EEA States</b>	the member states of the European Economic Area from time to time
<b>Electronic Payment</b>	payment of the Offer Price by debit card as detailed at <a href="https://www.baronsmeadvctoffer.co.uk">https://www.baronsmeadvctoffer.co.uk</a> which payment may be accepted or rejected by the Receiving Agent at its absolute discretion
<b>Electronic Subscription Form</b>	the subscription form relating to Subscriptions for New Shares which may be completed online from <a href="https://www.baronsmeadvctoffer.co.uk">https://www.baronsmeadvctoffer.co.uk</a>
<b>Eligible Shares</b>	shares which carry no preferential rights to assets on a winding up, no rights to be redeemed and carry no preferential rights to dividends
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>European Commission</b>	The European Commission of the European Union
<b>Existing Shareholder</b>	a holder of Shares in either BVT or BSVT on the date of this document
<b>FCA</b>	the Financial Conduct Authority or any successor entity or entities
<b>Final Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 31 March 2021
<b>Final Dividend</b>	the final dividend to be paid by each of the Companies following the annual general meetings of the Companies to be held in February 2021
<b>First Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 10 November 2020
<b>Fourth Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 26 February 2021
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>HMRC</b>	HM Revenue & Customs
<b>Illustrative Offer Prices</b>	the BVT Illustrative Offer Price and/or the BSVT Illustrative Offer Price (as the context requires)
<b>Investment Manager or Gresham House</b>	Gresham House Asset Management Limited, a private limited company registered in England and Wales with registered number 09447087

<b>Japan</b>	Japan, its cities, prefectures, territories and possessions
<b>Latest Practicable Date</b>	close of business on 11 September 2020, being the latest practicable date prior to the publication of this document for ascertaining certain information contained in this document
<b>LF Gresham House UK Micro Cap Fund</b>	LF Gresham House UK Micro Cap Fund (formerly named LF Livingbridge UK Micro Cap Fund), an investment company with variable capital incorporated in England and Wales with company number IC000714
<b>LF Gresham House UK Multi Cap Income Fund</b>	LF Gresham House UK Multi Cap Income Fund (formerly named LF Livingbridge UK Multi Cap Income Fund), a sub fund of LF Gresham House Equity Funds, an investment company with variable capital incorporated in England and Wales with company number IC001084
<b>Link</b>	Link Market Services Limited, a company incorporated in England and Wales with registered number 02605568
<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the main market for listed securities operated by the London Stock Exchange
<b>Market Abuse Regulation</b>	Regulation (EU) 596/2014 of the European Parliament and of the Council on market abuse, all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such regulation
<b>NAV or Net Asset Value</b>	the net asset value of the relevant Company on the relevant date calculated on the basis of the relevant Company's normal accounting policies and principles
<b>NAV per BSVT Share</b>	the net asset value per BSVT Share from time to time, calculated in accordance with the normal accounting policies and principles adopted by BSVT from time to time
<b>NAV per BVT Share</b>	the net asset value per BVT Share from time to time, calculated in accordance with the normal accounting policies and principles adopted by BVT from time to time
<b>NAV Total Return</b>	the NAV total return to the investor, including the original amount invested (rebased to 100 pence per share) from launch, assuming that dividends paid were reinvested at the NAV of the Company at the time the shares were quoted ex-dividend
<b>New BSVT Shares</b>	the new BSVT Shares to be issued pursuant to the BSVT Offer
<b>New BVT Shares</b>	the new BVT Shares to be issued pursuant to the BVT Offer
<b>New Investor</b>	a Subscriber who does not hold BVT Shares or BVST Shares as at the date of this document
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to the Offers
<b>Nominee</b>	a party who holds, or subscribes for, Shares on behalf of, and as trustee of, a Beneficial Owner

<b>Nominee Subscription Form</b>	the subscription form to be used by Nominees subscribing on behalf of Beneficial Owners available on request from the Receiving Agent
<b>Offer Agreements</b>	the offer agreements entered into on 16 September 2020 between the Investment Manager and BVT and the Investment Manager and BSVT, and "Offer Agreement" shall be construed accordingly
<b>Offers</b>	the offers for subscription of New Shares at the Offer Price as described in this document
<b>Offer Price</b>	the BVT Offer Price and/or the BSVT Offer Price as the context requires
<b>Official List</b>	the official list maintained by the FCA
<b>Ordinary Share or Share</b>	a BVT Share or a BSVT Share as the context requires
<b>Over-allotment Facility</b>	the ability of the Directors of the relevant Company (at their discretion), if the relevant Offer is oversubscribed, to increase the number of New Shares available for subscription under the relevant Offer to raise further amounts under the relevant Offer of up to £17.5 million
<b>Portfolio</b>	the portfolio of investments held by the relevant Company from time to time
<b>Pricing Formula</b>	the formula to be used to calculate the Offer Price of New Shares under each Offer as set out in this document
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>Qualifying Company</b>	an unquoted (including AIM-traded) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
<b>Qualifying Investment</b>	shares in, or securities of, a Qualifying Company held by a VCT which meet the requirements of Part 4 of Chapter 6 of the Tax Act
<b>Qualifying Investor</b>	an individual aged 18 or over who satisfies the conditions of eligibility for tax relief available to investors in a VCT
<b>Registrar or Receiving Agent</b>	Computershare Investor Services PLC, a company incorporated in England and Wales with registered number 3498808
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service or RIS</b>	a regulatory information service approved by the FCA to release regulatory announcements
<b>Republic of South Africa</b>	the Republic of South Africa, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>Restricted Jurisdiction</b>	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Offers (including this document) is sent or made available to a person in that jurisdiction

<b>Risk Finance Guidelines</b>	European Commission guidelines on State aid to promote risk finance investments (2014/C 19/04)
<b>Second Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 18 December 2020
<b>Shareholder</b>	a BVT Shareholder or BSVT Shareholder as the context requires
<b>Sponsor</b>	Dickson Minto W.S.
<b>Subscriber</b>	a person whose name appears as a subscriber in a Subscription Form or Electronic Subscription Form for use in connection with the Offers
<b>Subscription Form</b>	the subscription form for use in connection with the Offers as set out at the end of this document, or any amended subscription form
<b>Subscriptions</b>	applications to subscribe made by Subscribers pursuant to the Offers and made by completing the Subscription Form, Electronic Subscription Form or Nominee Subscription Form and posting (or delivering) these to the Receiving Agent or as otherwise indicated on the Subscription Form, Electronic Subscription Form or Nominee Subscription Form (and each a " <b>Subscription</b> ")
<b>Sterling</b> or <b>£</b>	pounds sterling, being the lawful currency of the United Kingdom
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Tax Act</b>	the Income Tax Act 2007, as amended from time to time
<b>Third Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 29 January 2021
<b>UK</b> or <b>United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>uncertificated</b> or <b>in uncertificated form</b>	a share or other security title to which is recorded in the register of the share or other security concerned as being held in uncertificated form (i.e. in CREST) and title to which may be transferred by using CREST
<b>United States</b> or <b>USA</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Persons</b>	as defined in Regulations made under the US Securities Act
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>VCT</b> or <b>Venture Capital Trust</b>	a venture capital trust as detailed in section 259 of the Tax Act
<b>VCT Value</b>	the value of an investment calculated in accordance with section 278 of the Tax Act

# Notes on how to complete the Subscription Form

Before completing a Subscription Form prospective investors should read the prospectus published by the Companies on 16 September 2020 in full. The prospectus and additional paper subscription forms are available on the Baronsmead website at <https://www.baronsmeadvcts.co.uk>.

Sections 1-2 of the Subscription Form require you to provide your personal details and your Subscription details. Section 3 asks you to provide your CREST details if you would like any New Shares allotted to you to be credited to your CREST account. Section 4 allows new investors to provide details in relation to the payment of dividends. Section 7 requires you to sign, state your name and date your Subscription Form.

If you have used a financial intermediary, section 5 requires them to provide their firm's details. Section 6 deals with the facilitation of initial adviser fees by the Companies and initial commission.

***If you wish to subscribe for New Shares as a Nominee please contact Computershare on 0800 923 1533 for a separate Nominee Subscription Form. If you are using a platform service, the Nominee Subscription Form should be used by your platform service provider.***

***Please complete all relevant parts of the Subscription Form in accordance with the instructions in these notes.***

## Section 1 – Personal Details

### **Name and address, etc.**

Insert using block capitals, all of the personal details requested. Details of the privacy policies of each of the Companies and how your personal data is processed can be found on their respective websites. Should the Receiving Agent need to contact you about your Subscription they will need your contact details to enable them to do so.

It is very important that you complete this section clearly and accurately, as the Receiving Agent will send a confirmation email or letter to you at the address shown in this section. If your Subscription to the Offers is successful your name and address as stated in this section will be entered on to the Register of the relevant Company and printed on the tax and share certificates.

If your Shareholding is held through a nominee account you are not required to provide a Shareholder Reference Number in section 1, please leave this box blank.

## Section 2 – Subscription details

### **Amount you wish to subscribe**

Insert (in figures) the value of the Subscription you wish to make pursuant to each Offer in boxes (a) and (b). The total aggregate amount you wish to subscribe under the Offers should be inserted in box (c). If you would like a payment to be made to your financial intermediary (please see section 6 below) then this figure should be inserted in box (d). The total aggregate amount that you will transfer to the Receiving Agent, (being (c) + (d)), should be entered in box (e). Your Subscription must be for a minimum amount of £3,000 per elected Offer and thereafter in multiples of £1,000 per elected Offer. Any Subscriptions that are not in multiples of £1,000 are liable to be scaled down to the nearest £1,000.

**You can choose to invest in either or both of the Companies. You must indicate how much you want to invest in either or both of the Companies by entering the amount in boxes (a) and (b) in section 2.**

In the event of your preferred allocation not being available the Receiving Agent will automatically allocate your Subscription in to the other Company's Offer. If you do not want this to happen please tick the relevant box in section 2.

If the Offers have closed, or are deemed to have closed, by the time your Subscription Form is received then the total amount of your Subscription will be returned to you.

## Payment options

### *Bank transfer*

If you wish to pay the Subscription amount by bank transfer, the total aggregate amount set out in box (e) should be transferred to the account details set out below from a personal account with a UK or EU regulated credit institution, which is in the sole or joint name of the Subscriber. Payments will not be accepted from business accounts or third parties (including your spouse).

Please transfer the total aggregate amount of your Subscription to the following account after first sending in your completed Subscription Form. **Please make sure that you reference the payment with your surname, initials and the date the payment is made, e.g. SMITHJ180920.**

Account name:	CIS PLC RE: BARONSMEAD OFS ACC
Sort Code:	16-08-13
Account number	10012254
Bank	Royal Bank of Scotland
Payee (if required by your bank):	Computershare Investor Services PLC

If your Subscription is submitted online please reference the payment with the eight digit reference number that you are provided with at the end of the online process.

**Any Subscription without a reference or an incorrect reference or where the funds and form cannot be reconciled will be rejected.**

### *Cheque*

If you wish to pay the Subscription amount by cheque, please pin a cheque to the Subscription Form for the exact amount shown in box (e) of section 2. Your cheque must be made payable to “**CIS PLC RE: Baronsmead OFS App Acc**”.

Cheques may be presented for payment on receipt. Subscriptions under the Offers will be processed upon receipt. A Subscription Form accompanied by a post-dated cheque will not be accepted until such date as the cheque can be presented, subject to the absolute discretion of the Boards to accept such Subscriptions.

Your cheque must be drawn in sterling on an account with a UK or EU regulated credit institution, and which is in the sole or joint name of the Subscriber and must bear the appropriate sort code in the top right-hand corner.

The right is reserved to reject any Subscription in respect of which the Subscriber’s cheque or banker’s draft has not been cleared on first presentation. Any monies returned will be sent through the post at the risk of the persons entitled thereto by cheque crossed “A/C Payee only” in favour of the Subscriber without interest.

## Section 3 – CREST details (if any)

Any New Shares allotted to you will be in a registered form capable of being transferred by means of the CREST system. Subscribers who wish to take advantage of the ability to trade their New Shares in uncertificated form, and who have access to a CREST account, may arrange to have their New Shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Investors should be aware that New Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Shares held in CREST. The share register of each Company will be kept by the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

## Section 4 – Dividend Payments For New Shareholders

**SECTION 4 IS ONLY TO BE COMPLETED BY INVESTORS WHO DO NOT CURRENTLY HOLD SHARES IN THE COMPANY FOR WHICH THEY ARE APPLYING**

If you do not currently hold Shares in the Company for which you are applying, you should complete section 4. If you already hold shares in the Company for which you are applying, this form cannot be used to amend your dividend election. This can be done by contacting the Shareholder helpline or via your Investor online account. Any dividends paid by the Companies can be reinvested in additional Shares in the relevant Company or received in cash payments into your bank account.

By selecting that you would like any future dividends to be reinvested, you confirm that you have read and understood the Terms and Conditions of the Dividend Reinvestment Plan as set out in Part 9 of the prospectus.

Investors should also note that income tax relief will not be available on Shares issued in relation to the dividends that are reinvested and that the dividends that are reinvested will not count towards the £200,000 investment limit in relation to income tax relief.

Existing Shareholders must not complete section 4 as existing dividend payment arrangements can not be amended using the Subscription Form. If you are an Existing Shareholder and you wish to amend any of the existing instructions in relation to the payment of dividends you should do so separately by contacting the Registrar, Computershare Investors Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, or by going to <https://www.investorcentre.co.uk>.

## Section 5 – Financial intermediaries' details

This section should only be completed if you have used a financial intermediary with respect to your Subscription. If you apply directly and have not used a financial intermediary with respect to your Subscription you should not complete this section.

## Section 6 – Financial intermediaries' payment

All fees charged by the Companies are outlined in the Prospectus. The Companies can also facilitate payments to your financial intermediary.

If you have invested in the Offers through a financial intermediary and have received upfront advice, including investors who are investing through intermediaries using financial platforms, the Companies can facilitate payments to your financial intermediary. The amount you wish to be paid to your financial intermediary, plus the percentage of your Subscription that this represents should be inserted in the appropriate boxes in section 6. If you complete section 6 the tax certificate(s) that you receive in relation to your Subscription will reflect the amount you entered in box (e) in section 2. You will receive a separate tax certificate for each Company, if you choose to invest in both.

Investors should check whether their financial intermediary would like to receive the payment by way of a bank transfer or cheque.

Financial advisers who have not provided financial advice in relation to your Subscription and execution only brokers are entitled to receive initial commission of 1.5 per cent. of the amount subscribed and trail commission of 0.5 per cent. per annum for five years. Your adviser may choose to waive this commission. If the commission is waived Subscribers will receive additional New Shares issued at the relevant Offer Price. Such financial advisers or execution only brokers should email [baronsmeadOFS@computershare.co.uk](mailto:baronsmeadOFS@computershare.co.uk) for details on payment of commission.

## Section 7 – Signature and date

You must sign, state your name and date the Subscription Form in section 7.

By signing and dating the Subscription Form you agree to invest in the relevant Company in accordance with the terms and conditions of Subscription as set out on pages 77 to 80 of the Prospectus.

**If this section of the form is unsigned the Receiving Agent will not be able to process your Subscription and Subscription monies will be returned to you.**

## Administration of Shareholder Account

### *Existing Shareholders*

Existing Shareholders' dividend payment/reinvestment details and shareholder communications preferences will not be altered as a result of New Shares being issued to them. Should an existing Shareholder wish to change any of the existing instructions with regard to the administration of the existing Shareholder account(s) they should do so separately by writing to the Registrar, Computershare Investor Services PLC, Bridgwater Road, Bristol BS13 8AE, or by going to <https://www.investorcentre.co.uk>.

### *New investors*

New investors should complete section 4 of the Subscription Form if you want any future dividends paid directly into your bank or building society account. Dividends paid by cheque will be sent to the Shareholder's registered address using the standard mail delivery at the Shareholder's own risk. The Registrar will charge administration fees for re-issuing any cheques that are not presented for payment. New investors may also elect in section 4 for their dividends to be reinvested.

### *Common Reporting Standards*

From 1 January 2016 VCTs, along with investment trusts, are required to report the tax residence of their shareholders. Investors who are not already on the register of members of the relevant Company and who hold their Shares in certificated form, will be sent a document along with their share certificate in the relevant Company which those Shareholders should complete and return to the Registrar.

## Money Laundering Notice – Important Procedures for Subscriptions for more than £12,000

Investors should be aware of the following requirements in respect of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 for Subscriptions of £12,000, or more.

- A. For those **who have not** previously invested in the Companies if the Subscription:
1. is made through an authorised financial intermediary then verification of the Subscriber's identity may be provided by means of a "Letter of Introduction" from an Independent Financial Adviser or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 or a UK or EC financial institution (such as a bank). The Receiving Agent will supply specimen wording on request; or
  2. is made direct (not through a financial intermediary), the Companies, or a third party acting on behalf of the Companies, will carry out an online check of your identity using an online anti-money laundering and identity verification system.

If you do not want the online check to be carried out please tick the box on the Subscription Form that states that you are opting out of the electronic identity verification system. If you tick this box you must enclose a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form.

- B. For those **who have** previously invested in the Companies your identity may be verified for the purposes of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 by paying subscription monies by a cheque drawn in your name from a United Kingdom or other European Union regulated credit institution. If this is not provided then you will need to go through the above procedure for those who have not previously invested in the Companies.

Failure to provide the necessary evidence of identity may result in your Subscription being treated as invalid or in delay of confirmation.

## What Happens Next?

### ***How will I know if my Subscription has been successful?***

Within two Business Days of the Receiving Agent receiving your completed Subscription Form you will receive an email from the following email address: baronsmeadOFS@computershare.co.uk.

This email will confirm if your Subscription has been successful.

To avoid the confirmation email being delivered to your junk box, please save the email address above to your email account.

### ***When will I receive my New Shares?***

Depending on when your completed Subscription Form is received, it is anticipated that New Shares will be allotted on:

- 10 November 2020 in relation to the First Allotment;
- 18 December 2020 in relation to the Second Allotment;
- 29 January 2021 in relation to the Third Allotment;
- 26 February 2021 in relation to the Fourth Allotment; and
- 31 March 2021 in relation to the Final Allotment.

### ***When will I get my share and income tax certificates?***

The Receiving Agent will send your share and income tax certificates to you within ten Business Days of your New Shares being allotted.

### ***When will adviser fees be paid?***

Adviser fees will be paid by the Receiving Agent within 20 Business Days of your New Shares being allotted.

### ***When are dividends paid by the Companies?***

The Boards of the Companies will, wherever possible, seek to pay two dividends to Shareholders in each calendar year, typically an interim dividend in September and a final dividend following the annual general meeting in February or March.

### ***When will I receive accounts from the Companies?***

The accounting reference date for the Companies is 30 September and annual accounts are usually dispatched in December. The half yearly accounts for the six month period to 31 March are dispatched in May/June.

# Subscription Form for the Offers

If you are in any doubt about the action to take you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial intermediary authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

IMPORTANT – Before completing this form please read the accompanying notes. PLEASE USE BLOCK CAPITALS to complete the form.

## How to apply

You can apply to participate in the Offers using one of the following methods:

- **Online:** online Subscriptions can be made at <https://www.baronsmeadvctoffer.co.uk>
- **Email:** Subscriptions can be made by email by completing this form and sending it to [baronsmeadOFS@computershare.co.uk](mailto:baronsmeadOFS@computershare.co.uk)
- **Post:** postal Subscriptions can be made by completing this form and sending it to Computershare Investor Services PLC, Corporate Actions 3, Bridgwater Road, Bristol BS99 6AR

If you post your Subscription Form you are recommended to either send your form by special delivery or first class post and to allow at least four days for delivery.

By completing and signing this Subscription Form you accept that you will be subscribing in accordance with the terms and conditions set out on pages 77 to 80 of the Prospectus dated 16 September 2020. The definitions in that document apply to this Subscription Form

## SECTION 1 – PERSONAL DETAILS

Title: (Mr/Mrs/Miss/Ms/Other)	
First Name(s):	
Last Name:	
Are you an Existing Shareholder of:	Baronsmead Venture Trust plc <input type="checkbox"/> Baronsmead Second Venture Trust plc <input type="checkbox"/>
If you have ticked either or both of the boxes above, please provide your Baronsmead Shareholder Reference Number(s), unless Shareholding is held through a nominee then please leave blank:	
Date of birth (dd/mm/yyyy):	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
National Insurance number:	<input type="text"/>
Daytime telephone number:	<input type="text"/>
Email address:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Address:	
Postcode:	<input type="text"/>



## SECTION 2 – SUBSCRIPTION DETAILS

I wish to subscribe for:

(a)  of New Shares in Baronsmead Venture Trust plc

(b)  of New Shares in Baronsmead Second Venture Trust plc

*Subscriptions must be for a minimum of £3,000 per Company and in multiples of £1,000 thereafter.*

(c)  Total subscription amount I wish to subscribe in the Offers (c = a + b).

(d)  Amount payable to my Financial Intermediary as set out in section 6 of this form (if applicable)

(e)  Total aggregate amount to be transferred to the Receiving Agent (e = c + d)

Investors should note that if an investor subscribes for shares in a VCT within 6 months before or after selling any shares in that same VCT, or if there is a contractual link between the subscription and the disposal, the tax reliefs in relation to that subscription will apply only to the amount invested less the amount for which the shares are sold.

**In the event of your preferred allocation not being available, the Receiving Agent will automatically allocate your Subscription in to the other Company's Offer (if possible).**

Please tick here  if you do not want this to happen.

### Payment options

Bank transfer

Please transfer the total aggregate amount set out above to the following account after completing and sending the Subscription Form. Please make sure that you reference the payment with your surname, initials and the date the payment is made.

**Account Name:** CIS PLC RE: BARONSMEAD OFS ACC

**Sort Code:** 16-08-13

**Account number:** 10012254

**Bank:** Royal Bank of Scotland

**Payee (if required by your bank):** Computershare Investor Services PLC

**Please make sure that you reference the payment with your surname, initials and the date the payment is made, e.g. SMITHJ180920.**

Please insert the reference used for the payment here:

**Any Subscription without a reference or an incorrect reference or where the funds and form cannot be reconciled will be rejected.**

**Payments must come from a personal account with a United Kingdom or EU regulated credit institution, and which is in the sole or joint name of the Subscriber. Payments will not be accepted from business accounts or third parties (including your spouse).**

Cheque

Make your cheque or banker's draft out to "CIS PLC RE: Baronsmead OFS App Acc" and cross it with the words "A/C Payee only". Your cheque must be drawn in sterling on a personal account with a United Kingdom or EU regulated credit institution, and which is in the sole or joint name of the Subscriber and must bear the appropriate sort code in the top right-hand corner.

### SECTION 3 – CREST DETAILS

Subscribers who wish to have their New Shares allotted directly to their CREST account, should complete the relevant details below.	
CREST Member Account ID:	
CREST Participant ID:	
Participant name:	
Contact name for CREST queries:	
Contact telephone number:	<input type="text"/>

### SECTION 4 – DIVIDEND PAYMENTS FOR NEW SHAREHOLDERS ONLY

<p>This section should only be completed if you do not currently hold Shares in the Company to which your Subscription relates.</p> <p>Any dividends paid by the Companies can be reinvested in additional Shares in the relevant Company or received in cash payments into your bank account. Please select your preferred option below. If you select the dividend payment option please also provide details of the bank account that you would like the dividend to be paid into.</p> <p><input type="checkbox"/> I would like dividends to be paid into the following bank account</p>	
Bank/Building Society name:	
Bank/Building Society address	
Sort Code:	
Account:	
<p><input type="checkbox"/> I would like dividends to be reinvested</p> <p>By ticking this box, you confirm that you've read and understood the Terms and Conditions of the Dividend Reinvestment Plan as set out in Part 9 of the Prospectus.</p> <p>Investors should also note that income tax relief will not be available on Shares issued in relation to the dividends that are reinvested and that the dividends that are reinvested will not count towards the £200,000 investment limit in relation to the income tax relief.</p>	



# SECTION 5 – FINANCIAL INTERMEDIARIES' DETAILS

To be completed by your adviser and intermediary (if applicable).	
Firm name:	
Title: (Mr/Mrs/Miss/Ms/Other)	
First Name(s):	
Last Name:	
Daytime telephone number:	<input type="text"/>
Email address:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Address:	
Postcode:	<input type="text"/>
Firm FCA number:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Adviser FCA number:	<input type="text"/>
<input type="checkbox"/> <b>Account valuation data sharing authority</b> By ticking this box I am authorising the Registrar to release information relating to the cost, valuation and dividend history of my holding to my financial intermediary on request, without further reference to me. I may revoke this authority by writing to the Registrar.	

# SECTION 6 – FINANCIAL INTERMEDIARIES' PAYMENT

All fees charged by the Companies are outlined in the Prospectus. The Companies can also facilitate payments to your financial intermediary. If you wish for payments to be made to your financial intermediary in relation to your Subscription please complete this section 6 and boxes (d) and (e) of section 2. The tax certificate and New Shares you receive will reflect the amount entered into box (e) of section 2.

If this section is left blank, no payment will be made to the financial intermediary.

**This is an advised investment with an initial adviser fee**

Please indicate the level of initial adviser fee you have agreed with your financial intermediary.

I wish for an initial adviser fee of  per cent. (being  £ ) to be paid to my financial intermediary.

### Payment Options

If a payment is to be made to your financial intermediary, please ask them to indicate below how they would like to receive payment below.

Bank transfer

<b>Account Name:</b>	<input type="text"/>		
Sort Code:	<input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>	Bank	<input type="text"/>
Account Number	<input type="text"/>	Branch	<input type="text"/>

Cheque

**This is a direct investment with no financial intermediary involved**

If this is a non-advised Subscription made through a financial adviser or execution only broker, please ask your financial intermediary to email [baronsmeadOFS@computershare.co.uk](mailto:baronsmeadOFS@computershare.co.uk) for details on payment of commission.



# SECTION 7 – SIGNATURE

**YOU MUST SIGN, STATE YOUR NAME AND DATE THIS SUBSCRIPTION FORM OTHERWISE IT WILL NOT BE ACCEPTED AND YOUR SUBSCRIPTION(S) WILL BE RETURNED.**

**By signing this form I HEREBY DECLARE THAT:**

- (a) I have read the terms and conditions of Subscription contained on pages 77 to 80 of the Prospectus issued by the Companies containing the terms of the Offers dated 16 September 2020 and agree to be bound by them.
- (b) I understand that this is a LONG-TERM investment and I have read the RISK FACTORS on pages 10 to 13 of the Prospectus.
- (c) I will be the beneficial owner of the New Shares in the relevant Company to be issued pursuant to the Offers.
- (d) I hereby confirm that to the best of my knowledge all of the information I have supplied in the Subscription Form is correct.

**HM REVENUE & CUSTOMS MAY INSPECT THIS FORM. IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION.**

<b>Signature:</b>	
<b>Full name:</b>	
<b>Date:</b>	

**Electronic identity verification**

By ticking this box I am opting out of the electronic identity verification system being used to verify my identity for the purposes of Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and have enclosed the appropriate documentation with this form. Please read section entitled "Money Laundering Notice – Important Procedures for Subscriptions for more than £12,000 on page 113.

Baronsmead

Tel: 020 3875 9862

Email: [baronsmeadvcts@greshamhouse.com](mailto:baronsmeadvcts@greshamhouse.com)



Tel: 020 3006 7530

Email: [taxsolutions@ramcapital.co.uk](mailto:taxsolutions@ramcapital.co.uk)

