

# Baronsmead

## Prospectus

Baronsmead Venture Trust plc  
Baronsmead Second Venture Trust plc

**Offers for Subscription to raise up to  
£30 million in aggregate, together with  
Over-allotment Facilities to raise up  
to a further £20 million in aggregate**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

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 the UK version of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Companies 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 the Prospectus Regulation. This document will be made available to the public in accordance with the Prospectus Regulation Rules by being made available at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk).

The Directors of Baronsmead Venture Trust plc ("**BVT**"), whose names appear on page 25 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 25 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 £30 million in aggregate, together with  
Over-allotment Facilities to raise up to a further £20 million in aggregate**

**Sponsored by**

**Howard Kennedy Corporate Services LLP**

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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 Admission will become effective in relation to the New Shares issued under the Offers, and dealings for normal settlement in such New Shares will commence, within five Business Days following the allotment of the relevant New Shares. The First Allotment is anticipated to take place on 11 January 2024.

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.

Howard Kennedy Corporate Services LLP, 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 Howard Kennedy Corporate Services LLP under FSMA or the regulatory regime established thereunder, Howard Kennedy Corporate Services LLP 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 Howard Kennedy Corporate Services LLP, 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.

The procedure for, and the terms and conditions of, application under the Offers are set out at the end of this document. Each Offer will open to Applications at 9.00 a.m. on 4 December 2023 and will close on 3 April 2024 in respect of the 2023/24 tax year, unless a Board decides to extend the Offer in relation to the relevant Company or the Offers are fully subscribed or otherwise closed by the respective Board before this time. If the Offers are not fully subscribed, the Directors reserve the right to allow the Offer to remain open for at least part of the 2024/25 tax year, but not beyond 22 November 2024. **To participate in the Offers, investors may complete and submit an Online Application Form (please refer to the instructions at [www.baronsmeadvcts.co.uk/vctoffer](http://www.baronsmeadvcts.co.uk/vctoffer) or contact the Receiving Agent at [baronsmeadvcts@city.uk.com](mailto:baronsmeadvcts@city.uk.com)) or may use the separate Application Form which can be downloaded from the Companies' website at [www.baronsmeadvcts.co.uk/vctoffer](http://www.baronsmeadvcts.co.uk/vctoffer). Please note, Application Forms (including Online Application Forms) will only be made available to investors from 9.00 a.m. on 4 December 2023.**

Prospective investors should consider carefully all of the information in this document, in particular the sections headed 'Risk Factors' (on pages 11 to 15) and 'Forward looking statements' (on page 20), before making an Application for New Shares.

24 November 2023

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# Summary

## Introduction and Warning

### *Name and ISIN of securities*

This document relates to the issue of ordinary shares of 10 pence each in the capital of Baronsmead Venture Trust plc ("**BVT**") ("**BVT Shares**") and ordinary shares of 10 pence each in the capital of Baronsmead Second Venture Trust plc ("**BSVT**") ("**BSVT Shares**") pursuant to offers for subscription to raise up to £30 million in aggregate, together with Over-allotment Facilities to raise up to a further £20 million in aggregate (the "**Offers**").

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: 0800 111 6768

### *Date of approval of the Prospectus*

24 November 2023

### *Warning*

The following summary should be read as an introduction to the Prospectus. Any decision to invest in the BVT Shares or BSVT Shares issued pursuant to the Offers (the "**New BVT Shares**" and the "**New BSVT Shares**" respectively) 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. Civil liability attaches only 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 securities (if any), may go down as well as up. An investment in either of BVT or BSVT (together, 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.

The Companies are both domiciled in England and 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 both Companies is to achieve long-term positive investment returns for private investors, including tax-free dividends.

#### *Major Shareholders*

As at close of business on 22 November 2023 (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 control over the respective Companies or could do so following completion of the Offers. There are no different voting rights for any Shareholder in respect of each Company.

### *Directors and Investment Manager*

Each Company is registered as a small registered UK AIFM for the purposes of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). 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:

- Fiona Miller Smith (Chair);
- Isabel Dolan;
- Les Gabb;
- Susannah Nicklin; and
- Michael Probin.

All of the BVT Directors are independent non-executive directors. BVT announced on 19 October 2023 that Les Gabb will retire from the Board with effect from 31 December 2023.

The BSVT Directors are as follows:

- Sarah Fromson (Chair);
- Tim Farazmand;
- Malcolm Groat; and
- Graham McDonald.

All of the BSVT Directors are independent non-executive directors.

### *Statutory auditors*

The auditor of each Company is BDO LLP of 55 Baker Street, London W1U 7EU.

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

#### **BVT**

#### **Information relevant to closed-end funds**

Selected audited financial information relating to BVT which summarises the financial condition of BVT for the financial year ended 30 September 2022, together with unaudited financial information for the 6 month periods ended 31 March 2023 and 31 March 2022, is set out in the following tables.

Share class	Total NAV (£'000) (as at 30 September 2022)	No. of BVT Shares (excluding treasury shares) (as at 30 September 2022)	NAV per BVT Share (p) (as at 30 September 2022)	NAV per BVT Share (p) (as at 30 September 2021)
Ordinary	193,825	316,218,166	61.29	82.40

#### **Income statement for closed-end funds**

	Unaudited interim report for the six months ended 31 March 2023			Annual financial report for the year ended 30 September 2022			Unaudited interim report for the six months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	—	(1,243)	(1,243)	—	(43,626)	(43,626)	—	(23,346)	(23,346)
Income	925	—	925	3,949	—	3,949	735	—	735
Investment management fee (accrued/paid)	(437)	(1,315)	(1,752)	(967)	(2,903)	(3,870)	(505)	(1,513)	(2,018)
Other expenses	(336)	—	(336)	(652)	—	(652)	(361)	—	(361)
Profit/(loss) before taxation (£'000)	152	(2,558)	(2,406)	2,330	(46,529)	(44,199)	(131)	(24,859)	(24,990)
Taxation on ordinary activities	—	—	—	(229)	229	—	—	—	—
Profit/(loss) for the period, being the total comprehensive income for the period after taxation	152	(2,558)	(2,406)	2,101	(46,300)	(44,199)	(131)	(24,859)	(24,990)
Basic and diluted (loss)/earnings per Ordinary Share	0.05p	(0.80p)	(0.75p)	0.69p	(15.25p)	(14.56p)	(0.05p)	(8.54p)	(8.59p)

#### **Balance sheet for closed-end funds**

	Year ended 30 September 2022 (audited)	6 months ended 31 March 2023 (unaudited)
Total net assets (£'000)	193,825	203,426
NAV per Share (p)	61.29	57.96

There is no *pro forma* financial information relating to BVT in this document.

There were no qualifications in the audit report for BVT in respect of the financial year ended 30 September 2022.

## BSVT

### Information relevant to closed-end funds

Selected audited financial information relating to BSVT which summarises the financial condition of BSVT for the financial year ended 30 September 2022, together with unaudited financial information for the 6 month periods ended 31 March 2023 and 31 March 2022, is set out in the following tables.

Share class	Total NAV (£'000) (as at 30 September 2022)	No. of BSVT Shares (excluding treasury shares) (as at 30 September 2022)	NAV per BSVT Share (p) (as at 30 September 2022)	NAV per BSVT Share (p) (as at 30 September 2021)
Ordinary	212,986	327,288,384	65.08	87.77

### Income statement for closed-end funds

	Unaudited interim report for the six months ended 31 March 2023			Annual financial report for the year ended 30 September 2022			Unaudited interim report for the six months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	—	(2,132)	(2,132)	—	(48,771)	(48,771)	—	(27,719)	(27,719)
Income	1,201	—	1,201	4,951	—	4,951	961	—	961
Investment management fee (accrued/paid)	(620)	(1,860)	(2,480)	(1,367)	(4,101)	(5,468)	(706)	(2,116)	(2,822)
Other expenses	(357)	—	(357)	(669)	—	(669)	(359)	—	(359)
Profit/(loss) before taxation (£'000)	224	(3,992)	(3,768)	2,915	(52,872)	(49,957)	(104)	(29,835)	(29,939)
Taxation on ordinary activities	—	—	—	(263)	263	—	—	—	—
Profit/(loss) for the period, being the total comprehensive income for the period after taxation	224	(3,992)	(3,768)	2,652	(52,609)	(49,957)	(104)	(29,835)	(29,939)
Basic and diluted (loss)/earnings per Ordinary Share	0.07p	(1.21p)	(1.14p)	0.85p	(16.85p)	(16.00p)	(0.04p)	(10.04p)	(10.08p)

### Balance sheet for closed-end funds

	Year ended 30 September 2022 (audited)	6 months ended 31 March 2023 (unaudited)
Total net assets (£'000)	212,986	210,969
NAV per Share (p)	65.08	61.0p

There is no *pro forma* financial information relating to BSVT in this document.

There were no qualifications in the audit report for BSVT in respect of the financial year ended 30 September 2022.

### 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.

- There can be no guarantee that the Companies' investment objectives will be achieved or that suitable investment opportunities will be available. The performance of each Company (and the ability to achieve returns for Shareholders) will be dependent on the investment opportunities sourced by the Investment Manager and the performance of those investments.
- Any change of governmental, economic, fiscal, monetary or political policy, in particular any changes to taxation, tax reliefs and changes to the VCT rules, could materially affect, directly or indirectly, the operation and/or the performance of the Companies (and the portfolio companies in which they invest), the number of VCT qualifying investment opportunities available, the value of and returns from the Ordinary Shares and/or the ability of the Companies to achieve or maintain VCT status.
- Economic and global political uncertainty may adversely affect the performance of companies in which the Companies have invested or may invest (including short-term reductions in valuation) which in turn may adversely affect the performance of the Companies and the returns to investors. Current factors of significance include the conflict between Russia and Ukraine, potential low levels of economic growth, supply chain loss and disruption, high interest rates, currency volatility, continuing high levels of inflation and energy costs, tight labour markets and recession. These factors may also negatively impact the number or quality of investment opportunities available to the Companies.
- While it is the intention of the BVT Directors and BSVT Directors that the respective Companies will be managed so as to continue to qualify as VCTs, there can be no guarantee that the Companies will maintain VCT status. 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.

- 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 (the “**Main Market**”).
- The Companies’ investments may be difficult to realise. The fact that a share is traded on the alternative investment market of the London Stock Exchange (“**AIM**”) does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. The valuation of the Companies’ portfolios and opportunities for realisation of the investments will vary with stock market conditions. In addition, the value of unlisted stock is often more difficult to determine than the value of stock in listed companies and may be based on unaudited information and/or be subject to limited verification or other due diligence. Opportunities to realise unlisted stock may also be limited.

## Key Information on the Securities

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

#### *Details of the securities*

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

As at 22 November 2023 (being the latest practicable date prior to the publication of this document), the issued share capital of BVT comprised 381,621,257 BVT Shares, of which 30,086,750 BVT Shares were held in treasury. As at 22 November 2023 (being the latest practicable date prior to the publication of this document), the issued share capital of BSVT comprised 396,279,533 BSVT Shares, of which 34,026,367 BSVT Shares were held in treasury.

#### *Rights attached to the securities*

The New BVT Shares and the New BSVT Shares (the “**New Shares**”) will rank *pari passu* in all respects with the existing Shares (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the relevant allotment). 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, subject to compliance with applicable securities laws and the Articles.

#### *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 respective Company’s Opening NAV.

Over the past ten years, both Companies have paid a dividend yield of 7 per cent. or more of the Opening NAV per annum and the intention is for both Companies to continue to meet the 7 per cent. 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 maintained by the FCA (the “**Official List**”) and to trading on the London Stock Exchange’s Main Market. It is expected that admission of the New Shares to the Official List and to trading on the Main Market (“**Admission**”) 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, within five business days 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.

- At any given point in time, the sale price for a Share which a Shareholder could achieve on the Main Market may be significantly less than the net asset value per Share or the price paid by the Shareholder to acquire that Share. The market value of, and the returns derived from, the Shares may go down as well as up and an investor may not get back the amount invested.



- Each Company carries 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 Main 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.
- A Shareholder who disposes of Ordinary Shares within five years of issue will be subject to clawback by HMRC of any income tax reliefs originally claimed on subscription. Any realised losses on a disposal of Ordinary Shares cannot be used to create an allowable loss for capital gains tax purposes.

## Key Information on the offer of securities to the public

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

#### *General terms of the Offers*

Under the Offers, each Company is seeking to raise up to £15 million (before costs). Each Board will also have the option to utilise an over-allotment facility to raise up to a further £10 million for each Company (before costs). Applicants can elect to invest in either or both of the Offers.

The number of New Shares to be allotted to each applicant under each Offer (an “**Applicant**”) will be determined by the following formula (the “**Allotment Formula**”):

$$\frac{(A \times (1 - B + C + D - E))}{NAV}$$

#### **Where:**

- A is the total amount remitted to the relevant Company by an Applicant under the relevant Offer, including any amount to be facilitated greater than or equal to £5,000 (the “**Application Amount**”)
- B is the costs of the Offer (the “**Offer Costs**”)
- C is the Early Bird Discount, if applicable
- D is any initial commission waived by a financial intermediary in favour of additional New Shares for the Applicant
- E is any initial adviser charge payable to a financial intermediary agreed by the Applicant (“**Initial Adviser Charge**”) agreed to be facilitated by the Company, expressed as a percentage of the Application Amount
- NAV is the most recently published NAV per Ordinary Share of the relevant Company, adjusted for any subsequent dividends paid or declared (and in respect of which no adjustment has been made to that most recently published NAV per Ordinary Share)

The number of New Shares to be issued to an Applicant under each Offer will be rounded down to the nearest whole number (fractions of New Shares will not be allotted).

The price at which New Shares will be issued to an Applicant under an Offer (the “**Offer Price**”) will be determined by dividing the Application Amount by the number of New Shares allotted to the Applicant in respect of that Application as calculated in accordance with the Allotment Formula (rounded to 4 decimal places). The Offer Price will therefore vary for each Applicant depending on the amount of Offer Costs, any initial commission waived, any Initial Adviser Charges, any Early Bird Discount associated with their Application and the value of the most recently published NAV per Ordinary Share at the time of their Application. After each allotment, the results of the allotment (including details of the New Shares issued and the range of the Offer Prices) will be announced through a Regulatory Information Service.

Applicants must subscribe a minimum of £5,000 (including any Initial Adviser Charge for facilitation) in each elected Offer. All Applications will be processed by the Receiving Agent on a “first come, first served” basis.

#### **Expected timetable**

The Offers will open at 9.00 a.m. on 4 December 2023. The First Allotment is expected to take place on or around 11 January 2024, with two further allotments expected prior to the Offers closing for the 2023/24 tax year on 3 April 2024 (unless fully subscribed earlier, in which case the respective Boards may close the relevant Offer prior to all allotments taking place). If the Offers are not fully subscribed, the Directors reserve the right to allow the Offer to remain open for at least part of the 2024/25 tax year, but not beyond 22 November 2024, with a single allotment expected to take place on or around 2 May 2024.

#### **Details of Admission**

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, within five business days following the allotment of the relevant New Shares.

## ***Distribution***

The New Shares will be available to be issued in either registered form (i.e. certificated) or electronic form (i.e. via CREST). Where applicable, share certificates are expected to be dispatched by post within ten business days of allotment of the relevant New Shares.

## ***Dilution of voting rights***

For illustrative purposes only, assuming the maximum number of New Shares available to be issued under the BVT Offer, including the over-allotment facility, is 45,061,408 (based on the NAV per BVT Share as at 31 October 2023, as adjusted) a BVT Shareholder who does not participate in the BVT Offer (and does not otherwise acquire BVT Shares) will suffer dilution of 11 per cent. to their existing voting rights in BVT.

For illustrative purposes only, assuming the maximum number of New Shares available to be issued under the BSVT Offer, including the over-allotment facility, is 43,268,362 (based on the NAV per BSVT Share as at 31 October 2023, as adjusted) a BSVT Shareholder who does not participate in the BSVT Offer (and does not otherwise acquire BSVT Shares) will suffer dilution of 11 per cent. to their existing voting rights in BSVT.

## ***Expenses of the Offers***

### ***Offer Costs***

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 an amount equal to 4.5 per cent. of aggregate accepted Application Amounts in respect of the Offer less an amount equal to the sum of discounts offered to investors by the Investment Manager. The Investment Manager has agreed to administer the Offers and will pay all costs associated with the Offers, including any fees which exceed this fee amount.

The fee payable by each Company under the Offer Agreement is effectively borne by investors by virtue of the operation of the Allotment Formula, which also takes into account the following discounts that are being offered by the Investment Manager:

- a discount of 1.5 per cent. of the Application Amount received from Applicants who have subscribed through a financial intermediary, who are not categorised as professional clients (pursuant to COBS 3.5 of the FCA Handbook) ("**Professional Clients**") of the financial intermediary, and who have received advice in relation to their Application for New Shares under the Offers; or
- a discount of 1.0 per cent. of the Application Amount received from Applicants who have not subscribed through a financial intermediary (i.e. Applicants that have subscribed directly).

For the avoidance of doubt, other than in respect of initial commission (as further described below) the Investment Manager does not offer any such discount to Applicants who (i) have subscribed through an 'execution only' financial intermediary or (ii) are Professional Clients of a financial intermediary who have received advice in relation to their Application for New Shares under the Offers.

### ***Initial Commission***

For an Application made through a financial intermediary where the financial intermediary has acted in either an 'execution only' capacity or advised an Applicant who is a Professional Client, the Investment Manager will pay 1.5 per cent. of the associated Application Amount to the financial intermediary. The financial intermediary may waive this initial commission, in full or in part, in favour of additional New Shares for the Applicant.

### ***Early Bird Discount***

The Investment Manager has agreed to discount further the Offer Costs by 0.75 per cent. for Existing Shareholders and by 0.5 per cent. for new investors in respect of Applications accepted (including receipt of cleared funds by the Receiving Agent) on or before 9 a.m. on 8 January 2024, subject to a maximum aggregate Application Amount qualifying for this discount of £7.5 million per Company (the "**Early Bird Discount**").

### ***Initial Adviser Charge***

For an Application made through a financial intermediary where the financial intermediary has advised the Applicant, who is not a Professional Client, in return for an Initial Adviser Charge agreed between the Applicant and the financial intermediary, the Companies may facilitate payment of the Initial Adviser Charge on behalf of the Applicant up to 4.5 per cent. of the Application Amount. If the Initial Adviser Charge agreed with the financial intermediary is greater than 4.5 per cent. of the Application Amount, the Applicant will need to make additional payments directly to the financial intermediary.

Subject to the above restrictions, the amount agreed to be facilitated will be applied through the Allotment Formula in determining the number of New Shares to be allotted and is therefore effectively borne by the Applicant in addition to the Offer Costs.

The Companies will not facilitate any ongoing adviser charges. Any such arrangements should be handled directly between the Applicant and the financial intermediary.

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

#### ***Reasons for the Offer and use of proceeds***

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

The net proceeds of the Offers will be pooled with the existing cash resources of the respective Company and utilised (i) to make new and follow-on investments in accordance with its investment policy and (ii) to help meet annual outgoings (including running costs, directors' fees and market purchases of Ordinary Shares).

The Offers are not underwritten. The total expenses payable by each Company in connection with its respective Offer (assuming such Offer is fully subscribed and no New Shares are issued under the respective over-allotment facility) are expected to be around £675,000 (including amounts paid by way of fees and irrecoverable VAT where applicable) and the net proceeds of the Offer will amount to £14,325,000 for each Company. If a Company's Offer is fully subscribed and the over-allotment facility is used in full, the total expenses payable by the Company in connection with the Offer are expected to be around £1,125,000 (including amounts paid by way of fees and irrecoverable VAT where applicable) and the net proceeds of the Offer will amount to £23,875,000.

#### ***Conflicts of interest***

The Investment Manager's fees are based on a percentage of the respective Company's net assets and, therefore, there is an inherent conflict in the valuations it proposes in relation to investments. This conflict is managed through the review and the ultimate approval of valuations by the applicable Board (comprised of persons all of whom are independent of the Investment Manager). In addition, valuations of the unquoted investments are treated as a key audit matter in the annual audit of each Company. The Auditors review the valuations to confirm the valuation methodology used is in line with International Private Equity and Venture Capital Valuation Guidelines.

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, including other VCTs, that may have similar investment objectives and/or policies to those 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. In particular, following the Investment Manager's acquisition of the Mobeus VCTs, each of the BVT Board and the BSVT Board have agreed an appropriate allocation policy with the Investment Manager.

In addition, the Investment Manager is also the investment manager to a number of other funds, including to open-ended investment companies ("**OEICs**") in which the Companies invest, being the WS Gresham House UK Micro Cap Fund, the WS Gresham House UK Multi Cap Income Fund and the WS Gresham House UK Smaller Companies Fund. To ensure that the Investment Manager does not receive a double payment of management fees in respect of the Companies' investments in these funds, management fees in relation to the Companies' investments in the OEICs are rebated to the respective Company in full.

The Companies also hold shares in Gresham House plc, the parent company of the Investment Manager, all of which were acquired prior to the appointment of Gresham House Asset Management Limited as the Companies' investment manager. Both Companies' holdings in Gresham House plc are considered to be *de minimis* in the context of their respective overall portfolios (BVT: £419,568; BSVT: £512,808, both valuations as at 31 October 2023).

On 17 July 2023, Gresham House plc announced that it had reached agreement on the terms of a recommended final cash offer to be made by a newly incorporated entity formed by funds advised by Searchlight Capital Partners L.P. and its affiliates for the entire issued and to be issued share capital of Gresham House plc, to be implemented by way of a scheme of arrangement. Following completion of this acquisition the Companies will not hold any shares in Gresham House plc.

# 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 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.

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. Further, as required by the Prospectus Regulation, the risks that the Directors consider to be the most material risk in each category, taking into account the negative impact on the Companies and the probability of its occurrence, have been set out first. Given the forward-looking nature of the risks, there can be no guarantee that such risk is, in fact, the most material or the most likely to occur. Prospective investors should, therefore, review and consider each risk.

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 chargeable gains.

A Shareholder who disposes of Shares within five years of issue will be subject to clawback by HMRC of any income tax reliefs originally claimed on subscription. Any realised losses on a disposal of Shares cannot be used to create an allowable loss for capital gains tax purposes.

### ***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 prior to 1 January 2021, in particular which is not in accordance with the Risk Finance Guidelines, it 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 which may have an adverse effect on Investors' returns and/or VCT tax reliefs available in respect of investors' Shares in the Companies. From 1 January 2021, the requirements to recover unlawful state aid is the remit of the UK Government (in compliance with its ongoing arrangements with the EU). On 28 April 2022, the UK's Subsidy Control Bill received Royal Assent, becoming the Subsidy Control Act 2022. The Subsidy Control Act 2022, replacing the EU State Aid rules, came fully into force on 4 January 2023.

### ***Share price discount to Net Asset Value***

At any given point in time, the sale price for a Share which a Shareholder could achieve on the Main 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 the NAV 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 relevant Company. The market value of, and the returns derived from, the Shares may go down as well as up and an investor may not get back the amount invested.

### ***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 Main 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 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.

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

### ***Investment objectives***

There can be no guarantee that the Companies' investment objectives will be achieved or that suitable investment opportunities will be available. The performance of each Company (and the ability to achieve returns for Shareholders) will be dependent on the investment opportunities sourced by the Investment Manager and the performance of those investments.

### ***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. 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. They may also be more susceptible to political, exchange rate, taxation, economic and other regulatory changes and conditions. In particular, high interest rates or interest rate rises may have a more material effect on the gearing and viability of smaller companies which could have a negative impact on the overall performance of the Companies.

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 rule changes introduced in 2015. 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 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. Difficult stock market conditions could have a negative impact on the valuation of AIM traded investments which could negatively impact the overall valuation of the Portfolios.

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

The unquoted investments within the Portfolios will be valued by the relevant Directors based on recommendations from the Investment Manager in accordance with its valuation policy, which is based on IPEV guidelines. 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.

### ***Economic and global political uncertainty***

The performance of the Companies and their investments may be adversely affected by market conditions. Economic and global political uncertainty may adversely affect the performance of companies in which the Companies have invested or may invest (including short-term reductions in valuation) which in turn may adversely affect the performance of the Companies. Current factors of significance include the conflict between Russia and Ukraine, potential low levels of economic growth, supply chain loss and disruption, high interest rates, currency volatility, continuing high levels of inflation and energy costs, tight labour markets and recession. These factors may also negatively impact the number or quality of investment opportunities available to the Companies.

The performance of the Companies and their investments may be adversely affected by changes in policy. Any change of governmental, economic, fiscal, monetary or political policy, in particular government spending reviews and changes to the current level of interest rates (all of which may have material impacts on unemployment, stock market volatility, consumer confidence and inflation), could materially affect, directly or indirectly, the operation and performance of the Companies and/or investee companies and/or the value of, and/or returns from Shares.

### ***Deployment of Offer proceeds***

There can be no guarantee that suitable investment opportunities will be identified in order to meet the Companies' objectives. The Companies are required to invest new capital within specific time periods (including 30 per cent. of new monies raised within 12 months of the end of the accounting period in which the monies are raised). In order to comply with these VCT rules, the Companies may be required to make investments over a short period of time where they otherwise would have preferred to wait and which may therefore negatively impact the valuation and/or performance of the Portfolios.

### ***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 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.

### ***Conflicts of interest***

The Investment Manager's fees are based on a percentage of the respective Company's net assets and, therefore, there is an inherent conflict in the valuations it proposes in relation to investments.

The Investment Manager and its officers, employees and consultants are involved in other activities which may on occasion give rise to conflicts of interest with the Companies. In particular, the Investment Manager and its respective officers, employees and consultants may from time to time act for other clients or manage or advise other funds, including VCTs and funds in which the Companies invest, which may have similar investment objectives and policies to that of the Companies. In accordance with the BVT Management Agreement and BSVT Management Agreement, in the event of a conflict between the respective Company and the Investment Manager or its delegates, the Investment Manager is obliged to take reasonable steps to ensure that the conflict is resolved fairly, in accordance (so far as applicable in the circumstances) with applicable FCA rules and the allocation policy agreed between the relevant Company and the Investment Manager. If these conflicts of interest are managed to the detriment of the Companies by the Investment Manager, they could have a material adverse effect on the Companies' Net Asset Value and the price of the Ordinary Shares.

### ***Investment allocation***

Where more than one of the VCTs managed or advised by the Investment Manager wishes to participate in an investment opportunity, allocations of unquoted opportunities will generally be made in proportion to the net asset value of each VCT, other than where investments are proposed to be made in a company where a VCT has a pre-existing investment in which case the incumbent investor may have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure, the proposed structure of the investment and continued compliance with the VCT investment rules. The Investment Manager may depart from this basis of allocation if, in its absolute discretion, it considers it appropriate to do so having regard to the overall investment policy of the VCT and the benefit of creating diversity within the portfolio. This may mean that the Companies may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.

### ***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.

# 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 Application 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.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Ordinary Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

**If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other professional or financial adviser**

## Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("**UK MiFID II**"); (b) the UK's implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the "**MiFID II Product Governance Requirements**") and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares of each Company have been subject to a product approval process, which has determined that the Ordinary Shares to be issued pursuant to the Offers are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties each as defined in UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment, who understand the potential risk of capital loss and who have sufficient resources to be able to bear any losses that may result from their investment (which may be equal to the whole amount invested). The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offers.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

## Consumer Duty

The FCA's Consumer Duty came into force on 31 July 2023 and requires in-scope firms to act to deliver good outcomes for retail customers across the distribution chain in respect of four main areas: (i) products and services, (ii) price and value, (iii) consumer understanding, and (iv) consumer support. The Consumer Duty applies to the regulated and ancillary activities of all FCA authorised firms under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and the Electronic



Money Regulations 2011, including financial advisers, wealth managers and distributors of the Ordinary Shares. VCTs are not FCA authorised firms and accordingly the Companies do not fall within scope of the Consumer Duty. However, the Consumer Duty does apply to the Investment Manager, being an FCA authorised firm, and the Boards of the Companies are cognisant of the Investment Manager's obligations to comply with the Consumer Duty. The Boards receive regular updates from the Investment Manager on the delivery of its obligations under the Consumer Duty.

## Regulatory status of the Ordinary Shares

As the Companies are Venture Capital Trusts, the Ordinary Shares are "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments. The Companies intend to conduct their respective affairs so that their Ordinary Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under UK MiFID II. The Directors consider that the requirements of Article 57 of the UK MiFID II Delegated Regulation are met in relation to the Ordinary Shares and that, accordingly, the Ordinary Shares should be considered "non-complex" for the purposes of UK MiFID II.

## UK PRIIPS Laws

In accordance with the UK PRIIPs Laws, a Key Information Document ("**KID**") for each Company in respect of its Ordinary Shares has been prepared by the respective Company and is available to investors at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk). If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant KID is provided to any clients that are "retail clients". Investors should note that the procedures for calculating the risks, costs and potential returns disclosed in the KID are prescribed by the law.

## Data protection

The information that an investor or a prospective investor (or any third party on behalf of an investor or a prospective investor) provides to the relevant Company or its agents, including in relation to an Application for or purchase of New Shares or subsequently, by whatever means, which relates to the investor or prospective investor (if the investor or prospective investor is an individual) or a third party individual ("**personal data**") will be held and processed by the relevant Company (and any processor to whom the relevant Company may delegate certain administrative or other functions in relation to the Company, including the Registrar) in compliance with (a) the relevant data protection legislation and regulatory requirements (the "**Data Protection Legislation**") and (b) the relevant Company's privacy notice, a copy of which is available for consultation on the Companies' website available here (<https://greshamhouse.com/wp-content/uploads/2021/11/Baronsmead-VCTs-Combined-Privacy-Notice-4.11.21-Final.pdf>) ("**Privacy Notice**").

Without limitation to the foregoing, by making an Application for or purchase of New Shares, or otherwise providing a Company with personal data, each investor or prospective investor (and any third party acting on behalf of an investor or prospective investor) acknowledges that it has been informed that such information will be held and processed by the relevant Company (or any third party, functionary, or agent appointed by the relevant Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in each Company's Privacy Notice which include:

- acting in a way that is necessary for the relevant Company's legitimate interests, including carrying out the business of the relevant Company and the administering of interests in the Company;
- the performance of the relevant Company's contract with an investor, or the relevant Company taking necessary steps prior to entering into a contract with a prospective investor; and
- complying with the legal, regulatory, reporting and/or financial obligations of the relevant Company in the UK or elsewhere (or of any third party, functionary or agent appointed by the Company), including verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures.

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the relevant Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the relevant Company or its agents to operate and administer the Company; and
- transfer personal data outside of the UK and/or the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors or prospective investors, provided in each case that adequate safeguards are in place for the protection of such personal data, in accordance with Data Protection Legislation.

Investors, prospective investors and any third parties acting on behalf of prospective investors, are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in each Company's Privacy Notice.

## 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", "pence" or "p" 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.

## Documents incorporated by reference

The following sections of the annual report and audited financial statements of each Company for the financial year ended 30 September 2022 and the unaudited interim report for the six months ended 31 March 2023 of each Company are deemed relevant for the purposes of this Prospectus and are incorporated by reference into this Prospectus. The non-incorporated parts of these financial reports of the Companies are either not relevant to investors or are covered elsewhere in this Prospectus.

- the sections listed in the section titled "Historical financial information" of Part 5 of this Prospectus; and
- the sections listed in the section titled "Operating and financial review" of Part 5 of this Prospectus.

The sections which have not been incorporated are not deemed relevant to investors for the purposes of this Prospectus.

The documents incorporated by reference can be obtained from the Companies' website ([www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk)).

## No incorporation of website information

The contents of the Companies' website ([www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk)), or the contents of any website accessible from hyperlinks on the Companies' website or any other website referred to in this document, do not form part of this document. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document alone.

## **Tax reporting, FATCA and Common Reporting Standard (“CRS”)**

Shareholders should furnish any information and documents the Companies may from time to time request, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws. FATCA and CRS documentation and reporting obligations can also arise in respect of Shareholders where third parties hold shares or act on their behalf. The Companies’ Registrar will request such information from certain Shareholders.

## **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.

In relation to each EEA Member State, no Ordinary Shares have been offered or will be offered pursuant to the Offers to the public in that EEA Member State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of New Shares to the public may be made at any time with the prior consent of the Sponsor and the Investment Manager, under the following exemptions under the EU Prospectus Regulation, that are effective in that EEA Member State:

- to any legal entity which is a “qualified investor” as defined in Article 2(e) of the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such EEA Member State; or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation with the prior consent of the Sponsor;

provided that no such offer of New Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the EU Prospectus Regulation in a EEA Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of New Shares in any EEA Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for New Shares.

The New Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA Member State) in any EEA Member State unless the Ordinary Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. At the date of this document, the Ordinary Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, the Ordinary Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Ordinary Shares may be distributed or made available to retail investors in any EEA Member State.

## **Latest practicable date**

In this document, where the context requires, references to 22 November 2023 should be treated as being references to the latest practicable date prior to the publication of this document.

# Key Terms of the Offers

## Offer Period

The Offers will open at 9.00 a.m. on 4 December 2023 and will close on 3 April 2024 in relation to the 2023/24 tax year, unless either Board decides to extend the Offer in relation to the relevant Company or the Offers are fully subscribed or otherwise closed by the respective Board before this time. In order for New Shares to be issued in relation to the 2023/24 tax year fully completed Applications must be received by 12 noon on 21 March 2024 in respect of Applications via cheque and 9.00 a.m. on 25 March 2024 in respect of Applications via bank transfer, in order to allow time for funds to clear. If the Offers are not fully subscribed by 3 April 2024, the Directors reserve the right to allow the Offer to remain open for at least part of the 2024/25 tax year, but not beyond 22 November 2024, with a single allotment expected to take place on or around 2 May 2024.

## Size

Under the Offers, each Company is proposing to raise up to £15 million (before costs). Each Board will also have the option to utilise an Over-allotment Facility to raise up to a further £10 million each (before costs). Applicants can elect to invest in either or both of the Offers.

## Minimum Application Amount

The minimum Application Amount that can be made under each of the Offers is £5,000 (including any Initial Adviser Charge for facilitation).

## Expected Timetable of Allotments

The timetable of expected allotments is set out below however each Board reserves the right to revise the below dates, undertake additional allotments, close its Offer prior to all of the allotments taking place and/or extend its Offer beyond the closing date set out below.

	Applications via cheque to be received by 12 noon on	Applications via bank transfer to be received by 9.00 a.m. on	Anticipated date of allotment
<i>2023/24 Tax Year</i>			
First Allotment	4 January 2024	8 January 2024	11 January 2024
Second Allotment	8 February 2024	12 February 2024	15 February 2024
Third Allotment	21 March 2024	25 March 2024	28 March 2024
<i>2024/25 Tax Year</i>			
Fourth Allotment*	25 April 2024	29 April 2024	2 May 2024

\*The Fourth Allotment will only take place if the Offer is not fully subscribed by 3 April 2024.

All Applications will be processed by the Receiving Agent on a “first come, first served” basis. For these purposes, “first-come, first served” shall be assessed based on the date and time of receipt of a fully completed Application Form, subject to receipt of the Application Amount (in full) in cleared funds within three Business Days thereafter to retain the Applicant’s position of priority.

**In order for New Shares to be issued under an allotment, a completed Application Form must be received and the funds in relation to the Application must have cleared prior to the date of allotment and prior to the relevant Offer closing.**

## Allotment Formula and Offer Price

The number of New Shares to be allotted to each Applicant under an Offer and the price at which New Shares will be issued to an Applicant under an Offer will be determined in accordance with the Allotment Formula and Offer Price as set out on page 43 of Part 4 of this document. Illustrative examples of how the Allotment Formula will be applied and a summary of the fees that will be charged to investors are set out on pages 45 and 46 of Part 4 of this document.



# The Companies

## Background

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

NAV of BVT as at 31 October 2023

£187.5 million

NAV of BSVT as at 31 October 2023

£201.2 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 are 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.

## 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 relevant 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.

Over the past ten years, both Companies have paid a dividend yield of 7 per cent. or more of the Opening NAV per annum and the intention is for both Companies to continue to meet this target if investment performance allows.

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

## 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 over the past 5 years* (p)	Average annual dividends paid and declared per Share over the past 10 years* (p)	Average annual dividends paid and declared per Share since launch* (p)
BVT	6.0	8.2	7.0
BSVT	6.2	8.7	7.1

\* As at 31 October 2023.

The following table shows the NAV Total Return performance of the Companies over certain periods to 31 October 2023 (assuming that dividends had been reinvested on the ex-dividend date). The return does not take into account the upfront income tax relief.

Period to 31 October 2023	NAV Total Return per Share (%)				
	1 year	3 years	5 years	10 years*	Since launch*
BVT	(7.6)	(4.6)	(6.0)	28.6	280.6
BSVT	(8.8)	(4.2)	(3.0)	27.1	205.6

\* 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 generally invested alongside each other and the portfolios of the five original VCTs differed to the extent that earlier VCTs invested in portfolio companies prior to the establishment of later VCTs and because Baronsmead VCT 5 plc was established in 2006 as Baronsmead AIM VCT plc and began investing in unquoted and as well as AIM-traded companies alongside the other Baronsmead VCTs in 2010 following a change of investment policy and a change of name to Baronsmead VCT 5 plc. Since the mergers the portfolios of the Companies continued to 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.

## Shareholder choice

The respective Boards 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 Shareholders 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**

Fiona Miller Smith *(Chair)*  
Isabel Dolan  
Les Gabb  
Susannah Nicklin  
Michael Probin

## **BSVT Directors**

Sarah Fromson *(Chair)*  
Tim Farazmand  
Malcolm Groat  
Graham McDonald

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 to the Company**

Howard Kennedy LLP  
No.1 London Bridge  
London  
SE1 9BG

## **Sponsor to the Offer**

Howard Kennedy Corporate Services LLP  
No.1 London Bridge  
London  
SE1 9BG

## **Receiving Agent and Registrar**

The City Partnership (UK) Limited  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield HD4 7BH

## **Auditors**

BDO LLP  
55 Baker Street  
London W1U 7EU

## **VCT status adviser**

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham B3 3AX

## **Promoter**

RAM Capital Partners LLP  
18 Soho Square  
London W1D 3QL

# Part 1 – Letter from the Chairs of the Companies

24 November 2023

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 approximately £389 million as at 31 October 2023. 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 £8.3 billion as at 30 June 2023.

The new funds are being raised to ensure that each Company retains adequate levels of liquidity to continue to take advantage of new investment opportunities and fund further expansion of the businesses in its investment Portfolio.

## Offers for Subscription

Under the Offers, each Company is seeking to raise up to £15 million, being an aggregate of up to £30 million. Each Board will also have the option to utilise an Over-allotment Facility to raise up to a further £10 million per Company. The Investment Manager will, in respect of services provided to each Company pursuant to the Offers, receive a fee payable by each of the Companies of an amount equal to 4.5 per cent. of aggregate accepted Application Amounts in respect of the Offer less an amount equal to the sum of discounts offered to investors by the Investment Manager. Out of this fee, the Investment Manager will pay all costs associated with the Offers, including all Initial 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 amount.

Applicants can elect to invest in either or both of the Offers. The minimum Application Amount under each of the Offers is £5,000 (including any Initial Adviser Charge for facilitation). 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 either of the Offers.

The Directors and their connected persons have committed to invest £65,000 in aggregate in the Offers.

Key terms of the Offers are set out on page 22 of this document and further details of the Offers are set out in Part 4.

## Investment strategy summary

The Companies aim to give Shareholders access to a diverse portfolio of growth businesses. The Companies will make investments in growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK in accordance with the prevailing VCT legislation. Investments are made selectively across a range of sectors. The Investment Manager endeavours to select the best opportunities and applies a distinctive selection criteria based on (i) primarily investing in parts of the economy which are experiencing long-term structural growth; (ii) businesses that demonstrate, or have the potential for, market leadership in their niche; (iii) management teams that can develop and deliver profitable and sustainable growth; and (iv) companies with the potential to become attractive assets appealing to a range of buyers at the appropriate time to sell. Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities.

Environmental, social and governance (ESG) analysis is embedded into the Companies' investment processes by the Investment Manager in order to build and protect long-term value for investors. A framework based on ten key ESG themes is used to structure analysis, monitor and report on ESG risks and opportunities across the lifecycle of investments. Further information in relation to the Investment Manager's integration of ESG factors in management of the Companies' Portfolios is set out in Part 2 of this document.

## Investment outlook

Despite the challenges of ongoing political volatility, the conflict between Russia and Ukraine and economic conditions (including high inflation, high interest rates, the cost of living crisis and the threat of a recession), 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.

## Action to be taken

The Offers will open at 9.00 a.m. on 4 December 2023. 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 Application set out in Part 8 of this document. Investors can subscribe for New Shares online by completing an Online Application Form available at [www.baronsmeadvcts.co.uk/vctoffers](http://www.baronsmeadvcts.co.uk/vctoffers) from 9.00 a.m. on 4 December 2023.

The Boards are of the view that the Online Application Form is the most efficient and cost-effective way for investors to participate in the Offers. Those of the Directors who intend to subscribe for New Shares under the Offers intend to do so by completing the Online Application Form and the Boards encourage other investors to utilise this method where possible in preference to completing a paper Application Form.

However, investors may also subscribe using the blank Application Form which will be available for download from the Companies' website, [www.baronsmeadvcts.co.uk/vctoffers](http://www.baronsmeadvcts.co.uk/vctoffers), from 9.00 a.m. on 4 December 2023. Paper Application Forms should be completed and returned as soon as possible by email to [baronsmeadvcts@city.uk.com](mailto:baronsmeadvcts@city.uk.com) or by post to the Receiving Agent, The City Partnership (UK) Ltd, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

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

**Fiona Miller Smith**  
(Chair of Baronsmead Venture Trust plc)

**Sarah Fromson**  
(Chair 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 positive 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 these investee companies 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 unquoted and quoted companies sourced by the Investment Manager. Following the Investment Manager's acquisition of the Mobeus VCTs in September 2021, BVT and BSVT will co-invest alongside the Mobeus VCTs in new unquoted VCT Qualifying Investments. All new qualifying AIM deal flow will continue to be exclusively allocated between BVT and BSVT.

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 positive investment returns for private investors, including tax-free dividends.

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 investee companies 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 unquoted and quoted companies sourced by the Investment Manager. Following the Investment Manager's acquisition of the Mobeus VCTs in September 2021, BVT and BSVT will co-invest alongside the Mobeus VCTs in new unquoted VCT Qualifying Investments. All new qualifying AIM deal flow will continue to be exclusively allocated between BVT and BSVT.

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.

## **Investment Portfolios**

As at 31 October 2023, BVT's investment Portfolio was valued at £105 million and comprised direct investments in a total of 90 companies of which 40 are unquoted and 50 are quoted companies. The Company's investments in the WS Gresham House UK Micro Cap Fund, the WS Gresham House UK Multi Cap Income Fund and the WS Gresham House UK Smaller Companies Fund were valued at £64 million in aggregate as at 31 October 2023 and provide additional diversity giving investment exposure to an additional 72 AIM-traded and fully listed companies and thus spreading investment risk across approximately 162 companies.

As at 31 October 2023, BSVT's investment Portfolio was valued at £126 million and comprised direct investments in a total of 88 companies of which 40 are unquoted and 48 are quoted companies. The Company's investments in the WS Gresham House UK Micro Cap Fund, the WS Gresham House UK Multi Cap Income Fund and the WS Gresham House UK Smaller Companies Fund were valued at £59 million in aggregate as at 31 October 2023 and provide additional diversity giving investment exposure to an additional 73 AIM-traded and fully listed companies and thus spreading investment risk across approximately 161 companies.

## **Investment Strategy**


The Companies aim to give Shareholders access to a diverse portfolio of growth businesses. The Companies will make investments in growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK in accordance with the prevailing VCT legislation. Investments are made selectively across a range of sectors. The Investment Manager endeavours to select the best opportunities and applies a distinctive selection criteria based on (i) primarily investing in parts of the economy which are experiencing long-term structural growth; (ii) businesses that demonstrate, or have the potential for, market leadership in their niche; (iii) management teams that can develop and deliver profitable and sustainable growth; and (iv) companies with the potential to become attractive assets appealing to a range of buyers at the appropriate time to sell. Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities.

In order to ensure a strong pipeline of opportunities, the Investment Manager invests in building deep sector knowledge and networks and undertakes significant proactive marketing to target companies in preferred sectors. This approach generates a network of potentially suitable businesses with which the Investment Manager maintains a relationship ahead of possible investment opportunities.


The Investment Manager is an engaged and supportive shareholder (on behalf of the Companies) in both unquoted and significant quoted investments. For unquoted investments, representatives of the Investment Manager often join the investee board. The role of the Investment Manager with investee companies is to ensure that the strategy is clear, the business plan can be implemented and that management resources are in place to deliver profitable growth. The aim is to build on the business model and grow the company into an attractive target which can be sold or potentially floated in medium term.

## Environmental, Social and Governance matters


The Investment Manager is committed to sustainable investment as an integral part of its business strategy. Environmental, social and governance (ESG) analysis is embedded into the Companies' investment processes by the Investment Manager in order to build and protect long-term value for investors. A framework based on ten key ESG themes is used to structure analysis, monitor and report on ESG risks and opportunities across the lifecycle of investments. The image below shows the ten themes and the most important ESG factors the Investment Manager will use to assess an investment.

 <b>Environmental</b>			
Climate change and pollution	Natural capital	Waste management	
Optimal contribution to low carbon energy generation in the UK	Visual impact and biodiversity management	Waste reduction and sustainable management of waste in construction, operation and decommissioning	

 <b>Social</b>			
Employment, health, safety and well-being	Marketplace responsibility	Supply chain sustainability	Community care and engagement
First class H&S system; site safety policy	Maximum uptime and minimal local disruption	Robust policy relating to materials impact, quality and ethics	Good practice consultation; local investment strategy

 <b>Governance</b>		
Governance and ethics	Risk and compliance	Commitment to sustainability
Governance good practice; strong business ethics management and culture	Robust risk and compliance management	Continuing enhancement of the portfolio and its impacts

The Investment Manager believes the "G" (Governance) of ESG is the most important factor in its investment processes for public and private equity. Board composition, governance, control, company culture, alignment of interests, shareholder ownership structure, remuneration policy etc. are important elements that will feed into the Investment Manager's analysis and the company valuation. The "E" and "S" (Environmental and Social) are assessed as risk factors during due diligence to eliminate companies that face environmental and social risks that cannot be mitigated through engagement and governance changes.

The Investment Manager uses a proprietary 'ESG Decision Tool' which supports the investment teams in implementing the commitments made in the sustainable investment policies. The ESG Decision Tool is completed as part of the due diligence process prior to investment for all VCT investments.

The ESG Decision Tool will not tell the Investment Manager whether to invest or not, instead it aims to provide a rational and replicable assessment of key ESG risks which should be considered prior to investment, and to help rank the significance of each risk. It is up to the investment teams to decide whether they are sufficiently comfortable with these risks to proceed with an investment.

Where material ESG risks are identified, these are reviewed by the Investment Manager and a decision on how to proceed is documented. The Investment Manager will then proactively follow up with the investee company management team and ensure appropriate corrective and preventative action is taken.

As an active investor, the Investment Manager acts as a long-term steward of the assets in which it invests. Active ownership responsibilities include engagement and voting, which are used to protect and create value. For the Companies' unquoted investments, the Investment Manager will almost always take a board seat or become a board observer, which ensures sufficiently frequent levels of communication with the management team.

In recent years, the Investment Manager has taken further steps to formalise its approach to sustainability. It undertakes an annual ESG survey of investee businesses to understand how its VCT unquoted investments respond to relevant ESG risks and opportunities and how these are considered as part of their operations. Additionally, the Investment Manager has held a series of educational ESG webinars for the Chairs, CEOs and executives of unquoted and quoted investee businesses to enhance their knowledge on material ESG issues, and it has continued to calculate and monitor the carbon footprint of its investee businesses.

The Investment Manager's sustainable investment commitments are outlined within its Sustainable Investment Policy. Its approach to engagement and voting and an explanation of how these are integrated within its business practices and investment processes can be found in its Engagement and Voting Policy.

The Investment Manager believes in playing an industry leadership role in supporting and promoting sustainable investment. It is a signatory to the UN-supported Principles of Responsible Investment and was awarded four or five stars, out of a maximum of five stars, for all modules submitted in its PRI Report 2021. It is also a signatory of the UK Stewardship Code.

## 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. Each Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent. of the respective Company's Opening NAV.

	Dividends paid and/or declared in the previous five financial years (pence per Share)					Average
	2018	2019	2020	2021	2022	
<b>BVT</b>	7.50	6.50	6.50	6.50	5.75	6.55
<b>BSVT</b>	7.50	6.50	6.50	6.50	6.00	6.60

	Dividend yield in the previous five financial years (dividends paid as a percentage of the Opening NAV)					Average
	2018	2019	2020	2021	2022	
<b>BVT</b>	8.48	7.47	9.08	9.58	7.29	8.38
<b>BSVT</b>	8.32	7.42	8.84	9.25	7.12	8.19

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.

## Share buyback policy

From time to time the Companies may buy back 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 the relevant 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 and annual general meetings.

## **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 22 November 2023 (being the latest practicable date prior to the publication of this document), the issued share capital of BVT comprised 381,621,257 BVT Shares, of which 30,086,750 BVT Shares are held in treasury. As at 22 November 2022 (being the latest practicable date prior to the publication of this document), the issued share capital of BSVT comprised 396,279,533 BSVT Shares, of which 34,026,367 BSVT Shares are held in treasury.

New Shares issued pursuant to the Offers will rank equally in all respects with the existing Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the relevant allotment).

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 independent Auditor of each Company is BDO LLP.

## **Publication of NAV**

The NAV per Ordinary Share is calculated by the fund administrators and reviewed 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 the 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. 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.



**VCT status**

Each Board has managed and intends to continue to manage the affairs of their respective Company in order that each Company complies 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 five 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:

**Fiona Miller Smith (Chair)** is the CEO of Barts Charity, a health foundation with a £550 million financial investment and commercial property portfolio. Barts Charity funds transformational medical research and innovation in healthcare delivery and technology. Over the last five years, Barts Charity has also allocated 25 per cent. of its portfolio to private equity and venture funds including early stage venture and life sciences funds. Fiona brings to the BVT Board a wealth of experience, spanning over 25 years, in investing in and leading growth companies. Her early career was in finance and private equity at Goldman Sachs and Murray Johnson Private Equity, and she then had a successful entrepreneurial career prior to joining Barts Charity in 2016, including five years at Social Finance UK, a leading impact investing and advisory firm. Fiona is trustee of John Lyons, chair of Lifting Limits and sits on the Barts Life Sciences advisory board. Fiona has an MBA from INSEAD.

**Isabel Dolan** was appointed with effect from 1 November 2023. She will become Chair of the Audit Committee on the retirement of Les Gabb.

Isabel has over 25 years' experience working with growth companies as a corporate financier, equity investor, lender and as a Finance Director. Her previous roles include her working with RBS and 3i, and, until 2013, as Operations Partner for Albion Capital, specialising in the finance, operations and administration of venture capital trusts.

She has been a Non-Executive Director and Chair of the Audit Committee for a NHS Trust, and is currently Chair of St Albans Community Bank.

Isabel is an FCA and holds an MBA from London Business School.

**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.

Previously, Les was Finance Partner at Felix Capital Partners LLP, a venture capital manager specialising in digital technology, and also 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.

Les will be retiring on 31st December 2023.

**Susannah Nicklin** is an experienced non-executive director and financial services professional with 25 years of experience in executive roles in investment banking, equity research and wealth management at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She is chair of the Schroder BSC Social Impact Trust plc and a Non-Executive Director of The North American Income Trust plc, Frog Capital Limited, and Ecofin Global Utilities and Infrastructure Trust plc. She was previously a non-executive director and senior independent director of Pantheon International plc and a non-executive director of Baronsmead VCT plc, Amati AIM VCT plc, and City of London Investment Group plc. She holds the Chartered Financial Analyst qualification.

**Michael Probin** has over 30 years' experience in executive roles within the tax efficient investment industry. He worked on Business Expansion Scheme products at AXA Sun Life Group for 10 years before joining the management team at Livingbridge LLP, where he gained extensive knowledge of the VCT industry. Before retiring from his role at Livingbridge LLP in 2018, he worked extensively with the VCT industry trade and representative bodies and stakeholders of all forms. Michael has a BSc (Econ) and M.Sc (Econ) (Urban and Regional Planning) from the London School of Economics and an EMBA from London Business School.

## BSVT Directors

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

**Sarah Fromson (Chair)** is an experienced, independent non-executive who has served on a variety of boards and committees, after a varied career in the asset and wealth management industry. She is a non-executive board member of Boston-based Arrowstreet Capital Partners and is also a pension trustee director of Genome Research Pensions Trustee Limited and Wellcome Trust Pensions Trustee Limited. She chairs the Cambridge University Endowment Fund Investment Advisory Board, serves on the board of Quilter Investors Ltd, a subsidiary of Quilter plc, and is an advisory member of the investment committee of the Calouste Gulbenkian Foundation based in Lisbon.

Sarah retired from her executive role as Head of Risk at Wellcome Trust in 2019 and as chair of JP Morgan Global Emerging Markets Income Trust plc on 28 November 2022. Sarah was previously Chief Investment Risk Officer at RBS Asset Management (formerly Coutts).

**Malcolm Groat** 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. Malcolm is also a Fellow and Trustee of the Royal Society for Public Health and a Governor at the Arts University of Bournemouth.

During his executive career, Malcolm held C-suite positions with global businesses in engineering, construction, and financial services. Since 2004, whilst co-founding a series of ventures that attracted growth capital from the private equity sector, he has also served as Chair or Non Executive Director in more mature companies, often listed in London. He is currently Chairman of two AIM companies, Harland & Wolff Group Holdings and Tomco Energy. Malcolm is also chairman at Adalan Ventures PLC (formerly Zaim Credit Systems).

**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 board of The Lakes Distillery.

**Graham McDonald** has spent almost forty years in banking and private equity. His previous executive role was Global Head of Private Equity and Venture Capital at Aberdeen Standard Investments. Prior to that he was responsible for the global private equity and venture capital businesses in Aberdeen Asset Management, SWIP, Lloyds Bank and HBoS.

He is a Special Adviser to Par Equity LLP. Previously he was the chairman of Continulus Limited, a Strategic Advisor to Arcano Capital based in Madrid and a Special Advisor to Vedra Partners Ltd, a multi family office investment office.

## Investment management arrangements

Gresham House plc is an AIM-traded specialist alternative asset manager with approximately £8.3 billion assets under management of which £851 million are VCT funds (as at 30 June 2023), 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.

Its 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.

On 17 July 2023, Gresham House plc announced that it had reached agreement on the terms of a recommended final cash offer to be made by a newly incorporated entity formed by funds advised by Searchlight Capital Partners L.P. and its affiliates ("**Searchlight**") for the entire issued and to be issued share capital of Gresham House plc, to be implemented by way of a scheme of arrangement.

On 6 October 2023, the required approval for the acquisition was received from the FCA. The acquisition remains subject to certain further regulatory approvals, including from, *inter alia*, the Central Bank of Ireland. Following completion of the acquisition, Gresham House plc will become, and operate as, a majority owned portfolio company of Searchlight in the same manner as all other investments within Searchlight's portfolio. It is expected that this acquisition will have minimal impact on the Companies and the other VCTs advised or managed by the Investment Manager and business will continue as usual. The Companies portfolio of investments managed by the Investment Manager will continue to be driven by the same investment and client service teams, applying the existing rigorous processes, and maintaining alignment of interests. The Investment Manager is a subsidiary of Gresham House plc which has approximately £8.3 billion of assets under management and eight funds which it manages under delegation.

The Investment Manager aims to bring capital and strategic support to 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. The Investment Manager will be pursuing an active investment strategy on behalf of the Companies.

Details of the senior members of the management team responsible for the Companies are set out below (their combined experience aligning with the Companies published investment policies):

**Trevor Hope** is Managing Director, Private Equity and joined Gresham House in 2021 as part of the Mobeus VCTs acquisition. For over 20 years, he has invested in fast-growing businesses at the series A stage and beyond.

Prior roles include at Barclays, RBS, 3i and Beringea. Previous investments and board positions include Paragon Software, Mondus.com, Cambridge Industries, Southnews plc, Achilles Group, MyOptique, Fjordnet, ILG Digital, Celebrus Technologies, Big Data Partnership, and Preservica.

Trevor holds an MBA from Exeter University, is an associate of the Chartered Institute of Bankers and a Member of the Chartered Institute of Marketing.

**Ken Wotton** is Managing Director, Public Equity, and leads the investment team managing public equity investments. He is lead manager for WS Gresham House UK Micro Cap Fund, WS Gresham House UK Multi Cap Income Fund, WS Gresham House UK Smaller Companies Fund, Strategic Equity Capital plc and manages AIM listed portfolios on behalf of the Baronsmead VCTs. Ken graduated from Brasenose College, Oxford, before qualifying as a Chartered Accountant with KPMG. He was an equity research analyst with Commerzbank and then Evolution Securities prior to spending the past 12 years as a fund manager at Livingbridge and now Gresham House specialising in smaller companies.

**Clive Austin** is Managing Director, VCT Portfolio and joined Gresham House in 2021 as part of the Mobeus VCTs acquisition. He is an investment management specialist with experience across a wide variety of sectors and stages of company development. He has worked in the private equity industry since 1995 making investments including TeleCity and Kerridge Commercial Systems. He has been working in the VCT industry since 2008 with previous experience including running his own business and as a director of NVM Private Equity, Catapult Venture Managers and 3i plc.

Having specialised in portfolio management, Clive has acted as non-executive director and chairman of a wide range of private equity backed businesses such as Virgin Wines, Entanet and Equip Outdoor Technologies. He now heads VCT portfolio management across the Gresham House VCT stable, sits on the Investment Committee and has responsibility for the portfolio valuations processes.

Clive holds a BSc (Hons) in Applied Physics & Electronics from Durham University, a DipM from the Chartered Institute of Marketing, and an MBA from the University of Warwick.

**Ed Wass** joined Gresham House in October 2021 and is a Portfolio Partner focusing on unquoted VCT investments, having previously spent 4 years at Mobeus Equity Partners. For over 20 years, Ed has been helping SMEs to create and realise shareholder value and has been involved in UK businesses across a wide range of sectors including technology, media, business services, healthcare and consumer services. Before joining Mobeus, he was the Chief Investment Officer of Catapult Ventures. Ed qualified

as a Chartered Accountant with PricewaterhouseCoopers in London where he worked for eight years in both Assurance and Business Recovery Services.

**Thomas Makey** joined Gresham House in November 2018 and is an Investment Director focusing on unquoted VCT investments, having previously spent 3 years with Livingbridge investing for the Baronsmead VCTs. Thomas has invested across a number of sectors but with a focus on B2B software, tech-enabled services and digital consumer businesses. Before joining Livingbridge, he qualified as a Chartered Accountant with KPMG in London, working there for 6 years advising private equity clients in the transaction services team.

**Grant Paul-Florence** joined Gresham House in February 2023 as an Investment Director in the Private Equity team. He has worked in investment since 2005 and has a wide range of experience, including minority and majority equity stakes across early stage, growth and the mid-market and across a variety of sectors. Previous investments and board positions include CM2000, Cirrus Response, Natterbox, Clifford Thames, CSL Dualcom, SCM World, Amtico and TGI Fridays.

Before joining Gresham House he was head of the London investment team at BGF and Head of Development Capital at Octopus, as well as mid-market private equity investing at AAC Capital and Levine Leichtman Capital Partners. Grant trained as an accountant and worked in the corporate finance team at PricewaterhouseCoopers before joining Freightliner Group, backed by 3i, as Head of Corporate Development.

**Tania Hayes** is COO (Chief Operating Officer), Strategic Equity and joined Gresham House in November 2018 having been at Livingbridge for 13 years. She has worked on the Baronsmead VCTs since she joined, progressing from administration assistant to Finance Manager in 2011 and qualifying as a Chartered Management Accountant in 2012 while at Livingbridge.

Tania previously worked at a Chartered Accountancy practice in New Zealand for eight years where she began her accounting training. She holds a BBS in Accounting from the Open Polytechnic of New Zealand.

**Tony Dalwood** has been Chief Executive Officer (CEO) of Gresham House plc since December 2014. He chairs the investment committees of Gresham House plc and Strategic Equity Capital plc and is a non-executive director for Gresham House Asset Management Ireland Limited.

Tony led the management buy-in and established a new management team that transformed the firm from an investment trust into a listed specialist asset manager before the subsequent cash offer for Gresham House plc by Searchlight.

Tony has a long track record of investing and advising numerous public and private equity businesses. From 2002 to 2011, he established and grew SVG Investment Managers before being asked to lead SVG Advisors (formerly Schroder Ventures, London) as CEO. 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 £60bn in assets under management at its peak and where he was a member of the investment committee. He was also previously chair of the LPFA Investment Panel and non-executive board member.

Tony has over 25 years of investment experience and holds an MA in Management Studies from the University of Cambridge (where he was also a junior rugby international and Blue).

## 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.

The Investment Manager has appointed Apex Fund and Corporate Services (Guernsey) Limited ("**Apex**") to provide custodian services in relation to each Company's non-quoted assets. 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 for the Investment Manager, which is currently £139,253 per annum, excluding VAT. The Investment Manager will 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.

No performance fee is payable from BVT to Gresham House in relation to the 12 month period to 30 September 2023. No performance fee was payable from BVT to Gresham House in relation to the 12 month period to 30 September 2022.

### *Baronsmead Second Venture Trust plc*

BSVT entered into a side letter to the BSVT Investment Management Agreement on 24 November 2023. Under the terms of this side letter, the management fee to be received by the Investment Manager is to be amended with effect from 1 October 2023 so that the Investment Manager will receive an aggregate fee of 2.5 per cent per annum of the net assets of BSVT up to and including £209,658,860 (being the total net assets of BSVT as at 30 September 2023) and 2.0 per cent. per annum of the amount by which the net assets of BSVT exceed £209,658,860. 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 for the Investment Manager, which is currently £150,858 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.

No performance fee is payable from BSVT to Gresham House in relation to the 12 month period to 30 September 2023. No performance fee was payable from BSVT to Gresham House in relation to the 12 month period to 30 September 2022.

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 directors' fees from unquoted portfolio companies. Details of these fees are disclosed each year in the annual report and accounts for each Company.

The management fee set out above is 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's fees are based on a percentage of the respective Company's net assets and, therefore, there is an inherent conflict in the valuations it proposes in relation to investments. This conflict is managed through the review and the ultimate approval of valuations by the applicable Board (comprised of persons all of whom are independent of the Investment Manager). In addition, valuations of the unquoted investments are treated as a key audit matter in the annual audit of each Company. The Auditors review the valuations to confirm the valuation methodology used is in line with International Private Equity and Venture Capital Valuation Guidelines.

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, including other VCTs, that may have similar investment objectives and/or policies to those 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. In particular, following the Investment Manager's acquisition of the Mobeus VCTs, each of the BVT Board and the BSVT Board have agreed an allocation policy with the Investment Manager which stipulates, among other things, that all new unquoted VCT Qualifying Investment opportunities (excluding Mobeus and Baronsmead deal flow that was in existence at, and prior to, the completion date of the acquisition) will be allocated between the Mobeus VCTs, BVT and BSVT based on the respective proportionate net asset values (excluding any directly held AIM investments) calculated on a quarterly basis.

In addition, the Investment Manager is also the investment manager to a number of other funds, including to open-ended investment companies ("OEICs") in which the Companies invest, being the WS Gresham House UK Micro Cap Fund, the WS Gresham House UK Multi Cap Income Fund and the WS Gresham House UK Smaller Companies Fund. To ensure that the Investment Manager does not receive a double payment of management fees in respect of the Companies' investments in these funds, management fees in relation to the Companies' investments in the OEICs are rebated to the respective Company in full.

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 COBS Rules and the allocation policy agreed between each Company and the Investment Manager. The COBS Rules require the Investment Manager to ensure fair treatment of all its clients. The COBS 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, in line with the agreed allocation policy, 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 COBS Rules.

The Companies also hold shares in Gresham House plc, the parent company of the Investment Manager, all of which were acquired prior to the appointment of Gresham House Asset Management Limited as the Companies' investment manager. Both Companies' holdings in Gresham House plc are considered to be *de minimis* in the context of their respective overall Portfolios (BVT: £419,568; BSVT: £512,808, both valuations as at 31 October 2023). On 17 July 2023, Gresham House plc announced that it had reached agreement on the terms of a recommended final cash offer to be made by a newly incorporated entity formed by funds advised by Searchlight and its affiliates for the entire issued and to be issued share capital of Gresham House plc, to be implemented by way of a scheme of arrangement. Following completion of this acquisition the Companies will not hold any shares in Gresham House plc.

# Part 4 – The Offers

## The Offers

The Companies are seeking to raise up to £30 million in aggregate under the Offers before taking account of any further funds that may be raised under the Over-allotment Facilities. The Companies are seeking to raise further funds under the Offers primarily to allow them to take advantage of attractive investment opportunities over the short to medium term, in accordance with their respective investment policies. The net proceeds of the Offers will be pooled with the existing cash resources of the respective Company and utilised (i) to make new and follow-on investments in accordance with its investment policy and (ii) to help meet annual outgoings (including running costs, directors' fees and market purchases of Ordinary Shares). 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 Applications will be processed on a "first come, first served" basis by the Receiving Agent and there will be no exclusive application period for Existing Shareholders. For these purposes, "first-come, first served" shall be assessed based on the date and time of receipt of a fully completed Application Form, subject to receipt of the Application Amount (in full) in cleared funds within three Business Days thereafter to retain the Applicant's position of priority. If the Application Amount is not received within such time, the relevant date and time shall be when the Application Amount is received in cleared funds. An Application may not be considered as "complete" until identity verification is completed and/or, where relevant, information or supporting evidence required for the Application is no longer outstanding.

The Offers will open at 9.00 a.m. on 4 December 2023. From 4 December 2023, investors will be able to subscribe for New Shares online at [www.baronsmeadvcts.co.uk/vctoffer](http://www.baronsmeadvcts.co.uk/vctoffer) by completing an Online Application Form or by completing the blank Application Form which will be available for download from the Companies' website at [www.baronsmeadvcts.co.uk/vctoffers](http://www.baronsmeadvcts.co.uk/vctoffers).

## Terms of the Offers

Under the Offers, both Companies are proposing to raise up to £15 million each (before costs), being an aggregate of up to £30 million (before costs). Each Board will also have the option to utilise an Over-allotment Facility to raise up to a further £10 million each (before costs). Applicants can elect to invest in either or both of the Offers. Applicants must subscribe a minimum of £5,000 (including any Initial Adviser Charge for facilitation) per elected Offer.

If the Over-allotment Facilities are utilised in full by each Board, the maximum amount to be raised under the Offers will be £50 million (being £25 million under the BVT Offer and £25 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 an amount equal to 4.5 per cent. of aggregate accepted Application Amounts in respect of the Offer less an amount equal to the sum of discounts offered to investors by the Investment Manager. The Investment Manager has agreed to administer the Offers and will pay all costs associated with the Offers, including any fees which exceed this fee amount.

The Offers are not underwritten. The total expenses payable by each Company in connection with its respective Offer (assuming such Offer is fully subscribed and no New Shares are issued under the respective Over-allotment Facility) are expected to be around £675,000 (including amounts paid by way of fees and irrecoverable VAT where applicable) and the net proceeds of the Offer will amount to £14,325,000 for each Company. If a Company's Offer is fully subscribed and the Over-allotment Facility is used in full, the total expenses payable by the Company in connection with the Offer are expected to be around £1,125,000 (including amounts paid by way of fees and irrecoverable VAT where applicable) and the net proceeds of the Offer will amount to £23,875,000.

The New Shares will rank *pari passu* in all respects with existing Shares (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the relevant allotment). There is no maximum amount for which an Applicant may subscribe under the Offers. However, an Applicant 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 under the Offers during the current tax year.

### **Allotment Formula and Offer Price**

The number of New Shares to be allotted to each Applicant under each Offer will be determined by the following formula (the “**Allotment Formula**”):

$$\frac{(A \times (1-B+C+D-E))}{NAV}$$

**Where:**

- A is the Application Amount
  - B is the Offer Costs
  - C is the Early Bird Discount, if applicable
  - D is any Initial Commission waived by a Financial Intermediary in favour of additional New Shares for the Applicant
  - E is any Initial Adviser Charge agreed to be facilitated by the Company, expressed as a percentage of the Application Amount
- NAV is the most recently published NAV per Ordinary Share of the relevant Company, adjusted for any subsequent dividends paid or declared (and in respect of which no adjustment has been made to that most recently published NAV per Ordinary Share)

The number of New Shares to be issued to an Applicant under each Offer 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 total Application amount, the balance will be returned (without interest) to the bank account from where the funds were sent (save where the amount is less than £2.00, in which case it will be retained by the relevant Company and used for its own purposes). Share certificates will be sent to the Applicant (or Nominee if applicable) to the postal address shown on the Application Form. In respect of tax certificates, an email notification will be sent to the Applicant confirming that the tax certificates have been loaded to the online tracking service where the Applicant may view and download the document (if a Financial Intermediary is associated with the Application, they will also be notified via email), where no email address is provided, these will be sent by post.

The Offer Price per New Share in respect of any Application under the Offer will be determined by dividing the Application Amount in respect of that Application by the number of New Shares allotted to the Applicant in respect of that Application as calculated in accordance with the Allotment Formula (rounded to 4 decimal places). The Offer Price will therefore vary for each Applicant depending on the amount of Offer Costs, any Initial Commission waived, any Initial Adviser Charges, any Early Bird Discount associated with their Application and the value of the most recently published NAV per Ordinary Share at the time of their Application. After each allotment, the results of the allotment (including details of the New Shares issued and the range of the Offer Prices) will be announced through a Regulatory Information Service.

### **Expected Timetable**

The Offers will open at 9.00 a.m. on 4 December 2023 and will close on 3 April 2024 in relation to the 2023/24 tax year, unless either Board decides to extend the Offer in relation to the relevant Company or the Offers are fully subscribed or otherwise closed by the respective Board before this time. In order for New Shares to be issued in relation to the 2023/24 tax year fully completed Applications must be received by 12 noon on 21 March 2024 in respect of Applications via cheque and 9am on 25 March 2024 in respect of Applications via bank transfer, in order to allow time for funds to clear. If the Offers are not fully subscribed by 3 April 2024, the Directors reserve the right to allow the Offer to remain open for at

least part of the 2024/25 tax year, but not beyond 22 November 2024, with a single allotment expected to take place on or around 2 May 2024.

The timetable of expected allotments is set out below however each Board reserves the right to revise the below dates, undertake additional allotments, close its Offer prior to all of the allotments taking place and/or extend its Offer beyond the closing date set out below.

	Applications via cheque to be received by 12 noon on	Applications via bank transfer to be received by 9.00 a.m. on	Anticipated date of allotment
<i>2023/24 Tax Year</i>			
First Allotment	4 January 2024	8 January 2024	11 January 2024
Second Allotment	8 February 2024	12 February 2024	15 February 2024
Third Allotment	21 March 2024	25 March 2024	28 March 2024
<i>2024/25 Tax Year</i>			
Fourth Allotment*	25 April 2024	29 April 2024	2 May 2024

\*The Fourth Allotment will only take place if the Offer is not fully subscribed by 3 April 2024.

Each Board reserves the right to allot and arrange for the listing of New Shares in respect of Applications 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 Application Form must be received and the funds in relation to the Application must have cleared prior to the date of allotment and prior to the relevant Offer closing.**

## Expenses of the Offers

### *Offer Costs*

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 an amount equal to 4.5 per cent. of aggregate accepted Application Amounts in respect of the Offer less an amount equal to the sum of discounts offered to investors by the Investment Manager. The Investment Manager has agreed to administer the Offers and will pay all costs associated with the Offers, including any fees which exceed this fee amount.

The fee payable by each Company under the Offer Agreement is effectively borne by investors by virtue of the operation of the Allotment Formula, which also takes into account the following discounts that are being offered by the Investment Manager:

- a discount of 1.5 per cent. of the Application Amount received from Applicants who have subscribed through a Financial Intermediary, who are not Professional Clients of the Financial Intermediary, and who have received advice in relation to their Application for New Shares under the Offers; or
- a discount of 1.0 per cent. of the Application Amount received from Applicants who have not subscribed through a Financial Intermediary (i.e. Applicants that have subscribed directly).

For the avoidance of doubt, other than in respect of Initial Commission (as further described below) the Investment Manager does not offer any such discount to Applicants who (i) have subscribed through an 'execution only' Financial Intermediary or (ii) are Professional Clients of a Financial Intermediary who have received advice in relation to their Application for New Shares under the Offers.

### *Initial Commission*

For an Application made through a Financial Intermediary where the Financial Intermediary has acted in either an 'execution only' capacity or advised an Applicant who is a Professional Client, the Investment Manager will pay 1.5 per cent. of the associated Application Amount to the Financial Intermediary. The Financial Intermediary may waive this Initial Commission, in full or in part, in favour of additional New Shares for the Applicant.

### Early Bird Discount

The Investment Manager has agreed to discount further the Offer Costs by 0.75 per cent. for Existing Shareholders and by 0.5 per cent. for New Investors in respect of Applications accepted (including receipt of cleared funds by the Receiving Agent) on or before 9 a.m. on 8 January 2024, subject to a maximum aggregate Application Amount qualifying for this discount of £7.5 million per Company (the “**Early Bird Discount**”).

### Initial Adviser Charge

For an Application made through a Financial Intermediary where the Financial Intermediary has advised the Applicant, who is not a Professional Client, in return for an Initial Adviser Charge agreed between the Applicant and the Financial Intermediary, the Companies may facilitate payment of the Initial Adviser Charge on behalf of the Applicant up to 4.5 per cent. of the Application Amount. If the Initial Adviser Charge agreed with the Financial Intermediary is greater than 4.5 per cent. of the Application Amount, the Applicant will need to make additional payments directly to the Financial Intermediary.

Subject to the above restrictions, the amount agreed to be facilitated will be applied through the Allotment Formula in determining the number of New Shares to be allotted and is therefore effectively borne by the Applicant in addition to the Offer Costs.

It should be noted that the amount of Initial Adviser Charge that each Company agrees to facilitate should not be considered as a recommendation as to the appropriate level of an Initial Adviser Charge. The determination of an appropriate charge is for the Applicant and Financial Intermediary to agree depending on the advice and level of service provided.

The charging of VAT on an Initial Adviser Charge is the sole responsibility of the Financial Intermediary. Should any Initial Adviser Charge for facilitation exclude the payment of any such VAT, the Applicant will, at all times, remain solely responsible to make up such VAT deficit (if any) to the Financial Intermediary.

The Companies will not facilitate any ongoing adviser charges. Any such arrangements should be handled directly between the Applicant and the Financial Intermediary.

## Allotment Formula Examples

Below are *illustrative examples* of how the Allotment Formula works for each of an advised investor, direct investor and an ‘execution only’ investor. Each illustrative example is based on an illustrative Application Amount of £10,000 for an Offer, a NAV per Ordinary Share of 53.33p and assumes the Early Bird Discount is available.

Shareholder Status	Investment Channel					
	Advised*		Direct		‘Execution only’**	
	Existing	New	Existing	New	Existing	New
Application Amount (A)	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Offer Costs (4.5% as reduced by Investment Manager discounts) (B)	3.0%	3.0%	3.50%	3.50%	4.50%	4.50%
Early Bird Discount (C)	0.75%	0.50%	0.75%	0.50%	0.75%	0.50%
Initial Commission (D)	—	—	—	—	1.50%	1.50%
Initial Adviser Charges (E)	1.0%	1.0%	—	—	—	—
NAV per Ordinary Share	53.33p	53.33p	53.33p	53.33p	53.33p	53.33p
Number of New Shares to be allotted (per Allotment Formula of $(A \times (1 - B + C + D - E) / \text{NAV})$ ) (F)	18,141	18,094	18,235	18,188	18,329	18,282
Offer Price per New Share (A/F)	55.12p	55.27p	54.84p	54.98p	54.56p	54.70p

\* These examples assume that an Initial Adviser Charge equal to 1.0 per cent. (£100) of the Application Amount is to be facilitated.

\*\* These examples assume that the Initial Commission of 1.5 per cent. (£150) of the Application Amount has been waived by the ‘execution only’ Financial Intermediary (which reduces the Offer Costs).



## Offer Costs Examples

A summary of the fees charged to investors, taking into account the Offer Costs, the availability of the Early Bird Discount and Initial Commission offered by the Investment Manager as set out above, is set out in the below table. This excludes the effect of any Initial Adviser Charges.

Shareholder Status	Investment Channel					
	Advised		Direct		'Execution only'	
	Existing	New	Existing	New	Existing	New
Headline Offer costs	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Waived Initial Commission*	—	—	—	—	1.50%	1.50%
Investment Manager discount to headline Offer costs	1.50%	1.50%	1.00%	1.00%	—	—
Early Bird Discount	0.75%	0.50%	0.75%	0.50%	0.75%	0.50%
<b>Ultimate Offer costs borne by Applicant</b>	<b>2.25%</b>	<b>2.50%</b>	<b>2.75%</b>	<b>3.00%</b>	<b>2.25%</b>	<b>2.50%</b>

\* Assuming advisers waive Initial Commission to the fullest extent permitted

## 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 within five Business Days 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 of voting rights

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.

For illustrative purposes only, assuming the maximum number of New BVT Shares available to be issued under the BVT Offer, including the Over-allotment Facility, is 45,061,408 (based on the NAV per BVT Share as at 31 October 2023, as adjusted) a BVT Shareholder who does not participate in the BVT Offer (and does not otherwise acquire BVT Shares) will suffer dilution of 11 per cent. to their existing voting rights in BVT.

For illustrative purposes only, assuming the maximum number of New BSVT Shares available to be issued under the BSVT Offer, including the Over-allotment Facility, is 43,268,362 (based on the NAV per BSVT Share as at 31 October 2023, as adjusted) a BSVT Shareholder who does not participate in the BSVT Offer (and does not otherwise acquire BSVT Shares) will suffer dilution of 11 per cent. to their existing voting rights in BSVT.

## Directors' Applications

The Directors and their connected persons intend to subscribe £65,000, in aggregate, for New Shares under the Offers.

## Application procedure

The Offers will open at 9.00 a.m. on 4 December 2023. Investors may subscribe for New Shares online at [www.baronsmeadvcts.co.uk/vctoffer](http://www.baronsmeadvcts.co.uk/vctoffer) by completing an Online Application Form which will be available from 9.00 a.m. on 4 December 2023. Investors may also apply using the blank Application Form which will be available for download from the website of the Companies, [www.baronsmeadvcts.co.uk/vctoffers](http://www.baronsmeadvcts.co.uk/vctoffers), from 9.00 a.m. on 4 December 2023. Existing Shareholders subscribing for New Shares should ensure that they insert their unique ten digit City Investor Number (CIN). Failure to do so may result in a new shareholding being created within the Share register.

If the Application for New Shares in the Company of your choice cannot be fulfilled, you may elect to have your Application fulfilled through the issue of New Shares in the other Company (subject to availability). If you fail to indicate a preference in this regard, your Application monies in respect of the closed Offer will be reallocated to the open Offer.

Applicants are advised to read the notes on how to complete the Application Form which will be available for download from the website of the Companies, [www.baronsmeadvcts.co.uk/vctoffers](http://www.baronsmeadvcts.co.uk/vctoffers) from 9.00 a.m. on 4 December 2023.

Application Forms accompanied by a post-dated cheque will not be accepted. Each Company may, in its absolute discretion, reject Applications if cheques do not clear on first presentation. Acknowledgement of the receipt of Applications will be sent electronically to the Applicant's email address included in his or her Application Form or, if no email address is provided, to the postal address stated on the Application Form.

If you are a Nominee applying on behalf of a block of investors, please complete and submit an Application Form for each Beneficial Owner with the relevant Nominee details (CREST or otherwise) in Section 5 of the Application Form. Subject to the number of Beneficial Owners within the Nominee, the Receiving Agent may configure an Online Application Form pre-filled with the Nominee's details to expedite the Application process. Nominees should contact the Receiving Agent regarding the remittance of the associated Application monies to ensure compliance with the Offers' Money Laundering requirements.

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

Each Company and its respective Directors consent to the issue of the Prospectus, and accept responsibility for the content of the Prospectus, with respect to subsequent resale or final placement of New Shares by financial intermediaries. The offer period within which subsequent resale or final placement of New Shares by financial intermediaries can be made and for which consent to use the Prospectus is given is from the date of the Prospectus until 22 November 2024, unless previously closed. There are no conditions attaching to this consent. Financial intermediaries may only use the Prospectus in the UK.

**Information on the terms and conditions of the offer by the financial intermediary will be given to subscribers by financial intermediaries at the time the offer is made to them by the financial intermediary. Any financial intermediary using the Prospectus must state on its website that it is using the Prospectus in accordance with the consent set out above.**

# Part 5 – Financial Information (Including Portfolio Information)

## Baronsmead Venture Trust

### 1. Introduction

BVT has prepared an annual report and statutory accounts for the year ended 30 September 2022 and a half yearly financial report for the six-month period ended 31 March 2023. BDO LLP of 55 Baker Street, London, W1U 7EU were appointed as BVT's Auditors on 28 May 2021 and have reported on the annual statutory accounts for the year ended 30 September 2022 without qualification and without including statements under sections 495 to 497 of the Companies Act.

The annual report and statutory accounts for the year ended 30 September 2022 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'.

Copies of BVT's annual report and statutory accounts for the year ended 30 September 2022 are available for inspection on the Company's website at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk).

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document. Those parts of the annual statutory accounts and the half yearly financial reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in 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 financial statements of BVT for the financial year ended 30 September 2022 and in the unaudited interim report for the six-month period ended 31 March 2023 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 are either not relevant to investors or covered elsewhere in this document.

Nature of information	Annual report for the year ended 30 September 2022	Unaudited interim report for the six months ended 31 March 2023
	Page No.	Page No.
Financial Highlights	2	3
Independent auditor's report	62 – 67	—
Income statement	68	13
Statement of changes in equity	69	14
Balance sheet	70	15
Statement of cash flows	71	16
Notes to the financial statements	72 – 84	17-21

### 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 audited financial information relating to BVT which summarises the financial condition of BVT for the financial year ended 30 September 2022 (audited) and the six month periods ended 31 March 2023 and 31 March 2022 is set out in the following tables.

#### Information relevant to closed-end funds

	Total NAV (£'000) (as at 30 September 2022)	No. of BVT Shares (excluding treasury shares) (as at 30 September 2022)	NAV per BVT Share (p) (as at 30 September 2022)	NAV per BVT Share (p) (as at 30 September 2021)
Ordinary	193,825	316,218,166	61.29	82.40

#### Income statement for closed-end funds

	Unaudited interim report for the six months ended 31 March 2023			Annual financial report for the year ended 30 September 2022			Unaudited interim report for the six months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	—	(1,243)	(1,243)	—	(43,626)	(43,626)	—	(23,346)	(23,346)
Income	925	—	925	3,949	—	3,949	735	—	735
Investment management fee (accrued/paid)	(437)	(1,315)	(1,752)	(967)	(2,903)	(3,870)	(505)	(1,513)	(2,018)
Other expenses	(336)	—	(336)	(652)	—	(652)	(361)	—	(361)
Profit/(loss) before taxation (£'000)	152	(2,558)	(2,406)	2,330	(46,529)	(44,199)	(131)	(24,859)	(24,990)
Taxation on ordinary activities	—	—	—	(229)	229	—	—	—	—
Profit/(loss) for the period, being the total comprehensive income for the period after taxation	152	(2,558)	(2,406)	2,101	(46,300)	(44,199)	(131)	(24,859)	(24,990)
Basic and diluted (loss)/earnings per Ordinary Share	0.05p	(0.80p)	(0.75p)	0.69p	(15.25p)	(14.56p)	(0.05p)	(8.54p)	(8.59p)

#### Balance sheet for closed-end funds

	Year ended 30 September 2022 (audited)	6 months ended 31 March 2023 (unaudited)
Total net assets (£'000)	193,825	203,426
NAV per Share (p)	61.29	57.96

## 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 report and audited financial statements for the year ended 30 September 2022 Page No.	Unaudited interim report for the six months ended 31 March 2023 Page No.
Performance Summary	3	4
Chairman's Statement	4 – 7	6-8
Manager's Review	8 – 11	—
Full Investment Portfolio	88 – 89	24-26

## 5. Significant change

As at the date of this document, there has been no significant change in the financial position of BVT since 31 March 2023 (being the end of the most recent financial period of BVT for which financial information has been published).

## 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 31 October 2023.

	As at 31 October 2023 £'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	38,162
Share premium account	—
Special reserve	137,917
Capital reserve	1,954
Revaluation reserve	6,430
Revenue reserve	3,027
<b>Total debt and Shareholders' equity</b>	<b>187,490</b>

The information in the table above is unaudited financial information of BVT as at 31 October 2023, 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 October 2023.

The following table shows BVT's net indebtedness as at 31 October 2023.

	£'000
A. Cash	510
B. Cash equivalent	19,480
C. Other current financial assets	155
<b>D. Liquidity (A+B+C)</b>	<b>20,145</b>
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	—
F. Current portion of non-current financial debt	—
<b>G. Current financial indebtedness (E+F)</b>	<b>—</b>
<b>H. Net current financial indebtedness (G-D)</b>	<b>—</b>
I. Non-current financial debt (excluding current portion and debt instruments)	—
J. Debt instruments	—
K. Non-current trade and other payables	—
<b>L. Non-current financial indebtedness (I+J+K)</b>	<b>—</b>
<b>M. Total financial indebtedness (H+L)</b>	<b>—</b>

The information in the table above is unaudited financial information of BVT and has been extracted from internal accounting records as at 31 October 2023 and has not been reported on by an accountant. There has been no material change to the indebtedness of BVT since 31 October 2023.

## 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). When calculating the working capital available to it, BVT has assessed whether it is able to access cash and other available liquid resources in order to meet its liabilities as they fall due. No account has been taken of the proceeds of the BVT Offer in calculating the working capital available to BVT. When calculating its present requirements, BVT has taken into account the terms of its investment strategy and investment policy.

## 8. Net Asset Value

The unaudited NAV per BVT Share as at 31 October 2023 (being the latest date in respect of which BVT has published its NAV per BVT Share) was 53.33 pence.

## 9. Recent investments

The following material investments have been made by the Company since 31 March 2023 (being the date on which unaudited financial information was last published), all of which are Qualifying Investments:

- Quoted follow on investment in Crossword Cybersecurity plc – £1.0 million
- Quoted new investment in Tan Delta Systems plc – £0.9 million
- Unquoted new investment in Dayrize B.V – £0.8 million
- Unquoted new investment in Branchspace Ltd – £0.7 million
- Quoted follow on investment in Eden Research plc - £0.7 million
- Unquoted new investment in Mable Therapy Ltd – £0.7 million
- Unquoted follow on investment in Airfinity Limited – £0.6 million
- Unquoted follow on investment in Travellocal Ltd – £0.6 million
- Unquoted follow on investment in Panthera Biopartners Ltd – £0.4 million
- Unquoted follow on investment in Orri Limited – £0.2 million
- Quoted follow on investment in Oberon Investments Group plc – £0.1 million



## 10. Analysis of BVT's investment Portfolio

As at 31 October 2023, BVT was directly invested in 40 unquoted investments and 50 AIM-traded investments. As at 31 October 2023 (being the date of the latest valuations of the quoted investments in BVT's Portfolio) the aggregate unaudited valuation of BVT's Portfolio was £105 million. Approximately 45 per cent. of the value of the unquoted and direct AIM Portfolio (approximately 25 per cent. of the total net asset value) consists of investments made prior to the changes to the VCT rules that were introduced in 2015. The pre-2015 investments are mostly quoted investments that the Investment Manager believes continue to have attractive long-term growth prospects. In addition, BVT had cash and liquidity fund investments of approximately £20 million as at 31 October 2023. None of the Company's investments comprise assets admitted to trading on a regulated market.

An unaudited summary of BVT's unquoted and quoted Portfolio (representing at least 55 per cent. of its net assets as at the date of this document (the values are all as at 31 October 2023, being the latest dates for which valuations have been produced)) is set out below:

	Cost £'000	Market Value £'000	Market Value as % of NAV
Unquoted	54,698	45,835	24
Quoted	43,238	58,847	31
Investments held through Collective Investment Vehicles	47,550	63,958	34
Cash liquidity funds	19,990	19,990	11

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 unaudited as at 31 October 2023, the latest dates for which valuations have been produced).

By sector	% of quoted and unquoted portfolio
Business Services	10
Consumer Markets	7
Healthcare and Education	22
Technology	61
By asset class	% of net asset value
Unquoted	24
AIM & LSE quoted	31
Collective investment vehicles	34
Cash liquidity funds	11
Net current assets	0
By time investments held	% of quoted and unquoted portfolio
Less than 1 year	4
Between 1 and 3 years	28
Between 3 and 5 years	15
Greater than 5 years	53

The table below shows BVT's Portfolio as at the date of this document (the values are all unaudited as at 31 October 2023, the latest date for which valuations have been produced).

Company	Sector	Location	Book cost £'000	Valuation £'000
<b>Unquoted investments</b>				
Patchworks Integration Ltd	Technology	Nottingham	4,223	5,566
eConsult Health Ltd	Healthcare & Education	Surrey	3,600	4,916
Airfinity Ltd	Healthcare & Education	London	3,311	4,356
Popsa Holdings Ltd	Technology	Surrey	3,120	3,120
Clarilis Ltd	Technology	Birmingham	1,680	2,514
Scurri Web Services Ltd	Technology	London	2,033	2,411
Revlifter Ltd	Technology	London	1,439	1,899
TravelLocal Ltd	Consumer markets	Richmond	1,809	1,878
Fu3e Limited	Technology	Sussex	1,680	1,847
SecureCloud+ Ltd	Technology	Berkshire	700	1,687
Panthera Biopartners Ltd	Healthcare & Education	Leeds	3,081	1,644
Orri Ltd	Healthcare & Education	London	1,019	1,409
IWP Holdings Ltd	Business Services	London	1,407	1,340
Metrion Bioscience Ltd	Healthcare & Education	Cambridge	1,057	1,283
Proximity Insight Holdings Ltd	Technology	London	1,148	1,148
Pointr Ltd	Technology	London	466	1,001
Bidnamic	Technology	Yorkshire	949	944
Counting Ltd	Business Services	London	940	936
Cognassist UK Limited	Healthcare & Education	Newcastle	896	933
Focal Point Positioning Ltd	Technology	Cambridgeshire	905	905
Dayrize B.V	Technology	London	756	756
Mable Therapy Ltd	Healthcare & Education	Leeds	670	670
Branchspace Ltd	Technology	London	659	659
Tribe Digital Holdings Ltd	Technology	London	1,198	496
Cisiv Ltd	Technology	London	700	475
Connect Earth Ltd	Business Services	London	448	448
SilkFred Ltd	Consumer markets	London	790	324
Rockfish Group Ltd	Consumer markets	Dartmouth	700	166
Yappy Ltd	Consumer markets	Manchester	1,785	104
Equipsme (Holdings) Ltd	Business Services	London	842	—
Funding Xchange Ltd	Business Services	London	705	—
Glisser Ltd	Business Services	London	1,585	—
Munnypot Ltd	Technology	West Sussex	460	—
CMME Group Ltd	Consumer markets	Hampshire	930	—
Rezatec Ltd	Technology	Oxfordshire	1,380	—
Samuel Knight International Ltd	Business Services	Newcastle	705	—
Vinoteca Ltd	Consumer markets	London	934	—
Your Welcome Ltd	Technology	London	914	—
Custom Materials Ltd	Technology	London	2,530	—
Armstrong Craven Ltd	Business Services	Manchester	544	—
<b>Total unquoted investments</b>			<b>54,698</b>	<b>45,835</b>
<b>Quoted investments</b>				
Cerillion plc	Technology	London	1,195	19,873
Netcall plc	Technology	Hertfordshire	1,738	6,932
IDOX plc	Technology	London	614	3,971
Bioventix plc	Healthcare & Education	Surrey	253	3,469
Property Franchise Group plc (The)	Consumer markets	Bournemouth	686	2,195
Crossword Cybersecurity plc	Technology	London	3,104	1,691
Diaceutics plc	Healthcare & Education	Belfast	1,410	1,521

Company	Sector	Location	Book cost £'000	Valuation £'000
Belvoir Lettings plc	Consumer markets	Lincolnshire	752	1,428
Begbies Traynor Group plc	Business Services	Manchester	434	1,263
PCI Pal plc	Technology	London	1,100	1,255
Inspired plc	Business Services	Lancashire	575	1,204
hVIVO plc	Healthcare & Education	London	1,182	1,118
Anpario plc	Healthcare & Education	Nottinghamshire	304	1,056
Eden Research	Business Services	Gloucestershire	1,857	999
Sysgroup plc	Technology	Liverpool	1,293	912
Oberon Investments Group plc	Business Services	London	1,268	848
Tan Delta Systems plc	Business Services	Sheffield	919	848
Seen plc	Technology	London	2,019	823
Access Intelligence plc	Business Services	London	586	805
Beeks Financial Cloud Group plc	Technology	Renfrewshire	338	716
Vianet Group plc	Business Services	Glasgow	1,293	632
One Media iP Group plc	Technology	Buckinghamshire	825	593
Everyman Media Group plc	Consumer markets	London	783	547
Merit Group plc	Technology	London	2,022	506
Driver Group plc	Business Services	Rossendale	1,127	480
Gresham House plc	Business Services	London	112	420
Skillcast Group plc	Healthcare & Education	London	754	387
Gama Aviation	Business Services	Oxford	776	371
Ixico plc	Healthcare & Education	London	675	325
TPXImpact Holdings plc	Technology	London	585	300
Crimson Tide plc	Technology	Tunbridge Wells	592	296
Scholium Group Plc	Consumer markets	London	900	288
Staffline Recruitment Group plc	Business Services	Nottinghamshire	174	174
KRM22 plc	Technology	London	450	140
PoolBeg Pharma plc	Healthcare & Education	London	42	132
Rosslyn Data Technologies plc	Technology	London	1,151	62
Science in Sport plc	Consumer markets	London	287	58
Zoo Digital Group plc	Technology	Sheffield	788	41
Fusion Antibodies plc	Healthcare & Education	Belfast	540	32
Tasty plc	Consumer markets	London	1,189	27
I-Nexus Global plc	Technology	West Midlands	563	25
Totally plc	Healthcare & Education	London	71	24
Aptamer Group plc	Healthcare & Education	Yorkshire	2,206	24
CloudCoCo Group plc	Technology	Cheshire	437	24
LoopUp Group	Technology	London	504	9
RUA Life Sciences plc	Healthcare & Education	London	509	3
Fulcrum Utility Services Ltd	Business Services	Nottingham	31	—
DeepVerge plc	Healthcare & Education	York	1,410	—
InterQuest Group plc	Business Services	London	619	—
MXC Capital Ltd	Business Services	Guernsey	196	—
<b>Total quoted investments</b>			<b>43,238</b>	<b>58,847</b>
<b>WS Gresham House UK Micro Cap Fund</b>			<b>7,050</b>	<b>25,847</b>
<b>WS Gresham House UK Smaller Companies Fund</b>			<b>26,000</b>	<b>22,878</b>
<b>WS Gresham House UK Multi Cap Income Fund</b>			<b>14,500</b>	<b>15,233</b>
<b>Total</b>			<b>145,486</b>	<b>168,640</b>

# Baronsmead Second Venture Trust

## 1. Introduction

BSVT has prepared an annual report and audited financial statements for the year ended 30 September 2022 and a half yearly financial report for the six-month period ended 31 March 2023. BDO LLP of 55 Baker Street, London, W1U 7EU were appointed as BSVT's Auditors on 28 May 2021 and have reported on the annual statutory accounts without qualification and without including statements under sections 495 to 497 of the Companies Act.

The annual report and statutory accounts 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'.

Copies of BSVT's annual report and statutory accounts for the year ended 30 September 2022 are available for inspection on the Company's website at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk).

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document. Those parts of the annual statutory accounts and the half yearly financial reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in 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 2022 and in the unaudited interim report for the six-month period ended 31 March 2023 as set out in the table below and is incorporated by reference into this document. The non-incorporated parts of these annual report and interim reports of BSVT are either not relevant to investors or covered elsewhere in this document.

Nature of information	Annual report and financial statements for the year ended 30 September 2022	Unaudited interim report for the six months ended 31 March 2023
	Page No.	Page No.
Financial highlights	2	3
Independent auditor's report	60 – 65	—
Income statement	66	13
Statement of changes in equity	67	14
Balance sheet	68	15
Statement of cash flows	69	16
Notes to the financial statements	70 – 83	17-21

### 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 2022 and the six month periods ended 31 March 2023 and 31 March 2022 is set out in the following tables.

#### Information relevant to closed-end funds

	Total NAV (£'000) (as at 30 September 2022)	No. of BSVT Shares (excluding treasury shares) (as at 30 September 2022)	NAV per BSVT Share (p) (as at 30 September 2022)	NAV per BSVT Share (p) (as at 30 September 2021)
Ordinary	212,986	327,288,384	65.08	87.77

#### Income statement for closed-end funds

	Unaudited interim report for the six months ended 31 March 2023			Annual financial report for the year ended 30 September 2022			Unaudited interim report for the six months ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	—	(2,132)	(2,132)	—	(48,771)	(48,771)	—	(27,719)	(27,719)
Income	1,201	—	1,201	4,951	—	4,951	961	—	961
Investment management fee (accrued)/paid	(620)	(1,860)	(2,480)	(1,367)	(4,101)	(5,468)	(706)	(2,116)	(2,822)
Other expenses	(357)	—	(357)	(669)	—	(669)	(359)	—	(359)
Profit/(loss) before taxation (£'000)	224	(3,992)	(3,768)	2,915	(52,872)	(49,957)	(104)	(29,835)	(29,939)
Taxation on ordinary activities	—	—	—	(263)	263	—	—	—	—
Profit/(loss) for the period, being the total comprehensive income for the period after taxation	224	(3,992)	(3,768)	2,652	(52,609)	(49,957)	(104)	(29,835)	(29,939)
Basic and diluted (loss)/earnings per Ordinary Share	0.07p	(1.21p)	(1.14p)	0.85p	(16.85p)	(16.00p)	(0.04p)	(10.04p)	(10.08p)

#### Balance sheet for closed-end funds

	Year ended 30 September 2022 (audited)	6 months ended 31 March 2023 (unaudited)
Total net assets (£'000)	212,986	210,969
NAV per Share (p)	65.08	61.0p

## 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", "Chair'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 which are incorporated by reference into this document:

Nature of information	Annual financial report for the year ended 30 September 2022 Page No.	Unaudited interim report for the six months ended 31 March 2023 Page No.
Performance Summary	3	4
Chair's Statement	4 – 6	6-8
Manager's Review	7 – 11	—
Full Investment Portfolio	87 – 88	24-26

## 5. Significant change

As at the date of this document, there has been no significant change in the financial position of BSVT since 31 March 2023 (being the end of the most recent financial period of BSVT for which financial information has been published).

## 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 31 October 2023.

	As at 31 October 2023 £'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	39,628
Share premium account	—
Special reserve	148,483
Capital reserve	2,353
Revaluation reserve	7,179
Revenue reserve	3,550
<b>Total debt and Shareholders' equity</b>	<u>201,193</u>

The information in the table above is unaudited financial information of BSVT as at 31 October 2023, 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 October 2023.

The following table shows BSVT's net indebtedness as at 31 October 2023.

	£'000
A. Cash	535
B. Cash equivalent	17,085
C. Other current financial assets	166
<b>D. Liquidity (A+B+C)</b>	<b>17,786</b>
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	—
F. Current portion of non-current financial debt	—
<b>G. Current financial indebtedness (E+F)</b>	<b>—</b>
<b>H. Net current financial indebtedness (G-D)</b>	<b>—</b>
I. Non-current financial debt (excluding current portion and debt instruments)	—
J. Debt instruments	—
K. Non-current trade and other payables	—
<b>L. Non-current financial indebtedness (I+J+K)</b>	<b>—</b>
<b>M. Total financial indebtedness (H+L)</b>	<b>—</b>

The information in the table above is unaudited financial information of BSVT and has been extracted from internal accounting records as at 31 October 2023 and has not been reported on by an accountant. There has been no material change to the indebtedness of BSVT since 31 October 2023.

## 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). When calculating the working capital available to it, BSVT has assessed whether it is able to access cash and other available liquid resources in order to meet its liabilities as they fall due. No account has been taken of the proceeds of the BSVT Offer in calculating the working capital available to BSVT. When calculating its present requirements, BSVT has taken into account the terms of its investment strategy and investment policy.

## 8. Net Asset Value

The unaudited NAV per BSVT Share as at 31 October 2023 (being the latest date in respect of which BSVT has published its NAV per BSVT Share) was 55.54 pence.

## 9. Recent investments

The following material investments have been made by the Company since 31 March 2023 (being the date on which unaudited financial information was last published), all of which are Qualifying Investments:

- Quoted follow on investment in to Crossword Cybersecurity plc – £1.0 million
- Quoted new investment in to Tan Delta Systems plc – £1.0 million
- Quoted follow on investment in to Eden Research plc – £0.9 million
- Unquoted new investment in to Dayrize B.V – £0.8 million
- Unquoted follow on investment in to Airfinity Limited – £0.7 million
- Unquoted follow on investment in to Travellocal – £0.7 million
- Unquoted new investment in to Branchspace Ltd – £0.6 million
- Unquoted new investment in to Mable Therapy Ltd – £0.6 million
- Unquoted follow on investment in to Panthera Biopartners Ltd – £0.5 million
- Unquoted follow on investment in to Orri Limited – £0.2 million
- Quoted follow on investment in to Oberon Investments Group plc – £0.2 million



## 10. Analysis of BSVT's investment Portfolio

As at 31 October 2023, BSVT has directly invested in 40 unquoted investments and 48 AIM-traded investments. As at 31 October 2023 (being the date of the latest valuations of the quoted investments in BSVT's Portfolio) the aggregate unaudited valuation of BSVT's Portfolio was £126 million. Approximately 50 per cent. of the value of the unquoted and direct AIM Portfolio (approximately 32 per cent. of the total net asset value) consists of investments made prior to the changes to the VCT rules that were introduced in 2015. The pre-2015 investments are mostly quoted investments that the Investment Manager believes continue to have attractive long-term growth prospects. In addition BSVT had cash and liquidity fund investments of approximately £18 million as at 31 October 2023. None of the Company's investments comprise assets admitted to trading on a regulated market.

An unaudited summary of BSVT's unquoted and quoted Portfolio (representing at least 63 per cent. of its net assets as at the date of this document (the values are all as at 31 October 2023) is set out below:

	Cost £'000	Market Value £'000	Market Value as % of NAV
Unquoted	60,193	49,455	25
Quoted	53,639	76,404	38
Investments held through Collective Investment Vehicles	42,189	59,286	29
Cash liquidity funds	17,620	17,620	8

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 unaudited as at 31 October 2023, the latest date for which valuations have been produced):

By sector	% of quoted and unquoted portfolio
Business Services	10
Consumer Markets	7
Healthcare and Education	21
Technology	62
By asset class	% of net asset value
Unquoted	25
AIM & LSE quoted	38
Collective investment vehicles	29
Cash liquidity funds	9
Net current assets	-1
By time investments held	% of quoted and unquoted portfolio
Less than 1 year	3
Between 1 and 3 years	25
Between 3 and 5 years	14
Greater than 5 years	58

The table below shows BSVT's Portfolio as at the date of this document (the values are unaudited as at 31 October 2023, the latest date for which valuations have been produced):

Company	Sector	Location	Book cost £'000	Valuation £'000
<b>Unquoted investments</b>				
Patchworks Integration Ltd	Technology	Nottingham	4,576	6,031
eConsult Health Ltd	Healthcare & Education	Surrey	3,899	5,325
Airfinity Ltd	Healthcare & Education	London	3,587	4,719
Popsa Holdings Ltd	Technology	Surrey	3,379	3,379
Clarilis Ltd	Technology	Birmingham	1,819	2,723
Scurri Web Services Ltd	Technology	London	2,292	2,719
TravelLocal Ltd	Consumer markets	Richmond	2,040	2,117
Revlifter Ltd	Technology	London	1,559	2,058
Fu3e Limited	Technology	Sussex	1,819	2,001
SecureCloud+ Ltd	Technology	Berkshire	789	1,904
Panthera Biopartners Ltd	Healthcare & Education	Leeds	3,338	1,781
IWP Holdings Ltd	Business Services	London	1,587	1,511
Metrion Bioscience Ltd	Healthcare & Education	Cambridge	1,192	1,447
Orri Ltd	Healthcare & Education	London	1,021	1,413
Proximity Insight Holdings Ltd	Technology	London	1,152	1,152
Pointr Ltd	Technology	London	526	1,129
Counting Ltd	Business Services	London	1,059	1,055
Cognassist UK Limited	Healthcare & Education	Newcastle	902	940
Bidnamic	Technology	Yorkshire	921	916
Focal Point Positioning Ltd	Technology	Cambridgeshire	908	908
Dayrize B.V	Technology	London	756	756
Mable Therapy Ltd	Healthcare & Education	Leeds	619	619
Branchspace Ltd	Technology	London	609	609
Tribe Digital Holdings Ltd	Technology	London	1,351	559
Cisiv Ltd	Technology	London	789	536
Connect Earth Ltd	Business Services	London	451	451
SilkFred Ltd	Consumer markets	London	966	396
Rockfish Group Ltd	Consumer markets	Dartmouth	789	187
Yappy Ltd	Consumer markets	Manchester	2,011	114
Equipsme (Holdings) Ltd	Business Services	London	949	—
Funding Xchange Ltd	Business Services	London	795	—
Glisser Ltd	Business Services	London	1,788	—
Munnypot Ltd	Technology	West Sussex	562	—
CMME Group Ltd	Consumer markets	Hampshire	1,137	—
Rezatec Ltd	Technology	Oxfordshire	1,620	—
Samuel Knight International Ltd	Business Services	Newcastle	795	—
Vinoteca Ltd	Consumer markets	London	1,054	—
Your Welcome Ltd	Technology	London	1,031	—
Custom Materials Ltd	Technology	London	3,092	—
Armstrong Craven Ltd	Business Services	Manchester	664	—
<b>Total unquoted investments</b>			<b>60,193</b>	<b>49,455</b>
<b>Quoted investments</b>				
Quoted investments				
Cerillion plc	Technology	London	1,465	24,284
Netcall plc	Technology	Hertfordshire	2,616	10,354
IDOX plc	Technology	London	1,027	6,838
Bioventix plc	Healthcare & Education	Surrey	309	4,240
Property Franchise Group plc (The)	Consumer markets	Bournemouth	839	2,683
Crossword Cybersecurity plc	Technology	London	3,362	1,832

Company	Sector	Location	Book cost £'000	Valuation £'000
Diaceutics plc	Healthcare & Education	Belfast	1,590	1,716
Belvoir Lettings plc	Consumer markets	Lincolnshire	919	1,746
Begbies Traynor Group plc	Business Services	Manchester	545	1,380
PCI Pal plc	Technology	London	1,345	1,534
Inspired plc	Business Services	Lancashire	862	1,807
hVIVO plc	Healthcare & Education	London	1,445	1,367
Anpario plc	Healthcare & Education	Nottinghamshire	662	2,301
Eden Research	Business Services	Gloucestershire	2,270	1,222
Sysgroup plc	Technology	Liverpool	1,580	1,114
Oberon Investments Group plc	Business Services	London	1,430	957
Tan Delta Systems plc	Business Services	Sheffield	956	883
Seen plc	Technology	London	2,249	900
Access Intelligence plc	Business Services	London	716	984
Beeks Financial Cloud Group plc	Technology	Renfrewshire	413	875
Vianet Group plc	Business Services	Glasgow	2,093	1,012
One Media iP Group plc	Technology	Buckinghamshire	1,008	724
Everyman Media Group plc	Consumer markets	London	957	669
Merit Group plc	Technology	London	3,267	764
Driver Group plc	Business Services	Rossendale	1,529	645
Gresham House plc	Business Services	London	138	513
Skillcast Group plc	Healthcare & Education	London	817	419
Gama Aviation	Business Services	Oxford	1,004	483
Ixico plc	Healthcare & Education	London	825	398
TPXImpact Holdings plc	Technology	London	660	339
Crimson Tide plc	Technology	Tunbridge Wells	668	334
Scholium Group Plc	Consumer markets	London	1,100	352
KRM22 plc	Technology	London	550	171
PoolBeg Pharma plc	Healthcare & Education	London	51	162
Rosslyn Data Technologies plc	Technology	London	1,407	76
Science in Sport plc	Consumer markets	London	351	71
Zoo Digital Group plc	Technology	Sheffield	817	43
Fusion Antibodies plc	Healthcare & Education	Belfast	660	40
Tasty plc	Consumer markets	London	2,034	50
I-Nexus Global plc	Technology	West Midlands	688	30
Totally plc	Healthcare & Education	London	87	30
Aptamer Group plc	Healthcare & Education	Yorkshire	2,390	26
CloudCoCo Group plc	Technology	Cheshire	535	29
LoopUp Group	Technology	London	616	10
Fulcrum Utility Services Ltd	Business Services	Nottingham	342	—
DeepVerge plc	Healthcare & Education	York	1,590	—
InterQuest Group plc	Business Services	London	619	—
MXC Capital Ltd	Business Services	Guernsey	239	—
<b>Total quoted investments</b>			<b>53,639</b>	<b>76,404</b>
<b>WS Gresham House UK Micro Cap Fund</b>			<b>6,189</b>	<b>22,575</b>
<b>WS Gresham House UK Smaller Companies Fund</b>			<b>16,750</b>	<b>16,362</b>
<b>WS Gresham House UK Multi Cap Income Fund</b>			<b>19,250</b>	<b>20,349</b>
<b>Total</b>			<b>156,021</b>	<b>185,144</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. Investors should note that the tax legislation of an investor's country of residence for tax purposes (if not the UK, being the Company's country of incorporation) may have an impact on the income received from the securities.

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.

##### 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 newly subscribed 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:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market in the UK, EU or European Economic Area;
- (c) derive its income wholly or mainly from shares or securities;
- (d) 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.

### **3. Qualifying Companies**

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM), must carry on a qualifying trade and meet a financial health requirement. For the purposes of a 'qualifying trade' 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 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 chargeable 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 chargeable 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 believes that State aid has been provided which is unlawful prior to 1 January 2021, in particular if it is not in accordance with the Risk Finance Guidelines, it may require that the UK government recovers that State aid and such recovery may be from the investee company, the VCT or the VCT's investors. From 1 January 2021, the requirements to recover unlawful state aid is the remit of the UK Government. The Subsidy Control Act 2022 replacing the EU State Aid rules came fully into force on 4 January 2023.

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.

A condition of the European Commission's State Aid approval of the UK's VCT and EIS schemes in 2015 was the introduction of a retirement date in respect of the availability of VCT tax relief, intended to apply as at midnight on 5 April 2025. This was passed into UK law through the Finance (No 2) Act 2015. The Chancellor announced on 22 November 2023 in the Autumn Statement, that the retirement date for the VCT scheme will be extended to 2035 by the introduction of legislation in the Autumn Finance Bill 2023 to extend the existing retirement date for the VCT scheme which limits income and capital gains tax relief to shares issued by a VCT before 6 April 2025, to 6 April 2035. As at the date of this document, the revised retirement date has not been passed into law.

# 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. Each Company is registered as a small registered UK AIFM under the UK AIFMD Laws.
- 1.5. Applications will be made to the FCA for all of the New Shares to be admitted to the premium listing segment of the Official List 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 five 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 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, the custodian of the assets of the Companies, 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, who provide custodian services in relation to each Company's non-quoted assets, 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) (excluding Shares held in treasury) as at 22 November 2023 and immediately following completion of the Offers (assuming (i) 45,061,408 New Shares are issued under the BVT Offer and 43,268,362 New Shares are issued under the BSVT Offer) is and will be:

	Number of Ordinary Shares	Nominal value of each Share
<b>As at 22 November 2023</b>		
BVT Shares	351,534,507	10 pence
BSVT Shares	362,253,166	10 pence
<b>Immediately following the Offers*</b>		
BVT Shares	396,595,915	10 pence
BSVT Shares	405,521,528	10 pence

\* Note: The above table assumes that 45,061,408 New BVT Shares are issued pursuant to the BVT Offer and 43,268,362 New BSVT Shares are issued pursuant to the BSVT Offer.

As at the date of this document, BVT held 30,086,750 BVT Shares in treasury and BSVT held 34,026,367 BSVT Shares in treasury.

- 2.2. During the financial year from 1 October 2022 to 30 September 2023, BVT bought back 5,196,571 Ordinary Shares into treasury, issued 39,575,616 new Ordinary Shares and sold 937,296 Ordinary Shares from treasury.
- 2.3. As at 1 October 2022, BVT had in issue 342,045,641 Ordinary Shares of which 25,827,475 Ordinary Shares were held in treasury and, as at 30 September 2023, BVT had in issue 381,621,257 Ordinary Shares, of which 30,086,750 Ordinary Shares were held in treasury.
- 2.4. During the financial year from 1 October 2022 to 30 September 2023, BSVT bought back 5,247,081 Ordinary Shares into treasury, issued 38,390,060 new Ordinary Shares and sold 1,821,803 Ordinary Shares from treasury.
- 2.5. As at 1 October 2022, BSVT had in issue 357,889,473 Ordinary Shares of which 30,601,089 Ordinary Shares were held in treasury and, as at 30 September 2023, BSVT had in issue 396,279,533 Ordinary Shares, of which 34,026,367 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 1 February 2023, *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 £15,740,557 (such authority to expire on the fifth anniversary following the passing of the resolution unless previously revoked, varied, renewed or extended by BVT in general meeting);
  - 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 to the authority referred to in paragraph 2.7.1 above, or by way of sale of treasury shares, and limited, in the case of an offer for subscription, to shares with an aggregate nominal value of £9,949,760.64, as if section 561 of the Companies Act did not apply to any such allotment or sale (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); 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 meaning of section 693(4) of the Companies Act) of no more than 47,190,192 Ordinary Shares in aggregate or, if lower, up to 14.99 per cent. of the issued Ordinary Shares as at the date of passing of the resolution (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, unless such authority is renewed, varied or revoked prior to such time).

- 2.8. At the annual general meeting of BSVT held on 1 February 2023, *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 £16,295,968 (such authority to expire on the fifth anniversary following the passing of the resolution unless previously revoked, varied, renewed or extended by BSVT in general meeting);
  - 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 to the authority referred to in paragraph 2.8.1 above, or by way of sale of treasury shares, and limited, in the case of an offer for subscription, to shares with an aggregate nominal value of £10,128,547.10, 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 unless previously revoked varied renewed or extended by the Company in general meeting, 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 meaning of section 693(4) of the Companies Act) of no more than 45,003,963 Ordinary Shares in aggregate or, if lower, up to 14.99 per cent. of the issued Ordinary Shares as at the date of passing of the resolution (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 2.7.2 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 expected to be held on 5 March 2024.
- 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 both BVT and BSVT were adopted on 16 February 2022 by way of special resolution of the respective Company 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 paid up on 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 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**” for the purposes of this paragraph 3.7), 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 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, loss 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 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. Both Companies have given and not revoked the notice of their intention to carry on business as investment companies.

### 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 required by law, 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 act 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;
  - (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 or employment or from any transaction and no such transaction 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



transaction in which he is, to his knowledge 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 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 proposal concerning any other body corporate in which he does not hold or have a beneficial interest in 1.0 per cent. or more of such body corporate's issued equity share capital, either directly or indirectly;
- (e) any 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; or
- (f) any proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

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. Subject to the provisions of the Companies Act, 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. Fees paid to the BVT Directors for the financial year ended 30 September 2023 were £120,801 in aggregate, as set out below.

Name	Financial period to 30 September 2023
Fiona Miller Smith	£31,815
Les Gabb	£29,662
Susannah Nicklin	£29,662
Michael Probin	£29,662

- 4.2. Based on the fees paid for the financial year ended 30 September 2023, it is estimated currently 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 £128,930. None of the BVT Directors are eligible for bonuses, pensions, retirement or other similar benefits or share options.
- 4.3. Les Gabb has been appointed pursuant to the terms of a letter 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. Michael Probin has been appointed pursuant to the terms of a letter of appointment with BVT dated 11 June 2021. Fiona Miller Smith has been appointed pursuant to the terms of a letter of appointment with BVT dated 6 August 2021. Isabel Dolan has been appointed pursuant to the terms of a letter of appointment with BVT dated 11 October 2023. Under all letters of appointment, 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 4.3, there are no existing or proposed letters of engagement between any Director and BVT.
- 4.4. No BVT 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.
- 4.5. BVT has no current borrowings nor any borrowing requirements and the BVT Directors have no current intention of putting in place any borrowings.
- 4.6. 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 issued share capital as at 22 November 2023
Fiona Miller Smith	8,094	0.002
Isabel Dolan	20,181	0.01
Les Gabb	167,509	0.04
Susannah Nicklin*	56,804	0.01
Michael Probin	59,311	0.02

\* including shares held by immediate family

- 4.7. 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.
- 4.8. As at 22 November 2023 (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 three per cent. or more of the issued share capital of BVT.
- 4.9. Neither BVT nor the BVT Directors are aware of any arrangements, the operation of which may at a subsequent date result in a change in control of BVT.
- 4.10. There are no different voting rights for any BVT Shareholder, save for those which derive from the Articles.
- 4.11. 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/partnerships</i>	<i>Previous directorships/partnerships</i>
Fiona Miller Smith	Barts Charity John Lyons Charity	Lifting Limits CIO Independent Living REIT plc
Isabel Dolan	Intuity Limited Intuity Consulting Limited St Albans District Credit Union Limited	MHS Propco Limited MHS1 Limited Mount House School (Holdings) Limited No 34 Brailsford Management Company Limited TTV Consulting Limited
Les Gabb	n/a	Advent GPIC Limited <i>(dissolved)</i> Advent Management II Limited <i>(dissolved)</i> Advent Management IV Limited <i>(dissolved)</i> Advent Management III Limited <i>(dissolved)</i> Advent Nominees Limited <i>(dissolved)</i> Advent Venture Partners LLP <i>(dissolved)</i> Baronsmead VCT plc <i>(dissolved)</i> Felix Capital Partners LLP Felix Capital Advisors LLP
Susannah Nicklin	Ecofin Global Utilities and Infrastructure Trust plc Frog Capital Limited Schroder BSC Social Impact Trust plc The North American Income Trust plc	Amati AIM VCT plc Apprecie Limited <i>(dissolved)</i> City of London Investment Group plc City of London Investment Management Company Limited Pantheon International Plc
Michael Probin	n/a	n/a

- 4.12. 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.

- 4.13. Les Gabb and Susannah Nicklin were both directors of Baronsmead VCT plc, a company which was placed into voluntary liquidation approved by shareholders on 8 February 2016 and dissolved on 19 July 2018.
- 4.14. Other than as disclosed above, as at the date of this document, none of the BVT Directors:
- 4.14.1. has any convictions in relation to fraudulent offences during the previous five years;
- 4.14.2. 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 of any partnership or company, (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 of any partnership or company; or
- 4.14.3. 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***

- 4.15. Fees paid to the BSVT Directors for the financial year ended 30 September 2023 were £128,100 in aggregate, as set out below.

Name	Year ending 30 September 2023
Sarah Fromson	£37,800
Malcolm Groat	£31,500
Tim Farazmand	£29,400
Graham McDonald	£29,400

- 4.16. Based on the fees paid for the financial year ended 30 September 2023, it is estimated currently 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 £128,100. None of the BSVT Directors are eligible for bonuses, pensions, retirement or other similar benefits or share options.
- 4.17. Malcolm Groat was appointed pursuant to the terms of a letter of appointment with BSVT dated 9 June 2017. Sarah Fromson and Tim Farazmand were appointed pursuant to the terms of letters of appointment with BSVT dated 31 July 2019 and 27 April 2020, respectively. Graham McDonald was appointed pursuant to the terms of a letter of appointment with BSVT dated 27 January 2021. 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 4.17, there are no existing or proposed letters of engagement between any Director and BSVT.
- 4.18. 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.
- 4.19. BSVT has no current borrowings nor any borrowing requirements and the BSVT Directors have no current intention of putting in place any borrowings.
- 4.20. 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 issued share capital as at 22 November 2023
Sarah Fromson	77,988	0.02
Malcolm Groat*	306,772	0.08
Tim Farazmand	180,383	0.05
Graham McDonald	51,105	0.01

\* including shares held by immediate family.

- 4.21. 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.
- 4.22. As at 22 November 2023 (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 three per cent. or more of the issued share capital of BSVT.
- 4.23. BSVT and the BSVT Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of BSVT.
- 4.24. There are no different voting rights for any BSVT Shareholder, save those which derive from the Articles.
- 4.25. 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/partnerships</i>	<i>Previous directorships/partnerships</i>
Sarah Fromson	Arrowstreet Capital Partners Capital Generation Partners Genome Research Pensions Trustees Limited Quilter Investors Limited Wellcome Trust Pensions Trustees Limited	Jewish Community Academy Trust JPMorgan Global Emerging Markets Income Trust plc
Malcolm Groat	Arts University Bournemouth Charitable Foundation Bion plc daVictus plc GS Technologies Ltd Harland & Wolff Group Holdings plc Inven plc Maritime House Limited Royal Society for Public Health TomCo Energy plc Adalan Ventures plc (formerly Zaim Credit Systems plc)	Auric Global Limited Baronsmead VCT 4 plc ( <i>dissolved</i> ) Mr Lee's Pure Foods Co Ltd NKCell Plus plc ( <i>dissolved</i> ) Tekcapital plc Corps of Commissionaires Management Limited
Tim Farazmand	Beechbrook Capital Goldhill Mill Associates LLP Onward Opportunities Limited Palatine Impact Fund PCB Corporate Finance Limited SUK Retail Limited The Lakes Distillery Company plc	A Collected Man Limited Accord Marketing Limited Catalyst Fund Management & Research Limited ( <i>dissolved</i> ) Clearly So Limited ( <i>in liquidation</i> ) Estio Training Limited Project Dahl Topco Limited The British Private Equity and Venture Capital Association The Ethical Property Company plc Westminster Growth Capital Limited ( <i>in liquidation</i> ) Vinoteca Limited

	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Graham McDonald	GAFK Associates Limited Par Equity LLP	Aberdeen General Partner 1 Limited Aberdeen General Partner 2 Limited Aberdeen Private Equity Advisers Limited ( <i>dissolved</i> ) Aberdeen Private Equity Managers Limited ( <i>dissolved</i> ) Arcano Capital Partners Continulus Limited Vedra Partners Limited Waverley General Private Equity Limited ( <i>dissolved</i> ) Waverley Healthcare Private Equity Limited
4.26.	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.	
4.27.	Malcolm Groat was a director of Baronsmead VCT 4 PLC, a company which was placed into voluntary liquidation approved by shareholders on 11 March 2016 and dissolved on 19 July 2018.	
4.28.	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. Tim Farazmand was also a director of Westminster Growth Capital Limited, a company which was placed into voluntary liquidation approved by shareholders on 1 April 2021 and dissolved on 21 May 2022.	
4.29.	Graham McDonald was a director of Aberdeen Private Equity Advisers Limited and Aberdeen Private Equity Managers Limited, both of which were placed into voluntary liquidation approved by shareholders on 15 December 2016 and dissolved on 22 February 2018. Graham McDonald was also a director of Waverley General Private Equity Limited, a company which was placed into voluntary liquidation approved by shareholders on 15 December 2016 and dissolved on 8 March 2018.	
4.30.	Other than as disclosed above, as at the date of this document, none of the BSVT Directors:	
4.30.1.	has any convictions in relation to fraudulent offences during the previous five years;	
4.30.2.	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 of any partnership or company, (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 of any partnership or company; or	
4.30.3.	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

Both the BVT Board and the BSVT Board recognise the importance of sound corporate governance. Both the BVT Board and the BSVT Board have considered the principles and recommendations of the AIC Code of Corporate Governance ("**AIC Code**"). The AIC Code addresses the principles of the UK Corporate Governance Code (the "**UK Code**"), as well as setting out additional principles and recommendations on issues which are of specific relevance to the Companies as Venture Capital Trusts. The Financial Reporting Council has confirmed that in complying with the AIC Code, the Companies will meet their obligations in relation to the UK Code. Both the BVT Board and the BSVT Board consider that reporting against the principles and recommendations of the AIC Code provides the most appropriate information to Shareholders.

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

The BVT Board consists solely of non-executive Directors and is chaired by Fiona Miller Smith. 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/her ability to act independently.

The BVT Board has appointed Susannah Nicklin as Senior Independent Director. The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for the other BVT Directors and Shareholders.

As at the date of this document, BVT has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies and with which BVT does not specifically comply, for which the AIC Code provides dispensation.

The BVT Board considers that the UK Code provisions relating to the role of chief executive, executive director's remuneration, and the need for an internal audit function, are not relevant to BVT. As an investment company managed by third parties, BVT does not employ a chief-executive, nor any executive directors. The systems and procedures of the Investment Manager, the provision of VCT monitoring services by PWC, and the annual statutory audit as well as the size of BVT's operations, gives the BVT Board confidence that an internal audit function is not appropriate.

The BVT Directors' letters of appointment provide that the BVT Directors are subject to re-election by Shareholders at the first annual general meeting after their appointment. In accordance with the AIC Code, the BVT Board has resolved that all BVT Directors will stand for annual re-election by Shareholders.

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, meets at least twice a year, 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. Les Gabb will be succeeded by Isabel Dolan as Chair of the Audit Committee when he retires from the Board on 31 December 2023.

The Management, Engagement and Remuneration Committee, chaired by Michael Probin, meets at least once a year and 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 Susannah Nicklin, meets at least once a year, 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 and is chaired by Sarah Fromson. All of the BSVT Directors 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/her ability to act independently.

The BSVT Board has appointed Malcolm Groat as Senior Independent Director. The Senior Independent Director provides a sounding board for the Chair and serves as an intermediary for the other BSVT Directors and Shareholders.

As at the date of this document, BSVT has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code except where noted below. There are certain areas of the UK Code that the AIC does not consider relevant to investment companies and with which BSVT does not specifically comply, for which the AIC Code provides dispensation.



The BSVT Board considers that the UK Code provisions relating to the role of chief executive, executive director's remuneration, and the need for an internal audit function, are not relevant to BSVT. As an investment company managed by third parties, BSVT does not employ a chief-executive, nor any executive directors. The systems and procedures of the Investment Manager, the provision of VCT monitoring services by PWC, and the annual statutory audit as well as the size of BSVT's operations, gives the BSVT Board confidence that an internal audit function is not appropriate.

The BSVT Directors' letters of appointment provide that the BSVT Directors are subject to re-election by Shareholders at the first annual general meeting after their appointment. In accordance with the AIC Code, the BSVT Board has resolved that all BSVT Directors will stand for annual re-election by Shareholders.

The BSVT Board has delegated certain responsibilities and functions to the Audit and Risk Committee, the Management, Engagement and Remuneration Committee and the Nomination Committee.

The Audit and Risk Committee, chaired by Malcolm Groat, meets at least twice a year, operates within clearly defined terms of reference and comprises all the BSVT Directors. The duties of the Audit and Risk 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.

The Management, Engagement and Remuneration Committee, chaired by Tim Farazmand, meets at least once a year, 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, meets at least once a year, 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 which contain provisions under which the Companies have 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 dated 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. JPMorgan Chase Bank have been appointed to provide custodian services in respect of BVT's assets that are traded on a recognised exchange and Apex to provide custodian services in relation to BVT's 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.

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 over 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 dated 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 payable by BVT. 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 dated 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 City Partnership**

A Registrar agreement between BVT and City Partnership dated 6 October 2023 under which City Partnership 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 has 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**

Les Gabb, Susannah Nicklin, Michael Probin, Fiona Miller Smith and Isabel Dolan have been appointed pursuant to the terms of letters of appointment with BVT dated 9 June 2017, 21 February 2018, 11 June 2021, 6 August 2021 and 11 October 2023 respectively. Under the letters of appointment, each BVT Director is required to devote such time to the affairs of BVT as the BVT Board reasonably requires and as is consistent with his/her 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 has a service contract with BVT.

#### **6.1.6. BVT Offer Agreement**

An offer agreement between BVT, BSVT, the Directors, Howard Kennedy Corporate Services LLP (acting as sponsor) and the Investment Manager dated 24 November 2023, pursuant to which the Investment Manager was appointed to administer the BVT Offer. As consideration for the services provided by the Investment Manager to BVT, BVT has agreed to pay the Investment Manager a fee equal to 4.5 per cent. of the aggregate accepted Application Amounts in respect of the BVT Offer less an amount equal to the sum of:

- i. 1.5 per cent. of the aggregate accepted Application Amounts received from Applicants under the BVT Offer who have subscribed through a Financial Intermediary, who are not Professional Clients of the Financial Intermediary, and who have received advice in relation to their Application for New Shares;
- ii. 1.0 per cent. of the aggregate accepted Application Amounts received from Applicants under the BVT Offer who have not subscribed through a Financial Intermediary (i.e. Applicants that have subscribed directly);
- iii. 1.5 per cent. of the aggregate accepted Application Amounts received from Applicants under the BVT Offer where Initial Commission is waived by Financial Intermediaries in respect of such Applications from 'execution only' investors and 'Professional Client' investors; and
- iv. any further amounts by which the Investment Manager agrees (at its discretion, but subject to not reducing an Applicant's Offer costs to nil) to reduce Offer costs in respect of any Application under the BVT Offer, including under the Early Bird Discount.

The Offer Agreement provides that the Investment Manager is responsible for all costs and expenses of, and incidental to, the BVT Offer.

Assuming (i) the Offer is fully subscribed, including the over-allotment facility and (ii) a fee of 4.5 per cent. applies to all subscriptions, under this BVT Offer Agreement the Investment Manager will be entitled to a commission of £1,125,000, which represents 0.55 per cent. of the Company's net assets as shown in its unaudited interim accounts for the period ended 31 March 2023.

#### **6.1.7 Receiving Agent agreement with City Partnership**

A Receiving Agent agreement dated 24 November 2023 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offers. Under the terms of the agreement, the Receiving Agent is entitled to fees in connection with the Offers, including a fixed and variable professional advisory fee. These fees will be paid by the Investment Manager out of the fee it receives under the BVT Offer Agreement. The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably incurred by it in connection with its duties.

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

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

A management agreement dated 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 and amended by side letter on 24 November 2023, whereby the Investment Manager agreed to provide investment management services to BSVT. JPMorgan Chase Bank have been appointed to provide custodian services in respect of BSVT's assets that are traded on a recognised exchange and Apex to provide custodian services in relation to BSVT's 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 the aggregate of 2.5 per cent per annum of the net assets of BSVT up to and including £209,658,860 (being the total net assets of BSVT as at 30 September 2023) and 2.0 per cent. per annum of the amount by which the net assets of BSVT exceed £209,658,860, 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 over 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 dated 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 payable by 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 dated 1 June 2014, whereby Apex is appointed to undertake certain custodian functions in relation to 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 City Partnership**

A Registrar agreement between BSVT and City Partnership dated 6 October 2023 under which City Partnership 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 has 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**

Malcolm Groat, Sarah Fromson, Tim Farazmand and Graham McDonald have been appointed pursuant to the terms of letters of appointment dated 9 June 2017, 31 July

2019, 27 April 2020 and 27 January 2021 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/her 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 has a service contract with BSVT.

#### **6.2.6 BSVT Offer Agreement**

An offer agreement between BVT, BSVT the Directors, Howard Kennedy Corporate Services LLP (acting as sponsor) and the Investment Manager dated 24 November 2023, pursuant to which the Investment Manager was appointed to administer the BSVT Offer. As consideration for the services provided by the Investment Manager to BSVT, BSVT has agreed to pay the Investment Manager a fee equal to 4.5 per cent. of the aggregate accepted Application Amounts in respect of the BSVT Offer less an amount equal to the sum of:

- i. 1.5 per cent. of the aggregate accepted Application Amounts received from Applicants under the BSVT Offer who have subscribed through a Financial Intermediary, who are not Professional Clients of the Financial Intermediary, and who have received advice in relation to their Application for New Shares;
- ii. 1.0 per cent. of the aggregate accepted Application Amounts received from Applicants under the BSVT Offer who have not subscribed through a Financial Intermediary (i.e. Applicants that have subscribed directly);
- iii. 1.5 per cent. of the aggregate accepted Application Amounts received from Applicants under the BSVT Offer where Initial Commission is waived by Financial Intermediaries in respect of such Applications from 'execution only' investors and 'Professional Client' investors; and
- iv. any further amounts by which the Investment Manager agrees (at its discretion, but subject to not reducing an Applicant's Offer costs to nil) to reduce Offer costs in respect of any Application under the BSVT Offer, including under the Early Bird Discount.

The Offer Agreement provides that the Investment Manager is responsible for all costs and expenses of, and incidental to, the BSVT Offer.

Assuming (i) the Offer is fully subscribed, including the over-allotment facility and (ii) a fee of 4.5 per cent. applies to all subscriptions, under this BSVT Offer Agreement the Investment Manager will be entitled to a commission of £1,125,000, which represents 0.53 per cent. of the Company's net assets as shown in its unaudited interim accounts for the period ended 31 March 2023.

#### **6.2.7 Receiving Agent agreement with City Partnership**

A Receiving Agent agreement dated 24 November 2023 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offers. Under the terms of the agreement, the Receiving Agent is entitled to fees in connection with the Offers, including a fixed and variable professional advisory fee. These fees will be paid by the Investment Manager out of the fee it receives under the BSVT Offer Agreement. The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably incurred by it in connection with its duties.

## **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. 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.
- 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 has appointed PWC as its VCT status adviser. PWC will report twice yearly to the Companies as part 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, each Company will not invest more than 10 per cent. in aggregate of the value of its respective 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 fees paid to the BVT Directors, and the fees paid to the Investment Manager under the BVT Investment Management Agreement and the BVT offer agreements dated 16 December 2022 and 24 November 2023, BVT is not a party to, nor had any interest in, any related party transaction (within the meaning of UK-adopted international accounting standards) in the period from 1 October 2021 (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 fees paid to the BSVT Directors, and the fees paid to the Investment Manager under the BSVT Investment Management Agreement and the BSVT offer agreements dated 16 December 2022 and 24 November 2023, BSVT is not a party to, nor had any interest in, any related party transaction (within the meaning of UK-adopted international accounting standards) in the period from 1 October 2021 (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. Howard Kennedy Corporate Services LLP 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, when 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 relevant Company.

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. Disclosures under the Market Abuse Regulation**

The Companies each released an announcement titled '*Announcement of Intention to Launch an Offer for Subscription*' on 5 September 2023 which disclosed each Company's intention to launch an offer for subscription in 2023. A further announcement titled "*Update on Offer for Subscription*" was released by each Company on 14 November 2023 which disclosed the aggregate amounts that the Companies intend to raise under the offers for subscription to be launched in 2023.

Other than as noted above, the Companies have not made any disclosures over the last 12 months under MAR that relate to the Offers.

## **12. Documents available for inspection**

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

- 12.1. the memorandum and Articles of each of the Companies;
- 12.2. the letters of appointment as referred to in paragraphs 6.1.5 and 6.2.5 of this Part 7;
- 12.3. the report and accounts of BVT for the financial year ended 30 September 2022;
- 12.4. the unaudited report and accounts of BVT for the six month period ended 31 March 2023;
- 12.5. the report and accounts of BSVT for the financial year ended 30 September 2022;
- 12.6. the unaudited report and accounts of BSVT for the six month period ended 31 March 2023; and
- 12.7. this document.

## **13. Availability of prospectus**

The Prospectus is available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>, on the website of the Companies at [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk) and hard copies are available on request by emailing [baronsmeadvcts@greshamhouse.com](mailto:baronsmeadvcts@greshamhouse.com).

**24 November 2023**

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

The following terms and conditions apply to the Offers.

Save where the context otherwise requires, words and expressions defined in this Prospectus have the same meanings when used in the Terms and Conditions of Application under the Offers, the Application Form and explanatory notes. Words importing one gender (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.

The Application Form forms part of these terms and conditions of Application.

1. The maximum amount to be raised under the BVT Offer is £15 million with an over-allotment facility (which can be used at any time during the BVT Offer) of a further £10 million. If the BVT Board (in consultation with the Investment Manager) decides to utilise the Over-allotment Facility, BVT will make a Regulatory Information Service announcement as soon as reasonably practicable. The maximum amount to be raised under the BSVT Offer is £15 million with an over-allotment facility (which can be used at any time during the BSVT Offer) of a further £10 million. If the BSVT Board (in consultation with the Investment Manager) decides to utilise the Over-allotment Facility, BSVT will make a Regulatory Information Service announcement as soon as reasonably practicable.
2. Unless otherwise resolved by the respective Boards, the contract created by the acceptance of an Application under the Offers (in whole or in part) in the manner set out herein will be conditional upon (i) the respective Offer Agreements referred to in paragraphs 6.1.6 and 6.2.6 of Part 7 of the Prospectus becoming unconditional and not being terminated in accordance with their terms; (ii) sufficient shareholder issuance authority being in place at the relevant time(s); and (iii) Admission of the New Shares conditionally allotted pursuant to the Application becoming effective.
3. 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 Application monies, pending clearance of such successful Applicants' cheques and bankers' drafts. The Companies may treat Applications 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 an Application in respect of which payment is not received by the Companies prior to the closing date of the Offers. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the Application monies or, as the case may be, the unused balance thereof in excess of £2.00 will be returned (without interest) by BACS using the remitting account details in the Application Form to each relevant Applicant (or Nominee) in favour of the Applicant (or Nominee), 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, Application monies will be retained by the Companies in a separate account. Each Board reserves the right to close its Company's Offer earlier than the closing date for any reason, including if fully subscribed, or to extend the relevant Offer to a date up to and including 22 November 2024. Applications which are accompanied by post-dated cheques will not be accepted. If any dispute arises as to the date or time on which an Application is received, the determination of the Boards shall be final and binding.
4. The Offers are not underwritten. Applicants will be bound by the Application Amounts indicated by them on their Application Forms. Applications will be accepted on a first come, first served basis, subject always to the discretion of the Boards. For these purposes, "first-come, first served" shall be assessed based on the date and time of receipt of a fully completed Application Form, subject to receipt of Application monies (in full) in cleared funds within three Business Days thereafter to retain the Applicant's position of priority. If Application monies are not received within such time, the relevant date and time shall be when the Applicant's Application monies are received in cleared funds. An Application may not be considered as "complete" until identity verification is completed and/or, where relevant, information or supporting evidence required for the Application is no longer outstanding. The right is reserved to reject in whole or in part and

scale down any Application or any part thereof including, without limitation, Applications in respect of which any verification of identity which the Companies or the Receiving Agent consider may be required for the purposes of the UK Money Laundering Regulations has not been satisfactorily supplied. The Boards in their absolute discretion may decide to close, suspend or extend the Offers to a date up to and including 22 November 2024. The Offers shall be suspended if the issue of such New Shares in the Companies would result in a breach of the Listing Rules or of any other statutory provision or regulation applicable to the Companies, or if the Companies do not have the requisite Shareholder authorities from time to time to allot New Shares. Dealings prior to the issue of certificates for New Shares will be at the risk of Applicants. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.

5. Each Company reserves the following rights.
  - 5.1. To change the basis of allocation under the respective Offer at the discretion of the respective Directors after consultation with the Investment Manager and the Sponsor, and to reject in whole or in part and scale down and/or ballot any Application or any part thereof. Applications which are not accompanied by cheques available for immediate presentation or by other valid payment means will be dealt with at the respective Directors' discretion. If any dispute arises as to the date or time on or at which an Application is received, the respective Directors' determination shall be final and binding.
  - 5.2. To scale down the number of New Shares available for Application under the respective Offer at any time prior to the closing of the Offer.
  - 5.3. To close the respective Offer earlier than the closing date for any reason, including if fully subscribed.
  - 5.4. To accept Application Forms and to allot and arrange for the listing of New Shares in respect of Applications received under the respective Offer on or prior to the stated closing date of the Offer as the Directors see fit.
6. By completing and delivering/submitting an Application Form, you confirm and warrant that you:
  - 6.1. offer to subscribe for New Shares at the relevant Offer Price representing the amount in pounds Sterling specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to the conditions of the Prospectus (including these terms and conditions of Application under the Offers and the Articles of Association of the Company);
  - 6.2. agree that, in consideration of the Companies and its agents agreeing to process your Application, your Application will not be revoked (save in accordance with 'withdrawal rights' under section 87Q of FSMA and Prospectus Regulation Rule 3.4.1 where a supplementary prospectus to the Prospectus is issued by the Companies), and that this paragraph shall constitute a collateral contract between you and the Companies, the Investment Manager and the Receiving Agent which will become binding upon despatch by post to, or (in the case of delivery by hand or online submission) on receipt by, the Receiving Agent of your Application Form;
  - 6.3. unless you are paying by electronic transfer, 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 Application 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, without liability 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 by BACS to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Application Form, without interest;

- 6.4. agree that, in respect of those New Shares for which your Application has been received and is not rejected, your Application 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;
- 6.5. agree that the Receiving Agent will hold any monies in respect of your Application together with other monies received in respect of all Applications on trust for the payment of New Shares for which you have subscribed or failing such payment to be returned to you without interest and that any interest earned in respect of such monies will be paid to the respective Company and used for its own purposes;
- 6.6. agree that any share certificate to which you may become entitled and any monies refundable to you may be retained by the Companies or the Registrar 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 (i) the UK Money Laundering Regulations, (ii) the Common Reporting Standard and/or (iii) FATCA, and that such monies will not bear interest;
- 6.7. authorise the Registrar 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 Application is accepted and authorise the relevant Company to make a bank transfer for any monies returnable, at your own risk and without interest, to your address or nominated bank account (as applicable) as set out in the Application Form and to procure that your name is placed on the register of members of the relevant Company in respect of such New Shares;
- 6.8. agree that all Applications, acceptances of Applications and contracts resulting therefrom and any non-contractual obligations arising out of or in connection with your Application 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 Applications, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
- 6.9. agree and acknowledge that you are making your Application on the basis of the information and statements concerning the Companies and the New Shares contained in this Prospectus (as may be supplemented by a supplementary prospectus) and accordingly you agree that no person responsible solely or jointly for this Prospectus 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;
- 6.10. 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 and/or complete any document required therefore;
- 6.11. 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;
- 6.12. confirm that you have reviewed the restrictions contained in paragraphs 10 and 11 below and warrant that you are not a "US Person" as defined in the United States Securities Act of 1933, as amended, nor a resident of Canada, Australia, Japan, New Zealand or the Republic of South Africa and that you are not applying for any New Shares with a view to their offer, sale or delivery to or for the benefit of any US person or a resident of Canada,

Australia, Japan, New Zealand or the Republic of South Africa; nor will you offer, sell, renounce, transfer or deliver directly or indirectly any of the New Shares to any such person;

- 6.13. declare that you are a Qualifying Investor on the date of your Application;
- 6.14. agree that all documents and cheques sent by post, by or on behalf of the Companies or the Receiving Agent will be sent at the risk of the person entitled thereto;
- 6.15. agree on request by the Company or the Receiving Agent on behalf of the Company to disclose promptly in writing to any of them such information as the Company or the Receiving Agent may reasonably request in connection with your Application including, without limitation, any information which either may request in order to comply with Venture Capital Trust or other relevant legislation, satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations and information required under the Common Reporting Standard and/or FATCA, and authorise the Company and the Receiving Agent to retain and disclose any information relating to your Application as it considers appropriate;
- 6.16. if you invest in the Offers directly through the Investment Manager (not through a Financial Intermediary), agree to the Companies, or a third party acting on behalf of the Companies, carrying out an online check of your identity using Veriphy, an online anti-money laundering and identity verification system to ensure compliance with the UK Money Laundering Regulations;
- 6.17. agree that neither the Investment Manager, the Sponsor nor the Receiving Agent will treat you as its customer by virtue of your Application 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 or clients;
- 6.18. declare that a loan has not been made to you or any associate of you, 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;
- 6.19. confirm and warrant that the information provided in the Application Form is true and accurate;
- 6.20. warrant that, if you sign the Application 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 authorities contained herein and undertake to submit your power of attorney (or a copy thereof duly certified by a solicitor or bank 'in ink') with the Application Form;
- 6.21. agree that a failure to receive, process or accept your Application for New Shares does not give rise to any right of action by any person against the Companies, the Investment Manager, the Sponsor, the Receiving Agent or any other person;
- 6.22. agree that any error in the register of members of the Companies arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your Application for New Shares, or as a result of termination or avoidance of any agreement to allocate New Shares pursuant to these terms and conditions of Application may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Companies, or any person appointed by them for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of New Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Companies and/or the power to re-allocate or sell New Shares contained in this paragraph are in addition to any other

- rights, powers and remedies which would otherwise be available to the Companies in the event of a breach by you of these terms and conditions of Application;
- 6.23. consent to the information provided on the Application Form being provided to the Receiving Agent, the Registrar and the Investment Manager (and its delegates) to process Applications and shareholding details and send notifications to you;
- 6.24. agree that you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your Application (provided that this does not affect any other right you may have);
- 6.25. acknowledge that the Receiving Agent and/or the Investment Manager and/or the Companies (or their delegates and agents) may, if necessary, disclose information to HMRC and the IRS to satisfy their FATCA or CRS obligations or to other regulatory bodies if required, or considered obliged, to do so in accordance with any statute or regulation or by governmental, judicial or law enforcement bodies; and
- 6.26. are not subject to Russian and/or Belarusian sanctions imposed by law.
7. Where an Application is made by a Nominee on behalf of a Beneficial Owner, the Nominee:
- 7.1. 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 Application on behalf of the Beneficial Owner; and
- (b) the beneficial ownership of the Shares issued in respect of that Application will be vested in the Beneficial Owner immediately upon the issue of the New Shares;
- 7.2. warrants that the Nominee has made the Beneficial Owner aware of these terms and conditions, and that the Beneficial Owner has assented to them;
- 7.3. warrants that the Nominee has carried out the necessary enquiries to verify the identity of the Beneficial Owner to ensure compliance with the UK Money Laundering Regulations; and
- 7.4. 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 Applicant.
8. The Companies reserve the right to publish revised Application Forms from time to time. Applicants and their intermediaries should, therefore, check when completing an Application Form that no subsequent version has been published or made available by the relevant Company which will be available and downloadable from the relevant Company's website.
9. Each Company reserves the absolute right to inspect (either itself, through the Receiving Agent and/or the Investment Manager or through other agents) all Application Forms, and may consider void and reject an Application Form that does not in the sole judgement of the Company satisfy the terms and conditions of the relevant Offer. If an Application Form is not completed or in the relevant Company's determination (in its absolute discretion) has not been validly completed, provided that the Application Form is otherwise in order and is accompanied by the appropriate Application monies, the Application may be accepted as a valid Application in whole or in part at the relevant Company's discretion.
10. No person receiving a copy of the Prospectus or accessing the Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event subscribe for New Shares unless in the relevant territory such an invitation or offer could lawfully be made to him/her or an Application Form could lawfully be completed and/or submitted without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an Application to satisfy himself/herself 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. The Company reserves the right, in its absolute discretion, to reject any Application received from outside the United Kingdom.

11. 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 other Restricted Jurisdiction and they may not be offered or sold directly or indirectly within the United States or any other Restricted Jurisdiction or to, or for the account or benefit of, US Persons or any national, citizen or resident of the United States or any other Restricted Jurisdiction. In addition, the Company has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. The Offers are not being made, directly or indirectly, in or into the United States or any other Restricted Jurisdiction or in any other jurisdiction where to do so would be unlawful. The distribution of the Prospectus in jurisdictions other than the UK may be restricted by law and therefore, persons into whose possession this Prospectus 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 Application Form is not being and must not be forwarded to or transmitted in or into the United States or a Restricted Territory. No Application will be accepted if it bears an address in the United States.
12. The basis of allocation will be determined by the respective Board (after consultation with the Investment Manager and the Receiving Agent) in its absolute discretion. The determination as to whether an applicant is an Existing Shareholder will be at the Board's discretion and, if the applicant is a beneficial shareholder, whilst the Board shall be entitled to request additional supporting information to confirm that the applicant is a beneficial shareholder, the Board shall be entitled to rely on the applicant's confirmation on the Application Form. Applications are intended to be accepted in the order in which they are received (provided cheques are not post-dated and with priority being given to Applications with cleared funds), but subject always to the discretion of the Board.

The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any Application, in particular multiple and suspected multiple Applications which may otherwise be accepted. Applications will not (unless otherwise agreed by the Companies) be regarded as valid unless cleared funds are received in respect of the Application. Applications with cleared funds will also be given priority.

The first allotment of New Shares under the Offer is expected to take place on or around 11 January 2024 and thereafter allotments will be made in accordance with the expected allotment timetable on page 22 of this document (or at such other times as the Board, in its sole discretion, may decide).

13. The Investment Manager has agreed to discount the Offer Costs borne by Applicants in respect of Applications submitted under the Offers on or before 9 a.m. on 8 January 2024 (for Applications via bank transfer) or 9 a.m. on 4 January 2024 (for Applications via cheque), subject to a maximum aggregate Application Amount of £7.5 million per Company, by 0.75 per cent. for Existing Shareholders and by 0.5 per cent. for New Investors.
14. Where Application Forms are returned by an Applicant or on an Applicant's behalf by a Financial Intermediary who has provided a personal recommendation or advice in respect of the Application, the relevant Company can, through the Receiving Agent, facilitate the payment of any Initial Adviser Charges (in whole or part) agreed between the Applicant and the Financial Intermediary up to 4.5 per cent. of the Application Amount. If the Initial Adviser Charge agreed with the Financial Intermediary is greater than 4.5 per cent. of the Application Amount, the Applicant will need to make additional payments directly to the Financial Intermediary. Ongoing adviser charges will need to be settled directly by the Applicant to their Financial Intermediary.

Investors will be separately liable for any Initial Adviser Charges that they have agreed with their financial adviser and the Companies shall have no responsibility to any investor or Financial Intermediary in respect of any such Initial Adviser Charges.



Initial Adviser Charges will only be paid following the allotment of New Shares to the Financial Intermediary's client. If the Applicant and the Financial Intermediary agree that an Adviser Charge is to be facilitated, the Application Form must be countersigned by the Financial Intermediary to confirm (i) that the facilitation amount has been agreed and (ii) that the Financial Intermediary has read and agrees to be bound by the terms and conditions of the Offers. The charging of VAT on an Initial Adviser Charge is the sole responsibility of the Financial Intermediary. Should any facilitated charge undertaken by either Company exclude the payment of any such VAT, the Applicant will, at all times, remain solely responsible to make up such VAT deficit (if any) to the Financial Intermediary. Any amount of Initial Adviser Charges which may be facilitated by the Companies should not be considered as implying an appropriate level of Initial Adviser Charges. Initial Adviser Charges are for the investor and the Financial Intermediary to agree, depending on the level of advice and service being provided.

15. The Investment Manager may agree with Financial Intermediaries who provide 'execution only' services to a UK retail client or who provide advice to a "Professional Client" (as defined in COBS 3.5), in respect of Applications accepted from such clients, to pay an introductory commission to the Financial Intermediary at the rate of 1.5 per cent. of the Application Amount and annual trail commission of 0.5 per cent. of the Application Amount (limited to five years and subject to a maximum cumulative trail commission of 2.5 per cent. of the Application Amount). The introductory commission may be waived by joint agreement between the Investment Manager and the Financial Intermediary and reinvested by the Financial Intermediary on behalf of its clients in additional New Shares.

Such commissions will only be paid if, and to the extent, it is permitted under legislation and regulations and will be paid by the Investment Manager. 'Execution only' Financial Intermediaries should keep a record of Application Forms (both paper and online) submitted bearing their FCA number to substantiate any claim for commission.

Annual trail commission will be paid annually by the Investment Manager in January each year (the first such payment in relation thereto being in January 2025) and further provided that no personal recommendation or financial advice is provided by the Financial Intermediary to the client (where the client is a UK retail investor). The administration of annual trail commission will be managed by the Investment Manager which will maintain a register of Financial Intermediaries entitled to trail commission.

For the avoidance of doubt, should an Existing Shareholder decide to seek financial advice from their existing 'execution only' Financial Intermediary in respect of participating in the Offers, any annual trail commission which is currently being paid to that Shareholder's Financial Intermediary pursuant to an existing holding in the Companies must cease and either the relevant Company or the Investment Manager must be notified accordingly.

16. Investors and 'execution only' Financial Intermediaries should note that annual trail commission will not be payable if the relevant Financial Intermediary subsequently gives personal recommendations or advice in respect of a holding to a UK retail client. Either the Companies or the Investment Manager must be immediately notified that annual trail commission payments should cease. It is the responsibility of the investor and the Financial Intermediary to notify the relevant Company if a personal recommendation or advice is given and payments for this (or for any other reason) must cease (though the Companies and the Investment Manager also reserve the right to cease payments if they believe advice may have been given or for any other reason in their absolute discretion).

In respect of existing trail commission arrangements with Financial Intermediaries, such payments will continue (to the extent permitted under legislation and regulations), but not if (in the case of UK retail clients) subsequent financial advice or personal recommendations in respect of the holding is given. As a result, should an Existing Shareholder decide to seek financial advice from their existing 'execution only' Financial Intermediary in respect of participating in the Offers, any annual trail commission which is currently being paid to that Financial Intermediary in respect of an existing holding by that Shareholder in the Company must cease and either the relevant Company or the Investment Manager should be notified accordingly (though the Companies and the Investment Manager also reserve the right to cease payments if they believe advice may have been given or for any other reason in their absolute discretion).

If a Shareholder ceases to be a client of an 'execution only' Financial Intermediary and becomes a client of another 'execution only' intermediary, the new 'execution only' intermediary firm will not be entitled to receive annual trail commission in respect of the client's shareholding, except where the new intermediary has undertaken a business acquisition of the original intermediary firm and a novation agreement (or agreement of similar effect) is in place in respect of the client.

17. The Companies (after consultation with the Investment Manager) may change the arrangements in respect of the Investment Manager and the availability and terms of commission payable and if such changes are made, the relevant Company will release an announcement through a Regulatory Information Service.
18. Where commission is payable, the Investment Manager will collate the Application Forms bearing the Financial Intermediaries' stamps (or other applicable method of authentication if submitting an Online Application Form) and full address details and calculate and pay the introductory and any annual trail commission payable by the Investment Manager.
19. The Investment Manager may seek confirmation annually from all Financial Intermediaries receiving commission (both introductory and trail commissions) from the Investment Manager as to their continued ability to receive commission payments. The Investment Manager reserves the right to terminate such commission payments if Financial Intermediaries do not provide such annual confirmation to the Investment Manager's satisfaction, in its sole discretion.
20. If the Companies are required to publish a supplementary prospectus, Applicants who have yet to be entered on to the relevant Company's register of members will be given two Business Days to withdraw from their application. In the event that notification of withdrawal is given by post, such notification will be effected at the time the Applicant posts such notification rather than at the time of receipt by the relevant Company.
21. The Companies (and third parties acting on behalf of the relevant Company, including, the Investment Manager, the Receiving Agent and/or the Registrar may hold personal data relating to past and present Shareholders in accordance with the UK GDPR and other relevant data protection legislation and regulatory requirements (together, "**Data Protection Legislation**"). In these terms and conditions, "data subject", "personal data" and "processing" have the meanings given to them in the UK GDPR.

Personal data will be processed by the relevant Company in accordance with Data Protection Legislation and the relevant Company's privacy notice (available at <https://greshamhouse.com/wp-content/uploads/2021/11/Baronsmead-VCTs-Combined-Privacy-Notice-4.11.21-Final.pdf>). Without limiting the foregoing, personal data held by the Receiving Agent and/or the Registrar may be used to process basic changes to Shareholder records, process bank account information for processing dividend payments, and to carry out other ancillary processing functions in order to ensure that the Receiving Agent and/or Registrar is able to discharge their respective contractual obligations; and may be disclosed to any person with legal, administrative or regulatory power over the Receiving Agent and/or Registrar in respect of the services provided by the Receiving Agent and/or Registrar to the Companies, the Receiving Agent's or Registrar's affiliates, and to any third parties who are involved in carrying out functions related to the services provided to the Companies. Personal data may be transferred outside of the UK and the EEA, including to the aforementioned persons, to countries which do not have similar protections in place regarding personal data (provided that the relevant data exporter shall ensure that adequate safeguards are in place in relation to such transfer to ensure at least the same level of protection for personal data as is required under the Data Protection Legislation in the UK).

By becoming registered as a holder of Ordinary Shares or otherwise providing a Company with personal data, a person becomes a data subject of the relevant Company and acknowledges that the processing by the relevant Company, Receiving Agent and/or the Registrar of any personal data relating to them will take place in the manner described above. Processing by the Companies of any personal data relating to such data subjects will be undertaken in accordance with the respective Company's privacy policy. Please refer to the Companies' website (<https://greshamhouse.com/wp-content/uploads/2021/11/Baronsmead-VCTs-Combined-Privacy-Notice-4.11.21-Final.pdf>) for a copy of the privacy policy. Data subjects have certain rights

in relation to their personal data, including the right to receive a copy of the information that is held about them. For more details, please see the privacy notices referred to above.

22. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the New Shares and the Offers.
23. The rights and remedies of the Companies and their agents under these terms and conditions of Application are in addition to any rights and remedies which would otherwise be available to them and the exercise or partial exercise of one will not prevent the exercise of others.
24. The dates and times referred to in these terms and conditions of Application may be altered by either Company with the agreement of the Investment Manager and the Sponsor.
25. The application of the Application proceeds is subject to the absolute discretion of the Directors.
26. Without prejudice to any of the foregoing terms set out in this Part 8, either Company may make non-material amendments to these terms and conditions of Application under the Offers for the purpose of expedient processing of Applications or Application Forms, or in order to comply with applicable law and regulation.

### **Lodging of Application Forms and dealing arrangements**

27. The Offers will open on 4 December 2023 subject to the conditions set out above. The first allotment under the Offers is expected to be on 11 January 2024. Thereafter, the Directors reserve the right to allot New Shares at any time whilst the Offers remain open.
28. The Offers will close at 12 noon on 3 April 2024, unless a Board decides to extend the Offer in relation to the relevant Company or the Offers are fully subscribed or otherwise closed by the respective Board before this time.
29. The results of the Offers will be announced through a Regulatory Information Service. It is expected that dealings in New Shares issued under each Offer are expected to commence within five Business Days following the allotment of the relevant New Shares.
30. Completed Online Application Forms must be submitted either directly to the Receiving Agent or via a Financial Intermediary, by visiting the secure online receiving agent service, ORA at [www.baronsmeadvcts.co.uk/vctoffer](http://www.baronsmeadvcts.co.uk/vctoffer). Completed paper Application Forms may be emailed to [baronsmeadvcts@city.uk.com](mailto:baronsmeadvcts@city.uk.com) or posted or delivered by hand during business hours to The City Partnership (UK) Ltd, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. If payment is to be made by cheque or banker's draft this should be attached to the completed Application Form. Alternatively, payment can be made by an Electronic Payment.
31. The number of New Shares to be allotted to each Applicant under each Offer will be determined by the following formula (the "Allotment Formula"):

$$\frac{(A \times (1 - B + C + D - E))}{NAV}$$

#### **Where:**

- A is the Application Amount
- B is the Offer Costs
- C is the Early Bird Discount, if applicable
- D is any Initial Commission waived by a Financial Intermediary in favour of additional New Shares for the Applicant
- E is any Initial Adviser Charge agreed to be facilitated by the Company, expressed as a percentage of the Application Amount
- NAV is the most recently published NAV per Ordinary Share of the relevant Company, adjusted for any subsequent dividends paid or declared (and in respect of which no adjustment has been made to that most recently published NAV per Ordinary Share)

The number of New Shares to be issued to an Applicant under each Offer will be rounded down to the nearest whole number (fractions of New Shares will not be allotted).

32. The Offer Price per New Share in respect of any Application under the Offer will be determined by dividing the Application Amount in respect of that Application by the number of New Shares allotted to the Applicant in respect of that Application as calculated in accordance with the Allotment Formula (rounded to 4 decimal places). The Offer Price will therefore vary for each Applicant depending on the amount of Offer Costs, any Initial Commission waived, any Initial Adviser Charges, any Early Bird Discount associated with their Application and the value of the most recently published NAV per Ordinary Share at the time of their Application. After each allotment, the results of the allotment (including details of the New Shares issued and the range of the Offer Prices) will be announced through a Regulatory Information Service.
33. Applicants must subscribe a minimum of £5,000 (including any Initial Adviser Charge for facilitation) in each elected Offer. All Applications will be processed by the Receiving Agent on a "first come, first served" basis. For these purposes, "first-come, first served" shall be assessed based on the date and time of receipt of a fully completed Application using the remitting account details in the Application Form, subject to receipt of the Application Amount (in full) in cleared funds within three Business Days thereafter to retain the Applicant's position of priority. If the Application Amount is not received within such time, the relevant date and time shall be when the Application Amount of the relevant Applicant is received in cleared funds. An Application may not be considered as "complete" until identity verification is completed and/or, where relevant, information or supporting evidence required for the Application is no longer outstanding.
34. The New Shares to be issued pursuant to the Offers will rank *pari passu* with the existing Shares (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the relevant allotment).
35. In the case of Investors requesting share certificates, it is intended that definitive share certificates in respect of New Shares will be despatched by post within 10 Business Days of the allotment of the relevant New Shares. Prior to despatch of definitive share certificates, transfers will be certified against the Register. No temporary documents of title will be issued. Dealings prior to receipt of share certificates will be at the risk of investors. A person so dealing must recognise the risk that an Application may not have been accepted to the extent anticipated or at all.
36. Investors who wish to take advantage of the ability to trade in New Shares in uncertificated form, and who have access to a CREST account, may arrange to have their Offer Shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Share certificates may be registered directly to an investor's nominee company and deposited to CREST, however, Applications must be made in the name of the investor, rather than that of the nominee company. Investors should be aware that New Shares delivered in certificated form are likely to incur higher dealing costs when sold than those in respect of Offer Shares held in CREST.

## Part 9 – Definitions

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

<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 respectively
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC's Code of Corporate Governance for investment companies (February 2019), as amended
<b>AIFM</b>	an alternative investment fund manager, within the meaning of the UK AIFMD Laws (as applicable)
<b>AIM</b>	the AIM market operated by the London Stock Exchange
<b>Allotment Formula</b>	the formula, pursuant to which the number of New Shares to be issued to each successful Applicant by a Company under its Offer will be calculated, as set out in Part 4 of this document
<b>Apex</b>	Apex Fund and Corporate Services (Guernsey) Limited, a company incorporated in Guernsey with registered number 33475
<b>Applicant</b>	an individual who subscribes for New Shares under either Offer identified in Section 1 of the Application Form
<b>Application</b>	an application for New Shares
<b>Application Amount</b>	the total amount remitted to the relevant Company by an Applicant under the relevant Offer, including any Initial Adviser Charge for facilitation, greater than or equal to a minimum of £5,000
<b>Application Form</b>	the application form for use in connection with the Offers being either (i) the application form available for download from 4 December 2023 on the Companies' website at <a href="http://www.baronsmeadvcts.co.uk/vctoffer">www.baronsmeadvcts.co.uk/vctoffer</a> or (ii) an Online Application Form, or any amended application form
<b>Articles or 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 BVT, as further described in Part 7 of this document
<b>Audit and Risk Committee</b>	the audit and risk committee of BSVT, as further described in Part 7 of this document
<b>Auditors</b>	the auditors of each Company from time to time, being BDO 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 or BSVT</b>	Baronsmead Second Venture Trust plc, a public company limited by shares incorporated in England and Wales with registered number 04115341
<b>Baronsmead Venture Trust or BVT</b>	Baronsmead Venture Trust plc, a public company limited by shares 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, or each of them as the context requires
<b>BSVT Board</b>	the board of directors of BSVT or any duly constituted committee thereof
<b>BSVT Directors</b>	the directors of BSVT from time to time
<b>BSVT Investment Management Agreement</b>	the investment management agreement 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 as described in this document
<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 board of directors of BVT or any duly constituted committee thereof
<b>BVT Directors</b>	the directors of BVT from time to time
<b>BVT Investment Management Agreement</b>	the investment management agreement 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 as described in this document
<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>COBS 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 "Company")

<b>Companies Act</b>	the Companies Act 2006, as amended
<b>Consumer Duty</b>	the FCA's Consumer Duty rules and principles
<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, or of each Company as the context requires, 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
<b>Early Bird Discount</b>	the discount to the Offer Costs offered by the Investment Manager to Applicants on the basis set out on page 45 of Part 4 of this document
<b>EEA Member States</b>	the member states of the European Economic Area from time to time
<b>Electronic Payment</b>	payment of the total Application Amount (including any Initial Adviser Charge for facilitation) by electronic bank transfer as detailed at <a href="http://www.baronsmeadvcts.co.uk/vctoffer">www.baronsmeadvcts.co.uk/vctoffer</a> which payment may be accepted or rejected by the Receiving Agent at its absolute discretion
<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>EU AIFM Delegated Regulation</b>	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b>EU AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation
<b>EU PRIIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<b>Euroclear</b>	Euroclear UK & International Limited
<b>European Commission</b>	The European Commission of the European Union
<b>EUWA</b>	European Union (Withdrawal) Act 2018, as amended
<b>Existing Shareholder</b>	a holder of Shares in either BVT or BSVT as at the date of submission of an Application Form
<b>FATCA</b>	sections 1471 to 1474 of the US Tax Code, known as the US Foreign Account Tax Compliance Act of 2010 (together



	with any regulations, rules and other guidance implementing such US Tax Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder)
<b>Existing Shareholder</b>	a holder of Shares in either BVT or BSVT as at the date of submission of an Application Form
<b>FATCA</b>	sections 1471 to 1474 of the US Tax Code, known as the US Foreign Account Tax Compliance Act of 2010 (together with any regulations, rules and other guidance implementing such US Tax Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder)
<b>FCA</b>	the Financial Conduct Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time
<b>Financial Intermediary</b>	any financial intermediary or independent financial adviser identified in Section 8 of the Application Form
<b>First Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 11 January 2024
<b>Fourth Allotment</b>	the sole allotment of New Shares issued under the Offers in relation to the 2024/25 tax year, anticipated to take place on 2 May 2024
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>HMRC</b>	HM Revenue & Customs
<b>Initial Adviser Charge</b>	the amount payable to a Financial Intermediary, agreed with the Applicant (who is not a Professional Client (as defined in COBS 3.5)), for the provision of advice in relation to an Application for New Shares under the Offers
<b>Initial Commission</b>	the initial amount payable to a Financial Intermediary, in accordance with COBS 2.3/2.3A and any other applicable FCA regulations, which, under the Offers, has either acted in an 'execution only' capacity or advised a Professional Client (as defined in COBS 3.5)
<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>WS Gresham House UK Micro Cap Fund</b>	WS Gresham House UK Micro Cap Fund (formerly named LF Gresham House UK Micro Cap Fund and LF Livingbridge UK Micro Cap Fund), an investment company with variable capital incorporated in England and Wales with company number IC000714
<b>WS Gresham House UK Multi Cap Income Fund</b>	WS Gresham House UK Multi Cap Income Fund (formerly named LF Gresham House UK Multi Cap Income Fund and LF Livingbridge UK Multi Cap Income Fund), a sub fund of WS Gresham House Equity Funds, an investment company with variable capital incorporated in England and Wales with company number IC001084

<b>WS Gresham House UK Smaller Companies Fund</b>	WS Gresham House UK Smaller Companies Fund (formerly named LF Gresham House UK Smaller Companies Fund), a sub fund of WS 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 private limited 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
<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>MAR or Market Abuse Regulation</b>	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which is part of UK law by virtue of the EUWA
<b>MiFID II Product Governance Requirements</b>	has the definition given in the section titled "Information to Distributors" in the Part titled "Important Information" of this document
<b>Mobeus VCTs</b>	Mobeus Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc, and each a " <b>Mobeus VCT</b> ";
<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>	an Applicant who does not hold BVT Shares or BVST Shares as at the date of submission of an Application Form

<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 for, a Beneficial Owner
<b>OEICs</b>	open-ended investment companies
<b>Offer Agreements</b>	the offer agreements entered into on 24 November 2023 between the Investment Manager and BVT in respect of the BVT Offer and the Investment Manager and BSVT in respect of the BSVT Offer, and “ <b>Offer Agreement</b> ” shall be construed accordingly
<b>Offer Costs</b>	the costs (expressed as a percentage) to be borne by an Applicant in respect of their Application for New Shares under an Offer, being as follows: (i) for an Applicant who has subscribed through a Financial Intermediary, who is not a Professional Client of the Financial Intermediary, and who has received advice in relation to their Application for New Shares under the Offers, 3.0 per cent.; (ii) for an Applicant who has not subscribed through a Financial Intermediary (i.e. an Applicant that has subscribed directly), 3.5 per cent.; and (iii) for all other Applicants, including those who have subscribed through an ‘execution only’ Financial Intermediary or are Professional Clients of a Financial Intermediary who have received advice in relation to their Application for New Shares under the Offers, 4.5 per cent.
<b>Offer Price</b>	the price at which New Shares will be issued to an Applicant under an Offer, determined by dividing the Applicant’s Application Amount in respect of that Offer by the number of New Shares allotted to the Applicant under that Offer as calculated in accordance with the Allotment Formula (rounded to 4 decimal places)
<b>Offers</b>	the offers for subscription of the Companies to raise up to £30 million in aggregate, together with over-allotment facilities to raise up to a further £20 million in aggregate, as described in this document
<b>2022 Offer</b>	the offers for subscription of the Companies to raise up to £40 million in aggregate, together with over-allotment facilities to raise up to a further £10 million in aggregate, as described in the prospectus dated 16 December 2022
<b>Official List</b>	the official list maintained by the FCA
<b>Online Application Form</b>	the Application form that can be completed by using the Companies’ secure online receiving agent service, ORA, at <a href="http://www.baronsmeadvcts.co.uk/vctoffer">www.baronsmeadvcts.co.uk/vctoffer</a>
<b>Opening NAV</b>	the respective Company’s Net Asset Value at its immediately preceding financial year end
<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 £10 million

<b>Portfolio</b>	the portfolio of investments held by the relevant Company from time to time
<b>PRA</b>	the Prudential Regulation Authority in the United Kingdom and/or any successor or replacement body or bodies from time to time
<b>Professional Client</b>	an Applicant who is a client of a Financial Intermediary which has categorised the Applicant as a professional client under COBS 3.5 and conducted business with the Applicant accordingly
<b>Prospectus</b>	this document dated 24 November 2023
<b>Prospectus Regulation</b>	the UK version of Regulation (EU) 2017/1129, as amended, and any successor or replacement regulation, which is part of UK law by virtue of the EUWA
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended
<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, and “ <b>non-Qualifying Investment</b> ” shall be construed accordingly
<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>RAM Capital</b>	RAM Capital Partners LLP, a limited liability partnership incorporated in England and Wales with registered number OC329154
<b>Receiving Agent or City Partnership</b>	The City Partnership (UK) Limited, a limited liability company incorporated in Scotland with registered number SC269164
<b>Registrar or City Partnership</b>	The City Partnership (UK) Limited of The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield, HD4 7BH
<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>Searchlight</b>	Searchlight Capital Partner L.P.

<b>Second Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 15 February 2024
<b>Shareholder</b>	a BVT Shareholder or BSVT Shareholder, as the context requires
<b>Sponsor</b>	Howard Kennedy Corporate Services LLP, a limited liability partnership incorporated in England and Wales with registered number OC354088
<b>State Aid</b>	State Aid received by a company as defined in Section 280B (4) of the Tax Act
<b>Sterling or £</b>	pounds sterling, being the lawful currency of the United Kingdom
<b>Target Market Assessment</b>	has the definition given in the section titled "Information to Distributors" in the Part titled "Important Information" of this Prospectus
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Tax Act</b>	the Income Tax Act 2007, as amended
<b>Third Allotment</b>	the allotment of New Shares issued under the Offers anticipated to take place on 28 March 2024
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK AIFMD Laws</b>	<ul style="list-style-type: none"> <li>(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose EU AIFM Directive into UK law before 31 January 2020 (as amended, including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328)); and</li> <li>(ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the EUWA as further amended and supplemented, including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328), the Technical Standards (Alternative Investment Funds Management Directive) (EU Exit) Instrument 2019 (FCA 2019/37) and the Exiting the European Union: Specialist Sourcebooks (Amendments) Instrument 2019 (FCA 2019/25)</li> </ul>
<b>UK Code</b>	the UK Corporate Governance Code (July 2018) published by the Financial Reporting Council, as amended
<b>UK GDPR</b>	the UK version of the EU GDPR (2016/679) which is part of UK law by virtue of the EUWA, as amended and supplemented, including by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019
<b>UK MiFID II</b>	the UK's implementation of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending

	Directive 2002/92/EC and Directive 2011/61/EU (MiFID), together with the UK version of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR), which forms part of the domestic law of the United Kingdom by virtue of the EUWA
<b>UK MiFID II Delegated Regulation</b>	Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, as it forms part of the domestic law of the United Kingdom by virtue of the EUWA
<b>UK Money Laundering Regulations</b>	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) as amended and supplemented, including by the Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019
<b>UK PRIIPS Laws</b>	the UK version of the EU PRIIPs Regulation which is part of UK law by virtue of the EUWA, as amended and supplemented, including by the Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019 (February 2019); and the Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019
<b>uncertificated or 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 or 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 Person</b>	a US Person within the meaning of Regulation S
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>US Tax Code</b>	the US Internal Revenue Code of 1986, as amended
<b>VAT</b>	value added tax
<b>VCT or 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

# Baronsmead

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