

BARONSMEAD

Baronsmead VCT 5 plc

Offer for subscription to raise up to £3,850,000



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VENTURE CAPITAL TRUSTS ("VCTS") ARE A PARTICULAR TYPE OF INVESTMENT COMPANY. THEY WERE ESTABLISHED BY THE UK GOVERNMENT WITH THE INTENTION OF ENCOURAGING INVESTMENT IN SMALLER, OR "VENTURE", UK COMPANIES. INVESTMENT IN VCTS IS HIGH-RISK AND FOR THE LONG-TERM. WHEN CONSIDERING AN INVESTMENT IN THE COMPANY, POTENTIAL INVESTORS SHOULD CONSULT THEIR FINANCIAL OR OTHER ADVISER(S). PLEASE SEE THE IMPORTANT NOTES SHOWN BELOW AND THE RISKS ASSOCIATED WITH INVESTING IN VCTS PRINTED ON PAGES 4 TO 6.

BARONSMEAD VCT 5 PLC

(Incorporated in England and Wales with registered number 05689280)

Offer for subscription of new ordinary shares of 10 pence each in the Company to raise up to £3,850,000

**Manager
LIVINGBRIDGE VC LLP**

This document, which constitutes a financial promotion for the purposes of section 21 of FSMA, has been approved, for the purposes of that section only, by Livingbridge VC LLP ("Livingbridge" or the "Manager") which is authorised and regulated by the Financial Conduct Authority in the United Kingdom pursuant to the FSMA. Livingbridge VC LLP is a limited liability partnership registered in England and Wales with registered number OC320408.

In approving this document as a financial promotion, Livingbridge has confirmed that it complies with the financial promotion rules, is acting solely for Baronsmead VCT 5 plc (the "Company") and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to Livingbridge's regulatory clients or for providing financial advice in relation to the subject of this document.

The Company accepts responsibility for the information contained in this document and the terms of the Offer for Subscription of new ordinary shares of 10 pence each in the Company (the "Offer").

There is no guarantee that the Company's investment objectives will be achieved. The value of the Ordinary Shares and the income from them may fluctuate and those who invest in the Ordinary Shares may not get back what they invested as their capital is at risk. Past performance is not a reliable indicator of what might happen in the future. If you are in any doubt as to what action to take, you should contact an independent financial adviser who specialises in advising on the acquisition of shares and other securities. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances.

The Company has two market makers. No person other than Livingbridge has been authorised to issue any advertisements or give any information, or make any representations in connection with the Offer, other than those contained in this document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Company and/or Livingbridge.

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Expected timetable

	2016
Offer opens	12 February
Exclusive offer period for Existing Shareholders ends	close of business on 24 February
Exclusive period for Baronsmead Shareholders ends	close of business on 3 March
First allotment	11 March
Final allotment	24 March
Offer closes*	24 March
Dealings in New Shares commence	three Business Days after allotments
Definitive share certificates despatched	within ten Business Days of allotments

Offer statistics

The number of New Shares to be allotted in the Offer will be determined by the Offer Price as set out below.

The Offer Price at which the New Shares will be allotted in respect of the Offer will be calculated on the basis of the following formula (the "Pricing Formula"):

**Latest published net asset value of an existing Share at the time of
allotment divided by 0.97 (to allow for the costs of the Offer of 3.0 per cent.)
rounded up to the nearest 0.1 pence per Share.**

Minimum subscription under the Offer	£3,000
Costs of the Offer	3.0 per cent.
Expected net proceeds of the Offer	£3,734,500

* The Board may close the Offer earlier than the date stated above if it is fully subscribed by an earlier date or may extend such Offer. The Board further reserves the right to accept Subscription Forms and to allot and arrange for the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the Offer as the Board sees fit, which may not be on the dates stated above.

Risk factors associated with investing in VCTs

The Board draws the attention of potential investors to the following risk factors which may affect the Company, the New Shares and VCTs generally. The profile of a typical investor for whom Shares in the Company are designed is a retail investor, who is a UK income tax payer aged 18 or over with an investment range of between £3,000 and £200,000 and who is looking for exposure to unquoted and AIM-traded companies whilst receiving income through a dividend stream. Any decision by an investor to invest in the Company should be based on consideration of this document as well as the latest publicly available financial information on the Company. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Investments in the Company involve risks that could lead to a loss of all or a substantial portion of such investment.

Investment in the Company should be regarded as long-term in nature and is not suitable for all individuals, particularly with regard to the five year period for which investors must hold their New Shares to retain initial income tax relief. The tax treatment of an investment in the Company depends on the individual circumstances of each Subscriber. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective. Potential investors should consult their professional or financial advisers before deciding whether and, if so, how much they should invest in the New Shares.

The following risks are those material risks of which the Board is aware. Additional risks which are not presently known to the Board, or that the Board currently deems immaterial, may also have an effect on the Company's business, financial condition or results of operations.

General risks

The market price of the New Shares may not fully reflect their underlying NAV. The value of an investment in the Company, and the income derived from it, may go down as well as up and an investor may not get back the amount invested.

Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid. Therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV), the price of the Company's shares may be volatile and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment.

The past performance of the Company or other funds managed or advised by the Manager is not a reliable indicator of the future performance of the Company. The value of Shares in the Company depends on the performance of its underlying assets. The value of the investment and dividend stream can rise and fall. Shareholders may get back less than the amount originally invested in the Company, even taking into account the available tax reliefs.

There can be no guarantee that the Company's investment objective will be achieved or that suitable investment opportunities will be available.

Investment and market risks

Investment in AIM-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock. Full information for determining their value or the risks to which they are exposed may also not be available.

The Company's investments may be difficult to realise. The fact that a share is traded on AIM does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide

and thus the price used for valuation may not be achievable. The valuation of the Company's portfolio and opportunities for realisation may also depend on stock market conditions.

The Company has no employees and is dependent on the skills and experience of the Manager to manage its investments. If the Manager ceases to act as investment manager of the Company or if key personnel cease to remain with the Manager or be involved in the management of the Company's portfolio, there is no assurance that suitable replacements will be found. If this occurs there may be an adverse effect on the performance of the Company and the value of the Shares.

Tax and legislative risks

The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective. The value of tax reliefs depends on the personal circumstances of holders of Shares in the Company, who should consult their own tax advisers before making any investment.

The Company intends to manage its affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that the Company will be able to maintain VCT status. Where a Company fails to maintain approval as a VCT before Qualifying Investors have held their New Shares in that Company for five years, the income tax relief obtained on the amount subscribed in that Company will have to be repaid by such investors. Dividends paid in an accounting period where VCT status is lost will become taxable and a Qualifying Investor will generally be liable to income tax on the aggregate amount of the dividend and the notional tax credit equal to 1/9th of the net dividend. The notional tax credit will discharge the income tax liability of a basic rate tax payer. Qualifying Investors who also pay tax at the higher or additional rate can use the notional credit against their tax liability.

Where approval as a VCT is not maintained the Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the Shares will normally be suspended until such time as the Company has published proposals either to continue as a VCT or to be wound up.

The disposal of New Shares within five years of their issue will result in some or all of the 30 per cent. income tax relief available upon investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment. The 2014 Finance Act which came into force with effect from 6 April 2014 restricts the availability of income tax relief on a subscription for shares in a VCT issued after 5 April 2014 where it is 'linked' to a sale of shares in the same VCT. For these purposes, linked means (i) the sale of the shares in the VCT was conditional on the subscription for shares in the same VCT (or vice versa) or (ii) the subscription and sale are within six months of each other (irrespective of which comes first). If the subscription is 'linked', the amount on which the upfront VCT income tax relief can be claimed will be reduced by the amount of consideration of any linked sales. In addition, the 2014 Finance Act 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.

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

Any change of governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company (and the portfolio companies in which it invests) and the value of and returns from Shares and/or its ability to achieve or maintain VCT status.

Finance (No.2) Act 2015

New qualifying conditions for VCTs became effective from Royal Assent of the Finance (No. 2) Act 2015 which was received on 18 November 2015. The new qualifying conditions include a maximum age limit for Qualifying Investments (generally seven years from first commercial sale) and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£12 million, or £20 million for knowledge intensive companies). The new conditions also prevent a company from using the funds it

receives from a VCT to purchase shares in another company or to acquire an existing business or trade from another company. It is expected that the scale of the Company's new investments will change and some elements of the investment portfolio will carry a higher risk. The changes may also mean that the Company is unable to provide further investment to existing portfolio companies.

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, in particular if it is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State aid. Such recovery may be from any party that has benefited.

The European Commission regularly reviews the State aid rules and the UK Government's compliance with these rules. Where the State aid rules change the UK Government must re-apply for State aid approval from the European Commission for the UK's VCT scheme. There is no guarantee that approval will be granted.

Part I – Letter from the Chairman

Directors

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

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10 February 2016

Dear Investor

The Company is seeking to raise approximately £3,850,000, before expenses, this being the sterling equivalent of just under €5,000,000.*

The funds raised under the Offer will be utilised by the Company in accordance with the investment policy, to maintain liquidity and to enable payment of costs without reducing the overall amounts currently available for investment.

Amounts subscribed under the Offer will be used to purchase New Shares in the Company and will enable investors to participate in the investment returns of the Company's existing investment portfolio following the allotment of the New Shares.

As it is anticipated that there will be a strong demand for New Shares under the Offer, the Directors have sought to balance the interests of Existing Shareholders with the desire to ensure that the Offer is fully subscribed. Until the close of business on 24 February 2016 the Offer will be open exclusively to satisfy Subscriptions from Existing Shareholders. Should the Offer not be fully subscribed before this time, the remaining New Shares to be issued under the Offer will be used to satisfy Subscriptions from Baronsmead Shareholders until the close of business on 3 March 2016. If the Offer is not fully subscribed for by the close of business on 3 March 2016, the balance, if any, will be used to satisfy the Subscription of any further investors.

The Directors have committed to investing £50,000 in aggregate in the Offer.

Potential investors should consult their professional or financial advisers before deciding whether and, if so, how much they should invest under the Offer.

Should you have any questions concerning the Subscriptions procedure please call Computershare on 0800 923 1531.

Please note that Computershare act only for the Company and not for any investor under the Offer and will not be responsible to investors for providing the protections afforded to their regulatory clients. Computershare will not be able to give investment, financial or tax advice.

I very much look forward to welcoming investors' participation in the Offer.

Yours sincerely

John Davies
Chairman

* Pursuant to the Prospectus Rules of the Financial Conduct Authority, the Company can list up to 9.99 per cent. of its issued share capital (subject to a maximum of less than €5 million being offered) in any rolling 12 month period without the need to publish a prospectus. As at 9 February 2016 (this being the latest practicable date prior to the publication of this document) the exchange rate was €1.00:77.55p.

Part II – The Offer

Terms of the Offer

Subscribers must subscribe a minimum of £3,000 and thereafter in multiples of £1,000. Any Subscriptions that are not in multiples of £1,000 are liable to be scaled down to the nearest £1,000.

Until the close of business on 24 February 2016 the Offer will be open exclusively to satisfy Subscriptions from Existing Shareholders. Should the Offer not be fully subscribed for before this time, the remaining New Shares to be issued under the Offer will be used to satisfy Subscriptions from Baronsmead Shareholders until the close of business on 3 March 2016. If the Offer is not fully subscribed by the close of business on 3 March 2016, the balance, if any, will be used to satisfy the Subscription of any further investors.

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

Pricing Formula

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

**Latest published net asset value of an existing Share at the time of allotment
divided by 0.97 (to allow for the costs of the Offer of 3.0 per cent.)
rounded up to the nearest 0.1 pence per Share.**

The number of New Shares to be issued under the 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 Subscription amount, the balance will be returned (without interest) in the form of a cheque made payable to the Subscriber (or Nominee if applicable) sent to the address shown on the Subscription Form (or Nominee Subscription Form) (save where the amount is less than £2.00, in which case it will be retained by the Company). Share and tax certificates will be sent to the Subscriber at the address shown on the Subscription Form.

The Company's net asset value is expected to be announced with respect to the anticipated allotments in accordance with the following table:

Allotment	Date of NAV	Announcement of NAV*	Date of Allotments
First allotment	29 February 2016	4 March 2016	11 March 2016
Final allotment	29 February 2016	4 March 2016	24 March 2016

* The NAV to be announced on 4 March 2016 will comprise valuations of the unquoted investments as at 31 December 2015 and valuations of the AIM-traded and other listed investments as at 29 February 2016 and will be adjusted to reflect any disposals of investments, provided that the Board of the Company shall have the right at its sole discretion to use a more recent valuation of any unquoted investment or of the portfolio of AIM-traded and other listed investments if it believes that there has been a material change in the value of such investments since the last valuation date and the date of the announcement of its respective NAV.

The maximum amount to be raised under the Offer is approximately £3,850,000. For illustrative purposes, assuming New Shares are issued at the Illustrative Offer Price of 90.7 pence, set out below, the number of New Shares that will be issued under the Offer is 4,189,636 New Shares (although the actual number of New Shares that will be issued will depend on the Offer Price which could be higher or lower than the Illustrative Offer Price).

The Board may close the Offer earlier than the date stated above or may extend such Offer. The Board further reserves the right to accept a Subscription and to allot and arrange the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the Offer as the Board sees fit, which may not be on the dates stated above.

Illustration of the Pricing Formula

An illustration of the application of the Pricing Formula based on the most recently published NAV per existing Shares as at 30 November 2015, is set out below.

Unaudited NAV per share as at 30 November 2015	Illustrative Offer Price per New Share*
87.92 pence	90.70 pence

* The example Offer Price shown above is for illustrative purposes only as the NAV per Share may be different for the purposes of calculating the actual Offer Price applicable for each allotment of New Shares under the Offer (which may be higher or lower than in the example above).

Costs of the Offer

The Manager will, in respect of services provided pursuant to the Offer, receive a fee of 3.0 per cent. of the gross proceeds of the Offer. Out of this fee, the Manager will pay all costs associated with the Offer, on behalf of the Company. In addition, the Manager will pay permissible annual trail commission payments in relation to non-advised sales. The Manager will be responsible for any costs associated with the Offer in excess of this fee. The net proceeds of the Offer will, therefore, be approximately £3,734,500 if the Offer is fully subscribed.

Intermediary commissions

In order to keep the costs of the Offer to 3.0 per cent. of the gross proceeds of the Offer, and to avoid any dilution of the existing Shares, the Manager will, where permissible, pay annual trail commission to financial intermediaries at the rate of 0.4 per cent. of the aggregate amount subscribed for four years. Such annual trail commission will be paid to financial intermediaries (other than those providing a platform service) who have acted in an “execution only” capacity and where Subscribers have not received financial advice in respect of their Subscription from another financial intermediary.

The annual trail commission will cease to be payable if the Shares are sold by the relevant subscriber, if the Company is wound up, if the Manager is no longer the investment manager of the Company or if the Manager is no longer permitted under the FCA rules to make such a payment. Intermediaries must substantiate the interests of investors who hold their Shares through Nominees to the satisfaction of the Manager.

The Receiving Agent, or other agent appointed by the Manager, will aggregate any permissible trail commission payable to a financial intermediary with respect to its clients' Subscription to the Offer, on behalf of the Manager, and arrange to pay this sum to the financial intermediary in January 2017, January 2018, January 2019 and January 2020.

Advising Ordinary Retail Investors

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

Application procedure

Existing Shareholders will have received a personalised Subscription Form. A blank Subscription Form is also attached at the end of this document together with explanatory notes.

Applications will be processed on a “first come, first served” basis by the Receiving Agent (provided cheques are not post-dated), subject always to the discretion of the Directors. Shareholders are advised to return their completed Subscription Forms as soon as possible.

Applications accompanied by a post-dated cheque will not be accepted. Multiple applications under the Offer from the same Subscriber will not be accepted. Cheques may be presented for payment on receipt. The Company may, in its absolute discretion, reject applications if cheques do not clear on

first presentation. Acknowledgement of the receipt of Subscriptions may be sent in writing or electronically to the Subscriber's email address to be included in his or her Subscription Form.

Since July 2014 investments in a VCT can now be made through a Nominee. If you would like to apply for New Shares as a Nominee please contact Computershare on 0800 923 1531 for a separate Nominee Subscription Form.

The terms and conditions of Subscription for the New Shares under the Offer are set out on pages 27 to 31 of this Document. By signing the Subscription Form, Subscribers will be declaring that they have read the terms and conditions of Subscription and agree to be bound by them. Subscribers are advised to read the Notes on how to complete the Subscription Form on pages 32 to 35 of this document.

The Directors consent to the use of this Offer Document and accept responsibility for the content of the Offer Document with respect to subsequent resale or final placement of Shares by financial intermediaries. The offer period within which subsequent resale or final placement of Shares by financial intermediaries can be made and for which consent to use the Offer Document is given is from the date of the Offer Document until 1 April 2016, unless previously extended by the Directors to a date not later than 29 April 2016. There are no conditions attaching to this consent. Financial intermediaries may only use the Offer Document in the UK.

Where a financial intermediary is used, information on the terms and conditions of the Offer will be given to Subscribers by financial intermediaries at the time the Offer is made to them. Any financial intermediary using the Offer Document must state on its website that it is using the Offer Document in accordance with the consent set out on page 10 of this Offer Document.

Please send all completed Subscription Forms to the Receiving Agent by post to Computershare Investor Services PLC, Computershare Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE.

Livingbridge and Computershare are acting exclusively for the Company and for no one else in relation to the Offer. Apart from the responsibilities and liabilities, if any, which may be imposed on Livingbridge and Computershare by FSMA or the regulatory regime established thereunder, Livingbridge and Computershare will not be responsible to anyone other than the Company for providing the protections afforded to their clients for advising any other person in relation to the Offer or any transaction contemplated in or by this document.

Livingbridge and Computershare are not providing investment, financial or tax advice in relation to the Offer.

Part III – The Company

Investment objective

The Company is a tax-efficient listed company which aims to achieve long-term investment returns for private investors. Funds raised under the Offer will be utilised by the Company in accordance with its investment policy, to maintain liquidity and to enable payment of costs without reducing the overall amounts currently available for investment. The Company co-invests with Baronsmead Venture Trust plc (formerly Baronsmead VCT 2 plc, which was renamed following the merger with Baronsmead VCT plc which became effective on 8 February 2016), Baronsmead VCT 3 plc and Baronsmead VCT 4 plc (it is proposed that the merger of Baronsmead VCT 3 plc and Baronsmead VCT 4 plc will become effective on 11 March 2016).

Investment policy

The Company's investment policy is to 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. The investment policy of the Company is set out in full in Part IV of this Offer Document.

It is proposed that the Company will update its investment policy to ensure it is consistent with the HMRC guidance on the legislative changes to the VCT rules, which is expected to be published in the first quarter of this year. Shareholders will be provided with further information in relation to the changes following the publication of the HMRC guidance.

VCT legislation

Last year's Summer Budget introduced legislation designed to ensure that VCTs comply with changes to the EU State aid rules as well as remaining effective in giving small and growing businesses access to finance. The rules introduced new criteria regarding the age of companies that a VCT can invest in. There is now a lifetime cap on the total amount of State aided investment an investee company can receive and a requirement that Qualifying Investments be used for growth and development only. These measures were approved when the Finance (No.2) Act 2015 received Royal Assent on 18 November 2015.

The new rules will require the Manager to adapt its investment strategy to focus on the provision of development capital to younger companies to enable them to grow their businesses organically rather than through acquisition. Whilst the full implications of the new rules are still being assessed by the Manager and its advisers, it is clear that the scale and nature of the Company's new investments will change and some elements of the investment portfolio will carry a higher risk.

The Board has reviewed the impact of the new rules with the Manager. The Board is of the view that the Manager has a long track record of successfully investing on behalf of the Baronsmead VCTs. The Board and the Manager are confident that the Manager will be able to identify an adequate supply of new and attractive investment opportunities which will continue to generate acceptable returns, and comply with the new VCT rules.

Established company with invested portfolio

The Company was established in 2006 and had a net asset value of £46.4 million as at 30 November 2015. As at 30 November 2015, the Company had investments in 42 quoted companies, 19 unquoted companies and an investment in Wood Street giving investment exposure to a further 35 AIM-traded and fully listed companies.

A summary of the Company's unaudited investment portfolio as at 30 November 2015, is shown in the following table.

% of net assets in asset class				
Number of directly held portfolio companies	Investments in unquoted companies	Investments in AIM-traded and fully traded listed companies	Investment in Wood Street	Cash and investments in fixed interest securities
61	21%	57%	14%	8%

Source: Livingbridge

Between 1 December 2015 and 8 February 2016 (being the last practicable date prior to the publication of this document), the Company invested in one additional quoted company and sold its investment in one unquoted company and part of its investment in one quoted company.

The Company was established in 2006 as Baronsmead AIM VCT plc. Between 2006 and 2010 the Company's investment policy focused on investments in AIM-traded companies. In December 2010, following Shareholder approval for a change of the Company's investment strategy to that of a generalist VCT, the Company changed its name to Baronsmead VCT 5 plc. Since then the Company has co-invested alongside the other Baronsmead VCTs in unquoted companies as well as quoted companies. As a result, the Company's asset mix is changing as it increases its investments in unquoted companies. Consequently, the future performance of the Company's portfolio will largely be determined in the short to medium term by the existing investment portfolio. As investments are sold and new investments made, the longer term performance of the Company's portfolio will largely be determined by the Manager's ability to find, select and manage such new investments.

The market for stock in smaller unquoted and quoted companies is often less liquid than that for larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such investments. Past performance is not a reliable indicator of future performance.

Regular dividends

It is the intention of the Board that the Shareholders receive dividends twice each year following the publication of its interim and final results. The dividend policy of the Company is to seek to maintain a minimum level of annual dividends of 4.0 pence per Share, and is set out in the Strategic Report contained in the Annual Report. The ability to meet this objective depends significantly on the level and timing of profitable realisations and it cannot be guaranteed.

The Directors have sought to maintain a regular flow of dividends to the Shareholders over time as illustrated in the table below setting out the dividends paid over the five years to 31 December 2015.

Dividends paid and declared in the five years to 31 December 2015 (pence per Share)					
2011	2012	2013	2014	2015*	Annualised Average
4.0	4.0	6.0	4.0	4.0	4.4

Source: Livingbridge

* Stated before taking account of any final dividend that may be declared on publication of the Annual Report and Accounts for the year ended 31 December 2015, but includes the dividend of 2.0 pence paid on 18 December 2015.

For the financial periods that ended on 31 December 2011, 2012 and 2014, the Company paid two dividends of 2.0 pence per Share resulting in total dividends of 4.0 pence per Share for the relevant period. Following the profitable realisation of some of the Company's quoted investments during 2013, the Company paid dividends totalling 6.0 pence per Share for that financial year.

The Directors intend to continue to maintain a minimum level of annual dividends of 4.0 pence per Share in the future where appropriate, in their sole discretion, should they consider it to be in the best interests of the shareholders, and subject to the legal and regulatory requirements at the time. However, past performance is not a reliable indicator of future performance and the Directors may not be able to

continue this policy in future and dividends may be lower or higher than the stated dividend policy depending upon the future performance of the Company's investment portfolio.

Track record

Since launch in January 2006, the Company has paid an average annual dividend of 4.0 pence per Share (equivalent to 5.3 pence per Share to those Qualifying Investors who are higher rate tax payers). Over the last five years, the Company has paid an average annual dividend of 4.4 pence per Share (equivalent to 5.9 pence per Share to those Qualifying Investors who are higher rate tax payers). A summary of the track record of the Company since its launch is set out in the table below.

Launch date	NAV* (£m)	Average annual dividends paid per Share since launch** (p)	NAV total return per Share since launch**† (p)
January 2006	46.4	4.0	153.7

Source: Livingbridge

* As at 30 November 2015

** As at 31 December 2015 (includes 2.0 pence dividend paid on 18 December 2015)

† Note: AIC methodology: used NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming dividends paid were reinvested at the NAV of the Company at the time the Shares were quoted ex-dividend. This does not take into account any tax or tax reliefs in respect of the amounts invested or any returns.

The Company's NAV total return over recent years and since launch is set out in the table below.

Period to 30 November 2015	1 year	3 years	5 years	Since launch
NAV total return per Share (p)	120.6	177.1	169.5	153.7

Source: Livingbridge

Note: AIC methodology: NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming dividends paid were reinvested at the NAV of the Company at the time the Shares were quoted ex-dividend. This does not take into account any tax or tax reliefs in respect of the amounts invested or any returns.

The Company's NAV total return performance over recent years has largely reflected the rise in the value of its quoted investments.

The past performance of the Company is not a reliable indicator of the future performance of the Company. The market for stock in smaller unquoted and quoted companies is often less liquid than that for larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such investments.

Shareholder communications

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

Share buy back policy

The Company buys back its Shares if, in the opinion of its Board, a repurchase of Shares would be in the best interests of the Shareholders as a whole. The Board endeavours to buy back Shares at a 5.0 per cent. discount to net asset value. Any purchases of Shares will be made subject to the Listing Rules and will be made within the guidelines established from time to time by the Board. There can be no guarantee that the Company will be able to maintain its share buy back policy and future share buy backs, if any, will depend on market circumstances at the time.

Annual running costs

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

VCT status

The Board of the Company has managed and intends to continue to manage the affairs of the Company in order that it complies with the legislation applicable to VCTs. In this regard, the Company has retained Philip Hare & Associates LLP to advise on its VCT status. The Company has continued to conduct its affairs so as to comply with section 274 of ITA 2007 for its current financial year and will continue to do so for subsequent periods. However, there can be no guarantee that VCT status will be maintained and investors' attention is drawn to Part VI of this Offer Document.

Part IV – Investment policy

The Company's investment policy is to 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.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities and interest bearing securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM-traded investments are primarily held in ordinary shares. Pending investment in VCT qualifying and non-VCT qualifying unquoted, AIM-traded and other quoted securities (which may be held directly or indirectly through collective investment vehicles), cash is primarily held in interest bearing accounts, money market open ended investment companies ("OEICS"), UK gilts and treasury bills.

UK companies

Investments are made primarily in companies which are substantially based in the UK, although many of these investees may have some trade overseas.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. The current VCT conditions, amongst others, state that the Company may not invest more than 15 per cent. by value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value") in a single company or group of companies and must have at least 70 per cent. of its investments by VCT Value throughout the period in shares and securities comprised in qualifying holdings. At least 70 per cent. by VCT Value of qualifying holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent. by VCT Value of qualifying holdings must be in "eligible shares" which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent. of each qualifying investment must be in "eligible shares".

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be at least 90 per cent. invested, directly or indirectly, in VCT qualifying and non-qualifying growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and interest bearing securities. It is intended that at least 75 per cent. of any funds raised by the Company will be invested in VCT qualifying investments. Non-VCT qualifying investments held in unquoted, AIM-traded and other quoted companies may be held directly or indirectly through collective investment vehicles.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. Generally no more than £2.5 million, at cost, is invested in the same company. The maximum the Company will invest in a single company (including a collective investment vehicle) is 15 per cent. of its investments by VCT Value. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

Co-investment with the other Baronsmead VCTs

The Company aims to invest in larger more mature unquoted and AIM-traded companies and to achieve this it invests alongside the other Baronsmead VCTs. The allocation policy across the Baronsmead VCTs is carefully monitored by the Manager and the Directors and is approved by the Board at its quarterly meetings.

Management retention

Certain members and employees of the Manager invest in unquoted investments alongside the Company. This scheme is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders and the Manager.

Borrowing powers

The Articles permit borrowing of up to 25 per cent. of gross assets, to give a degree of investment flexibility, though the Company's policy is to use borrowing for short-term liquidity purposes only. The Company currently has no borrowings.

Part V – The Manager

Livingbridge is the Company's investment manager and has managed the Baronsmead VCTs since the incorporation of Baronsmead VCT plc in 1995. As at 30 November 2015, the combined net asset value of Baronsmead VCT plc, Baronsmead VCT 2 plc, Baronsmead VCT 3 plc, Baronsmead VCT 4 plc and the Company was approximately £374 million. In addition, as at 31 December 2015, Livingbridge EP LLP (a sister partnership to the Manager) managed approximately £750 million on behalf of its institutional clients. Livingbridge has offices in London, Birmingham and Manchester and as at 8 February 2016 (being the last practical date before the publication of this Offer Document) had a total of 73 members and employees, 40 being engaged in finding, investing in and managing investments on behalf of its VCT and institutional clients.

The Manager aims to bring capital and strategic support to profitable growth businesses that have ambitious management teams, scalable business models and the potential for market leadership. The Manager takes an active role 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.

Management and administration

The Manager also provides and procures the provision of secretarial, administrative and custodian services to the Company. The Manager receives an annual accounting and secretarial fee that was initially fixed at £40,000 in 2006, and revised annually to reflect the movement in RPI, plus a variable fee of 0.125 per cent. per annum of the net assets of the Company which exceed £5,000,000.

The annual investment management fee paid to the Manager increased to an amount equivalent to 2.1 per cent. of the net assets of the Company on the date on which the Company made its first investment in an unquoted company (18 October 2011). Thereafter the annual investment management fee has increased by 0.1 per cent. on each anniversary of the date on which the Company made its first unquoted investment, up to a maximum fee of 2.5 per cent. of the net assets of the Company. The investment management fee paid to the Manager for the year to 18 October 2015 was 2.4 per cent. of the net assets of the Company.

Performance fee and management incentive

Performance fee

The Manager is entitled to a performance fee of 10 per cent. of the excess of the total return to shareholders exceeding 8 per cent. per annum (on a simple net compound basis).

Total return for these purposes means increases in the net asset value of the Company, calculated on the assumption that any dividends paid by the Company are reinvested by subscription for new shares at NAV per Share. The performance fee will not be triggered, however, until the total return on the net proceeds of the initial offer of the Shares exceeds 140 per cent. The performance fee payable in respect of any period for which it is calculated shall not exceed 5 per cent. of the NAV of the Company for that period.

Management incentivisation and retention

The Board wishes the Manager to maintain the quality of its investment teams in the VCT and private equity market place. As a result, a co-investment incentive scheme was introduced in November 2004 by the other Baronsmead VCTs to help to attract, recruit, retain and incentivise the Manager's staff. The Company became part of this scheme in December 2010.

Founding members and certain members and employees of the Manager are invited to participate in the scheme. Members of the scheme are required to subscribe for, in aggregate, 12 per cent. of each investment being made in ordinary shares in the unquoted investee company by the Company. Members of the scheme have to invest in all unquoted investments (unless the aggregate amount to be invested in ordinary shares by the Companies is greater than £1.425 million and participation would be onerous or the investee company is within the biotechnology or biopharmaceutical sectors) and cannot choose in which investments to participate.

Other fees received by the Manager

In addition to the fees described above, which are paid by the Company, the 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 Manager pays any abort fees. The Manager also receives monitoring fees from unquoted portfolio companies. Details of these fees are disclosed each year in the Company's annual report and accounts.

Both the management and performance fees set out above (the management fee taking priority) are reduced by an amount equal to any fee received by the Manager in respect of investments made by the Company in Wood Street.

Part VI – Taxation considerations

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 Company and/or rates of tax may change during the life of the Company and can be retrospective.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offer 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 in investment*

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

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

1.1.2. *Dividend relief*

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

1.1.3. *Purchases in the market*

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

1.1.4. *Withdrawal of relief*

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

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

1.1.5. *Linked sales*

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

1.2. Capital gains tax

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

Except where VCT shares that were issued after 5 April 2014 and within three years of the issue are bought by the VCT directly from the shareholder, a disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

1.2.2. Purchases in the market

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

1.3. Loss of VCT approval

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

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

2. Illustration of effect of tax relief for Qualifying Investors

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

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

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

3. Obtaining tax reliefs

The Company 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 Company

The Company has to satisfy a number of tests to qualify as a VCT. 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;
- (c) derive its income wholly or mainly from shares or securities;

- (d) have at least 70 per cent. by VCT Value of its investments in shares or securities in Qualifying Investments, of which 70 per cent. must be in eligible shares (30 per cent. for funds raised before 6 April 2011);
- (e) have at least 10 per cent. by VCT Value of each Qualifying Investment in eligible shares;
- (f) 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);
- (g) not retain more than 15 per cent. of its income derived from shares and securities in any accounting period;
- (h) not make an investment in a company which causes that company to receive more than £5 million of State Aid investment (including from VCTs) in the twelve months ending on the date of this investment;
- (i) not make an investment in a company which causes that company to receive more than £12 million (£20 million in the case of a “knowledge intensive” company) of State Aid investment (including from VCTs) in its lifetime;
- (j) not make an investment in a company which uses the VCT funds to acquire a trade or business, certain intangible assets or shares in another company; and
- (k) not make an investment in a company whose first commercial sale was more than seven years prior to the VCT investment (ten years in the case of a “knowledge intensive” company), unless a turnover test is met.

Conditions (h) to (k) above do not apply to investments in shares and securities listed on a recognised stock exchange or to certain money market securities.

The approved status of a VCT may also be affected where an investee company uses any of the VCT's investment to acquire another company or trade in the five years after the VCT's investment.

The term “eligible shares” means shares which carry no preferential rights to assets on a winding-up and no rights to be redeemed, although they may have certain preferential rights to dividends. For funds raised before 6 April 2011, ‘eligible shares’ are shares which do not carry any rights to be redeemed or a preferential right to dividends or to assets on a winding-up.

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 2007.

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 £15 million immediately after the investment;
- (b) have fewer than 250 full-time (or full-time equivalent) employees (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;
- (e) at the time of investment does not obtain more than £5 million of investment from EU state aided risk capital measures in the 12 month period ending on the date of the investment by the VCT;
- (f) at the time of investment the investee company has not obtained more than £12 million of investment from EU state aided risk capital measures in its lifetime;
- (g) the investee company must not use the VCT funds to acquire a trade or business, certain intangible assets or shares in another company; and

- (h) the first commercial sale of the company was not more than seven years prior to the VCT investment (ten years in the case of a “knowledge intensive” company) unless a turnover test is met.

In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. The investee company's status as a Qualifying Investment may also be affected where it uses any of the investment from a VCT to acquire another company or trade in the five years after the VCT's investment.

3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying 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 may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 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 believes this test is unlikely to affect the Company.

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.

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 Company has received approval as a VCT from HMRC.

5. Withdrawal of approval

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

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

6. The Finance Act 2014

Legislation introduced by the 2014 Finance Act limits the ability of VCTs to return share capital to an investor that does not represent profits made on investments. This restriction applies for a three year period beginning at the end of the accounting period in which the funds were raised. HMRC may withdraw the Company's VCT approval if it fails to comply with this condition.

7. The Finance (No.2) Act 2015

The Finance (No. 2) Act 2015 received Royal Assent on 18 November 2015 and introduced new qualifying conditions for VCTs.

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

The UK government has announced that it intends to seek State aid approval for VCTs to be able to participate in investments which include an element of replacement capital. If approval is obtained, it will be introduced through secondary legislation.

It is proposed that the Enlarged Company will update its investment policy to ensure it is consistent with the HMRC guidance on the legislative changes to the VCT rules, which is expected to be published in the first quarter of this year. Shareholders will be provided with further information in relation to the changes following the publication of the HMRC guidance. The current investment policy is set out in full in Part IV of this document.

It is not currently expected that such changes will materially restrict the investment opportunities of the Company.

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

Definitions

2014 Finance Act	the 2014 Finance Act
Admission	the respective date on which the New Shares allotted pursuant to the Offer are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities
AIM	the Alternative Investment Market operated by the London Stock Exchange
Annual Report	the latest annual report and accounts published by the Company
Articles	the articles of association of the Company in force from time to time
Baronsmead Shareholders	holders of shares in the Baronsmead VCTs
Baronsmead VCTs	Baronsmead Venture Trust plc, Baronsmead VCT 3 plc, Baronsmead VCT 4 plc and the Company
Beneficial Owner	a person in whom the beneficial ownership of the Shares is vested, or will be vested immediately upon their issue
Board	the board of Directors of the Company
Business Day	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
CA 2006	the Companies Act 2006 (as amended)
Company	Baronsmead VCT 5 plc
CREST	the computerised settlement system to facilitate the transfer of title to securities in uncertificated form operated by Euroclear UK & Ireland Limited
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
Directors	the directors of the Company from time to time
EU	the European Union
European Commission	The European Commission of the European Union
Existing Shareholders	registered holders of Ordinary Shares prior to 5 February 2016 (and each an Existing Shareholder), or a person who, prior to 5 February 2016, was the spouse or civil partner of an Existing Shareholder
FCA	the Financial Conduct Authority
FSMA	the Financial Services and Markets Act 2000
HMRC	Her Majesty's Revenue and Customs
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time

Livingbridge or the Manager	Livingbridge VC LLP
London Stock Exchange	London Stock Exchange plc
NAV or net asset value	in relation to a Share, the net asset value of a Share calculated in accordance with the Company's accounting policies and, in relation to the Company, the aggregate net asset value attributable to the Company's issued Shares (excluding any Shares held in treasury)
New Shares	new Shares in the Company to be issued under the Offer
Nominee	a party who holds, or subscribes for shares on behalf of, and as trustee of, a Beneficial Owner
Nominee Subscription Form	subscription form to be used by Nominees subscribing on behalf of Beneficial Owners available upon request from Computershare
Offer or Offer for Subscription	the offer for subscription of new ordinary shares of 10 pence each in the Company to raise up to £3,850,000 (before costs)
Offer Document	this document dated 10 February 2016
Offer Price	the subscription price of the New Shares under the Offer as calculated in accordance with the Pricing Formula
Official List	the official list of the UK Listing Authority
Pricing Formula	the formula to be used to calculate the Offer Price of the New Shares under the Offer as set out in this document
Qualifying Company	an unquoted (including AIM-traded) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
Qualifying Investor	an individual aged 18 or over who satisfies the conditions of eligibility for tax relief available to investors in a VCT
Qualifying Investment	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
Receiving Agent or Registrar or Computershare	Computershare Investors Services PLC, a company incorporated in England & Wales with registered number 3498808
Regulatory Information Service	a regulatory information service approved by the FCA
Restricted Territories	US, Canada, Australia, Japan and South Africa (and each a " Restricted Territory ")
Risk Finance Guidelines	European Commission communication C(2014) 34/2 – Guidelines on State aid to promote risk finance investments

Risk Finance State Aid	internal market State aid designed to facilitate the development of certain economic activities which the European Commission considers to be compatible with Article 107(3)(c) of the Treaty on the Functioning of the European Union
Shareholders	holders of Shares in the Company (and each a “ Shareholder ”)
Shares or Ordinary Shares	ordinary shares of 10p each in the capital of the Company (and each a “ Share ”)
Subscriber	a person whose name appears as such in a Subscription Form for use in connection with the Offer
Subscriptions	offers by Subscribers pursuant to the Offer and made by completing the Subscription Form or Nominee Subscription Form and posting (or delivering) these to the Receiving Agent or as otherwise indicated on the Subscription Form or Nominee Subscription Form (and each a Subscription)
Subscription Form	the subscription form for use in connection with the Offer as set out towards the end of this document, or any amended subscription form
Summer Budget	the budget given by the Chancellor of the Exchequer on Wednesday 8 July 2015
Tax Act	the Income Tax Act 2007 (as amended)
UK Listing Authority	the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
United States or US	the United States of America, its states, territories and possessions (including the District of Columbia)
VCT Value	the value of an investment calculated in accordance with Section 278 of the Tax Act
Venture Capital Trust or VCT	a venture capital trust as defined in Section 259 of the Tax Act
Wood Street	Wood Street Microcap Investment Fund, an investment company with variable capital incorporated in England and Wales with company number IC000714

Terms and conditions of Subscription

The following terms and conditions apply to the Offer.

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

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

- (a) The contract created by the acceptance of a Subscription under the Offer will be conditional on Admission, unless otherwise so resolved by the Board.
- (b) The right is reserved by the Company to present all cheques and bankers’ drafts for payment on receipt and to retain the relevant share certificates and Subscription monies, pending clearance of such successful Subscribers’ cheques and bankers’ drafts. The Company may treat Subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept a Subscription in respect of which payment is not received by the Company prior to the closing date of the Offer. If any Subscription is not accepted in full or if any contract created by acceptance does not become unconditional, the Subscription monies or, as the case may be, the unused balance thereof in excess of £2.00 will be returned (without interest) by returning each relevant Subscriber’s cheque or bankers’ draft or by crossed cheque in favour of the Subscriber, through the post at the risk of the person(s) entitled thereto. Balances of less than £2.00 may be retained by the Company and used for its own purposes. In the meantime, Subscription monies will be retained by the Company in a separate account. The Board reserves the right to close the Offer earlier than the closing date if fully subscribed or to extend such Offer to a date up to and including 29 April 2016. Subscriptions which are accompanied by post-dated cheques will not be accepted, subject to the Board’s discretion to accept such Subscriptions. If any dispute arises as to the date or time on which a Subscription is received, the Board’s determination shall be final and binding.
- (c) Subject to paragraph (d) below, no person receiving a copy of this Offer Document or any part thereof, or a Subscription Form, in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make a Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- (d) The New Shares have not been, nor will they be, registered in the United States under the United States Securities Act of 1933, as amended, (the Securities Act) or under the securities laws of the Restricted Territories and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of, US Persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. The Offer is not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. The distribution of this Offer Document in jurisdictions other than the UK may be restricted by law and therefore, persons into whose possession this Offer Document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Subscription Form is not being and must not be forwarded to or transmitted in or into the United States or a Restricted Territory. No Subscription will be accepted if it bears an address in the United States.

- (e) Subscribers will be bound by the Subscription(s) indicated by them on their Subscription Forms. Multiple Subscriptions under the Offer will not be accepted. Subscriptions will be accepted on a first come, first served basis, subject always to the discretion of the Board. The right is reserved to reject in whole or in part and scale down any Subscription or any part thereof including, without limitation, Subscriptions in respect of which any verification of identity which the Company or the Receiving Agent consider may be required for the purposes of the Money Laundering Regulations 2007 has not been satisfactorily supplied. The Board in its absolute discretion may decide to close, suspend or extend the Offer to a date up to and including 29 April 2016. The Offer shall be suspended if the issue of such New Shares in the Company would result in a breach of the Listing Rules, the Company not having the requisite shareholder authorities from time to time to allot New Shares or a breach of any other statutory provision or regulation applicable to the Company. Dealings prior to the issue of certificates for New Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a Subscription may not have been accepted to the extent anticipated or at all.
- (f) The Manager will, where permissible, pay to authorised financial intermediaries who, acting on behalf of their clients, return valid Subscription Forms bearing their stamp or full address details and FCA number an annual trail commission for four years of 0.4 per cent. on the aggregate amount paid in respect of the New Shares allotted by the Company under the Offer in respect of such Subscription Forms whilst the Manager is appointed as the investment manager to the Company. Such annual trail commission can only be paid where the financial intermediary is not providing a platform service and the Subscriber has not received a personal recommendation to invest in the New Shares, whether the personal recommendation is given by the financial intermediary identified on the Subscription Form or another financial intermediary. Should the Manager no longer be appointed as the investment manager of the Company, annual trail commission payments will cease. Annual trail commission will also cease to be payable if the Shares are sold by the relevant investors, if the Company is wound up or if the Manager is no longer permitted under the FCA rules to make such payments. Financial intermediaries should keep a record of Subscription Forms submitted bearing their FCA number to substantiate any claim for introductory commission. Claims for trail commission must be made and substantiated on the Subscription Forms.
- (g) By completing and delivering a Subscription Form, you confirm and warrant that you:
- (i) offer to subscribe the monetary amount stated on the Subscription Form in the Company for such number of New Shares (or such lesser amount for which your Subscription is accepted and subject to paragraph (e) above) obtained by dividing the monetary amount by the applicable Offer Price of the New Shares resulting from the application of the Pricing Formula (as described in this Offer Document), subject to these terms and conditions of Subscription, and subject to the memorandum and articles of association of the Company;
 - (ii) agree that, in consideration of the Company agreeing to process your Subscription, your Subscription will not be revoked until the Offer is closed and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Subscription Form;
 - (iii) agree and warrant that your cheque or bankers' draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Shares in the Company until you make payment in cleared funds for such New Shares in the Company and such payment is accepted by the Company in its absolute discretion, (which acceptance shall be on the basis that you indemnify the Company 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 Company of such late payment, the Company may (without prejudice to its other rights) void the agreement to allot such New Shares to you and may issue or allot such New Shares to

some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Subscription Form, without interest;

- (iv) agree that, in respect of those New Shares for which your Subscription has been received and is not rejected, your Subscription may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
- (v) agree that any monies refundable to you may be retained by the Company pending clearance of your remittance and any verification of identity which is, or which that Company or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
- (vi) authorise the Receiving Agent to send share certificate(s) or arrange for your CREST account to be credited in respect of the number of New Shares for which your Subscription is accepted and authorise the Company to send a crossed cheque for any monies returnable, by post, at your own risk, without interest, to your address set out in the Subscription Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares;
- (vii) agree that all Subscriptions, acceptances of Subscriptions and contracts resulting therefrom and any non-contractual obligations arising out of or in connection with your Subscription shall be governed by and construed in all respects in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Subscriptions, acceptances of Subscriptions and contracts in any other manner permitted by law or any court of competent jurisdiction;
- (viii) agree and acknowledge that you are making your Subscription on the basis of the information and statements concerning the Company and the New Shares contained in this Offer Document and that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the Company or the New Shares or for any change in the law or regulations affecting VCTs;
- (ix) irrevocably authorise the Receiving Agent and/or the Company 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 Company, as relevant, to execute any document required thereof;
- (x) agree that, having had the opportunity to read the Offer Document, you shall be deemed to have had notice of all information and statements concerning the Company and the New Shares contained therein;
- (xi) confirm that you are not a US Person within the meaning of Regulation S made under the United States Securities Act of 1933, as amended, or a resident of any of the Restricted Territories and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US Person or a resident of any of the Restricted Territories, and that you have reviewed the restrictions contained in paragraphs (d) and (e) below and warrant compliance therewith;
- (xii) declare that you are an individual aged 18 or over;
- (xiii) agree that all documents in connection with the Offer and any returned monies will be sent by post at your risk;
- (xiv) agree (if your Subscription is for more than £11,000) to the Receiving Agent carrying out the necessary enquiries to verify your identity to ensure compliance with the Money

Laundrying Regulations 2007. Verification of the investor's identity may be provided by means of a "Letter of Introduction" from an intermediary or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundrying Regulations 2007 or a UK or EC financial institution (such as a bank). The Receiving Agent will supply specimen wording on request;

- (xv) if a Subscription is made direct (not through a financial intermediary), the Company, or a third party acting on behalf of the Company, will carry out an online check of the investor's identity using an online anti-money laundrying and identity verification system. Investors may opt out of the electronic identity verification system. If an investor chooses to opt out they must enclose a copy of their passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form. If a cheque is drawn by a third party, the above will also be required from that third party;
 - (xvi) agree that neither Livingbridge nor the Receiving Agent will treat you as its customer by virtue of your Subscription being accepted nor owe you any duties or responsibilities concerning the price of the New Shares in the Company or the suitability for you of New Shares in the Company or be responsible to you for providing the protections afforded to its customers;
 - (xvii) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares and that the New Shares are being acquired for *bona fide* commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
 - (xviii) confirm and warrant that the information provided in the Subscription Form is true and accurate;
 - (xix) warrant that, if you sign the Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Subscription Form; and
 - (xx) consent to the information provided on the Subscription Form being provided to the Receiving Agent and the Registrar to process shareholding details and send notifications to you.
- (h) Where a Subscription is made by a Nominee on behalf of a Beneficial Owner, the Nominee:
- (i) warrants that there is in force a valid and binding agreement between the Nominee and the Beneficial Owner, pursuant to which:
 - (a) the Nominee is authorised and entitled to make the Subscription on behalf of the Beneficial Owner; and
 - (b) the beneficial ownership of the Shares issued in respect of that Subscription will be vested in the Beneficial Owner immediately upon the issue of the Shares;
 - (ii) warrants that the Nominee has made the Beneficial Owner aware of these terms and conditions, and that the Beneficial Owner has assented to them;
 - (iii) warrants that if the Subscription is for more than £11,000 the Nominee has carried out the necessary enquiries to verify the identity of the Beneficial Owner to ensure compliance with the Money Laundrying Regulations 2007; and

- (iv) undertakes, at no expense to the Company, to do all such acts and to procure that the Beneficial Owner does all such acts as the Company may from time to time reasonably require to ensure the full compliance by the Beneficial Owner with these terms and conditions, as though the Beneficial Owner were the Subscriber.
- (i) The Company reserves the right to publish revised Subscription Forms from time to time. Subscribers and their intermediaries should, therefore, check when completing a Subscription Form that no subsequent version has been published or made available by the Company (which will be downloadable from the Company's website as detailed on page 7 of this document).

Notes on how to complete the Subscription Form

Sections 1-2 of the Subscription Form require you to provide your personal details and your Subscription details. **Existing Shareholders** in the Company will have received a separate Subscription Form with their name and address details completed in section 1.1 of the Subscription Form. Section 3 asks you to confirm whether or not you have received financial advice in relation to your Subscription and to describe the type of financial intermediary you have used, if any, with respect to your Subscription. Section 4 asks you to provide your CREST details if you would like any New Shares allotted to you to be credited to your CREST account. Section 5 requires you to sign, state your name and date your Subscription Form.

If you have used a financial intermediary, Sections 6 and 7 require them to provide their firm's details so that the Receiving Agent can deal with the instructions as to (i) whether any permissible commission is to be paid and (ii) how any commission payable is to be administered.

Section 6 should be completed by your financial intermediary and is to be used where you have been provided with financial advice with respect to your Subscription.

Section 7 should be completed by your financial intermediary where they are acting on an "execution only" basis and have not provided you with financial advice with respect to your Subscription.

Sections 6 and 7 should not be completed if you apply directly and have not used a financial intermediary with respect to your Subscription. Commission, where permissible, can be paid only to authorised financial intermediaries who are acting on behalf of "execution only" clients and are not providing a platform service.

Multiple Subscriptions will not be accepted.

If you wish to subscribe for New Shares as a Nominee please contact Computershare on 0800 923 1531 for a separate Nominee Subscription Form. If you are using a platform service, the Nominee Subscription Form should be used by your platform service provider.

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

Section 1 – Personal Details

Name and address, etc.

Insert using block capitals your full name, full address including the post code, daytime telephone number, email address, National Insurance number and date of birth. Should the Receiving Agent need to contact you about your Subscription they will need your contact details to enable them to do so.

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

Existing Shareholders in the Company will have received a separate Subscription Form with their name and address details completed. Subscribers must provide their contact details and other personal information as it will enable the Receiving Agent to process their Subscription and contact them should they need to do so.

Section 2 – Subscription details

Amount you wish to subscribe in the Offer:

Insert (in figures) the total value of the investment you wish to make pursuant to the Offer. Your Subscription must be for a minimum amount of £3,000 and thereafter in multiples of £1,000. Any Subscriptions that are not in multiples of £1,000 are liable to be scaled down to the nearest £1,000.

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

Section 3 – Type of financial intermediary (if any)

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

You should tick box 3.1 if you have received financial advice with respect to your Subscription to the Offer. (If you tick box 3.1 your financial intermediary should complete section 6 of the Subscription Form.)

You should tick box 3.2 if you have not received financial advice with respect to your Subscription to the Offer and have used a financial intermediary on an “execution only” basis (other than platform service providers). (If you tick box 3.2 your financial intermediary should complete Section 7 of the Subscription Form.)

You should tick box 3.3 if you have used a financial intermediary on an “execution only” basis i.e. that financial intermediary has not provided financial advice to you in relation to your Subscription, but you have received such advice from a different financial intermediary. (If you tick box 3.3 the financial intermediary who acted in an "execution only" capacity should complete Section 6 of the Subscription Form.) Annual trail commission will not be paid where financial advice has been given by any party.

Section 4 – CREST details (if any)

Any New Shares allotted to you will be in a registered form capable of being transferred by means of the CREST system. Subscribers who wish to take advantage of the ability to trade in New Shares in uncertificated form, and who have access to a CREST account, may arrange to have their shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Investors should be aware that New Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Shares held in CREST. The Company's share register will be kept by the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH.

Section 5 – Signature and date

You must sign, state your name and date the Subscription Form in Section 5.

By signing and dating the Subscription Form you agree to invest in the Company in accordance with the terms and conditions of Subscription as set out on pages 27 to 31 of this Document.

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

Payment

Pin a cheque or bankers' draft to the Subscription Form for the exact amount shown in the box in section 2. Your cheque or banker's draft must be made payable to “Baronsmead VCT 5 plc”. Your payment must relate solely to the Offer. Cheques may be presented for payment on receipt. Subscriptions under the Offer will be processed upon receipt. A Subscription Form accompanied by a post-dated cheque will not be accepted.

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

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

Should you wish to pay for your subscription electronically by transferring the money directly to the subscription account please call Computershare on 0800 923 1531.

Administration of Shareholder Account

Existing Shareholders

Existing Shareholders' dividend payment/reinvestment details and shareholder communications preferences will not be altered as a result of New Shares being issued to them. Should an Existing Shareholder wish to change any of the existing instructions with regard to the administration of the existing Shareholder account(s) they should do so separately by writing to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, or by going to www.investorcentre.co.uk.

New shareholders

Shortly after New Shares have been allotted, the Registrar for the Company, Computershare Investor Services PLC, will write to you to invite you to indicate whether you would like to reinvest your dividends or have them paid directly into your bank account and receive electronic or hard copies of the Company's reports. Dividends paid by cheque will be sent to the Shareholder's registered address using the standard mail delivery at the Shareholder's own risk. The Registrar will charge administration fees for re-issuing any cheques that are not presented for payment.

Common Reporting Standards

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

Money Laundering Notice – Important Procedures for Applications for more than £11,000

Investors should be aware of the following requirements in respect of the Money Laundering Regulations 2007 for applications of the sterling equivalent of €15,000 (for these purposes approximately £11,000, as at the date of this document), or more.

- A. For those **who have not** previously invested in the Company, if the Subscription:
1. is made through an authorised financial intermediary then verification of the Subscriber's identity may be provided by means of a "Letter of Introduction" from an Independent Financial Adviser or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EC financial institution (such as a bank). The Receiving Agent will supply specimen wording on request; or
 2. is made direct (not through a financial intermediary), the Company, or a third party acting on behalf of the Company, will carry out an online check of your identity using an online anti-money laundering and identity verification system.
- If you do not want the online check to be carried out please tick the box on the Subscription Form that states that you are opting out of the electronic identity verification system. If you tick this box you must enclose a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form.
- B. For those **who have** previously invested in the Company, your identity may be verified for the purposes of the Money Laundering Regulations 2007 by paying subscription monies by a cheque drawn in your name from a United Kingdom or other European Union regulated credit institution. If this is not provided then you will need to go through the above procedure for those who have not previously invested in the Company.

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

Sections 6 and 7 – Financial intermediaries’ details

Appropriately authorised financial intermediaries who have provided financial advice to their client with respect to their Subscription to the Offer should complete Section 6.

Appropriately authorised financial intermediaries who have not provided financial advice and have acted in an “execution only” capacity with respect to their client’s Subscription to the Offer but financial advice has been given by a different authorised financial intermediary should complete Section 6.

Appropriately authorised financial intermediaries who are entitled to receive commission and who have not provided financial advice and have acted in an “execution only” capacity with respect to their client’s subscription to the Offer should complete Section 7.

Financial intermediaries’ contact details

Appropriately authorised financial intermediaries should complete Section 6.1 (where financial advice has been given) or Section 7.1 (“execution only”), giving their contact name and address and their FCA Number. Please note the financial intermediaries’ obligation to advise their clients of the risk factors set out on pages 4 to 6 of this Offer Document.

Annual trail commission payable to financial intermediaries acting on an “execution only” basis

For financial intermediaries (other than platform service providers) who act on an “execution only” basis i.e. do not provide financial advice to their clients, annual trail commission can be paid, provided that the client has not received financial advice in relation to their Subscription.

Where permissible, financial intermediaries will be paid annual trail commission by the Manager of 0.4 per cent. for four years on the aggregate amount invested by their clients under the Offer.

Bank details for annual trail commission payments

Financial intermediaries who are entitled to receive annual trail commission can choose to have their commission paid directly to their bank account. In order to facilitate this, please complete Section 7.3 (“execution only”).

Frequently asked questions

From where do I obtain a Subscription Form?

The Subscription Form can be found attached at the end of this Offer document. Additional Subscription Forms can be obtained from the Company's website as well as from the Manager and the Promoter, whose contact details are set out on the inside of the back cover of this document.

To whom should I make the cheque payable?

Cheques should be made payable to "Baronsmead VCT 5 plc".

If you would like to pay by bank transfer, please contact the Computershare, on 0800 923 1531.

Where should I send my Subscription?

You should send your completed Subscription Form and cheque to:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6AH

What happens after I send in my Subscription Form?

Computershare will send you (and your financial intermediary, if applicable) confirmation that your Subscription Form has been received either by way of a letter or by way of an email sent to the email address provided on your Subscription Form. If the Receiving Agent has any questions about your Subscription you will be contacted by telephone or email in the first instance, so it is important that you provide your contact information on the Subscription Form.

When can I expect to receive share and tax certificates?

Computershare will send share and tax certificates approximately ten Business Days after the allotment of the New Shares. These documents are important and should be kept in a safe place. Administration and other fees will be charged for replacement share certificates to be issued. You can provide your CREST details if you would like any New Shares which are allotted to you to be credited to your CREST account.

Allotments are expected to take place in accordance with the expected timetable shown on page 3 of this document. However, allotments can take place earlier or at any other time by the Company at the discretion of its Board. Allotments will be announced through a Regulatory Information Service.

Whom do I contact if I have any questions concerning my Subscription?

Please call the Computershare helpline, on 0800 923 1531. Computershare cannot give investment, tax or financial advice.

Subscription Form for the Offer

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

SECTION 1 – PERSONAL DETAILS

1.1 NAME AND ADDRESS

Title & Full Name:

Address:

.....

.....

Post Code:

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

Make your cheque or banker's draft out to "Baronsmead VCT 5 plc" and cross it with the words "A/C Payee only". Return this form by post to Computershare Investor Services PLC, Computershare Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to arrive by no later than 12 noon on 24 March 2016. If you post your Subscription Form you are recommended to either send your form by special delivery or first class post and to allow at least four days for delivery.

By completing and signing this Subscription Form you accept that you will be subscribing in accordance with the terms and conditions set out on pages 27 to 31 of the Offer Document dated 10 February 2016. The definitions in that document apply to this Subscription Form.

1.2 OTHER PERSONAL DETAILS

Email address: Daytime Telephone Number:

National Insurance Number: Date of Birth:

Baronsmead Shareholder Reference Number(s):

Please note that you must provide both your National Insurance Number and Date of Birth above.

If you hold shares in a Baronsmead VCT in a nominee account you must enclose with this Subscription Form, evidence that you are the beneficial owner of the Shares in that nominee account, such as confirmation from the nominee of a recent shareholder statement.

SECTION 2 – SUBSCRIPTION DETAILS

I wish to subscribe under the Offer for New Shares £ (minimum £3,000), or such lesser amount for which these Subscription(s) will be accepted, which is to be invested in the Company pursuant to the Offer.

The Finance Act 2014 which came into force with effect from 6 April 2014 restricts the availability of income tax relief on a subscription for shares in a VCT issued after 5 April 2014 where it is "linked" to a sale of shares in the same VCT or if an investor subscribes for shares in a VCT within six months before or after selling any shares in that same VCT. Please see section 1.1.5 of the Taxation considerations section on page 19 of the Offer Document for further details.



SECTION 3 – TYPE OF FINANCIAL INTERMEDIARY (IF ANY)

ONLY COMPLETE THIS SECTION IF YOU HAVE USED A FINANCIAL INTERMEDIARY WITH RESPECT TO THIS SUBSCRIPTION.

Commission, where permissible, can be paid only to authorised financial intermediaries who are acting on behalf of “execution only” clients. Please indicate below, by ticking the appropriate box, whether you have received financial advice in relation to your Subscription and which type of financial intermediary you have used, if any

3.1 Financial intermediary – adviser (financial advice has been given). ☐
(If you tick box 3.1 your financial intermediary should complete Section 6 of the Subscription Form)

3.2 Financial intermediary – “execution only” (no financial advice has been given). ☐
(If you tick box 3.2 your financial intermediary should complete Section 7 of the Subscription Form)

3.3 Financial intermediary – “execution only” (but financial advice has been given by a different authorised financial intermediary) (If you tick box 3.3 the financial intermediary who acted in an “execution only” capacity should complete Section 6 of the Subscription Form. Annual trail commission will not be paid where financial advice has been given.) ☐

SECTION 4 – CREST DETAILS

CREST Member Account ID:		
CREST Participant ID:		
Participant Name:		
Contact name for CREST queries:	Contact Telephone:	

SECTION 5 – SIGNATURE

YOU MUST SIGN, STATE YOUR NAME AND DATE THIS SUBSCRIPTION FORM OTHERWISE IT WILL NOT BE ACCEPTED AND YOUR SUBSCRIPTION(S) WILL BE RETURNED.

- 1) By signing this form I HEREBY DECLARE THAT I have read the terms and conditions of Subscription contained on pages 27 to 31 of the Offer Document dated 10 February 2016 and agree to be bound by them.
- 2) I understand that this is a LONG-TERM investment and I have read the RISK FACTORS on pages 4 to 6 of the Offer Document dated 10 February 2016.
- 3) I will be the beneficial owner of the New Shares in the Company to be issued pursuant to the Offer.
- 4) I hereby confirm that to the best of my knowledge all of the information I have supplied in the Subscription Form is correct.

HM REVENUE & CUSTOMS MAY INSPECT THIS FORM. IT IS A SERIOUS OFFENCE TO MAKE A FALSE DECLARATION.

5.1. Signature:

5.2 Name:

5.3 Date:

☐ By ticking this box I am opting out of the electronic identity verification system being used to verify my identity for the purposes of the Money Laundering Regulations 2007 and have enclosed the appropriate documentation with this form. Please read section entitled “Money Laundering Notice – Important Procedures for Applications for more than £11,000” on page 34 of the Offer Document before ticking this box.

SECTION 6 – FINANCIAL INTERMEDIARIES’ DETAILS

FOR SUBSCRIPTIONS WHERE FINANCIAL ADVICE HAS BEEN PROVIDED TO THE SUBSCRIBER.

To be completed by financial intermediaries who have provided financial advice with respect to their clients' Subscription(s) to the Offer(s). FCA Number must be quoted.

Appropriately authorised financial intermediaries who have not provided financial advice and have acted in an “execution only” capacity with respect to their clients' Subscription(s) to the Offer but financial advice has been given by a different authorised financial intermediary should also complete Section 6.

All financial intermediaries MUST advise their clients of the Risk Factors set out on pages 4 to 6 of the Offer Document dated 10 February 2016.

Firm Name:

Contact (Adviser/ Administrator) (delete as appropriate):

FCA Number:

Email:

Telephone No:

Fax No:

Address:

.....

.....

..... Post Code:

THIS SECTION OF THE SUBSCRIPTION FORM MUST BE SIGNED AND DATED BY THE FINANCIAL INTERMEDIARY

Signature: Date:

By signing this form I HEREBY DECLARE THAT financial advice has been provided to my client and that they have been advised of the Risk Factors on pages 4 to 6 of the Offer Document dated 10 February 2016.



SECTION 7 – FINANCIAL INTERMEDIARIES’ DETAILS

FOR SUBSCRIPTIONS WHERE NO FINANCIAL ADVICE HAS BEEN PROVIDED TO THE SUBSCRIBER BY ANY FINANCIAL INTERMEDIARY

To be completed by financial intermediaries who have not provided financial advice with respect to their clients’ Subscription(s) to the Offer(s) and where advice has not been provided by a different financial intermediary. FCA Number must be quoted.

All financial intermediaries MUST draw their clients’ attention to the Risk Factors set out on pages 4 to 6 of the Offer Document dated 10 February 2016.

7.1 Firm Name:

Contact (Adviser/ Administrator) (delete as appropriate):

FCA Number:

Email:

Telephone No:.....

Fax No:

Address:

.....

.....

..... Post Code:.....

7.2 COMMISSION

Annual trail commission of 0.4 per cent. for four years on the aggregate amount invested under the Offer will be paid by the Manager in accordance with the terms and conditions set out in the Offer Document dated 10 February 2016 provided that the client has not received financial advice in relation to their Subscription.

7.3 DIRECT PAYMENT OF COMMISSION TO A BANK ACCOUNT

If you would like your commission to be paid directly into your bank or building society account please tick this box.

☐

Please provide your bank or building society details below. The Company and Computershare Investor Services PLC cannot accept responsibility if any details provided by you are incorrect.

Account Name:

Account Number (please quote all digits and zeros): Sort Code:

Name of Bank or Building Society:

Branch:

Branch Address:

..... Post Code:.....

Please forward, until further notice, all commission that may from time to time become due as a result of my client’s investment in the Company.

THIS SECTION OF THE SUBSCRIPTION FORM MUST BE SIGNED AND DATED BY THE FINANCIAL INTERMEDIARY

Signature: Date:

By signing this form I HEREBY DECLARE THAT we are not a platform service provider and we have not provided financial advice to our client in relation to their Subscription and that to the best of our knowledge and belief no other financial intermediary has provided such advice.

Managers, advisers and service providers

Manager and Secretary

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www.livingbridge.com
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Solicitors

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Auditors

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Receiving Agent and Registrars

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