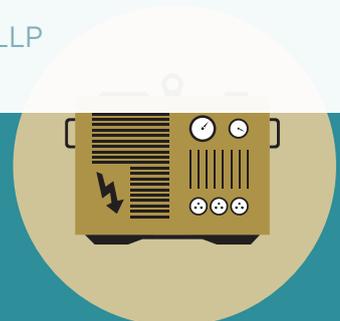
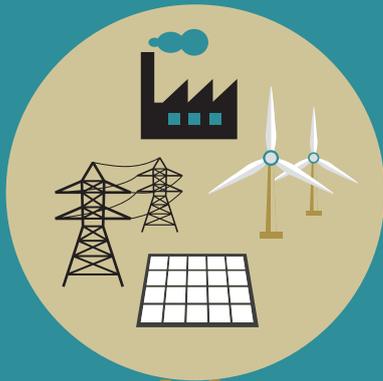


## **FORESIGHT SOLAR & INFRASTRUCTURE VCT D SHARE ISSUE**

Targeting income from energy and  
infrastructure projects.

New £20m VCT Share Offer with  
Planned Exit Option.

Sponsored by BDO LLP



**SECURITIES NOTE WITH  
APPLICATION FORM**

1 FEBRUARY 2016

# Important notice

**This document constitutes a securities note (the “Securities Note”) dated 1 February 2016 issued by Foresight Solar & Infrastructure VCT plc (the “Company”), prepared in accordance with the prospectus rules made under Section 84 of the Financial Services and Markets Act 2000 (“FSMA”) and has been approved by the Financial Conduct Authority (“FCA”) in accordance with FSMA. Additional information relating to the Company is contained in a registration document (the “Registration Document”) issued by the Company of even date herewith. A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the D ordinary shares of 1p each in the capital of the Company (the “D Shares”) which are being offered for subscription (the “D Share Offer”) is contained in a summary issued by the Company of even date herewith (the “Summary”). The Summary, Securities Note and the Registration Document together comprise a prospectus (the “Prospectus”) which has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full.**

The Company and the Directors (whose names are set out on page 20) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the UK Listing Authority for the D Shares offered for subscription pursuant to this Prospectus to be admitted to the Official List of the UK Listing Authority. Application will also be made to the London Stock Exchange for such D Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the D Shares will commence three Business Days following allotment.

**Offer for Subscription to raise in aggregate up to £20,000,000 by issues of D Shares of 1p each by the Company.**

In connection with the Offer, BDO LLP (“BDO”) is acting as sponsor for the Company and for no-one else and will not be responsible (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) to anyone other than the Company for providing the protections afforded to customers of BDO nor for providing advice in relation to the Offer. BDO is authorised and regulated in the United Kingdom by the FCA.

In connection with the Offer, Foresight Group LLP (the “Promoter”) and Foresight Group CI Limited (“Foresight”), the promoter of the Offer and investment manager of the Company respectively, are acting for the Company and no-one else and will not be responsible (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) to anyone other than the Company for providing the protections afforded to customers of Foresight nor for providing advice in relation to the Offer. Foresight Group LLP is authorised and regulated in the United Kingdom by the FCA and Foresight Group CI Limited is licensed by the Guernsey Financial Services Commission.

Copies of this document, the Registration Document and the Summary are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of Foresight at The Shard, 32 London Bridge Street, London SE1 9SG; from the Foresight website at [www.foresightgroup.eu](http://www.foresightgroup.eu) and from the offices of BDO at Two Snowhill, Birmingham B4 6GA. Additionally, this Securities Note and the Circular will be delivered by post to Shareholders.

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document together with an Application Form. Completed Application Forms must be posted or delivered by hand to the Receiving Agent, The City

Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF. The Offer opens on 1 February 2016 and will close on 31 August 2016 or earlier or later at the absolute discretion of the Directors. The Directors may in their absolute discretion decide to extend or increase the Offer (such increase being subject to the issue of a supplementary prospectus).

**Your attention is drawn to the risk factors on pages 4-5.**

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# Risk Factors

Although the tax benefits available to investors in D Shares are significant, there are a number of risks which investors should consider carefully in addition to the other information presented in the Prospectus as a whole. The risks related to the Company, as opposed specifically to the D Shares, are set out in the Registration Document.

If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or investors in the D Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of D Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in doubt should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks:

- The value of the D Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the D Shares will fully reflect their underlying net asset value or that D Shareholders will be able to realise their shareholding or that dividends will be paid. Investment in the Company should be seen as a long-term investment.
- The past performance of other funds managed by Foresight is not necessarily an indication of the future performance of the D Share fund.
- The net asset value of the D Shares and the return received by investors will be dependent on the values and performance of the underlying investments in the D Share fund portfolio. The value of the investments and income derived from them can rise and fall.

- The Investee Companies will be small, unquoted companies. Realisation of investments in unquoted companies can be difficult and may take considerable time. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies by its nature is illiquid and uncertain and consequently involves a higher degree of risk than a portfolio of quoted shares.
- The UK government has announced an intention to prohibit VCTs from making qualifying investments into companies which carry on the business of energy generation where these investments are made on after 6 April 2016. Such a prohibition would restrict the Company from making qualifying investments into energy generation companies after this date as envisaged by the Company's investment policy so to the extent funds raised by the Offer are not invested by that date, the Company's potential uses of those funds may be restricted.
- Recent changes to the VCT Rules restrict the investments which can be made by VCTs and the use of the invested funds by Investee Companies. To be a qualifying VCT holding, investee companies must employ monies received from VCT for the purposes of promoting growth and development. As the Company's potential new investments are restricted under the new VCT rules to those companies which grow and develop their own business, the risk profile of these companies will be higher than those which purchase operating or installed assets or pre-existing trades. Investee Companies will typically take construction and/or roll out risk.
- The prohibition on employing VCT money on the purchase of shares was also extended to include business acquisitions structured as purchases of a trade or goodwill. This will result in increased focus on earlier stage projects with higher development risk profiles. A breach of the 'no business acquisition' prohibition can result in loss of VCT status with attendant adverse tax consequences for Shareholders including the claw back of VCT income tax relief already received.
- There is also a lifetime limit on the amount of risk-financed investment a single company can receive of £12 million. These changes will restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow on investments in certain portfolio companies. The Company is likely to face greater competition for a smaller number of available investments going forward as a result of these legislative changes.
- The new VCT regulations contain ambiguities on which HMRC have yet to publish guidance and there can be no guarantee that investments can be made in accordance with the investment policy which will fully comply with these new rules. In the event of a material change in the interpretation of these regulations, the Company may need to seek Shareholders' approval for further changes to its investment policy or to return capital to investors. Whilst either outcome is considered unlikely, on the basis of advance assurances already obtained from HMRC, if it were necessary to change the investment policy or return capital this may result in a reduction in hoped-for investment returns to Shareholders.
- Investee Companies will be exposed to third party credit risk in several instances, including without limitation, to energy suppliers, equipment manufacturers, Meter Asset Providers (MAPs), Meter Operators (MOPs) and Power Purchase Agreement (PPA) counterparties. In the event that such credit risk crystallises, whether due to insolvency or otherwise, the Investee Companies will seek to transfer services to another provider which may incur additional financial costs and delays potentially having an adverse impact on the investment returns. The performance

of the D Share Fund is dependent on Foresight's ability to identify suitable suppliers to assist in the procurement, installation and maintenance of infrastructure assets. The income from each Investee Company will depend on the revenues generated by that Investee Company which will include contracted and uncontracted revenue streams. It is possible that uncontracted revenues may be below forecast or in the worst case, not available in the future due to regulatory change or otherwise which may have an adverse impact on the investment returns.

- Investee Companies are expected to benefit from warranties given by manufacturers of equipment however these will be subject to limitation periods and certain exclusions. In addition, manufacturers may be unable to meet their warranty obligations in respect of components, in whole or in part, due to production, economic or financial difficulties or other reasons. Such circumstances could cause the Investee Companies to experience increased costs that could have an adverse impact on returns. Foresight will seek to mitigate this risk by seeking to invest in companies that use market leading suppliers where this risk is considered to be lower.
- The level of returns from investments may be less than expected if there is delay in the investment programme, such that all or part of the net proceeds of the Offer are held in cash or near cash investments for longer than expected, or if the returns obtained on investments are less than planned, or if investments cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.
- Although it is anticipated that the D Shares will be admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is likely that there will

not be a liquid market as there is a limited secondary market for VCT shares, due in part to the holding period required to maintain up-front income tax reliefs, and investors may find it difficult to realise their investments.

- If the Company lacks sufficient cash reserves to support the Zero Discount Buyback Policy whilst this is in operation and during Prohibited Periods when the Company is unable to purchase its own shares the market price of the D Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may be exacerbated by the availability of income tax relief on the issue of new VCT shares.
- Whilst it is the Company's intention to pay regular dividends this cannot be guaranteed and there can be no certainty as to the amount or timing of Distributions. If any of the Company's investments fail to yield the returns expected, there could be a shortfall or delay in Distributions. In addition, if there is a change in VCT legislation or the interpretation of existing VCT legislation, such that the payment of Distributions would have an adverse effect on the Company's VCT status, then such Distributions may not be made.
- Interest income received by the Company and attributable to the D Shares can only be sheltered from corporation tax to the extent that the total interest income received by the Company does not exceed total revenue expenditure available for offset in the calculation of its tax liabilities. If total interest income exceeds total revenue expenditure the Company will be liable to pay corporation tax.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes

could be retrospective.

- If an investor who subscribes for D Shares disposes of those D Shares within five years, the investor is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Where more than one of the Foresight Funds wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment where the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as portfolio diversity and the requirement to achieve or maintain a minimum of 70% of the Company's portfolio in Qualifying Companies. This may mean that the D Share Fund may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.
- The Offer is conditional on the passing of the Resolutions to be proposed at the General Meeting and on the receipt of applications for D Shares for a minimum of £3 million.
- The Finance Act 2014 amends the VCT rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

# Expected timetable, statistics and costs

INDICATIVE OFFER TIMETABLE	
Offer opens	1 February 2016
Closing date for 2015/16 tax year, subject to the Minimum Gross Proceeds being received	4 April 2016
Closing date for 2016/17 tax year, subject to the Minimum Gross Proceeds being received	31 August 2016
Allotments	Monthly (once first £3 million raised)
Effective date for listing of the Offer Shares and commencement of dealings	Three Business Days following allotment
Share certificates to be dispatched	Within ten Business Days of allotment

The minimum subscription level for the Offer to become unconditional is £3 million (before expenses) and no D Shares will be allotted until this minimum subscription level is reached. The Directors reserve the right to extend the closing date of the Offer (such that any extension is no more than 12 months from the date of the Prospectus) or increase the size of the Offer (such increase being subject to the issue of a supplementary prospectus) at their discretion. The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion.

OFFER STATISTICS	
Initial NAV per Offer D Share	100p
Maximum number of D Shares in issue following the Offer*	approximately 20 million
Minimum number of D Shares in issue following the Offer	approximately 3 million
Estimated net proceeds of the Offer, after issue costs, at full subscription**	£18.9 million

\* unless increased at the Directors' discretion, this number is approximate due to the operation of the Pricing Formula.

\*\* (based on an aggregate amount subscribed for D Shares of £20 million less approximate expenses of the Offer of 5.5%, assuming subscriptions are exclusively made by direct investors, Execution-Only Investors and Professional Client Investors).

**EARLY BIRD DETAILS:** Investors whose application forms are received before 18 March 2016 will pay a 1% lower subscription price through the application of the Pricing Formula on page 15.

**LOYALTY BONUS:** In addition, existing investors in Foresight-managed VCTs will enjoy a loyalty bonus through a 0.5% reduced subscription price through the application of the Pricing Formula on page 15.

## COSTS AND COMMISSIONS RELATING TO THE OFFER

### Retail Client Investors (advised)

Promoter's Fee***	up to 2.5%
Initial Adviser Charge Such charges as are agreed between each investor and his/her financial adviser expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted. The payment of these charges can be facilitated by the Company via the Application Form.	Variable
Ongoing Adviser Charges Ongoing adviser charges will not be facilitated by the Company	N/A

### Professional Client Investors (advised) and Execution-Only Investors

Promoter's Fee***	up to 2.5%
Initial commission to Intermediaries expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted.	3%
Annual commission to intermediaries (subject to a maximum cumulative payment of 3%) expressed as a percentage of the Net Asset Value per D Share but <b>not</b> included in the Pricing Formula (payable by the Company)	0.5%

### Direct Investors

Promoter's Fee***	up to 5.5%
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\*\*\*The Promoter's Fee may be reduced at the sole discretion of the Promoter.

# Letter from the Chairman of Foresight Solar & Infrastructure VCT PLC

1 February 2016

Dear Investor

The response to the launch of the Foresight Solar VCT plc in 2010 surpassed the Company's expectations and was further bolstered by the successful "C" Share Fund in 2013, giving thousands of investors access to solar power investment opportunities, with the tax benefits of a VCT investment.

The Board has now taken the decision to launch a new "D" Share Fund in order to invest in complementary asset classes within the energy and infrastructure sectors including smart data, international solar and wider infrastructure offering a similar risk profile. In light of the Company's intention to expand its remit beyond pure solar investment, the Board recently resolved to change the name of the Company to Foresight Solar & Infrastructure VCT plc.

Foresight's extensive experience in the UK infrastructure sector, having deployed more than £1 billion in infrastructure assets since 2010 and with 660MW of electricity generation capacity under operational management, means the Company is perfectly placed, utilising the experience of its manager, to capitalise on the evolution of the energy and infrastructure markets.

The purpose of the D Share Offer is to provide individuals with an opportunity to invest in companies that develop, build, own or operate infrastructure assets that generate a regular and sustainable income. This will include investments into Smart Data companies which generate and sell energy usage data from the smart metering units they own and solar companies which will build and own (rooftop or ground mounted) photovoltaic plants internationally.

Foresight and the Board believe these sectors are set for rapid growth over the next five years.

During the first three years, the investment policy will allow investment into quoted yielding infrastructure companies in order to optimise returns whilst unquoted qualifying opportunities are being identified. Together with income generated by the unquoted investments, the Board is targeting a three pence dividend payment in year 2 escalating to five pence per annum from year 3 onwards. It is also the Board's intention to offer liquidity to investors between the fifth and sixth anniversary of the closing date of the "D" share Offer, targeting a total return (including dividends paid) of between £1.10 and £1.15 at that time

on each £1.00 invested. In addition, Foresight will use its contacts and experience in infrastructure investing to consider wider infrastructure opportunities which offer a combination of stable and predictable cashflows, low correlation to economic, business and market cycles and relatively low default rates.

Venture Capital Trusts are one of a very small number of tax-efficient investment schemes officially sanctioned by HM Revenue and Customs. Subject to your personal circumstances, you should be able to reclaim 30% of your initial investment for the new D Shares against your tax bill and any dividends you receive on these shares and capital gains when you dispose of them will be free of tax, subject to holding them for five years. The benefits of VCT investment are available on subscriptions of up to £200,000 per individual in any one tax year. Further details of the tax benefits are described on page 27.

If you would like to invest, please read the Prospectus in full and then complete the application form, which you will find at the end of this document. If you have any questions regarding this investment, please contact your financial adviser or call Foresight on 020 3667 8199. Please note that neither the Company nor Foresight is able to give investment advice. Please also read the risk factors set out on pages 4-5 of this document.

I hope that this Offer will appeal to a wide range of investors, including existing Shareholders in the Company and investors who are coming to VCTs for the first time.

I look forward to welcoming you as a Shareholder.

Yours sincerely  
**David Hurst-Brown**

Chairman  
Foresight Solar & Infrastructure VCT plc

# Key Features

## INTRODUCTION

Since Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc) was launched in 2010, raising in excess of £38 million from private investors, its investment strategy - to invest in ground based solar power plants supported by the Government's then Feed-in Tariff subsidy scheme - has delivered a steady stream of increasing dividends to investors.

The subsequent "C" Shares offer in 2013 which raised an additional £13 million targeting investments in solar power plants supported by the Government's Renewable Obligation Scheme has also produced a steady dividend stream.

Foresight has experience in broader infrastructure projects, including international solar power generation in both the US and southern Europe, providing energy efficiency solutions for industrial and leisure companies at more than 45 locations across the UK, creating an innovative financing solution supporting the roll out of smart data equipment building a portfolio of more than 42,000 smart meters and investing in reserve power generation facilities in the UK. Foresight Solar & Infrastructure VCT "D" Share offer is well placed to take advantage of that expertise to continue the theme of income with the potential for capital growth.

## INVESTMENT OPPORTUNITY

The "D" Shares offer provides investors with the opportunity to invest in a portfolio of projects that support the evolution of infrastructure markets with the benefits of tax reliefs under the VCT scheme.

The typical characteristics of the investments within the portfolio will include:

- Long-term contracts with Governmental or blue-chip counterparties
- Protection from competition, because of natural monopolies
- Predictable or fixed income streams over 10-30 year contract durations
- Barriers to entry because of high capital costs

The Board believes that infrastructure type investments will provide investors with a more predictable return profile than that of a typical generalist VCT.

Over the coming pages we provide some specific examples of the types of investments that the Company is likely to make in the form of International Solar Development and Smart Data Equipment.

## NON-QUALIFYING ASSETS

The Board intends to invest a significant proportion of the non-qualifying assets, and funds awaiting final qualifying investment, of the D Share class into quoted yielding infrastructure companies such as the Foresight Solar Fund

Limited and other such companies. These companies are typically yielding 5-6.5% per annum and share the same kind of investment mandate as the D Share class. This will enable the D Share Fund to generate returns whilst unquoted qualifying opportunities are being identified. The Board sees this as an attractive feature of the D Share class. Whilst maintaining a consistent investment policy with both the qualifying and non-qualifying assets the Company will be able to reduce the cash drag that can afflict other VCTs as a result of low interest rates and depressed returns in other fixed income asset classes.

It should be noted, however, that due to changes in VCT rules, solar electricity generation will be considered a qualifying asset class only until 5 April 2016. Therefore, whilst the Company initially intends to invest the majority of capital raised by the Offer into non-qualifying companies that should benefit from the reduced cash drag associated with investments in quoted yielding infrastructure companies, a minority (less than 50%) of funds raised by the D Share Offer will need to be invested immediately into qualifying unquoted solar companies which may be subject to the effects of cash drag.

## RETURN PROFILE - TARGETING A 5P TAX FREE DIVIDEND

The Company will seek to pay a dividend of 3p in year 2, escalating to 5p per annum from year 3 onwards with the payment of the first interim dividend targeted for Q4 2017. The tax benefits of VCTs mean this dividend will be paid tax free, irrespective of the investor's marginal rate of income tax. The gross equivalent level of income of a 5p annual dividend for a 40% tax payer is 8.33%.

Due to the more predictable (than a typical VCT) nature of the underlying investments the Board is confident that this level of annual dividend will be sustainable and the intention is that the Company will support this level of dividend for the long term whilst maintaining capital value.

## LIQUIDITY - AN EVERGREEN VCT WITH A LIMITED LIFE OPTION

The D Share class is an 'evergreen' share class - i.e. it does not have a fixed life. As detailed above the aim of the fund is to support a dividend of 5p per annum in the long term.

However, The Board will seek to offer those investors who wish to exit an opportunity to do so in the sixth year at the Net Asset Value (NAV) of the Company at that time thus presenting those investors who require it with a 'Limited Life' option.

## SPREAD OF RISK

The Company intends to invest in a minimum of five projects with the funds raised by the Offer pursuant to the Company's investment policy. It is expected these projects would comprise different sectors of the infrastructure market, however this may not always be the case.

## NEW VCT RULES

Under new VCT rules, the Company may not invest in the companies which use the invested funds to acquire trades or businesses. As such the Company will only invest in infrastructure companies seeking to grow and develop their own businesses and will not invest in companies which will purchase developed or operating assets in the case of solar

companies or, in the case of smart metering companies, packaged assets and data contracts which could amount to a pre-existing trade. Investee Companies will typically take construction risk, in the case of solar companies, and roll out risk in the case of smart metering companies.

## TARGET RETURN

For those investors seeking to exit the D Share offer in the sixth year the target return is to deliver a total return of between £1.10 and £1.15 per £1.00 invested, net of all fees and not including tax relief. Total return to be made up of dividends paid from the second year onwards and capital value at point of exit.

## ILLUSTRATIVE TARGET RETURNS FOR INVESTORS EXITING IN SIXTH YEAR<sup>1</sup>

	Target Return 1.10x	Target Return 1.15x
Cost of Investment	£100,000	£100,000
Less income tax relief (at 30%)	£30,000	£30,000
Net Investment <sup>2</sup>	£70,000	£70,000
Target investment proceeds assuming exit in 6 years <sup>3</sup>	£110,000	£115,000
Total return on Net Investment <sup>4</sup>	57.1%	64.3%
Average Compound Annual Return	7.8%	8.6%
Average Equivalent Return <sup>5</sup> (on net Investment assuming 45% income taxpayer)	14.2%	15.7%
Average Equivalent Return <sup>5</sup> (on net Investment assuming 40% income taxpayer)	13.0%	14.4%
Average Equivalent Return <sup>5</sup> (on net Investment assuming 20% income taxpayer)	9.8%	10.8%

### Notes:

1. Returns net of all Foresight fund fees and charges (excludes any adviser initial and ongoing charges).
2. Assumes single investment of £100,000 in Foresight Solar & Infrastructure VCT "D" Shares offer with full VCT income tax relief set against an investor's 2015/2016 income tax liability.
3. Target proceeds realised by way of a sale of shares are shown net of all costs. Target proceeds are an illustration only and do not represent a forecast of returns.
4. Returns are calculated over a 6 year period.
5. Equivalent Annual Return is the compound return an investor would need to achieve from an equivalent investment (which attracts the relevant personal income tax rate) in order to achieve the same return as that projected.

If the planned level and timing of sale proceeds are achieved, then Investors benefiting from full VCT tax reliefs would achieve a tax-free cash profit of between 57.1% and 64.3% of their net cost of investment which equates to an average compound annual return of between 7.8% and 8.6% respectively.

**There is no guarantee that any of the returns shown in the above table will be achieved.**

# Investment Opportunities

## Smart Data Example

### INTRODUCTION TO ASSET CLASS

Smart Data Equipment, just like today's "dumb" meters, measure the usage of electricity and gas for consumers and businesses. Depending on the amount of energy usage by the user, certain businesses have been targeted to date by the energy suppliers in order to record usage more accurately and assess areas of possible energy reduction. Unlike the current "dumb" meters, Smart Data Equipment includes a meter and a communications module or hub which enables the equipment to send back usage data to the energy supplier regularly (every 30 minutes).

### WHAT IS THE INVESTMENT OPPORTUNITY?

The D Share Fund will offer investors the chance to invest in the government mandated rollout of Smart Data Equipment to over 30 million residential and commercial properties in the UK such that by the end of 2020, circa 53 million Smart Data Equipment units will have been installed to support this rollout programme.

### WHY FORESIGHT?

Foresight has extensive experience in this sector having supported the investment in circa 42,000 industrial electricity smart meters with a capital value of £9.5 million over the last two years. Working with established Meter Asset Providers ("MAP"s) and meter installation companies, Foresight has relationships with over 25 UK energy suppliers from the 'Big 6' energy suppliers through to more innovative new entrants over the last five years.

### WHAT IS THE INVESTMENT STRATEGY?

The D Share Fund will invest in a portfolio of VCT qualifying Investee Companies which will themselves acquire portfolios of Smart Data Equipment from Meter Operators (MOPs) - likely to be between 25,000 and 50,000 individual smart data units each.

### WHAT IS THE PIPELINE OF INVESTMENT OPPORTUNITIES?

Foresight has strong existing relationships with a number of MAPs who will provide access to data equipment portfolios. The electricity and gas supply market in the UK is moving towards a full smart meter roll-out as a result of government targets, regulatory support and industry initiative. The programme is the largest infrastructure programme at present in the UK and is already underway with 2 million smart meters installed to date, leaving ~51 million smart meters requiring an investment of ~£6 billion.

### HOW DOES FORESIGHT SECURE INVESTMENT OPPORTUNITIES?

Initial discussions with MAPs and energy suppliers suggest that Foresight may be able to support funding to acquire 50,000 - 100,000 installed electricity or gas meters over the next 12-24 months alongside the planned rollout of residential Smart Data Equipment which is expected to commence in full from Q4 2016 onwards.

### WHAT ARE THE REVENUE STREAMS?

The Investee Companies will sell the data from the installed equipment to MAPs which will themselves aggregate the data (to comply with data protection rules) and sell it on to the energy suppliers. This is projected to be the largest revenue stream achieved on an annual basis by each Investee Company.

### HOW SECURE ARE THE REVENUE STREAMS?

They are anticipated to have three major sources of revenue:

1. Revenue from the sale of usage data to energy suppliers (through a MAP)
2. Revenue from the sale of usage data to other corporates
3. Revenue based on allowing customers to interact with and use their data.

### WHAT IS THE RETURNS STRATEGY?

Foresight believes that the Investee Companies' revenue streams should be well understood and predictable within the first five years following investment allowing the Company to pay a steady stream of tax-free dividends to Shareholders over the medium to long term.

“ *Most households will have smart meters installed by their energy company between 2016 and 2020.\**

(OFGEM)



\*Sourced from Ofgem's website (<https://www.ofgem.gov.uk/gas/retail-market/metering/transition-smart-meters>). This statement constitutes third party information which has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published, no facts have been omitted which would render this third party information inaccurate or misleading.

# Investment Opportunities

## International Solar Example

### INTRODUCTION TO ASSET CLASS

Enough solar energy reaches the earth every hour to meet the world's energy consumption for a whole year. The technology to harness some of this energy in the form of electricity is now tried and tested with rapid expansion of solar power facilities around the globe. Foresight Solar & Infrastructure VCT (formerly Foresight Solar VCT) has been investing in UK and European solar assets since launch in 2011 and more recently Foresight Solar VCT "C" Shares class has specifically invested successfully in community scale US ground mounted solar assets. Closer to home the Italian market now offers opportunities for investors without the need for government subsidies. Funds raised in this "D" Shares offer, will target investment in these kinds of international solar assets, where the Company will build, own or operate such assets.

### ITALIAN SOLAR

The Italian solar market is one of the most developed in Europe with more than 18GW of capacity – second only to Germany and more than twice that of UK at c.8GW. As a result of the high irradiation levels and other dynamics particular to the market, investing in Italian solar can generate attractive returns for investors without relying on government subsidies.

Electricity prices for large corporates and industrial customers in Italy remain high not least because general tax, grid and net metering costs are all included in the energy bill. Investee Companies will build and own rooftop or ground mounted photovoltaic (PV) plants which will sell back the electricity produced to the rooftop or land owner. This will be done under a direct power purchase agreement (PPA) at terms agreed under negotiation with the owner which will take full consideration of forecast electricity prices.

In Italy, the SEU regime ("Sistema Efficienti di Utenza") exempts all power consumed locally by the rooftop or land owner, and hence not drawn from the grid, from payment of up to 95% of these general system expenses and distribution and transmission tariffs.

Furthermore, following rapid reduction in equipment and installation costs, ground mounted installations in Southern

Italy which have already reached grid parity levels (i.e. are not dependent on subsidies) are generating competitive returns for institutional investors, which compare favourably to corporate PPAs. This is due to a combination of the high levels of irradiation and the highest spot price of electricity paid by the grid operator in those regions. As a result, Foresight Solar & Infrastructure VCT "D" Shares will target such grid parity opportunities.

### WHAT IS THE INVESTMENT OPPORTUNITY?

Foresight Solar & Infrastructure VCT plc offers Investors the chance to invest in Italian solar assets that will benefit from revenues available to renewable electricity generators that can provide corporate and industrial customers with "green energy" at prices lower than the public network/traders. Revenues generated are typically a combination of contracted and uncontracted. Typically the Investee Companies sign a PPA for a duration of up to 25 years with a "take or pay clause" at: (i) minimum level of consumption, (ii) fixed price and (iii) pre-agreed parameters. In addition uncontracted on-demand power generation revenues are also available, typically from energy not consumed by the host and therefore sold via national grid network at spot price.

### WHY FORESIGHT?

Foresight has extensive experience in energy and infrastructure having deployed over £1 billion in renewables and operating more than 660MW of generation assets in the UK, US, Spain and Italy, where Foresight is the third largest owner of solar assets. Foresight manages funds on behalf of the UK Green Investment Bank, the European Investment Bank and tier one institutional investors, which have been deployed into the UK power market. Foresight started its Italian investment practice in 2008, establishing the Rome office and investing, in greenfield and brownfield projects, for which it also arranged and closed the relevant construction facilities. In 2011 Foresight established the €300 million Italian joint venture vehicle ForVEI, that attracted direct and indirect shareholders such as: Assicurazioni Generali SpA, Intesa Sanpaolo SpA; French Caisse des Dépôts.

### WHAT IS THE INVESTMENT STRATEGY?

The D Share Fund will invest in a portfolio of operating solar plants in Italy and other international markets, with a capacity of up to 8/9MW per Company.

### WHAT IS THE PIPELINE OF INVESTMENT OPPORTUNITIES?

Foresight is in advanced discussions with high standard quality developers for a consistent pipeline across Italy. As of today, Foresight has secured exclusivity over a plant of circa 4MW and is about to secure a pipeline of additional opportunities for 60MW.

### HOW DOES FORESIGHT SECURE PIPELINE INVESTMENT OPPORTUNITIES?

Due to its long presence in the Italian market where it has acted both as equity investor and debt arranger, Foresight has strong relationships with a number of developers, EPC contractors and vertically integrated panel manufactures who will provide access to a pipeline of projects to be built.

### WHAT ARE THE REVENUE STREAMS?

There are broadly two forms of revenues that non subsidised Italian solar power plant owners and operators receive relating to the sale of power they generate, i.e. revenues from: (i) the power purchase agreement for energy consumed by the host/customer and (ii) the spot price for sale of the excess electricity not consumed by the host and fed into the grid which can be sold directly to the grid or to national and international traders.

### HOW SECURE ARE THE REVENUE STREAMS?

The Investee Companies will have a significant portion of their revenues (typically 85% to 95%) contracted for periods of up to 25 years. The counterparties (customers/hosts) are large national and international corporations which will be rated for their creditworthiness. Additionally the PPA will provide significant early termination penalties that will appropriately hedge against such risk and provide a security package against any failure to pay.

Where Investee Companies have invested in a Grid Parity plant the revenues will come from sale of electricity to the grid or to national and international traders. In this latter case the trader provides first demand bank guarantee to hedge the Investee Company against any failure to pay.

Please note that since the envisaged transaction does not rely on a subsidy scheme, Foresight considers the level of regulatory risk to be low.

### WHAT IS THE RETURNS STRATEGY?

Foresight will seek to provide a stable income stream during the first five year holding period and subsequently refinance or sell the portfolio of Italian solar power assets to generate capital gains for Investors. The asset backed nature and stable income streams should be attractive to a variety of potential buyers including infrastructure funds, pension funds and energy suppliers.

By the end of the five year holding period for the D Shares, the Investee Companies' assets will only be part way through their useful life. As such Foresight believes there will be a number of exit options available. This does not imply any obligation on any party to acquire Investments and there is no guarantee that Investments offered for sale can be sold at their most recent valuation.

The proceeds of the sales of Investments will be returned to Investors and not reinvested.

“ Foresight has extensive experience in energy and infrastructure investment having deployed over £1bn in renewables and operating more than 660MW of generation assets in the UK, US, Spain and Italy, where Foresight is the third largest owner of solar assets.



**Commercial rooftop solar power plant**

# Part 1: The Offer

## I. INTRODUCTION TO THE OFFER

The Company aims to combine greater security of capital than is normal for a VCT with the enhancement of investor returns created by the VCT tax benefits – income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains subject to Investors' personal circumstances. The D Share Fund is intended to be an "evergreen" fund which will realise value for Shareholders through a steady stream of tax free dividends over the medium to long term.

After Distributions of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) have been paid to D Shareholders by the Company, Foresight will become entitled to a performance incentive which will be calculated at the rate of 20% of Distributions in excess of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) until total Distributions reach 115p (per D Share issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. Total Distributions of 115p would represent a tax-free cash profit of 64.3% of the net cost of investment for an investor benefiting from full VCT tax reliefs.

## II. D SHARES

The securities being offered pursuant to the Offer are D Ordinary Shares of one penny each (ISIN: GB00BYQ06Y75).

The D Shares will be created pursuant to resolutions to be proposed at the General Meeting. All Shareholders will have the same voting rights in respect of the existing share capital of the Company.

The D Shares will constitute a new class of share and are separate from the Company's existing classes of Ordinary Shares and C Shares. All investments and cash attributable to the existing Ordinary Share Fund and C Share Fund will be kept separate from the D Share Fund. Accordingly investors in the D Shares will not have any exposure to the investment gains and losses of the Ordinary Share Fund and C Share Fund.

The holders of D Shares will have the exclusive right to Distributions from the assets within the D Share Fund and, subject to the approval of Shareholders at the General Meeting, from the assets attributable to the Ordinary Share Fund and C Share Fund during the first three years of the life of the D Share Fund. Equally the holders of other shares will continue to have the exclusive right to Distributions from assets attributable to such shares but not from assets attributable to D Shares. All Shareholders will share the benefit of spreading the Company's administration costs over a wider asset base. D Shareholders will be entitled to receive certificates in respect of their D Shares and will also be eligible for electronic settlement. Holders of D Shares will be entitled to vote at meetings of the Company in the same way as existing shareholders. No change may be made to the rights attaching to D Shares without the approval of the holders of D Shares.

## III. COSTS OF THE OFFER

### Retail Client Investors (advised)

Promoter's Fee	up to 2.5%
Adviser Charges	Variable

Such charges as are agreed between each investor and his/her independent financial adviser on an initial and/or on-going basis expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted. The payment of these charges can be facilitated by the Company as described below and on the Application Form ("Adviser Charges").

### Professional Client Investors (advised) and Execution-Only Investors

Promoter's Fee	up to 2.5%
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Initial commission to Intermediaries expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted **3%**

Annual commission to intermediaries (subject to a maximum cumulative payment of 3%) expressed as a percentage of the Net Asset Value per D Share but not included in the Pricing Formula (payable by the Company) **0.5%**

### Direct Investors

Promoter's Fee	5.5%
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The Promoter's Fee may be reduced at the sole discretion of the Promoter.

### Commission and Adviser Charges

The payment by the Company of commission of a fixed amount to independent financial advisers is prohibited where advice has been given to a Retail Client Investor in respect of their investment in the Company. As noted above, the Company may continue to pay a fixed commission to the advisers of Professional Client Investors and those who invest through Execution-Only brokers. Retail Client Investors can specify on the Application Form that they wish the Company to pay a commission in order to facilitate the Adviser Charges which they have agreed with their adviser. Retail Client Investors who do so, in accordance with the Pricing Formula below, will receive a proportionately lesser number of Offer Shares to accommodate the facilitation payment to be made by the Company.

**By offering investors a bespoke issue price per Offer Share as determined by the Pricing Formula, all Investors are entitled to claim tax relief on the full amount of their investment (which includes any facilitation payment) and all Investors are treated fairly by the Company as regards the payment of up-front commission and Adviser Charges.**

# Part 1: The Offer

## IV. PRICING FORMULA

Investors are invited to subscribe an amount in pounds sterling rather than apply for a particular number of Offer Shares. The number of Offer Shares issued to an Investor will be determined by reference to the Pricing Formula as follows:

$$\text{Price} = \text{NAV} / X$$

Where NAV is, on the first allotment of Offer Shares, deemed to be the sum of 100p and, on each subsequent allotment of Offer Shares, the latest Net Asset Value per D Share:

and

$$X = \frac{\text{NAV; less} \\ \text{(A) Promoter's Fee; and either} \\ \text{(B) Adviser's Charge; or} \\ \text{(C) Initial commission}}{\text{NAV}}$$

The number of Offer Shares to be allotted will be determined by dividing the amount subscribed by an Investor by the price given by the above formula.

### Worked example (1):

A Retail Client Investor receives a personal recommendation from his adviser in respect of the Offer and decides to subscribe £10,000 in the Company. The adviser's standard charge for this, as agreed between the Retail Client Investor and the adviser, is 2.0% of funds subscribed with no on-going fees (B). The Promoter's Fee is 2.5% of NAV (A).

Therefore:

$$X = \frac{100-A-B}{100} = \frac{100-2.5-2.0}{100} = 0.955$$

**The NAV per Share of 100 divided by 0.955 gives a subscription price of 104.71p (rounded down to the nearest 0.01p). For £10,000 subscribed, this will result in an allocation of 9,550 Offer Shares (rounded down to the nearest whole share).**

The Company then pays the Promoter's Fee of 2.5% and the Adviser's upfront facilitation payment of 2.0%.

It should be noted that the example Adviser Charge set out above have been provided to illustrate pricing of the Offer and should not be considered as a recommendation as to the appropriate levels of Adviser Charges.

### Worked example (2):

An Investor applies through an Execution-Only broker. Initial commission is payable to the Execution-Only broker of 3% of funds subscribed (C). The Promoter's Fee is 2.5% of NAV (A).

Therefore:

$$X = \frac{100-A-C}{100} = \frac{100-2.5-3.0}{100} = 0.945$$

**The NAV per Share of 100 divided by 0.945 gives a subscription price of 105.82p (rounded down to the nearest 0.01p). For £10,000 subscribed, this will result in an allocation of 9,450 Offer Shares (rounded down to the nearest whole share).**

The Company then pays the Promoter 2.5% of NAV and the initial commission to the Execution-Only broker of 3%. The Company will later pay annual trail commission to the Execution-Only broker (though this is not taken in to account in this formula).

## V. TAX BENEFITS FOR INVESTORS

The tax reliefs set out below make the D Shares tax efficient for UK income tax payers and are available on the gross amount subscribed under the Offer through the mechanism of the Pricing Formula. Although there is no maximum size of investment, VCT tax reliefs are available on investments up to a maximum by any individual of £200,000 in the 2015/16 and expect to remain the same for 2016/17 tax years.

The table below shows how the initial 30% income tax relief can provide an unrealised uplift of 36.48% on a retail investor's net cost of investment after a reduction in the investor's tax bill. The income tax relief can be used to offset up to 100% of a retail investor's income tax liability, subject to a minimum holding period for the D Shares of five years. This is only a brief summary of the UK tax position of investors in VCTs, based on current law and practice. Further details are set out in Part 2 of this document. Potential investors are recommended to seek their own independent tax advice.

### ILLUSTRATIVE EXAMPLE

(subject to Investors' personal circumstances)

**If an investor subscribes £10,000 to the Offer at a price of 100p**

**Income tax relief will be** £3,000

**So the net cost of investment would be** £7,000

**Initial value of investment**

Gross subscription by

**Retail Investor** £10,000

**Assumed Cost of 5.5%** £(550)

**Initial Net Asset Value** £9,450

**This initial NAV is** £2,450

more than the net cost of the investment

**or a gain of 35%**

on the net cost of investment

The level of issue costs will be variable for Retail Client Investors according to the requested level of facilitation of their Adviser Charges by the Company.

# Part 1: The Offer

## VI. USE OF PROCEEDS

The additional funds raised under the Offer will be invested in accordance with the Company's investment policy (described below), subject to the approval of the Shareholders of the necessary changes to this policy at the General Meeting and Share class Meetings.

## VII. INVESTMENT POLICY

It is proposed that the Company's investment policy be extended subject to the authority of Shareholders to be sought at the General Meeting. The Circular convening the General Meeting sets out in full the proposed changes to the Company's existing investment policy. In the event that the amendments to the investment policy are approved by Shareholders, an announcement will be made on an appropriate regulatory information service.

The Company will target unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

### Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Pending investment in unquoted and AIM listed securities, cash is primarily held in a range of interest bearing accounts as well as a range of non-qualifying investments. Non Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment into investee companies and other assets where Foresight believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio. The Company may invest in other funds managed by Foresight (or its associates).

### UK companies

Investments are primarily made in companies which are substantially based in the UK. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 to be classed as VCT qualifying holdings.

### Asset mix

The existing ordinary share and C share classes in the Company invest in unquoted companies that seek to generate solar electricity and benefit from long-term government-backed price guarantees. Investments may be made in companies seeking to generate renewable energy from other sources provided that these benefit from similar long-term government-backed price guarantees. The Board has ensured that at least 70% of net funds raised under the ordinary share and C share offers have been invested in companies whose primary business is the generation of solar electricity. Any uninvested funds are held in cash, interest bearing securities or other

investments. Funds raised by the D share offer will, no later than three years following the close of the D share offer, be invested as to 70% in unquoted companies in the UK energy and infrastructure sectors including, but not limited to, companies which develop, build, own or operate smart data assets and solar or other infrastructure companies that generate attractive and sustainable returns. Any uninvested funds are held in cash, interest bearing securities or other investments.

### Risk diversification and maximum exposures

Risk in the ordinary and C share portfolios is spread by investing in a number of different companies and by targeting a variety of separate locations for the solar power assets. The value of an investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Solar projects can in aggregate exceed this limit but suitable structures are put in place so that individual corporate investments do not. Although risk is spread across different companies, concentration risk is fairly high, given that a significant portion are all UK solar projects. Risk in the D share portfolio will be spread by investment in a number of different companies across the energy and infrastructure sectors. The maximum amount invested by the Company in any one company is limited to 15% of the Company's investments by VCT Value (the value of an investment calculated in accordance with Section 278 of the Tax Act) at the time of investment.

### Borrowing powers

The Company's Articles permit borrowing, to give a degree of investment flexibility. The Board's current policy is not to use borrowing. In any event, under the Company's Articles no money may be borrowed without the sanction of an ordinary resolution if the principal amount outstanding of all borrowings by the Company and its subsidiary undertakings (if any), then exceeds, or would as a result of such borrowing exceed, a principal amount equal to the aggregate of the share capital and consolidated reserves of the Company and each of its subsidiary undertakings as shown in the audited consolidated balance sheet. The underlying portfolio companies in which Foresight Solar & Infrastructure VCT plc invests may utilise bank borrowing or other debt arrangements to finance asset purchases but such borrowing would be non-recourse to Foresight Solar & Infrastructure VCT plc.

## VIII. CO-INVESTMENT POLICY

Foresight currently manages other funds ("Foresight Funds") which may invest alongside the D Share Fund. Investment opportunities will normally be offered initially to the D Share Fund on a basis which is pro rata to the net cash raised pursuant to the Offer compared to the net cash raised by the other Foresight Funds, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment, where the incumbent investor will have priority. Where the D Share Fund invests in companies in which Foresight Funds have invested or subsequently invest, conflicts of interest may arise. The Board will exercise independent judgement to manage any such

# Part 1: The Offer

conflicts for the benefit of the Company.

## IX. VALUATION POLICY

Unquoted investments will be valued at fair value in accordance with International Private Equity and Venture Capital (“IPEVC”) valuation guidelines. Investments traded on AIM and on the main market segments of the ICAP Securities and Derivatives Exchange Limited will be valued at the prevailing bid price.

## X. SHARE BUYBACK POLICY

The Board is aware that although the D Shares are intended to be traded on the London Stock Exchange’s market for listed securities, it is unlikely that there will be a liquid market for such shares as there is a limited secondary market for VCT shares due to the holding period required to maintain up-front income tax reliefs and the lack of income tax relief on second hand VCT shares. Shareholders may, therefore, find it difficult to realise their investments.

The Board’s policy is to buy back D Shares in the market at a price which is at a zero discount to their Net Asset Value, less transaction costs payable to market makers and stockbrokers, for the first five years following the opening of the Offer. Investors who wish to exit in year 6 will be given the opportunity to do so at the Net Asset Value of a D Share (less costs). Thereafter, the Board will continue to support share buybacks at a discount to Net Asset Value to be determined. Operation of this policy is restricted by the Listing Rules which restrict the price that a VCT can pay for its own shares (to no more than 5% above the average market value of the shares for the five Business Days prior to the day a purchase is made) and prohibit the purchase of its own shares during any Close Period or any period when there exists any matter which constitutes Inside Information in relation to the Company. The operation of this policy is also subject to the Company having sufficient liquidity.

As Investors must hold their D Shares for at least five years in order to avoid a clawback of income tax relief received in respect of their investment by HMRC, the Directors expect that the number of D Shares which may be offered for the Company to buy back during the five-year holding period will be small.

Share buy backs will be subject to Shareholder authorities, CA 2006, the Listing Rules and any other statutory or regulatory requirements from time to time.

## XI. DIVIDEND POLICY (D SHARES)

The Board has stated an objective of seeking to pay a dividend of 3p in year 2 escalating to dividends of 5p per D Share each year thereafter throughout the life of the D Share Fund, and in respect of the first year from the closing date of the Offer it is intended that no dividend will be paid. During the first three years following the close of the Offer, dividends may, subject to existing Shareholders’ approval, be paid from assets attributable to the Ordinary Shares and/or C Shares until such time as the D Share Fund has generated sufficient realised profits. In this event, the D Share Fund will be required to account for any funds remitted from other share classes. Levels of dividends will be subject to investment performance and the need to retain

cash for investment purposes and annual running costs. The level of dividends is not guaranteed. Dividends are expected to be paid biannually at or close to the end of April and October in each year, commencing towards the end of 2017.

## XII. INVESTMENT MANAGER AND PROMOTER

Since establishing its solar power team in 2007, Foresight has invested in operating solar power plants in the UK, US and Southern Europe with a combined enterprise value of more than £1 billion, demonstrating its ability to source opportunities, arrange bank finance and complete investments. Foresight’s investment team currently manages a solar portfolio with a generating capacity of 660MW.

Foresight’s team of 56 investment professionals has been assembled gradually, allowing time to integrate their experience in renewable energy investing and operational management with Foresight’s proven strengths in private equity and VCT and EIS fund management.

Foresight has been managing UK tax-efficient funds for more than 19 years and has raised more than £680 million in that time across its VCT, EIS and institutional funds. Foresight is responsible for the best ever performing VCT share class as at 30 September 2015 (Foresight VCT plc original ordinary shares) and has received recognition from commentators and its peers, including being named Financier of the Year for the second year running in the New Energy and Cleantech awards 2015, when Foresight was also named Company of the Year.

## Part 1: The Offer

“ Foresight’s team of 56 investment professionals has been assembled gradually, allowing time to integrate their experience in renewable energy investing and operational management with Foresight’s proven strengths in private equity and VCT and EIS fund management.

**ENERGY INFRASTRUCTURE ASSETS**

**MANAGING**

**68 OPERATIONAL SOLAR PLANTS**  
WITH A CAPACITY OF OVER  
**660MW**  
& AN AGGREGATE ENTERPRISE  
VALUE OF OVER  
**£1 BILLION**



Penetration of  
Foresight UK  
Solar Assets  
December  
2015

**PROJECTS WITH AGGREGATE**

OVER  
**1 MILLION**  
TONNES WASTE PROCESSING  
CAPACITY (PER ANNUM)  
**126MW**  
OF RENEWABLE ENERGY  
GENERATION (PER ANNUM)  
SAVING OVER 750,000  
TONNES OF CO<sub>2</sub> EMISSIONS (PER ANNUM)



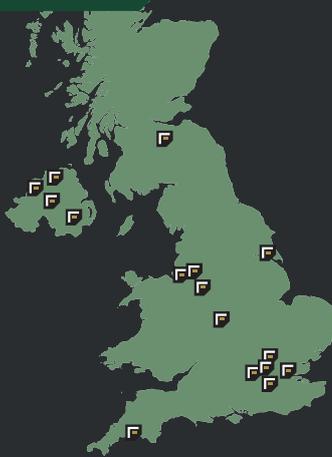
Penetration of  
Foresight Waste  
Processing Plants  
December 2015

**ROLL-OUT OF\***

COMMERCIAL INSTALLATION OF  
**42,000**  
SMART METERS  
**INNOVATIVE**  
**£9.5 MILLION**  
FINANCING DEAL



Penetration of  
Foresight  
Smart Meters  
December 2014



\*Finance provided through Foresight's Inheritance Tax Solution product

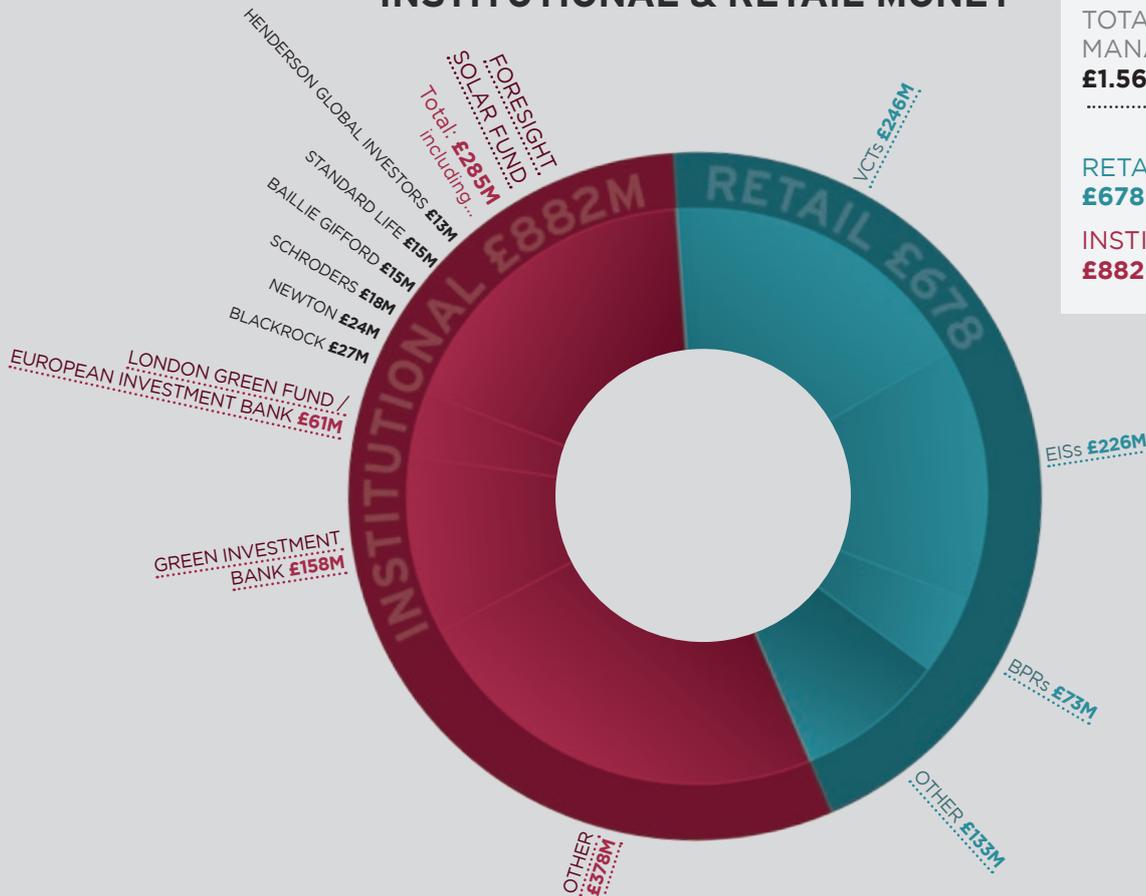
**INSTITUTIONAL & RETAIL MONEY**

TOTAL ASSETS UNDER  
MANAGEMENT:  
**£1.56 BILLION**

RETAIL:  
**£678 MILLION**

INSTITUTIONAL:  
**£882 MILLION**

Source: Foresight  
as at 30/09/15



# Directors

The Board comprises three non-executive directors and brings together substantial board-level experience of quoted and unquoted companies and expertise in investment management, insurance and electricity supply sectors. The Board has overall responsibility for the Company's affairs, and has delegated investment decisions to Foresight.

## DAVID HURST-BROWN

was appointed as Chairman of the Board with effect from 6 August 2012. Having graduated as a Production Engineer he worked for over 25 years in the investment banking industry. Prior to his retirement from UBS in 2002 he had worked for 15 years as an executive in the corporate finance division of UBS Warburg. David is currently a director of Hargreave Hale AIM VCT 2 plc and Leadhall Bay Limited.

## TIM DOWLEN

is a divisional director of City-based Lloyd's broking firm Tasker & Partners, responsible for developing the firm's retail insurance activities. Tim has been a director of insurance broking companies since 1973, was for many years the Senior Examiner in Liability Insurance to the Chartered Insurance Institute, and as a practising expert witness has given evidence in approximately 125 disputes. Tim has specialised in the venture capital sector since 1974, acting as insurance broker to a number of fund managers and other financial institutions, including Foresight.

## MIKE LISTON OBE

has more than 20 years experience in the electricity industry and is currently a non-executive director of Jersey Electricity plc. As chief executive for 17 years of this LSE-listed utility, he was involved in several major power generation, transmission and distribution infrastructure projects. Mike was also non-executive chairman of AIM listed KSK Emerging India Energy Fund which raised almost £100 million to invest in India's power and energy sector. He is a director of the general partner of Foresight's first solar power fund, the Foresight Solar Fund GP Limited. Mike is a Fellow of The Royal Academy of Engineering and is a Fellow of The Institution of Engineering and Technology.

# Investment team

Three partners of Foresight will play important roles in relation to the D Shares Fund. Bernard Fairman and David Hughes are members of Foresight's investment committee, whilst Gary Fraser is Foresight's Group Finance Director.

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## **Bernard Fairman** **Chairman of Foresight Group**

Bernard has over 35 years' investment experience. With a degree in economics from Nottingham University, he joined Panmure Gordon as an oil investment analyst, then moved to Edward Bates, a specialist City investment bank. He then worked with several small electronics companies before joining the newly formed 3i Ventures in 1981. He founded Foresight Group, formerly VCF Partners, with Peter English in 1984.



## **David Hughes** **Chief Investment Officer**

David is responsible for Foresight's overall investment activities and portfolio management. David has 40 years' experience of unquoted investment management, initially with 3i and subsequently establishing fund management operations for Framlington Investment Management Ltd, Baltic plc and Bank Austria AG, London. He has been involved in VCT management since 2004.



## **Gary Fraser** **Group Finance Director**

Gary is a Chartered Accountant and Chartered Fellow of the Securities Institute. He has over 20 years' experience in finance and investment, and worked for Ernst & Young and ISIS Asset Management before joining Foresight in 2004.



# Core team

## Dan Wells

### Partner and Chief Operating Officer, Foresight US LLC

Dan joined Foresight in August 2012, with 12 years' experience in finance and investment, specialising in sustainability and clean energy infrastructure. Prior to Foresight Dan was based in Singapore, running the global corporate finance team at Sindicatum Sustainable Resources, where he helped raise and invest USD 300 million in clean energy over the course of 5 years. Dan is a chartered accountant; he holds an MSc in Sustainable Leadership from the Centre for Sustainable and Environmental Management (Distinction) and a BA in Modern History from the University of Bristol.



## Federico Giannandrea

### Partner and Head of Foresight Italy

Federico joined Foresight in 2010 with six years' experience in renewable energy from Deutsche Bank where he worked on acquisitions, project and asset finance and securitisations for the Global Principal Finance desk dedicated to renewable investments. At Foresight, Federico heads the Italian office which is responsible for arranging, structuring, sourcing relevant financing and managing investments in the Italian and Spanish renewable sector particularly the solar market. Fluent in English and Spanish as well as Italian, his native tongue, Federico is based in Foresight's UK office.



## Tom Thorp

### Director

Tom joined Foresight in 2008 from KPMG Advisory where he qualified as a Chartered Accountant and worked on a large number of due diligence assignments for large private equity houses and corporates both in the UK and Germany. Since joining Foresight, Tom worked initially within the waste to energy team dealing with all types of renewable energy projects such as food waste anaerobic digestion as well as waste wood combustion and gasification before joining the private equity team in 2013 to work on traditional buy outs and growth capital deals. Tom is responsible for our existing smart metering investments highlighted in this IM. He has a Bachelor of Commerce degree from the University of Edinburgh and is a Chartered Accountant.



## Richard Thompson

### Director

Richard is a CFA charterholder with 10 years' experience in the infrastructure sector, formerly working in equity investment origination at Carillion both in London and Toronto. At Carillion, Richard was responsible for structuring more than £800m of bank and bond project financing across a wide range of infrastructure projects. He joined Foresight in 2012 where as a Director in the Infrastructure team, he has responsibility for the group's infrastructure investments including secondary market PFI, PPP, solar and energy storage projects. Richard has also been heavily involved in a number of Foresight's solar investments and the IPO of Foresight Solar Fund Limited. Richard holds an Economics degree from the University of Liverpool.



## Diomidis Dorkofikis

### Director

Diomidis brings to Foresight extensive experience in funding and managing renewable energy projects in Greece, along with a strong network of contacts. Prior to joining Foresight in September 2009, he worked at Millennium Bank in Athens where he was involved in debt financing of some of the first PPPs in Greece, including all the main toll roads (Moreas, Olympia and Ionia odos) hospitals and police stations with a total transaction value in excess of €500m.

Previously he worked at Alpha Bank in the Loans and Syndications dept. and as equity analyst in the Research dept of National Securities. Now based in Foresight's Rome office, Diomidis is primarily responsible for managing Foresight's existing solar portfolio and assisting on new Italian and Greek PV transactions.



# Core team

## Carly Magee Senior Investment Manager

Carly joined Foresight in 2014 and is focused on leading solar transactions in the UK. Prior to Foresight, Carly worked in Ingenious' Clean Energy team where she led UK solar transactions for their EIS funds. Carly started her career at Ernst & Young and qualified as a Chartered Accountant in 2010. She spent 5 years in the Environmental Finance team working across the renewable energy, energy efficiency and waste management sectors and gained strong experience of fund raising, due diligence and financial modelling. Carly is IMC qualified and holds a BSc (Hons) in Pharmacology from the University of Bristol.



## Hadder Jalil Investment Manager

Hadder is overall lead for financial modelling and analysis across the Foresight Infrastructure team. He joined Foresight Group from KPMG Corporate Finance, where among other PFI and PPP projects he led the financial modelling work stream (for KPMG and the UK Department of Energy & Climate Change) on the landmark £20bn+ Hinkley Point C new-nuclear transaction. Prior to joining KPMG, Hadder worked in the Investment Banking Division at Merrill Lynch in London where he was involved in a number of M&A and capital-raising transactions. He holds a First Class Honours degree in Economics from the London School of Economics.



# Fees and expenses

### ANNUAL FEES AND EXPENSES

Foresight will be entitled to an annual fee of 1.75% of the Net Asset Value of the D Shares fund in respect of investment management services. An annual fee of 0.3% of the net funds raised by the Offer (subject to a minimum index-linked fee of £60,000) will be payable in respect of secretarial and accounting services provided by its subsidiary Foresight Fund Managers Limited to the Company. The costs of a VCT also include the cost of the board, audit and professional fees, the cost of communicating with investors and the launch costs detailed on page 25.

The total expenses ratio at maximum subscription is expected initially to be 2.9% per annum (calculated before any performance incentive to Foresight and assuming that the Offer is fully subscribed by Execution-Only Investors). Overall, for Foresight Solar

& Infrastructure VCT plc as a company, the total annual expenses ratio is capped at 3.6%, above which any excess will be borne by Foresight in any event. Foresight may retain for its own benefit and without liability to account to the Company (subject to full disclosure having been made to the Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any investments made by the Company. The Company will not be liable for legal, accounting and any other fees incurred on potential investments which do not proceed to completion.

### PERFORMANCE INCENTIVE

After Distributions of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) have been paid to D Shareholders by the Company, Foresight will become entitled to a performance incentive

which will be calculated at the rate of 20% of Distributions in excess of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) until total Distributions reach 115p (per D Share issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. Total Distributions of 115p would represent a tax-free cash profit of 64.3% of the net cost of investment for an investor benefiting from full VCT tax reliefs.

# Client categorisation

In order for an authorised independent financial adviser (“IFA”) who gives a personal recommendation to receive the commission payable by the Company as outlined on page 6, the investor must have been classified by the IFA as an elective professional client for the purposes of the FCA Rules (“Professional Client Investor”).

This means that IFAs must undertake an adequate assessment of individual investors expertise, experience and knowledge that gives reasonable assurance, in light of the nature of an investment in the Company, that an investor is capable of making his or her own investment decisions and understanding the risks involved.

If an investor is classified as a Professional Client Investor by their IFA he or she will lose the protections applicable exclusively to retail clients under the FCA rules. As set out below, certain of the FCA rules will automatically be limited or modified in their application to such investors and certain of the FCA rules will be capable of modification in their application to those investors in relation to any business carried out by their IFA.

In respect of Professional Client Investors:

- (i) An IFA will not be obliged to take reasonable steps to ensure, when making a personal recommendation, that it is suitable for those investors having regard to the investor’s knowledge and experience of similar investments, the investor’s financial situation and investment objectives.
- (ii) An IFA will not be obliged to warn the investor of the nature of any risks involved in any potential investments in the Company. The risks of investing in the Company are set out on pages 4-5 of this document.
- (iii) An IFA will not be obliged to disclose the basis or amount of its charges for any services it provides to an investor or on his or her behalf or the amount of any other income that may be received from third parties in connection with such services.
- (iv) An IFA will not be obliged to set out any of the prescribed contents, disclosures or risk warnings needed for retail customers in prospectuses,

marketing brochures and other non-real time financial promotions material, nor will they be subject to the restrictions that apply to a retail client in relation to unsolicited real time communications.

- (v) An IFA will not be required to give an investor the warnings required for retail clients in relation to material which may lead them to deal with or use overseas firms which are not regulated by the FSMA nor have to satisfy itself that the overseas firm will deal with an investor in an honest and reliable way.

- (vi) An IFA will also not be required to comply with the FCA rules relating to restrictions on and the content of direct offer advertisements.

The following rules will be limited or modified in their application to Professional Client Investors.

- (i) The majority of the FCA rules in relation to the form and content of financial promotions will not be applicable in respect of any financial promotion communicated or approved by an IFA.
- (ii) An IFA will not be required by the FCA to provide an investor with a periodic statement on the value and composition of his or her portfolios of investments where he or she has requested the IFA not to do so or where the IFA has taken reasonable steps to establish that such an investor does not want this.
- (iii) In complying with the FCA requirement that an IFA should take reasonable steps to obtain, when executing orders, the best possible result for his clients taking into account the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to making investments an investor’s IFA may take into account the following criteria for determining the relative importance of these execution factors: an investor’s categorisation as a professional client (rather than as a retail client); the characteristics and investment objectives of the Company and the VCT rules and

the normal commercial practice of the counterparties and strategic partners with which the Company will do business. In particular, factors such as the suitability, expertise and market position of counterparties and strategic partners may be more important than price in obtaining the best possible execution result in the context of achieving the investment objective.

# Other information

## I. USE OF PROCEEDS

It is intended that the proceeds of the Offer will be used in accordance with the proposed investment policy set out on page 16 of this document.

## II. THE OFFER FOR SUBSCRIPTION

It is proposed to allot pursuant to the Offer up to 20 million shares to the public, unless the amount of the Offer is increased at the discretion of the Directors, subject to the issue of a supplementary prospectus. The D Shares will be offered to individual investors at a price determined in accordance with the Pricing Formula on page 15, such price per share to be payable in full, by cheque or bankers draft, on application. Application has been made to the UK Listing Authority for all of the D Shares issued pursuant to the Offer to be admitted to the Official List. Applications will also be made to the London Stock Exchange for Admission to trading on the London Stock Exchange's market for listed securities. The Offer will open on 1 February 2016 until 31 August 2016, but may close earlier if fully subscribed or otherwise be extended, in either case at the discretion of the Directors. The Offer will not be extended beyond 12 months from the date of the Prospectus.

The Offer is conditional on the relevant Resolutions being passed at the General Meeting and a total minimum subscription of £3 million (before expenses) being achieved which would be equivalent to £2,835,000 net proceeds assuming the aggregate minimum amount subscribed for D Shares of £3 million less approximate expenses of the Offer of 5.5%, assuming subscriptions are exclusively made by direct investors, Execution-Only Investors and Professional Client Investors.

If the relevant Resolutions are not passed at the General Meeting the Offer will lapse and no D Shares will be allotted. If the Resolutions are passed but the minimum subscription level is not reached by 12 months from the date of the Prospectus the Offer will lapse, no D Shares will be allotted and application monies which have been received will be returned by post at the risk of the applicant. If the minimum subscription level is reached then the Offer will

become unconditional and D Shares may be issued notwithstanding that the Offer is not fully subscribed. In the event that the Offer is oversubscribed, allotment will be made to investors on a first come-first served basis. Any excess amounts paid by applicants will be refunded by cheque to the person named in Section One of the Application Form.

The Company is seeking to raise £20 million under the Offer (before expenses and unless increased by the Directors). The D Shares will be issued on a fully paid basis in registered form. D Shares will be allotted and issued in respect of valid applications under the Offer at any time as the Directors decide. Details of allotments will be announced through a Regulatory Information Service provider by no later than the end of the Business Day following the allotment and dealings in such Shares are expected to commence within 3 Business Days following allotment. If the Company is required to publish a supplementary prospectus, subscribers who have yet to be entered on to the Company's registers of members will be given two days to withdraw from the subscription. In the event that the notification of withdrawal is given by post, such notification will be effected at the time the subscriber posts such notification rather than at the time of receipt by the Company.

The terms and conditions of application are set out at the back of this document along with an application form and details of the application procedure.

## III. MINIMUM AND MAXIMUM INVESTMENT

The minimum subscription under the Offer will be £3,000. Applications in excess of £3,000 may be made for any higher amount in multiples of £1,000. The maximum investment on which income tax relief can be claimed by any individual is £200,000 in the 2015/2016 tax year and is expected to be £200,000 in the 2016/2017 tax year.

## IV. CLAIMING INCOME TAX RELIEF

The Company will send you share certificates and a tax certificate as quickly as possible after Shares are allotted to you. You then have two options on how to reclaim the tax relief: You can write to

your HM Revenue & Customs office to ask them to change your tax coding under the PAYE system (this is the system that calculates how much tax you pay each month), so you will receive your income tax relief on a monthly basis through your pay cheques. Alternatively, you can claim income tax relief as part of your annual tax return.

## V. LAUNCH COSTS

The Company, through the mechanism of the Pricing Formula, will pay to Foresight a fee of:

- a) up to 2.5% of the NAV per D Share issued to investors who subscribe through authorised intermediaries; or
- b) 5.5% of the NAV per D Share issued to investors who subscribe directly to the Company,

in consideration of its acting as Promoter of the Offer. All costs, charges and expenses of or incidental to the Offer including the fees of BDO LLP and RW Blears LLP shall be paid by Foresight from its promoter fee, and the Company shall, pursuant to the terms of the Offer pay to Foresight an annual trail commission of 0.5% per annum of the NAV of the Offer Shares until a maximum of 3% of the amount subscribed for them has been paid out of which Foresight will pay annual trail commission to the IFAs of Professional Client Investors and Execution-Only Investors. The Company will be responsible for paying such Initial Commission and Adviser Charge facilitation payments to financial intermediaries as are calculated in accordance with the Pricing Formula set out on page 15.

## VI. CATEGORY OF POTENTIAL INVESTORS

A typical investor for whom the Offer is designed is a UK higher-rate income tax payer over 18 years of age with an investment range of between £3,000 and £200,000 who, having regard to the risk factors set out at the front of this document, considers the investment policy as detailed in Part 1 of this document to be attractive. Investment in a VCT may not be suitable for all investors and should be considered as a long-term investment.

# Other information

**Before deciding whether to apply for D Shares under the terms of the Offer you are recommended to consult an independent financial adviser.**

## VII. INVESTOR COMMUNICATIONS

The Directors recognise the importance of maintaining regular communications with Shareholders. In addition to the announcement and publication of the annual report and accounts and the interim results for the Company as detailed below, the Company will also publish quarterly statements of Net Asset Value. Foresight will also publish information on new investments and the progress of companies within the Company's portfolio from time to time.

## VIII. REPORTING DATES

Year end	30 JUNE
Announcement and publication of annual report and accounts	OCTOBER
Announcement and publication of interim results	FEBRUARY

## IX. WORKING CAPITAL

In the opinion of the Company, the working capital available to the Company is sufficient for at least 12 months following the date of this document.

## X. NET ASSETS

The Offer will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds raised and is expected to have a positive impact on earnings.

## XI. CAPITALISATION AND INDEBTEDNESS

As at 31 January 2016, the latest practicable date prior to the publication of this document, the Company has incurred no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent. The Company has the power to borrow, details of which are set out on page 16, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 30 June 2015, extracted without material adjustment from the Company's audited financial report to that date was as follows:

Shareholders' Equity	£'000
Share capital	508
Legal reserve	1,611
Other reserves	51,469
TOTAL	53,588

There has been no material change to the Company's capitalisation or indebtedness between 30 June 2015 and 31 January 2016, the latest practicable date prior to the publication of the Prospectus.

As at 31 January 2016, being the latest practicable date prior to the publication of this document, the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Rules and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company).

The Company and the Directors consent to the use of this Prospectus by financial intermediaries and accepts responsibility for the information contained in this document in respect of any final placement of D Shares by any financial intermediary which was given consent to use this document. The offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this prospectus is given commences 1 February 2016 and closes on 31 August 2016. Information on the terms and conditions of the Offer by any financial intermediary is to be provided at the time of the Offer by the financial intermediary. Financial intermediaries may use this Prospectus in the UK.

**Any financial intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Financial intermediaries are required to provide the terms and conditions of the Offer to any prospective investor who has**

**expressed an interest in participating in the Offer to such financial intermediary. No financial intermediary will act as principal in relation to the Offer.**

## XII. GENERAL MEETING – RESOLUTIONS RELATING TO THE OFFER

The Offer needs to be approved by Shareholders in order to proceed. Accordingly a general meeting of the Company has been convened for 7 March 2016 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG. In summary Shareholders approval is being sought for the Company to:

- 1 authorise the Directors to allot D Shares pursuant to the Offer and to Foresight (if it becomes entitled to acquire D Shares under the performance incentive arrangements referred to below); and to facilitate share buybacks in the market;
- 2 disapply statutory pre-emption rights for these purposes;
- 3 authorise the buyback of D Shares in the market;
- 4 authorise the Company to enter into an investment management agreement and carried interest agreement with Foresight Group CI Limited in relation to the D Share Fund;
- 5 authorise the Company to enter into a sponsor and promotion agreement with Foresight Group LLP in relation to the Offer;
- 6 amend the Articles in order to set out the rights and restrictions applying to D Shares;
- 7 amend the investment policy of the Company to take into account the proposed D Shares Fund investments in foreign solar and smart data companies; and
- 8 authorise the Company to reduce the share premium account arising on the issue of D Shares under the Offer subject to confirmation by an order of the High Court.

The result of the General Meeting will be announced through a Regulatory Information Service provider as soon as practicable following the conclusion of the General Meeting.

# Part 2:

## Taxation considerations for investors

### TAX RELIEFS

The following is only a summary of the law concerning the tax position of individual investors in VCTs. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for Shares on their own behalf under the Offer. 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 do not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

### (A) INCOME TAX

#### (i) Relief from income tax on investment

An investor subscribing up to £200,000 in the 2015/16 and/or 2016/17 tax years for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. If an Investor has sold, or if they sell, any shares in Foresight Solar & Infrastructure VCT plc within six months either side of the subscription for the D shares, then for the purposes of calculating income tax relief on the D shares the subscribed amount must be reduced by the amount received from the sale. Relief is also restricted to the amount which reduces the investor's income tax liability to nil.

#### (ii) Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in each of the 2015/16 and 2016/17 tax years) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

#### (iii) Purchasers in the market

An individual purchaser of existing VCT shares the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

### (B) CAPITAL GAINS TAX

#### (i) Relief from capital gains tax on the disposal of D Shares

A disposal by an investor of D Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax provided that the approval of the company as a VCT has not been withdrawn by HM Revenue & Customs prior to the time of disposal. This relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

#### (ii) Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph (i) above). 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 or treated as never having been given. 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.

# Part 2: Taxation considerations for investors

## 2. ILLUSTRATION OF EFFECT OF TAX RELIEF FOR 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
Investor unable to claim any tax reliefs	£10,000	nil
VCT investor able to claim full 30% income tax relief	£7,000	£3,000

The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT. For example, after the costs of the Offer (5.5p per Share assuming subscription by Professional and Execution-Only Investors) an investment of £10,000 would show an immediate return of 35% over the base cost of £7,000 after 30% income tax relief, which is only available if the shares are held for the minimum holding period of five years. Although there is no maximum size of investment. VCT tax reliefs are available on investments in VCTs up to a maximum per individual of £200,000 in any one tax year.

## 3. OBTAINING TAX RELIEFS

The Company will provide to each investor a certificate which the investor may use to claim income tax relief, either by obtaining from HM Revenue & Customs 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.

## 4. INVESTORS NOT RESIDENT IN THE UK

Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

“ The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT.

# Part 3:

## Conditions to be met by venture capital trusts

The Company must 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 HM Revenue & Customs. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares or securities in Qualifying Companies, of which 70% by VCT Value must be in eligible shares;
- (e) have at least 10% by VCT Value of each investment in a Qualifying Company in eligible shares;
- (f) not have more than 15% 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); and
- (g) retain more than 15% of its income derived from shares and securities in any accounting period;
- (h) not repay capital to shareholders, derived from relevant shares issued after 5 April 2014, until a period of three years beginning at the end of the accounting period of the VCT in which the relevant shares were issued has elapsed;
- (i) not make investments in businesses whose first commercial sale was over seven years ago (save where the amount invested is more than 50% of the company's average turnover for the previous five years or where the company has previously received a risk finance investment within its first seven years of operation); and
- (j) not make investments where the invested funds are used by the investee company to purchase another business.

### 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 Parts 3 and 4 of Chapter 6 of the Tax Act and which does not cause that company to have received more than £5 million of state aided investments (including from VCTs) in the year ending on the date of the investment. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods, have less than 250 employees and not be controlled by another company. 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.

### 3. QUALIFYING COMPANY

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and the market segments of the ICAP Securities and Derivatives Exchange Limited) 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 may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51% owned and must not be under the control of another company (including the VCT).

### 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 funds need to meet such tests.

However, to aid the launch of a VCT, HMRC may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in section 'Qualification as a VCT' above will be met throughout the current or subsequent accounting period and condition (d) in section 'Qualification as a VCT' above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

The Company has received HM Revenue & Customs approval as a VCT.

### 5. WITHDRAWAL OF APPROVAL

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. 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.

Withdrawal of approval has the effect as if approval had never been given (including the requirement to pay corporation tax on prior gains).

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

# Part 4: Definitions

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

## **the Act**

the Company Act 2006

## **Admission**

the date on which the D Shares allotted pursuant to the Offer are listed on the Official List of the UKLA and admitted to trading on the London Stock Exchange's market for listed securities

## **Articles**

the current articles of association of the Company and as proposed to be amended pursuant to Resolution 6 at the General Meeting

## **BDO**

BDO LLP, which is authorised and regulated by the FCA as a UKLA regulated sponsor

## **Board or Directors**

the board of directors of the Company

## **Business Days**

any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling

## **C Share Fund**

the aggregate of the capital raised by subscriptions for C Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto

## **C Share Offer**

the offer for subscription of C Shares described in a prospectus dated 19 February 2013

## **C Shares**

the C ordinary shares of one penny each in the capital of the Company

## **Circular**

the circular sent to shareholders dated 1 February 2016 convening the General Meeting to be held on 7 March 2016

## **Closing Date**

31 August 2016 unless extended at the discretion of the Directors

## **Close Period**

as defined in paragraph 1(a) of the Model Code

## **Company**

Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc)

## **D Share Fund or Fund**

the aggregate of the capital raised by subscriptions for D Shares issued by the Company under the Offer, all income and assets derived therefrom and all expenses and liabilities attributable thereto

## **D Shares or Offer Shares**

"D" ordinary shares of one penny each in the capital of the Company proposed to be issued pursuant to the Prospectus

## **Distributions**

amounts paid by way of dividends, tender offers, share buy-backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Shareholders in the Company in respect of Shares, excluding any income tax relief on subscription

## **Eligible Shares**

in relation to a company which is a Qualifying Company, means shares which may carry a non-cumulative and non-discretionary preferential right to dividends but not to the assets of the Company on its winding up, and which may carry no present or future right to be redeemed

## **Execution-Only (Investor)**

a transaction which is executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation

## **Foresight or the Manager**

Foresight Group CI Limited, the Company's investment manager, which is licensed by the Guernsey Financial Services commission

## **Foresight Funds**

funds managed or advised by Foresight

## **FCA**

the Financial Conduct Authority

## **FSMA**

the Financial Services and Markets Act 2000, as amended

## **General Meeting or Meeting**

the meeting of the members of the Company to be held on 7 March 2016 and convened in accordance with the notice set out in the Circular

## **IFA**

Independent financial adviser

## **Initial NAV**

NAV as at the date of first admission of D Shares to the UKLA's Official List

## **Investee Companies**

the underlying companies in which the Company will invest through its D Share Fund

## **Listing Rules**

the listing rules of the UKLA

## **London Stock Exchange or LSE**

London Stock Exchange plc

## **Minimum Gross Proceeds**

the sum of £3 million (before expenses) to be raised by the issue of D Shares in order for the Offer to become unconditional

## **NAV or Net Asset Value**

the net asset value attributable to the Shares calculated in accordance with the Company's normal accounting policies in force at the date of circulation

## **Offer or D Share Offer**

the offer for subscription to raise in aggregate up to £20 million by issues of D Shares by the Company pursuant to the Prospectus published on 1 February 2016 and prepared in accordance with the prospectus rules made under Section 84 of FSMA and approved by the FCA in accordance with FSMA

# Part 4: Definitions

## Official List

the official list of the UK Listing Authority maintained in accordance with section 74(1) FSMA

## Ordinary Share Fund

the aggregate of the capital raised by subscriptions for Ordinary Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto

## Ordinary Share Offer

the offer for subscription of Ordinary Shares described in a prospectus dated 31 August 2010

## Ordinary Shares

ordinary shares of one penny each in the capital of the Company

## Pricing Formula

the pricing formula relating to the price at which D Shares are issued to investors under the Offer set out in this document

## Professional Client Investor

Investor who applies for D Shares through their IFA where the IFA has classified that Investor as an elective professional client for the purposes of the FCA rules and their IFA is an Article 3 MiFID exempt firm

## Prohibited Period

any Close Period or any period when there exists any matter which constitutes inside information in relation to the Company

## Promoter

Foresight Group LLP, the promoter of the Offer, which is authorised and regulated by the FCA

## Promoter's Fee

the fee payable to the Promoter under the Offer, set out on page 14 of this document

## Proposals

the proposals to effect the Offer and pass the Resolutions to be proposed at the Meeting

## Prospectus

together the Summary, the Securities Note and the Registration Document

## Qualifying Company

an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act

## Qualifying Investments

shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 of the Tax Act

## Receiving Agent

The City Partnership (UK) Limited

## Registrar

Computershare Investor Services plc

## Registration Document

the registration document dated 1 February 2016 in connection with the Company

## Resolutions

the resolutions to be proposed at the General Meeting (and each a "Resolution")

## Retail Client Investor

Investors who apply for D Shares through their IFA where the IFA has classified the Investor as a retail client for the purposes of the FCA rules

## Shares

Ordinary Shares and/or C Shares and/or D Shares as the context requires

## Shareholders

the holders of Shares (and each a "Shareholder")

## Securities Note

this document

## Smart Data Equipment

a gas or electricity meter that is capable of two-way communication. It measures energy consumption in the same way as a traditional meter, but has a communication capability that allows data to be read remotely and displayed on a device within the home, or transmitted securely externally. In the Industrial and Commercial market meters are known as Advanced Meters and in the residential market known as Smart Meters. For the purpose of this document both will be referred to as Smart Meters

## Summary

the summary issued by the Company dated 1 February 2016 in connection with the Offer

## Tax Act

the Income Tax Act 2007 (as amended from time to time)

## UKLA

the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA

## VCT Rules

the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

## 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

## Zero Discount Buyback Policy

the policy of the Company to purchase D Shares at a zero discount to their net asset value, less transaction costs payable to market makers and stockbrokers, for the first five years following the close of the Offer

# Part 5:

## Applications for Foresight Solar & Infrastructure VCT D Shares Terms and Conditions of application

**1.** The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the D Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities unless otherwise so resolved by the Board. Offer Shares will be issued conditional on the Minimum Gross Proceeds being raised and on the relevant Resolutions being passed at the General Meeting. If any application is not accepted or if any application is accepted for fewer D Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the relevant Company in a separate client account.

**2.** The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.

**3.** By completing and delivering an Application Form, you (as the applicant):

**(a)** irrevocably offer to subscribe for the amount of money specified in your Application Form which will be applied to purchase D Shares, subject to the provisions of (i) the Prospectus, (ii) these Terms and Conditions and (iii) the Memorandum and Articles; and (iv) any document mentioned in paragraph (h) below;

**(b)** authorise the Company's Registrars to send definitive documents of title for the number of D Shares for which your application is accepted and to procure that your name is placed on the registers of members of the Company in respect of such D Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;

**(c)** in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any D Shares to any persons other than by means of the procedures set out or

referred to in this document, agree that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery by hand of your Application Form duly completed to the Receiving Agent;

**(d)** understand that your cheque or banker's draft will be presented for payment on receipt, and agree and warrant that it will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive certificates for the D Shares applied for or to enjoy or receive any rights or Distributions in respect of such D Shares unless and until you make payment in cleared funds for such D Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it 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 that at any time prior to unconditional acceptance by the Company of such late payment in respect of such D Shares, the Company may (without prejudice to their other rights) treat the agreement to allot such D Shares as void and may allot such D Shares to some other person in which case you will not be entitled to any refund or payment in respect of such D Shares (other than return of such late payment);

**(e)** agree that monies subscribed for D Shares will be held for the account of the Company pending allotment of D Shares (which may not take place until several weeks after cleared funds have been received) and that all interest thereon shall belong to the Company and further that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;

**(f)** agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed 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 either Company to bring any action, suit or proceeding arising out of or in connection with

any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

**(g)** agree that, in respect of those D Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by inclusion in an allotment of D Shares to you by the Receiving Agent;

**(h)** agree that, having had the opportunity to read the Prospectus and any supplementary prospectus issued by the Company and filed with the FCA, you shall be deemed to have had notice of all information and representations concerning the Company contained herein and in any supplementary prospectus issued by the Company and filed with the FCA and in any announcement made by the Company on an appropriate Regulatory Information Service (whether or not so read);

**(i)** agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;

**(j)** confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in this document and any supplementary prospectus filed with the FCA and you accordingly agree that no person responsible solely or jointly for this document and/or any supplementary prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;

**(k)** confirm that you have reviewed the restrictions contained in this paragraph 3 and paragraph 4 below and warrant as provided therein;

**(l)** warrant that you are not under the age of 18 years;

**(m)** agree that such Application Form is addressed to the Company, BDO LLP and the Receiving Agent;

**(n)** agree to provide the Company and/or the Receiving Agent with any information which either may request

## Part 5:

# Applications for Foresight Solar & Infrastructure VCT D Shares Terms and Conditions of application

in connection with your application and/ or in order to comply with the Venture Capital Trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);

**(o)** warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, BDO LLP, the Receiving Agent or Foresight acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;

**(p)** agree that neither BDO LLP nor Foresight will regard you as its customer by virtue of you having made an application for D Shares or by virtue of such application being accepted; and

**(q)** declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring D Shares and that the D 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.

**4.** No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of D Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the United Kingdom. No person receiving a copy of this document or any supplementary prospectus filed with the FCA or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside

the United Kingdom wishing to make an application for D Shares 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 required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

**5.** The basis of allocation will be determined by the Company (after consultation with BDO LLP) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The Offer will be closed on 31 August 2016 or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/ or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out on pages 36-37. In particular, but without limitation, the Company (after consultation with BDO LLP) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Company are prohibited by statute or other regulations from issuing D Shares.

**6.** Save where the context requires otherwise, terms defined in this document and any supplementary prospectus filed with the FCA bear the same meaning when used in these terms and conditions of application and in the Application Form.

**7.** Authorised financial intermediaries who, acting on behalf of their clients where those client are Execution-Only Investors or Professional Client Investors, return valid Application Forms bearing their stamp and FCA number will normally be paid 3% commission

on the amount payable in respect of the D Shares allocated for each such Application Form. In addition, provided they continue to act for their client and the client continues to hold such Offer Shares, such intermediaries will be paid an annual trail commission of 0.5% of the net asset base value for each such D Share. For this purpose, "net asset base value" means the net assets attributable to the D Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. It is expected that annual trail commission will be paid 5 months after the year end of the Company in each year. The administration of annual trail commission will be managed on behalf of the Promoter by Foresight Fund Managers Limited which will maintain a register of intermediaries entitled to trail commission. The Promoter shall be entitled to rely on a notification from a client that he has changed his adviser, in which case, the trail commission will cease to be payable to the original adviser and will be payable to the new adviser if one is appointed. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 3% of the Offer price of each such D Share or in respect of any period commencing after the sixth anniversary of the closing date of the Offer. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for commission. The Receiving Agent will collate the Application Forms bearing the financial intermediaries' stamps and calculate the initial commission payable which will be paid within one month of the allotment.

**8.** Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived.

**9.** Where Application Forms are returned by you or on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application having first categorised you as a Retail Client Investor, the Company will facilitate the payment of any Adviser Charge agreed between you and your intermediary, as validated by your completion of Box 3 on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment

## Part 5:

# Applications for Foresight Solar & Infrastructure VCT D Shares Terms and Conditions of application

equal to the Adviser Charge direct to the intermediary which will be taken into account when applying the Pricing Formula to your subscription, and will reduce, the number of D Shares which are issued to you on the basis set out on page 15.

**10.** There has been no material disparity in the past year (from the date of this document), nor shall there be under the Offer in the effective cash cost of Offer Shares to members of the public as compared with the effective cash cost of Offer Shares to members of the Company's management (including its administrative and supervisory bodies) or their affiliates.

**11.** Where Application Forms are returned on your behalf by an authorised financial intermediary, the Promoter at its sole discretion will determine the Promoter's Fee applicable to your application for D Shares, subject to a maximum of 2.5% of the Net Asset Value per D Share.

**12.** The Company may, in its absolute discretion, make non-material amendments to these terms and conditions without giving notice to investors.

# Lodging of application forms and dealing arrangements



Completed Application Forms with the appropriate remittance must be posted or delivered by hand on a Business Day between 9.00am and 5.30pm to the Receiving Agent. The Offer opens on 1 February 2016 and will close on 31 August 2016, or earlier at the discretion of the Directors.

The Directors in their absolute discretion may also decide to extend the Offer to 31 January 2017 at the latest. If you post your Application Form, you are recommended to use first class post and to allow at least two Business Days for delivery. It is expected that dealings in the D Shares will commence three Business Days following allotment and that share certificates will be despatched ten business days of allotment of the D Shares. Allotments will be announced on an appropriate Regulatory Information Service. Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants.

A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. To the extent that any application is not accepted any excess payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

## DIRECT INVESTMENT FROM PLATFORMS AND WRAPS

In April 2014, legislation was introduced which has made it possible to subscribe for new VCT share offers directly from Platforms or Wraps.



Foresight Group is in discussions with several providers over making new shares in its VCTs available, and at time of going to press, shares in Foresight Solar & Infrastructure VCT are available to purchase directly via Transact.

Trail commission will not be payable to financial intermediaries providing a platform service.

**If you would prefer to access Foresight Solar & Infrastructure VCT via an alternative Platform or Wrap provider, please contact a member of the Foresight Sales Team on 020 3667 8199 and we will work with you and your platform provider to try to achieve this.**

# Application procedures

Before making any application to acquire Offer Shares you are strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. To fill out the Application Form:

## SECTION 1

Insert your full name and address in **BLOCK CAPITALS**. Individuals can only apply on their own behalf and in their own name. You must be the beneficial owner of the Offer Shares issued to you pursuant to the Offer. Nominee names may be used provided details of the beneficial shareholder(s) are also included. You must also give your own address,

full postcode, telephone number, date of birth and National Insurance Number. Telephone numbers will only be used in case of a query with regard to your application.

Please tick the relevant box in this Section if you are an existing shareholder in one or more of the Foresight VCTs.

## SECTION 2

Insert (in figures) the total amount you wish to invest. Your application must be for a minimum of £3,000 and thereafter in multiples of £1,000. You can also specify in Section 2 how you would like your subscription monies split between tax years 2015/16 and 2016/17, allowing for more efficient tax planning.

If you are paying by cheque please make it payable to **“The City Partnership - Foresight Solar & Infrastructure VCT Offer”**. Cheques must be honoured on first presentation. A separate cheque must accompany each application. No receipt for your payment will be issued. The cheque or banker’s draft must be drawn in sterling on an account at a bank branch or building society in the United Kingdom or the Channel Islands and bear

a bank sort code number in the top right hand corner. You may, if you wish, use a personal cheque drawn by someone else, in which case your full name and address should be written on the back of the other person’s cheque. Additionally, if you use a building society cheque or banker’s draft, you should write the name, address and date of birth of the person named in Section 1 of the Application Form on the back of the cheque or banker’s draft. You may pay by direct transfer. For details please see page 37. Cheques and transfers from corporate accounts are not permitted. Any monies not accepted will be returned by the applicant’s cheque or banker’s draft or by sending a cheque crossed “Account Payee Only” in favour of the applicant.

## SECTION 3 AND 4

### To be completed by advised Retail Client Investors only.

If you have an authorised financial intermediary, such as an IFA, who has made a personal recommendation in relation to your application having classified you as a Retail Client Investor, and you would like the payment of your agreed adviser’s fee with your intermediary to be facilitated through your subscription for Offer Shares, please specify in Section 3 the amount of the initial up-front adviser fee agreed between you in relation to this product (which may not exceed the limitation specified in section 553 Companies Act 2006 less the Promoter’s Fee) which will be paid by the Company to your authorised financial intermediary.

For the avoidance of doubt, any Adviser Charge payable to a financial intermediary in connection with an application for Offer Shares will be expressed, for the purposes of calculating a bespoke issue price to an Investor under the Pricing Formula, as the same percentage of NAV per Offer Share as the percentage which the Adviser Charge bears to the amount subscribed by the Investor. This will however not affect the amount of commission payable to a financial Intermediary.

If you would like dividend payments to be paid directly into your bank account, please insert your bank details in Section 4.

# Application procedures

## SECTION 5

Sign and date the form. If the form is signed on your behalf by an attorney or other agent, that person should state on the form the capacity in which they are signing and the original

power(s) of attorney or a copy thereof duly certified by a solicitor must be enclosed for inspection and will be returned in due course.

## SECTIONS 6 - 10

**THESE SECTIONS ARE TO BE COMPLETED BY YOUR AUTHORISED FINANCIAL INTERMEDIARY.**

### MONEY LAUNDERING NOTICE - IMPORTANT

If the application is for the Sterling equivalent of €15,000 or more (or is one of a series of a linked applications the value of which exceeds that amount), the identity of the applicant and, if a cheque is drawn by a third party, the identity of that third party must be verified as set out below. If The City Partnership

(UK) Limited has previously received the appropriate documents, you will not need to provide them again.

If an application is made direct (not through an authorised intermediary), you must ensure that the following documents are enclosed with the Application Form:

1. a certified copy of either the passport or the driving licence of the applicant (and cheque payer if different); and
2. an original bank or building society statement or utility bill (no more than 3 months old), or recent tax bill, in the name of the applicant (and cheque payer if different).

Copies should be certified by a solicitor or bank. Original documents will be returned by post at your risk.

Please send the entire Application Form and a cheque made payable to 'The City Partnership - Foresight Solar & Infrastructure VCT' (unless you have made the payment by electronic bank transfer) by post to the Receiving Agent using the following address:



### BY POST

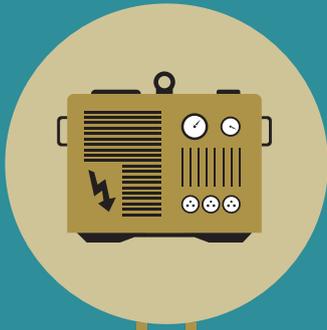
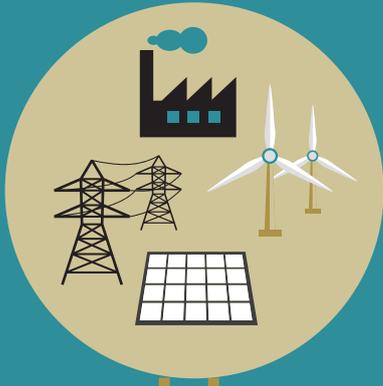
The City Partnership (UK) Limited  
Thistle House  
21-23 Thistle Street  
Edinburgh EH2 1DF



### BANK TRANSFERS

**Sort code:** 80-22-60    **A/c no:** 14251260  
**A/c Name:** The City Partnership-Foresight Solar & Infrastructure VCT  
**Bank:** Bank of Scotland  
**BIC:** BOFSGBS1SDP  
**IBAN:** GB35 BOFS 80226014251260

Please reference bank transfers with your surname and initials.



# Application Form - Private Investors

## FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

### OFFER SHARES OF 1P EACH IN THE COMPANY

This Application Form should be completed in full and sent by post or by hand addressed to:

**“Foresight Solar & Infrastructure VCT Offer”, The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF** so as to arrive as soon as possible but in any case no later than 5.00 p.m. on 4 April 2016 in the case of applications for the 2015/16 tax year and no later than 5.00 p.m. on 31 August 2016 in the case of applications for the 2016/17 tax year. Cheques should be enclosed with the Application Form made payable to ‘The City Partnership - Foresight Solar & Infrastructure VCT’. Before completing this Application Form you should read the terms and conditions of application on pages 32 to 34 and the application procedures on page 36 to 37.



#### CHEQUES

Make payable to ‘The City Partnership - Foresight Solar & Infrastructure VCT (Note: Cheques drawn on corporate accounts cannot be accepted)



#### BANK TRANSFERS

Sort code: 80-22-60 Account no: 14251260 BANK: Bank of Scotland  
BIC: BOFSGBS1SDP IBAN: GB35 BOFS 80226014251260

The application list will open on 1 February 2016 and will be closed at any time thereafter (provided the Offer is fully subscribed or otherwise at the Directors’ discretion) but not later than 5.00 p.m. on 31 August 2016 (unless the closing date is extended by the Directors).

Foresight Group will decide, in its absolute discretion, to accept or reject the application and will notify you of its decision. No Application Form will be accepted by Foresight Group until it has received the relevant Intermediary Certificate or is satisfied with all applicable legal and regulatory requirements and it has issued a written confirmation of acceptance.

If you do not receive an acknowledgement of your application within ten days of sending it to The City Partnership, please contact Foresight Group on 020 3667 8199.

### SECTION 1: PERSONAL DETAILS

TITLE: MR/MRS/MISS/MS/DR/OTHER: \_\_\_\_\_

FORENAMES: \_\_\_\_\_

SURNAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

POSTCODE: \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_

IF 3 YEARS OR LESS THEN PLEASE PROVIDE PREVIOUS ADDRESS: \_\_\_\_\_

NATIONAL INSURANCE NO (mandatory): \_\_\_\_\_

EMAIL: \_\_\_\_\_

TEL NO (DAY): \_\_\_\_\_

TEL NO (EVENING): \_\_\_\_\_

I AM/WE ARE (AN) EXISTING SHAREHOLDER IN A VCT MANAGED BY FORESIGHT GROUP

POSTCODE: \_\_\_\_\_

COUNTRIES WHERE YOU ARE TAX RESIDENT: \_\_\_\_\_

PLEASE TICK THIS BOX IF YOU ARE A US CITIZEN:

IF YOU ARE A US CITIZEN, PLEASE PROVIDE YOUR US TAXPAYER IDENTIFICATION NUMBER (TIN): \_\_\_\_\_

NOTE: Foresight Group may, if necessary, disclose information to HMRC and the IRS in order to satisfy its FATCA obligations.

### SECTION 2: SUBSCRIPTION

I offer to subscribe for the following amount in the Company on the terms and conditions of application as set out in the Prospectus and subject to the Memorandum and Articles of Association of the Company. (Applications must be for a minimum of £3,000 and thereafter in multiples of £1,000).

TOTAL: \_\_\_\_\_

TAX YEAR 2015/16: \_\_\_\_\_

TAX YEAR 2016/17: \_\_\_\_\_

£: \_\_\_\_\_

£: \_\_\_\_\_

£: \_\_\_\_\_

I enclose a cheque or banker’s draft drawn on a UK clearing bank, made payable to “The City Partnership–Foresight Solar & Infrastructure VCT Offer”

I have made the above payment by electronic bank transfer



# Application Form - Private Investors

FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

## SECTION 3: TO BE COMPLETED BY ADVISED RETAIL CLIENT INVESTORS ONLY

AMOUNT OF THE AGREED INITIAL UP-FRONT ADVISER FEE £ \_\_\_\_\_

Please note: You should be entitled to claim income tax relief on your gross investment. The Company will not facilitate on-going Adviser Charges.

## SECTION 4: DIVIDEND OPTIONS

DIVIDENDS ARE NORMALLY DISTRIBUTED BY CHEQUE, HOWEVER, IF YOU WOULD PREFER THEM TO BE PAID DIRECTLY INTO YOUR ACCOUNT, PLEASE INDICATE YOUR ACCOUNT DETAILS HERE.

ACCOUNT NAME: \_\_\_\_\_

BANK/BUILDING SOCIETY: \_\_\_\_\_

SORT CODE:

ACCOUNT NUMBER:

## SECTION 5: SIGNATURE

SIGNATURE OF APPLICANT: \_\_\_\_\_

DATE: \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

BY SIGNING THIS APPLICATION FORM I HEREBY IRREVOCABLY DECLARE THAT:

(i) I have read and understood the procedure for application contained herein and agree to be bound by the Terms and Conditions of subscription contained in Part 5 of the Securities Note;

(ii) if I have completed Section 3, I am declaring and validating to Foresight Group and the Receiving Agent the amount of the facilitation charge(s) specified therein and am agreeing to the making, by the Company, of a facilitation payment of that amount;

(iii) if my authorised financial intermediary has classified me as an elective Professional Client for the purposes of this application, I am aware of the risks involved in such classification and of the rights I am giving up and I wish to be treated as a Professional Client in respect of my application; and

(iv) to the best of my knowledge and belief, the particulars I have given are correct.



# Application Form and Authorised Intermediary Certificate

FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

## SECTION 6: TO BE COMPLETED BY THE INVESTOR'S FINANCIAL INTERMEDIARY

FIRM NAME:	EMAIL:
INVESTMENT ADVISER/PARTNER:	TEL NO (DAY):
MAIN POINT OF CONTACT FOR COMMUNICATION PURPOSES:	TEL NO (EVENING):
ADDRESS:	FAX:
POSTCODE:	FIRM FCA REGISTRATION NO:
	PARTNER/ADVISER FCA REGISTRATION NO:
	REFERENCE/PARTNER REFERENCE (if applicable):
SIGNATURE:	DATE:

## SECTION 7: INTERMEDIARY REMUNERATION (YOU MUST ELECT ONE OF THE TWO OPTIONS)

Please tick either Option 1 or Option 2 and ensure that this is consistent with section 2 of the Application Form

OPTION 1: TICK THIS BOX IF YOU HAVE PROVIDED ADVICE TO YOUR CLIENT AND ANY AGREED ADVISER CHARGES COMPLY WITH COBS 6.1A

If you have ticked Option 1 go directly to Section 8

OPTION 2: TICK THIS BOX IF YOU ARE ENTITLED TO RECEIVE COMMISSION (PLEASE READ NOTE BELOW)

IF YOU HAVE TICKED OPTION 2 PLEASE WRITE IN THE REASON HERE AND COMPLETE SECTION 8 BELOW

Note: Post Retail Distribution Review (RDR), only advisers with investors who are categorised as "professional" under FCA Rules or certain execution only intermediaries remain entitled to receive commission. Post the FCA Policy Statement 13/1, platforms may no longer receive commission whether they follow an advised or an execution only model.

## SECTION 8: COMMISSION WAIVER DETAILS (ONLY COMPLETE IF COMMISSION SELECTED IN SECTION 6)

INITIAL COMMISSION WAIVED\* WILL BE INVESTED IN FORESIGHT SOLAR & INFRASTRUCTURE VCT FOR YOUR CLIENT. PLEASE INSERT THE AMOUNT OF COMMISSION YOU WISH TO BE WAIVED IN THE BOX.

%

\*maximum 3%

## SECTION 9: INTERMEDIARY'S BANK DETAILS

PLEASE PROVIDE DETAILS OF YOUR BANK OR BUILDING SOCIETY ACCOUNT FOR ADVISER CHARGES OR COMMISSION (AS APPLICABLE)

ACCOUNT NAME:	BANK/BUILDING SOCIETY:
SORT CODE: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	ACCOUNT NUMBER: <input type="text"/>





# Corporate information

## DIRECTORS (NON-EXECUTIVE)

David Hurst-Brown (Chairman)  
Tim Dowlen  
Mike Liston

## REGISTERED OFFICE AND HEAD OFFICE

The Shard  
32 London Bridge Street  
London SE1 9SG

## COMPANY REGISTRATION NUMBER

07289280

## WEBSITE

[www.foresightgroup.eu](http://www.foresightgroup.eu)

## TELEPHONE NUMBER

020 3667 8100

## COMPANY SECRETARY

Foresight Fund Managers Limited  
The Shard  
32 London Bridge Street  
London SE1 9SG

## REGISTRARS

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

## INVESTMENT MANAGER & ADMINISTRATION PROVIDER

Foresight Group CI Limited  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 2HT

## PROMOTER

Foresight Group LLP  
The Shard  
32 London Bridge Street  
London SE1 9SG

## SOLICITORS AND VCT TAX ADVISERS

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125 Old Broad Street  
London EC2N 1AR

## BROKER

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

## SPONSOR

BDO LLP  
Two Snowhill  
Birmingham B4 6GA

## RECEIVING AGENT

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Thistle House  
21-23 Thistle Street  
Edinburgh EH2 1DF

## BANKERS

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54 Lombard Street  
London EC3P 3AH

## AUDITORS

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