



Baronsmead

Investor Guide

The Baronsmead VCTs

Baronsmead Venture Trust plc

Baronsmead Second Venture Trust plc

To be read alongside fund legal documentation including Prospectus and Key Information Document.

Founded in 1995, the Baronsmead VCTs combine rich heritage and experience with a dynamic, entrepreneurial approach, to invest in the UK and Ireland's very best early stage growth businesses.



Gresham House
Specialist asset management

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About the Baronsmead VCTs

The Baronsmead VCTs seek to invest in innovative companies that we believe will be crucial to the UK economy in the years to come, providing capital and expertise to accelerate growth at a critical stage of their journey.

Drawing on our investment team's extensive entrepreneurial network and specialist skills, we inject capital at pivotal points to push exciting businesses to the next level.

We concentrate our efforts on sectors, markets and companies benefiting from long-term structural growth in order to benefit our investors and investees.

Our two listed funds, **Baronsmead Venture Trust plc** and **Baronsmead Second Venture Trust plc**, are tax-efficient venture capital trusts, offering private investors the opportunity to achieve attractive long-term investment returns.



Longstanding, respected brand

VCTs established in 1995 - growing to a combined NAV of c.£390mn



Well diversified portfolio

Diversified portfolio of 88+* direct quoted and unquoted companies



Strong track record

Track record of consistent returns and dividends since launch

Both VCTs have a 'hybrid' approach, investing in high-growth unquoted, AIM-traded and other listed companies.

The VCTs have similar portfolios and co-invest alongside each other.

The Baronsmead VCTs are managed by specialist alternative asset management group, Gresham House.

*Baronsmead Venture Trust plc - 90 Baronsmead Second Venture Turts plc - 88.

All data to 31 October 2023, Gresham House. Unaudited. **Past performance is not a reliable indicator of future performance.** The value of the Companies and the income from them is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested.

What are Venture Capital Trusts (VCTs)?

Venture Capital Trusts (VCTs) are listed, closed-ended, tax-efficient investment vehicles, designed to give investors exposure to businesses and industries in the early stages of growth.

The UK Government introduced VCTs in 1995 as a way of encouraging investment in Britain's entrepreneurial businesses and in the 28 years since, they have been instrumental in building and bolstering the UK economy.



£353mn

invested by the Baronsmead VCTs since 2011



310

businesses backed since launch



c.£52mn

proceeds realised in last two years at an average of 1.9x investment cost

Potential benefits

- Income tax relief of up to 30% of the subscription amount on new shares (some or all of which investors may have to repay if they sell those shares within five years)
- Tax-free dividends
- Tax-free gains on sale of shares (after five years of new shares being issued)



All data above to 31 October 2023. Unaudited. Past performance is not a reliable indicator of future performance. The value of the Companies and the income from them is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested. Tax benefits subject to status and change.



About Gresham House

Gresham House is a specialist alternative asset management group, dedicated to sustainable investments across a range of strategies, with expertise across forestry, housing, infrastructure, renewable energy and battery storage, public and private equity.

Our origins stretch back to 1857, while our focus is on the future and the long term. Gresham House plc, the parent company of Gresham House Asset Management, actively manages c.£8.3 billion¹ of assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers.

We act responsibly within a culture of innovation that encourages individual flair and entrepreneurial thinking.

1. AUM as at 30 June 2023, Gresham House. Unaudited.

Signatory of:



As a signatory to the UN-supported Principles for Responsible Investment (PRI), our vision is to always make a positive social or environmental impact, while delivering on our commitments to shareholders, employees and investors.

Our team are empowered to design and implement alternative investment solutions in support of a more sustainable future, with ESG considerations at their core.

Management of the Baronsmead VCTs

The fund managers and core investment team have on average over 10 years' experience of working with the Baronsmead VCTs.

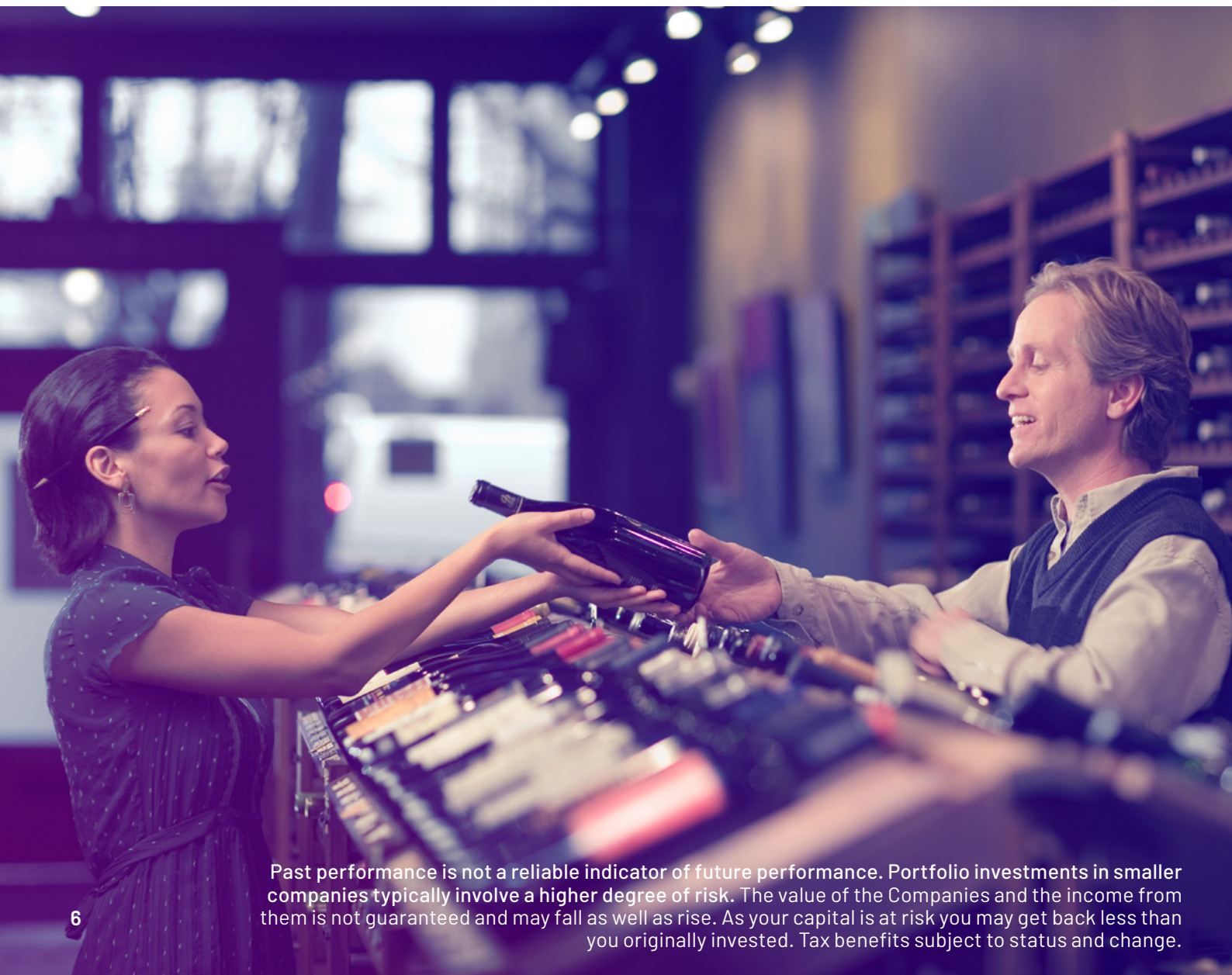
Over the past two years, Gresham House has made significant investment in new talent and technology that will support the continued delivery of robust long-term value for Baronsmead shareholders.

Investment strategy

The Baronsmead VCTs invest in growth companies that have the potential to rapidly grow and enhance their value.

The investment strategy is focused on sectors where the Manager has in-depth expertise and talent networks to support both the appraisal of new opportunities and to assist companies in delivering their post-investment growth plans.

Our investments into companies are typically made across multiple funding rounds. This allows the Manager to invest further capital, with increased conviction in the potential investment return, as the business grows, achieves agreed milestones, and matures over time.



Past performance is not a reliable indicator of future performance. Portfolio investments in smaller companies typically involve a higher degree of risk. The value of the Companies and the income from them is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested. Tax benefits subject to status and change.

Large and diversified portfolio

The portfolio within the Baronsmead VCTs is well diversified, with investments in 88+* direct quoted and unquoted companies.

The portfolio is constructed with the aim of delivering consistent performance and regular liquidity to support the payment of shareholder dividends.

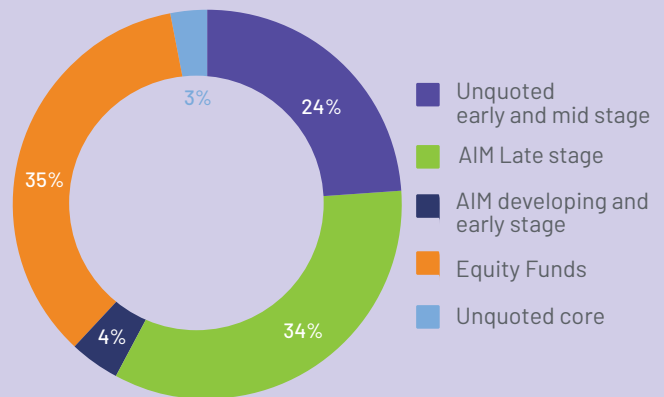
- Weighted towards technology, healthcare and business services companies in sectors with positive long-term growth drivers
- Quoted and unquoted portfolios have historically had complementary return profiles over time

Positioned for growth

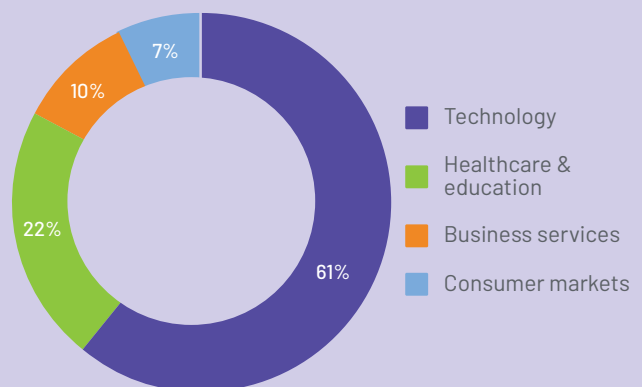
- More established ('mature') investments will be the primary driver of performance over the medium term
- Growing number of earlier stage investments, with the potential to continue to scale, and should increasingly contribute to the overall performance of the VCTs
- Investment in Gresham House Equity Funds provides additional diversification through exposure to larger, more established listed companies



Portfolio breakdown by asset type



Portfolio breakdown by sector (direct investments only)



*Baronsmead Venture Trust plc - 90 Baronsmead Second Venture Turts plc - 88.

Portfolio weightings as at 31 October 2023. Past performance is not a reliable indicator of future performance. Portfolio investments in smaller companies typically involve a higher degree of risk. The value of the Companies and the income from them is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested.

Investment objectives

The Baronsmead team has been backing growing businesses for over 27 years and has invested in over 300 unquoted and AIM-listed companies since launch.

Through these investments the team has built an extensive entrepreneurial network and sector expertise across consumer, technology, business services, healthcare and education.

Why choose Baronsmead?

- ✔ First launched in 1995, Baronsmead is a longstanding and respected brand, managing a combined NAV of c. £390mn
- ✔ Long-term track record of delivering robust investment returns and consistent dividends for shareholders
- ✔ Well-established portfolio of diversified unquoted and quoted investments
- ✔ Proven deal origination capability, driving a strong pipeline of new deal and follow-on investment opportunities

Where do our deals come from?

New deal opportunities are identified in several different ways.

The investment team has built strong relationships with corporate finance advisors, business owners, early-stage investors and angel networks who are all a source of potential deals.

The Baronsmead VCTs also benefit from the extensive experience, resources and wider network of Gresham House as their Investment Manager. This enables us to resource the Companies' investees financially and practically, offering insight and support as they professionalise and grow.



Businesses we invest in

As a result of significant VCT rule changes in November 2015 and the Finance Act of 2018, the Baronsmead VCTs now invest principally in small, early-stage, unquoted and AIM-traded companies.

Investment from the Baronsmead VCTs is used to support ongoing growth and is typically utilised to build sales and marketing capability, expansion internationally, developing technology, and strengthening corporate governance.

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Case studies²

airfinity

Airfinity

Airfinity is a science information data analytics platform that tracks, predicts and simulates population level disease outcomes in real time to inform decisions that can increase the global life span.

Deal type	Growth
Sector	Healthcare & education
Year of investment	2021
Amount invested	£6.9mn
Adopted valuation	£9.1mn

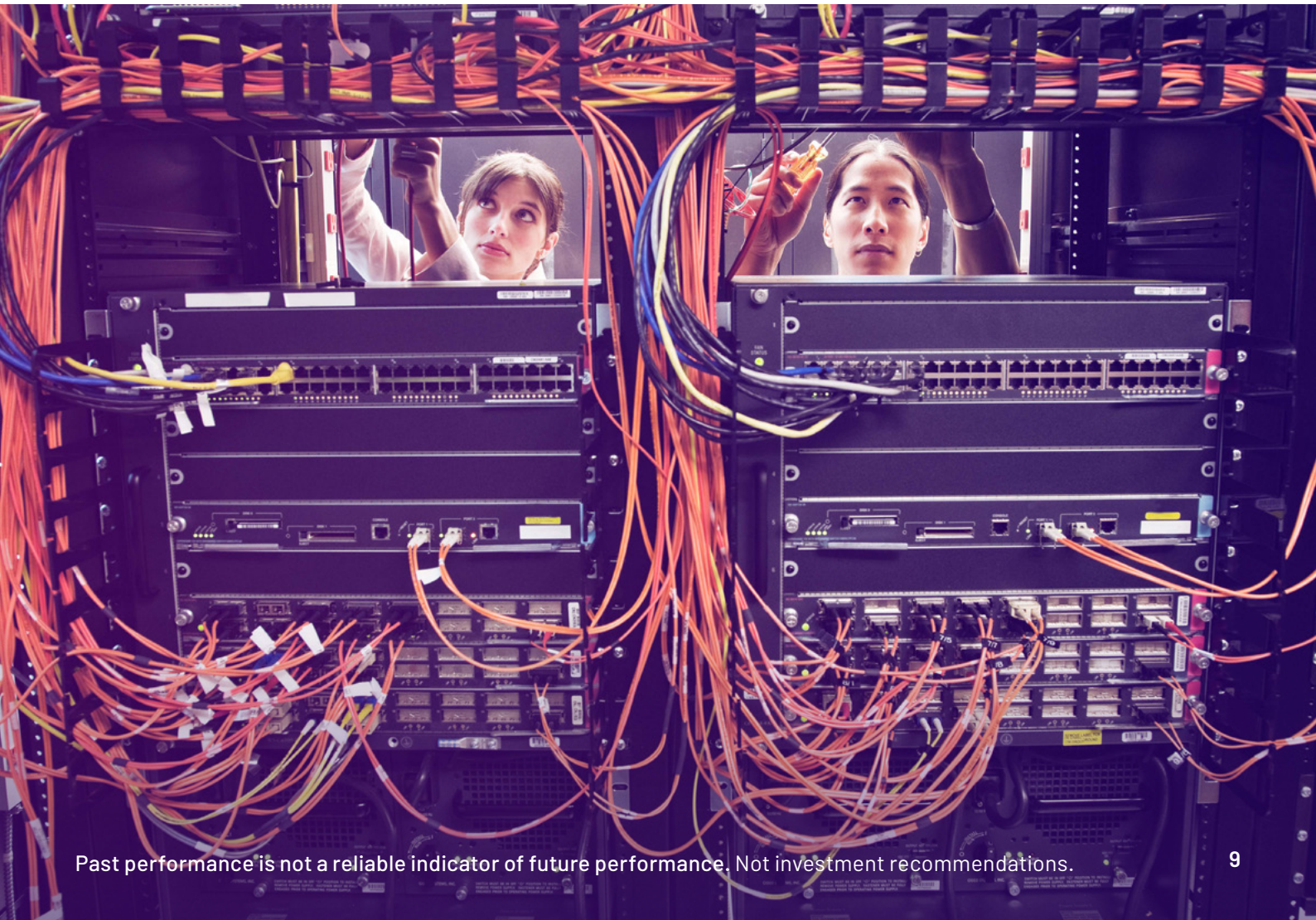
2. Figures in the case studies represent the aggregate investment by both Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc.



Connect Earth

Connect Earth helps businesses track their carbon emissions, and has built a highly scalable proprietary environmental database, that democratises access to spend-based CO2 estimates through API products.

Deal type	Growth
Sector	Business services
Year of investment	2023
Amount invested	£0.9mn
Adopted valuation	£0.9mn



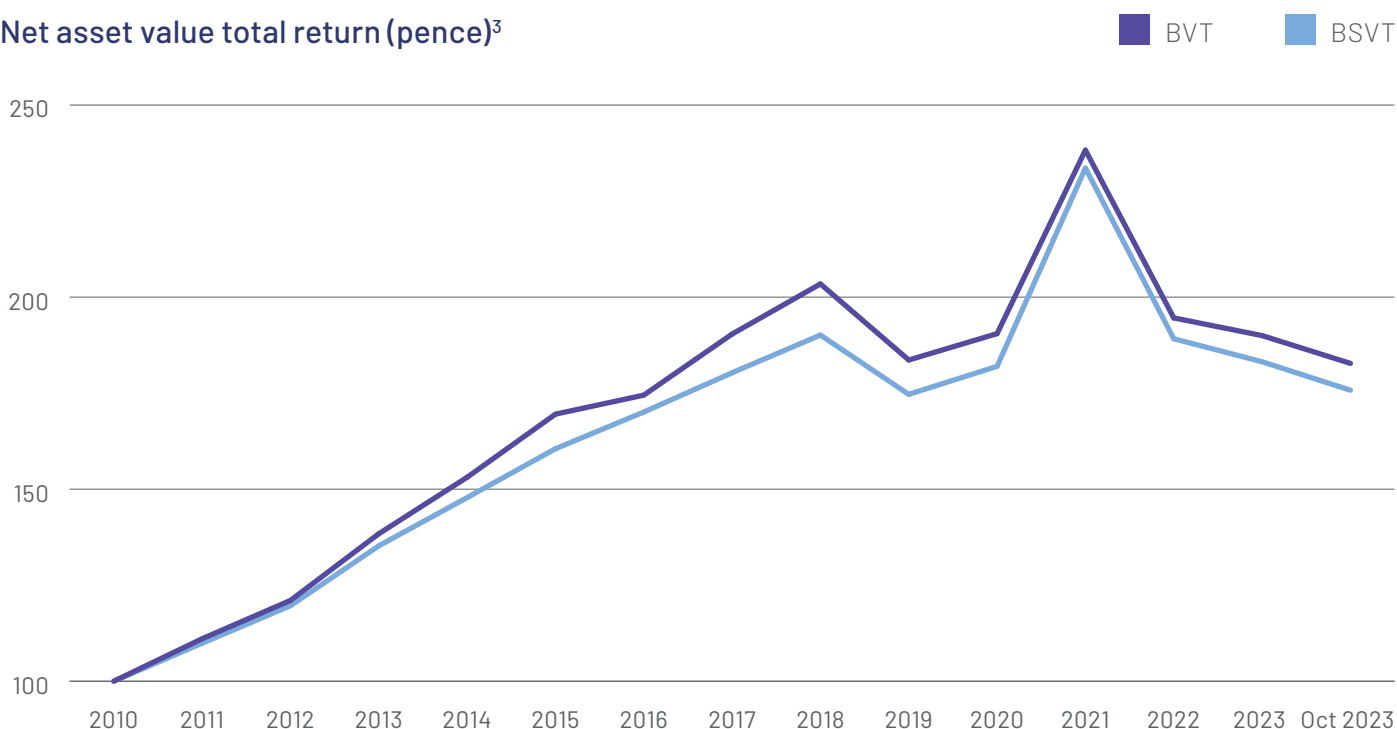
Consistent long-term performance

The Baronsmead VCTs have delivered consistent, robust long-term performance.

This is enabled through investment in companies operating in higher growth parts of the economy but also through the diversification in the portfolio.

The Baronsmead VCTs have regularly outperformed the VCT generalist sector in the last 10 years to September 2023.

Net asset value total return (pence)³



3. Net asset value total return (gross dividends reinvested) rebased to 100p.

Net asset value total return to 31 October 2023

	1 year	3 year	5 year	10 year	Since launch*
Baronsmead Venture Trust plc	(7.6%)	(4.6%)	(6.0%)	28.6%	280.6%
Baronsmead Second Venture Trust plc	(8.8%)	(4.2%)	(3.0%)	27.1%	205.6%

All data above to 31 October 2023, Gresham House and Financial Express. Unaudited. Does not include follow-on investments. **Past performance is not a reliable indicator of future performance.** The value of the Companies and the income from them is not guaranteed and may fall as well as rise. As your capital is at risk you may get back less than you originally invested.

Dividend track record⁴

The Baronsmead VCTs have a track record of consistently paying dividends to shareholders.

Each board is responsible for its own dividend policy and these are subject to review and changes over time. The Boards will use as a guide a yield of 7% per annum, based on opening NAV per share at the start of the financial year, as a target for setting dividends. Dividends are typically paid twice each year.

Baronsmead Venture Trust plc

8.2p

Average dividend paid and declared in the last 10 years⁵

7.3%

Dividend yield⁶

4. All data as at 30 September 2023, Gresham House. Unaudited.

5. Average dividend paid and declared in the last 10 years to 31 October 2023.

6. 2022 dividend yield based on 2022 dividends declared over opening NAV per share.

Baronsmead Second Venture Trust plc

8.7p

Average dividend paid and declared in the last 10 years⁴

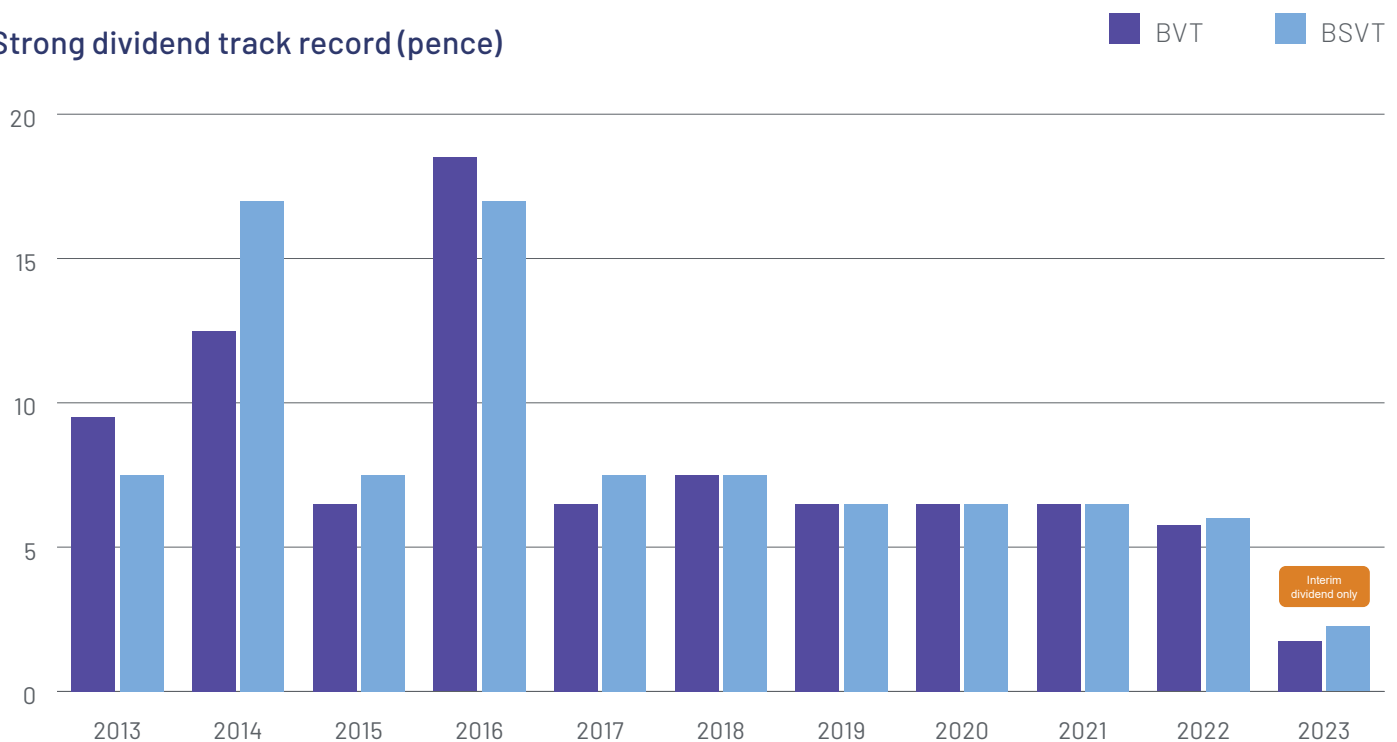
7.1%

Dividend yield⁵

Dividend sustainability

- Strong track record of successfully selling investments through the cycle
- These companies are generally more mature, profitable and cash generative businesses
- c.50% of the portfolio remains invested under the old VCT rules
- Ability to top-slice shareholdings in AIM portfolio to generate short-term liquidity
- Clear evidence of value creation in the early-stage portfolio, which will increasingly contribute to the future performance of the VCTs

Strong dividend track record (pence)



Past performance is not a reliable indicator of future performance.

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Sustainable investing and ESG

The Investment Manager is committed to sustainable investment as an integral part of its business strategy.

Environmental, social and governance (ESG) analysis is embedded into the Companies' investment processes by the Investment Manager in order to build and protect long-term value for investors.

A framework based on ten key ESG themes is used to structure, analyse, monitor and report on ESG risks and opportunities across the lifecycle of investments.

The table below shows the ten themes and the most important ESG factors the Investment Manager will use to assess an investment.

Environmental			
Climate change and pollution	Natural capital	Waste management	
Optimal contribution to low carbon energy generation in the UK	Visual impact and biodiversity management	Waste reduction and sustainable management of waste in construction, operation and decommissioning	
Social			
Employment, health, safety and wellbeing	Marketplace responsibility	Supply chain sustainability	Community care and engagement
First class H&S system; site safety policy	Maximum uptime and minimal local disruption	Robust policy relating to materials impact, quality and ethics	Good practice consultation; local investment strategy
Governance			
Governance and ethics	Risk and compliance	Commitment to sustainability	
Governance good practice; strong business ethics management and culture	Robust risk and compliance management	Continuing enhancement of the portfolio and its impacts	

ESG approach

- ESG assessment tool is embedded across the investment lifecycle from initial appraisal to ongoing portfolio management
- Carrying out portfolio company ESG surveys to set benchmarks, measure improvements and develop best practice
- Development of template ESG policies to provide to portfolio companies to help acceleration of approach to ESG and sustainability
- Stewardship & Proxy Voting policies established, implemented and publicly stated
- Enhanced ESG reporting in Baronsmead Annual Report and Accounts



Investments in 2023⁷

January



£1.0mn

Quoted - follow-on investment

Oberon Investments Group plc offers wealth advisory services for individuals and businesses.

April

airfinity

£1.3mn

Unquoted - follow-on investment

Airfinity Limited provides real-time life science intelligence as a subscription based service.

May

dayrize

£1.5mn

Unquoted - new investment

Dayrize B.V offers a rapid product-level sustainability impact assessment software tool for retailers and CPG companies.

March

patchworks **£4.0mn**

Unquoted - follow-on investment

Patchworks Integrations Limited provides a platform for connecting business applications.

Connect Earth **£0.9mn**

Unquoted - new investment

Connect Earth Limited allows businesses to track their carbon emissions.

cognassist **£1.8mn**

Unquoted - new investment

Cognassist UK Limited provides a platform to support those with learning needs.

June

Panthera **£0.9mn**

Accelerating Clinical Breakthrough

Unquoted - follow-on investment

Panthera Biopartners Ltd provides recruitment services for clinical trials.

7. Figures represent the aggregate investment by both Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc.

Case studies for illustrative purposes only and not investment recommendations.

July



£1.3mn

Unquoted - new investment

Mable Therapy Ltd is a digital health platform which provides speech therapy and counselling for children and young adults.

September



£1.3mn

Unquoted - follow-on investment

Travellocal is an online travel agent specialising in tailor-made holidays.



£0.3mn

Quoted - follow-on investment

Oberon Investments Group plc offers a wealth advisory service for individuals and businesses.

Figures represent the aggregate investment by both Baronsmead Venture Trust plc and Baronsmead Second Venture Trust plc.

Case studies for illustrative purposes only and not investment recommendations.

August



£1.3mn

Unquoted - new investment

Branchspace Ltd is a specialist digital retailing consultancy and software provider to the aviation and travel industry.



£1.9mn

Quoted - new investment

Tan Delta Systems plc is a supplier of real-time oil condition monitoring sensors .



£0.5mn

Unquoted - follow-on investment

Orri offers in-person and virtual eating disorder (ED) services.



£2.0mn

Quoted - follow-on investment

Crossword Cybersecurity plc is a commercialisation of university research-based cyber security software and consulting.

October



£1.6mn

Quoted - follow-on investment

Eden Research is a developer of biological fungicides and bio equivalents .

Our VCT investment team

Our core team have over 100 years' experience between them and are supported by a broad range of investment specialists in public and private equity.



Clive Austin
Managing Director, VCT Portfolio

Clive sits on the Investment Committee and has responsibility for the portfolio valuations processes. Clive has worked in the private equity industry since 1995 and has acted as NED and Chairman of a wide range of businesses. His previous experience includes as a Director at 3i, Catapult Venture Managers and NVM Private Equity.



Ken Wotton
Managing Director, Public Equity

Ken manages AIM-listed portfolios on behalf of the Baronsmead VCTs. Ken qualified as a Chartered Accountant with KPMG, before joining Commerzbank as an equity research analyst and then Evolution Securities. He has since spent 12 years as a small cap Fund Manager with Livingbridge and now Gresham House.



Tania Hayes
COO, Strategic Equity

Tania has worked on the Baronsmead VCTs for over 13 years, qualifying as a Chartered Management Accountant in 2012 whilst at Livingbridge. Prior to this, Tania worked at a Chartered Accountancy practice in New Zealand for eight years where she began her accountancy training.



Trevor Hope
Managing Director, Private Equity

Trevor leads Gresham House's growth capital investment strategy. For over 20 years, Trevor has invested capital into UK businesses across a wide range of sectors. Before joining Gresham House, he led growth investments at Mobeus Equity Partners and was Chief Investment Officer at Beringea, manager of the ProVen VCTs.



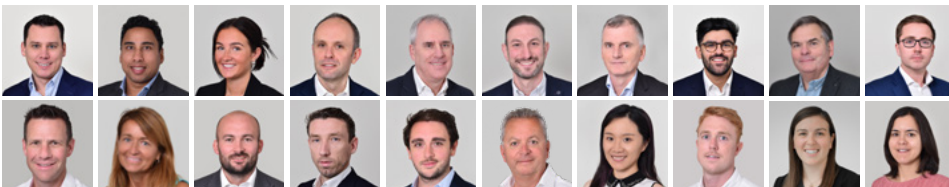
Ed Wass
Portfolio Partner

Ed has 20 years' experience helping SMEs to create and realise shareholder value. He has overseen several notable exits in his time working on the Mobeus VCTs, including Automated Systems Group, Access-IS and Auction Technology Group. He also led the successful IPO of Virgin Wines in 2021.



Thomas Makey
Investment Director

Thomas spends his time meeting and investing into fast growing, early-stage private companies. He began his career at KPMG, focused on private equity transactions, where he completed his Chartered Accountancy training. He then moved to Livingbridge VC in 2015, before joining Gresham House in 2018 as part of our acquisition.



20+ team of experienced investment professionals



The Offers

Joint Offers for Subscription of £30mn, with an overallotment facility of £20mn. The minimum investment per Company is £5,000. You can choose to invest in either or both VCTs.

Expected allotment timetable

Payment method	Subscriptions to be received by 12 noon for cheque and 9am for bank transfer by the dates below		Anticipated date of allotment
	By cheque	By bank transfer	
First allotment	4 January 2024	8 January 2024	11 January 2024
Second allotment	8 February 2024	12 February 2024	15 February 2024
Third allotment	21 March 2024	25 March 2024	28 March 2024

To be eligible for the 'Early-bird' discount (details below), completed Application Forms and funds in relation to the Application must have cleared by before 9am on 8 January 2024.

Offer close date

The Offers will close for applications in respect of the 2023/24 tax year on 21 March 2024 for Applications via cheque and 9am on 25 March 2024 for Applications via bank transfer. The Directors reserve the right to allow the Offers to remain open for at least part of the 2024/25 tax year, but not beyond 22 November 2024, with a single allotment expected to take place on or around 2 May 2024.

Early-bird discount

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

Offer fees and ongoing charges

Shareholder status	Investment channel					
	Advised		Direct		Execution only	
	Existing	New	Existing	New	Existing	New
Headline Offer costs	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Waived Initial Commission ⁸	-	-	-	-	1.50%	1.50%
Investment Manager discount to headline Offer costs	1.50%	1.50%	1.00%	1.00%	-	-
Early bird discount	0.75%	0.50%	0.75%	0.50%	0.75%	0.50%
Ultimate Offer costs borne by Applicant	2.25%	2.50%	2.75%	3.00%	2.25%	2.50%

For more information including an illustration of the allotment formula please see page 8 of the [Baronsmead VCTs Prospectus](#).

8. Assuming advisers waive commissions to the full extent permitted.

Advised Applications

Financial advisers who provide investment advice to retail clients (who are not Professional Clients as defined in COBS 3.5) in relation to a Application are not entitled to receive commission. However, the relevant Company is able to facilitate the payment of an adviser fee on behalf of the Applicant.

Applications through an execution-only broker

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

Ongoing charges

	Baronsmead Venture Trust plc	Baronsmead Second Venture Trust plc
Annual management charge	2.0% of NAV calculated and paid quarterly	2.5% of NAV calculated and paid quarterly ⁹
Performance fee	10.0% of total return excess of hurdle threshold. Annual threshold is when the total return on shareholders' funds exceeds an annual threshold of the higher of 4.0% or base rate plus 2.0% calculated on a compound basis	10.0% of total return excess of hurdle threshold. Annual threshold is when the total return on shareholders' funds exceeds an annual threshold of 8.0% calculated on a simple basis
Performance fee last paid	2021	2006
Ongoing charges from 30 September 2022 annual accounts ¹⁰	2.2%	2.7%
Expenses cap	3.5% of net assets	3.5% of net assets

9. The Investment Manager will receive an aggregate fee of 2.5 per cent per annum of the net assets of BSVT up to and including £209,658,860 (being the total net assets of BSVT as at 30 September 2023) and 2.0 per cent. per annum of the amount by which the net assets of BSVT exceed £209,658,860.

10. Excluding performance fees paid.

How to invest

If you have a financial adviser, they can help you to complete your Application Form online by using the Application Form at www.baronsmeadvcts.co.uk. If your adviser has any questions, they can call City Partnership on 01484 240 910 or email baronsmeadvcts@city.uk.com

Apply online at www.baronsmeadvctoffer.co.uk

Email - Applications can be made via email by completing the form found at www.baronsmeadvcts.co.uk and sending it to baronsmeadvcts@city.uk.com

Post - Download an Application Form from our website www.baronsmeadvcts.co.uk or phone 020 7382 0999 to request one

Forms should be sent to:

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

Details on how to complete the form can be found in the notes on how to complete the Application Form on the Baronsmead website www.baronsmeadvcts.co.uk

If you have questions about the offer or completing your Application Form please contact:

City Partnership on 01484 240 910 or baronsmeadvcts@city.uk.com

Baronsmead Investor Relations on 020 7382 0999 or baronsmeadvcts@greshamhouse.com

Get in touch

If you have any questions or wish to register for further details about future Prospectus Offers please get in touch.

Private investors

Baronsmead Investor Relations
baronsmeadvcts@greshamhouse.com
020 7382 0999

Financial intermediaries

RAM Capital
taxsolutions@ramcapital.co.uk
020 3006 7530

What happens next

How will I know if my Application has been successful?

Within two business days of the Receiving Agent receiving your completed Application Form you will receive an email from baronsmeadra@city.uk.com. This email will confirm if your Application has been successful. To avoid the confirmation email being delivered to your spam or junk folder, please add the email address above to your 'safe senders' list.

When will I receive my New Shares?

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

- 11 January 2024 in relation to the First Allotment
- 15 February 2024 in relation to the Second Allotment
- 28 March 2024 in relation to the Third Allotment

When will I get my share and income tax certificates?

The Receiving Agent will send your income tax certificates to you by email within three business days of your New Shares being allotted. Where an email address has not been provided, a hard copy will be posted with your share certificate within ten business days of your New Shares being allotted.

When will adviser fees be paid?

Adviser fees will be paid by the Receiving Agent within five business days of your New Shares being allotted.

When are dividends paid by the Companies?

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

Risks

Key risks specific to the issuer

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

Any change of governmental, economic, fiscal, monetary or political policy, in particular any changes to taxation, tax reliefs and changes to the VCT rules, could materially affect, directly or indirectly, the operation and/or the performance of the Companies (and the portfolio companies in which they invest).

Economic and global political uncertainty may adversely affect the performance of companies in which the Companies have invested or may invest (including short-term reductions in valuation) which in turn may adversely affect the performance of the Companies and the returns to investors.

While it is the intention of the BVT Directors and BSVT Directors that the respective Companies will be managed so as to continue to qualify as VCTs, there can be no guarantee that the Companies will maintain VCT status. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained.

In order to comply with VCT legislation, the Companies invest in unquoted and AIM-traded companies, which by nature may involve a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange (the "Main Market").

The Companies' investments may be difficult to realise. The fact that a share is traded on the alternative investment market of the London Stock Exchange ("AIM") does not guarantee its liquidity. The valuation of the Companies' portfolios and opportunities for realisation of the investments will vary with stock market conditions.

Key risks specific to the securities

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

There is a limited secondary market for shares in VCTs (primarily because initial VCT income tax relief is only available to individuals who subscribe for newly issued shares rather than upon the purchase of existing issued shares) and investors may find it difficult to realise their investments.

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

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RAM Capital

18 Soho Square, London, W1D 3QL

☎ (0) 20 3006 7530

✉ taxsolutions@ramcapital.co.uk

www.ramcapital.co.uk



Gresham House

80 Cheapside, London, EC2V 6EE

☎ (0) 20 7382 0999

✉ info@greshamhouse.com

www.greshamhouse.com



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