

**BEST
PERFORMING
VCT***

TOTAL RETURN
231.0p

LEADER IN TOTAL RETURN
SINCE 2007

**JOBS CREATED
OVER 1,000**



INVESTING ACROSS THE UK

DIVIDENDS PAID

OVER **£40 M**

SECTORS

CONSUMERS &
LEISURE
INDUSTRIALS &
TECHNOLOGY
HEALTHCARE
BUSINESS
SERVICES



Foresight
group

FORESIGHT VCT PLC ORDINARY SHARE ISSUE

Offer for subscription to raise in aggregate
£30,000,000 by issues of Ordinary Shares.

SECURITIES NOTE WITH
APPLICATION FORM

JANUARY 2016

Important notice

This document is important and requires your immediate attention. If you are in any doubt about what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other authorised financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”).

This document constitutes a securities note (the **“Securities Note”**) dated 18 January 2016 issued by Foresight VCT plc (the **“Company”**), prepared in accordance with the prospectus rules made under Section 84 of FSMA and has been approved by the Financial Conduct Authority (**“FCA”**). 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 Ordinary Shares of one penny each in the capital of the Company (the **“Offer Shares”**) which are being offered for subscription (the **“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 51) 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.

Applications will be made to the UK Listing Authority for the Ordinary Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the UK Listing Authority. Application will also be made to the London Stock

Exchange for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission will become effective and that trading in the Offer Shares will commence three Business Days following allotment. The Company’s existing issued Ordinary Shares are traded on the London Stock Exchange’s market for listed securities.

Offer for Subscription to raise in aggregate up to £30 million (which may be increased by up to a further £10 million at the discretion of the Board) by issues of Ordinary Shares of one penny each by the Company.

Sponsored by BDO LLP

In connection with the Offer, BDO LLP (**“BDO”**) is acting as sponsor for the Company and for no-one else and will not (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) be responsible 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 and Foresight Group CI Limited (**“the Manager”**), the promoter of the Offer and manager of the Company respectively, are acting for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Foresight Group LLP and Foresight Group CI Limited 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 Securities Note, 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; and from the Foresight website at www.foresightgroup.eu and from the offices

of BDO at 55 Baker Street, London W1U 7EU. Additionally, this Securities Note and the Circular (when available) will be delivered by post to existing 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 18 January 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 by up to a further £10 million.

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Part 1: Introduction

Risk Factors

Existing and prospective Investors should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole.

If any of the risks described below were to materialise, it could have a material effect on the Company's business, investments, financial condition, result of operations or on the value of the Ordinary Shares. The risks and uncertainties described below are not the only ones the Company, the Directors or Investors in Ordinary Shares will face.

Additional risks not currently known to the Company or the Directors, or that the Company or the Directors currently believe are not material, may also adversely affect the Company's business, investments, financial condition and result of operations. The value of Ordinary Shares could decline due to any of the risk factors described below, and Investors could lose part or all of their investment. Investors who are in doubt should consult a financial adviser authorised under FSMA.

GENERAL INVESTMENT RISK FACTORS

- The value of Ordinary 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 Ordinary Shares will fully reflect the underlying Net Asset Value nor that dividends will be paid. Shareholders should not rely upon any share buyback policy to offer any certainty of selling their Ordinary Shares at prices that reflect the underlying Net Asset Value.
- The past performance of the Company or other funds managed by the Company's manager, is no indication of the future performance of the Company. The Net Asset Value of the Ordinary Shares and the return received by Investors will be dependent on the performance of the underlying

investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.

- Where the Company invests the proceeds of the Offer in companies in which other Foresight Funds (including in respect of the other classes of shares in the Company) have invested or are investing, conflicts of interest may arise. In such a scenario, the Manager will apply its conflicts policy in order to reconcile the conflict in the first instance and thereafter, if required, the Directors will exercise their independent judgement, so far as they are able, to protect the interest of Shareholders.
- The existing Shares issued by the Company have been (and it is anticipated that Ordinary Shares to be issued pursuant to the Offer will be) admitted to the premium segment of the Official List of the UK Listing Authority and are (or will be) traded on the London Stock Exchange market for listed securities. However, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Investors may find it difficult to realise their investment. Investment in the Company should be seen as a long-term investment.
- There is no guarantee that the Company will meet its objective or that suitable investment opportunities will be identified to enable the Company to meet its objective.
- The level and timing of distributions to Shareholders is not guaranteed. The level of returns from the Ordinary Shares may be less than expected if there is a delay in the investment programme, such that the Company's proceeds from the Offer are held in cash or near cash investments for longer than expected.

VCT AND TAXATION RISK FACTORS

- While it is the intention of the Board

that the Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that the Company's status will be maintained. A failure to meet the qualifying requirements could result in Investors losing the tax reliefs available for VCT shares, resulting in adverse tax consequences, including, if the holding has not been held for the relevant holding period, a requirement to repay the income tax relief obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Ordinary Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

- The information, including tax rules, contained in this document is based on existing legislation as explained in more detail below. 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 Ordinary Shares under the Offer disposes of those shares within five years, the Investor will be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- 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.
- The Finance (No. 2) Act 2015 introduced a number of changes to the VCT Rules, which took effect from 18 November 2015 which restrict the

investments which can be made by VCTs and the use of the invested funds by investee companies. Companies whose first commercial sale was more than seven years ago are no longer eligible for VCT investment save where they received a qualifying state aided risk finance investment in their first seven years of trading or where the invested amount is greater than 50% of average of the company's turnover for the previous five years and the company is entering a new product or geographical market. To be a qualifying VCT holding, investee companies must employ monies received from a VCT for the purposes of promoting growth and development. The prohibition on employing VCT funding on the purchase of shares was also extended to include business acquisitions structured as purchases of assets or goodwill. Non-qualifying investments by VCTs are also now restricted to a narrower range of investment categories intended to facilitate liquidity management. Furthermore, the Finance (No. 2) Act 2015 introduced a lifetime limit on the amount of qualifying state aided risk-finance investment a single company can receive of £12 million (£20 million for 'knowledge intensive' companies). These changes could 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 existing portfolio companies. They will also affect the profile of the Company's new investments, increasing the focus on earlier stage growth capital deals which have a higher risk profile than older, better established businesses. Some existing investee companies in the portfolios of the Company (which includes some of those acquired from Foresight 2 VCT plc as a result of the Merger completed on 18 December 2015), may be unable to receive further VCT investment or the amount of such follow on investment may be restricted. The Company is likely to face greater competition for a smaller number of available investment opportunities going forward as a result

of these legislative changes.

- Any change of Governmental, economic, fiscal, monetary or political policy and, in particular any spending cuts or material increases in interest rates could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the value of and returns from Shares and/or its ability to achieve or maintain VCT status. Furthermore, where the European Commission believe that State aid (such as VCT tax relief) has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK government recovers that State aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the VCT or the VCT's investors.
- Unless an authorised intermediary rebates adviser charges back to his investor client (in which case a tax liability may accrue to the investor) it is not thought, on present interpretation of the legislation, that payments made to facilitate adviser charges will have any personal tax consequences for investors. However, HMRC have not fully settled their position as to the tax treatment of adviser charges facilitated by VCTs pursuant to the Retail Distribution Review and their interpretations are, therefore, subject to change.

UNQUOTED COMPANY INVESTMENT RISK FACTORS

- Investment in unquoted companies (including AIM-traded and those traded on market segments of the ICAP Securities and Derivatives Exchange Limited ("ISDX")) by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties and may be more susceptible to political, exchange rate, taxation and regulatory changes. Full information for determining their value or the risks

to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisations of investments by the need to maintain the VCT status of the Company which may restrict the Company's ability to obtain maximum value from its investments.
- Full information for determining the value of the Company's underlying investments may not always be available. Confidential or inside information which might have a bearing on the prospects of a particular investment may exist from time to time but may not yet be in the public domain. In such circumstances an individual valuation may have to be based on historic information not incorporating full disclosure which might otherwise have enabled a more precise valuation.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it will not be in a position fully to protect its interests.

FUND RELATED RISK FACTORS

- Where more than one share class within a single fund, or more than one Foresight Fund, wishes to participate in an investment opportunity, allocations will be made in accordance with the allocation policy agreed as at the date of allocation. Generally, the policy provides that allocations are made first to any company (or relevant class of shares within a company) with an existing investment in the relevant investee company, secondly to any company (or relevant class of shares within a company) whose investment strategy is specifically focused on the business of the relevant company and thirdly to all other companies (or the relevant class of shares, within a company) whose investment strategy is generally consistent with the investment in business of the

Part 1: Introduction

Risk Factors

relevant company. Within each stage, allocations are made pro rata to the net funds raised by each company (or the relevant fund attributable to a class of shares within a company), except where there is an existing investment, in which case allocation is pro rata to such existing investment. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Investments. This may mean that a greater or lesser allocation is received than would otherwise be the case.

- Although each of the Company's existing classes of Shares will be managed separately and benefit from fixed costs being spread across a larger asset base, they will continue, however, to be subject to the overall financial position and performance of the Company as a number of accounting, company law and VCT tests are applied at Company level. In addition, if, in the unlikely event there was a deficit in relation to one class of shares, such deficit would be borne by the other share classes of the Company.

Expected timetable, statistics and costs

INDICATIVE OFFER TIMETABLE	
Offer opens	18 January 2016
Early Bird priority period	ends on 29 February 2016
Ex-dividend date	17 March 2016 (To be entitled to receive this dividend, applications must be received by 15 March 2016)
Closing date for 2015/16 tax year	5 April 2016
Closing date for 2016/17 tax year	31 August 2016
Allotments	Monthly or ad hoc as required
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 Directors reserve the right to extend the closing date of the Offer (provided that any such extension runs to a date no more than 12 months from the date of the Prospectus) or increase the size of the Offer by a further £10,000,000 at their discretion. The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion.

EARLY BIRD DETAILS: Investors whose application forms are received before 29 February 2016 will pay a 1% lower subscription price through the application of the Pricing Formula.

LOYALTY BONUS: In addition, existing investors in Foresight-managed funds will enjoy a loyalty bonus through a 0.5% reduced subscription price applied via the Pricing Formula on page 24.

OFFER STATISTICS

Initial NAV per Offer Share*	88.0p
Maximum amount to be raised (unless increased)	£30,000,000 (with the option to increase this by a further £10,000,000 at the Board's discretion)
Estimated number of Offer Shares to be issued**	32 million
Estimated number of Ordinary Shares in issue following the Offer**	118 million
Estimated net proceeds of the Offer**	£28,350,000

*Unaudited NAV as at 17 December 2015. **Ignoring the effect of any early bird and loyalty bonus discounts, assuming Offer fully subscribed by investors with total costs of 5.5% and that the Offer is not increased. Figures above are approximate.

COSTS AND COMMISSIONS RELATING TO THE OFFER

Retail Client Investors

Promoter's Fee*	2.5%
Adviser charges: variable up-front charges agreed between an Investor and his or her independent financial adviser* The payment of these charges can be facilitated by the Company through the application of the Pricing Formula.	Variable
Ongoing Adviser Charges Ongoing adviser charges will not be facilitated by the company	n/a

Professional Client Investors and Execution-Only Investors

Promoter's Fee*	2.5%
Initial commission to intermediaries*	3.0%
Trail commission, where permissible, to intermediaries (subject to cumulative maximum of 3%)	0.5% per annum

Direct Investors

Promoter's Fee*	up to 5.5%
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* expressed as a percentage of amount subscribed and included in the Pricing Formula, the Promoter's Fee may be reduced at the sole discretion of the Promoter

The above (i) Promoter's Fees (ii) initial commission payable to intermediaries of Professional Client Investors and Execution-Only Investors and (iii) up-front adviser charges agreed by Retail Client Investors with their authorised financial intermediaries are each included in the Pricing Formula for determining how many Offer Shares are allotted to each Investor. The Company will pay on-going trail commission where permissible. Each percentage above is expressed as a percentage of the amount subscribed. All Adviser Charges will be settled by the Company from its share premium reserve attributable to share capital raised prior to 5 April 2014.

Letter from the Chairman of Foresight VCT PLC

18 January 2016

Dear Investor

On behalf of the Board, I am delighted to introduce this prospectus offer to invest in the Ordinary Shares fund of Foresight VCT plc (the "Company").

We are seeking to raise an additional £30 million of capital in order to maintain and expand upon the Company's portfolio of generalist investments into primarily UK SME growth companies to continue to deliver capital appreciation and a stable annual dividend stream to our shareholders, with a target average annual dividend of at least 5p.

Following the recent merger with Foresight 2 VCT plc, the Company's Ordinary Shares fund now comprises over £77 million of assets, with investments in 27 UK headquartered unquoted companies valued at £58.6 million and £18.4 million of cash. Originally a technology focused fund, the Ordinary Shares portfolio has been progressively reshaped and today it is a diversified, generalist fund.

The Board launched a prospectus offer on 31 October 2014 which was well received by both new and existing investors, raising over £19.3 million out of a £20 million target when it closed early on 8 June 2015 due to announcement of merger discussions with Foresight 2 VCT plc. Following a number of new and follow on investments and the payment of a £2.9 million dividend to Foresight VCT Ordinary shareholders in March 2015, the Board wishes to ensure that the Company is in a position to pursue its current programme of investment in the medium term. It is the Board's view that this further Offer, as set out in the Prospectus, can build on recent successfully completed investments by raising further funds in what is a gradually improving UK economy, notwithstanding wider macroeconomic turbulence.

VCT TAX RELIEF

Subject to personal circumstances, investors should be able to reclaim up to 30% of their initial investment against their income tax bill. Any dividends received on VCT shares, or capital gains on the disposal of VCT share should

be free of tax subject to your personal circumstances. The tax 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 pages 32 - 33 of this document.

OBJECTIVES

Low Costs

The Board is committed to keeping the Company's operating costs as low as possible and one of the key benefits of the recent merger was that it enabled the Board to come to an agreement with the Manager to cap the total expenses ratio of the Company at 2.6%. I'm pleased to say that, following the Offer, the Manager has agreed that the annual expenses cap will be further reduced to 2.4% making it, by some margin, the lowest cap of any generalist VCT with total assets over £20 million. Annual expenses falling within the cap include expenses incurred in the ordinary course of the Company's business including management and administration fees, Directors' remuneration, fees payable to the registrar, stockbroker, auditors, solicitors and VCT status advisers. Annual expenses do not include exceptional items, performance incentive fees, annual trail commission and irrecoverable VAT. Funds raised under the Offer will also increase the Company's net assets overall and allow the Company's administrative costs to be spread across a wider asset base, so that the administrative costs of the Company per Share can be reduced.

Investment programme

The Board believes that this new Offer will help to achieve the key objective of maintaining a programme of regular new and follow on investments into qualifying companies with attractive growth prospects. Together with the already established portfolio of maturing investments this should generate opportunities for regular realisations, the profits from which it is intended to distribute by way of regular dividends which are tax-free to qualifying Shareholders.

RECENT PERFORMANCE

New investments

In the last twelve months the Company's Ordinary Share fund has invested in seven new unquoted companies, investing over £14 million across a broad

range of sectors including business services, industrials, healthcare, software and ecommerce.

With further investments currently under review, the Directors and the Manager believe that existing and further cash raised can be invested over the coming 18 to 24 months to continue the diversification of the Ordinary Shares fund and take advantage of the continued buoyant level of investment opportunities.

Since their creation in 1995, VCTs have raised over £5 billion (Source: AIC Statistics) and investors in the Company's Ordinary Shares at Launch in 1997 have benefited from the largest Total Return per Share of any VCT share class as at 30 September 2015 (£2.31 per £1 invested, excluding the tax benefits associated with VCTs).

Realisation track record

The Company's Ordinary Shares fund has achieved a number of profitable realisations over the past five years which have funded strong dividends. Full details of these realisations are set out on pages 15 to 17.

The sale of Alaric, a payments software business, for \$84 million in December 2013 generated £71 million for the Company (five times the original investment by the Company) and allowed the payment in March 2014 a special dividend of 10p per share.

Another highlight was the sale of software business AppDNA to Citrix for \$92 million, returning £8 million, or 32 times the original investment to Foresight VCT. Partial realisations through refinancing have also provided the opportunity to generate cash returns to the Company without the need to fully exit portfolio companies.

More recently, during 2015, recapitalisations were completed in TFC and the Bunker (investments acquired by the Company from F2 pursuant to the Merger) returning £7.4 million to Foresight Funds. Foresight Funds have retained their original equity holdings in the two businesses which continue to show promise.

A number of other businesses within the current portfolio are maturing well and the Board considers there is the potential within the Ordinary Shares fund for more successful full and partial realisations within the next 12 months.

Letter from the chairman of Foresight VCT PLC

Dividend track record

Foresight VCT has paid out over £40 million of dividends to investors since Launch. The Ordinary Shares fund, when measured by Total Return since Launch, is the best performing of all VCT share classes as at 30 September 2015. The Company's dividend policy is and will remain, wherever practical, to maintain a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments.

The Board has today announced that it has declared an interim dividend of 7.0p per Ordinary Share to be paid on 1 April 2016. This dividend will have a record date of 18 March 2016 and an ex-dividend date of 17 March 2016. Investors wishing to receive this dividend should ensure their applications are received by 5.00 p.m. on 15 March 2016.

This dividend represents an increase of 16.7% over the dividend paid in 2015, a net yield of 8.0% based on the last published NAV of 88.0p per Ordinary Share. This dividend (which has been declared but not yet paid) will bring the total amount paid in dividends over the five year period 2012-2016 (inclusive) to 35.5p per Ordinary Share, an average of over 7.0p per year. The Board is pleased that the Company has maintained its annual dividend payments at or above its target of 5.0p per Ordinary Share during that period and the Board will continue to pursue this out-performance in the future.

Buybacks

During 2015, consistent with the Company's continuing share buy-back programme, 1.66 million Ordinary Shares (including Ordinary Share buy-backs within Foresight 2 VCT pre-merger) were purchased for cancellation at an average discount to NAV of 10.2%. It is the Directors' intention to continue to manage the cash resources of the Ordinary Shares fund in order to be in a position to maintain this programme of regular share buy-backs which should facilitate Shareholder disposals, and contribute to the Shares trading at a reasonable discount to their Net Asset Value.

Dividend Reinvestment Scheme

The Company operates a dividend investment scheme for Ordinary Shareholders wishing to elect to receive new Ordinary Shares as an alternative to receiving cash dividends. Any new Ordinary Shares issued under the dividend investment scheme will be allotted at the last published Net Asset

Value per Ordinary Share of the Company (adjusted to take into account the dividend to be paid). Dividend investment schemes enable shareholders to increase their total shareholding in a company without incurring dealing costs, issue costs or stamp duty. Any new Shares issued should qualify for VCT tax reliefs available at the time of subscription, provided that they are then held for the necessary qualifying period.

New Ordinary Shares allotted under the dividend investment scheme will form part of each Shareholder's annual limit for investing in VCTs. Shareholders wishing to participate in the dividend investment scheme should tick the relevant box on the Application Form. The terms and conditions of the dividend investment scheme are set out in Part 5 of this document.

STRENGTH OF FORESIGHT

Foresight Group, the Company's manager, has been raising and managing VCT funds for over 18 years and has experience in regional investing, managing two growth funds in Nottingham and the North West. Foresight Group currently manages over £1.8 billion of assets with 56 investment professionals out of a total staff of 105, with a further 49 support staff and is one of the largest VCT fund managers.

The team within Foresight Group with principal responsibility for the Company's Ordinary Shares fund is the Private Equity team whose impressive recent track record of realisations is set out in more detail on pages 15 to 17. Brief biographies of the key team members are also included on pages 20 to 22.

INVESTMENT FOCUS

Over time the investment focus of the Ordinary Shares fund has evolved in anticipation of how investment returns may best be maintained for the benefit of Ordinary Shareholders. For several years the Ordinary Shares fund has focused its available funds on private equity investments across a broad range of sectors. This has resulted in a steady rate of new investments into businesses with demonstrable potential for both revenue and sustainable profit growth.

Recent changes to the VCT rules include limiting the age of potential investee companies and prohibiting replacement capital transactions. Notwithstanding these changes, the Manager has informed the Board that it is confident, having been

completing growth capital transactions for over 30 years, that the Company can maintain its investment activity based on the attractive growth capital investments which the Manager continues to attract.

CURRENT PORTFOLIO

Investors in the Offer will receive immediate exposure to a diversified portfolio of 27 investments. Overall, the Directors are encouraged by the performance of the portfolio and, when combined with an improving economic outlook and active M&A markets in the UK and US, the Directors believe that the net asset value of the Company's Ordinary Shares will continue to show improvement.

INVESTMENT OPPORTUNITY

Foresight Group continues to experience a strong deal flow of high quality private equity investment opportunities. Within the portfolio, recent investments such as Protean Software and Accessory Bits, and more mature investments such as Aquasium Technology and Autologic Diagnostics, are generating attractive profits and are considered by the Directors and the Manager as having significant growth opportunities ahead of them. The Board and I believe this Offer represents an attractive investment opportunity and one in which I, and my fellow Directors will each be investing in order to increase our existing holdings. It is the Board's expectation that the Offer will be appropriate for a wide range of investors, including existing Shareholders, experienced investors and those investing in VCTs for the first time.

In order to invest, please read the Prospectus in full and complete the Application Form which is attached at the end of this Securities Note. Please contact your authorised financial adviser if you have questions in regards making the investment. For any questions regarding the application process, please call Foresight Group on 020 3667 8199.

The Offer is conditional on the passing of certain resolutions of the Company to be proposed at a general meeting of the Company to be held in the first quarter of 2016.

I look forward to welcoming you as a Shareholder.

Yours faithfully
John Gregory
Chairman

Current portfolio

Investors will receive immediate exposure to Foresight VCT's Ordinary Share portfolio, which has increased its holdings as a result of the Merger with Foresight 2 VCT plc and from 19 to 27 unquoted trading companies. Many of these are already generating profits and enjoying strong growth.

The Manager expects the steady stream of full and partial realisations from the portfolio to continue over the medium term. A new VCT fund in contrast, might take three years to build a diversified portfolio and then regular realisations might only occur two years after completion of its investment phase.

The most recently available unaudited Net Asset Value per Ordinary Share, being as at 17 December 2015, was 88.0p.

At 18 December 2015 following the completion of the Merger with Foresight 2 VCT plc, the ten largest unquoted holdings, which are set out below, combined to make up £37.9 million of assets (49.2% of the net assets of the Ordinary Shares fund). The other assets within the £77.1 million Ordinary Shares fund comprised £20.8 million of other venture capital investments and £18.4 million of current assets, predominantly cash and money market securities.



DATAPATH
www.datapath.co.uk



SECTOR: TMT

Original investment (£'000)	1,000
Cost held at 18 December 2015 (£'000)	73*
Valuation (£'000)	7,563
Revenues at first investment	£6.7m
Current revenues (latest available)	£20.3m
% of net assets of the Ordinary Shares fund by value	9.8



Datapath was founded in 1982 and is a world leading innovator in the field of computer graphics, video capture and video wall display technology.

Datapath's expertise, quality focus and dedicated customer support enables it to provide solid, high-reliability solutions, to multiple industries such as visual media, military, education, security and health care.

Datapath's revenues and operating profits have more than tripled in the period since the original Foresight Funds' investment was completed.

*£3.7 million, representing 3.7x the original investment, has been returned to Foresight Funds by way of loan repayments and dividends.



BLACKSTAR
www.blackstaramps.com



SECTOR: CONSUMER AND LEISURE

Cost (£'000)	2,500
Valuation (£'000)	5,020
Revenues at first investment	£5.12m
Current revenues (latest available)	£8.6m
% of net assets of the Ordinary Shares fund by value	6.5



Blackstar designs and manufactures innovative guitar amplifiers and associated products for the UK and international music instrument market. Based in Northampton, Blackstar has established a global brand via a catalogue of over 50 products, many of which have received industry acclaim, most recently the ID:Series range of ground-breaking digital amps.

Following the launch of the ID:Core amp in June 2014, Blackstar is now the second largest amplifier brand in the US market, the largest global guitar amplifier market. Blackstar's suite of products, including pedals and other accessories, is available in over 3,000 stores worldwide in addition to its significant online presence. Blackstar continues to innovate new products and has a series of new product launches planned over the next 18 months.

Current portfolio



AUTOLOGIC
www.autologic-diagnostics.com



SECTOR: TMT

Cost held at 18 December 2015 (£'000) including capitalised interest	4,312*
Valuation (£'000)	4,269
Revenues at first investment	£5.53m
Current revenues (latest available)	£19.7m
% of net assets of the Ordinary Shares fund by value	5.5



Founded in 1999, Autologic provides sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles.

As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate with the in-car computer which in turn requires a diagnostic tool. Autologic's products are used with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VW, Audi, Skoda and Porsche. A secondary buy-out of Autologic was completed in 2012, realising proceeds of over £2 million for Foresight VCT (nearly 2.7 times original cost of £0.8 million). Foresight VCT retains a loan and share investment in the company.



PROCAM
www.procam.tv



SECTOR: TMT

Cost (£'000)	1,525
Valuation (£'000)	2,784
Revenues at first investment	£5.7m
Current revenues (latest available)	£11m
% of net assets of the Ordinary Shares fund by value	3.6



Headquartered in Battersea, London, with additional facilities in Manchester and Scotland, Procam has been providing camera equipment and crew to many of the largest UK broadcasters and production companies for over 20 years.

Procam has worked on many of the UK's best loved shows, including Made in Chelsea, Derren Brown and The Great British Bake Off and customers include BSkyB, the BBC and ITV. Over the last four years the business has grown significantly and doubled its revenues, as a result of the introduction of new camera formats, services and increased geographical expansion.

Current portfolio

The remaining investee companies in the Ordinary Shares fund top ten at time of publication are:



TFC Europe Limited



ABL Investments Limited



Hospital Services Limited



FFX Group Limited



Industrial Efficiency II Limited



Itad Limited






TOTAL TOP TEN

Cost (£'000)	22,698
Valuation (£'000)	37,910
% of net assets of the Ordinary Shares fund by value	
Top Ten	49.2
Other venture capital investments	26.9
Current assets (predominantly cash and money market securities)	23.9

The investment and portfolio information above is taken from the most recent unaudited management accounts of the Company and F2 as at 17 December 2015, produced pursuant to the Merger. The information on investee companies' sales, profits and losses and net assets detailed above has been extracted from the latest financial year end accounts published (unless stated otherwise) by those investee companies as referred to ("**Third Party Information**"). The Third Party Information 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 the Third Party Information inaccurate or misleading. For information relating to the investment portfolio of the Company as a whole (including the investments of the Ordinary Shares fund, the Infrastructure Shares fund and the Planned Exit Shares fund), please refer to Part Two of the Registration Document.

Current portfolio

The current sector exposure across the venture capital investments is set out to the right. Investors should note the net proceeds of the Offer will be invested in accordance with the Company's investment policy and sector exposure will vary over time.

SECTOR	% OF VENTURE CAPITAL INVESTMENTS BY VALUE
 Technology, media and telecommunications	33%
 Business Services	25%
 Consumer and Leisure	17%
 Industrial and Manufacturing	14%
 Healthcare & other	11%
Total	100%

“ Investors will receive immediate exposure to Foresight VCT's Ordinary Share portfolio, which comprises a diversified range of holdings in 27 unquoted trading companies, many of which are already generating profits and enjoying strong growth.

The investment opportunity

Foresight Group has an established, robust and proven investment process developed over 30 years' of activity and continues to experience particularly strong deal flow at this time. During 2015, Foresight Group's Private Equity team reviewed over 430 investment opportunities for the Company across a broad variety of sectors.

The Manager applies a very high degree of selectivity. During 2015 the Company concluded investments in:

- **SPECAC**, (Specac International Limited) stands for Spectroscopic Accessories Company and manufactures graphite disks as well as infrared accessories, optical components and mounts for infrared instruments at its Kent site for holding gas, liquid and solid samples. Customers include global OEMs, universities and life science majors such as GSK.
- **PROTEAN**, (Protean Software Limited), a Coventry based company which develops and sells business management and field service management software for organisations involved in the supply, installation, maintenance and hire of equipment, across sectors such as facilities management, HVAC maintenance and elevator installation.
- **ITAD**, (Itad Limited), headquartered in Hove, is an established specialist consulting firm focused on monitoring and evaluating the impact of international development money and aid on behalf of governments and charities in the UK and overseas. The company's customers include governments, large philanthropic organisations and global development organisations.
- **FFX**, (Folkestone Fixings Limited), a multi-channel supplier of high quality hand tools, power tools and accessories, fixings, fasteners and general building products. Headquartered in Folkestone, FFX supplies contractors, building firms and the DIY sector. Initially founded as a traditional 'bricks and mortar' supplier at its Folkestone site, FFX launched its ecommerce channel in 2009 and has since grown rapidly.

- **BAL** (Business Advisory Limited) is a provider of support services and advice to UK based SME businesses seeking to gain access to Government tax incentives.

- **ABL** (Accessory Bits Limited) which distributes power modules, monitor arms, cable management systems and CPU holders to office furniture dealers and manufacturers. Power modules are manufactured by a wholly owned subsidiary in Serbia.

- **HSL** (Hospital Services Limited), based in Belfast and Dublin, distributes, installs and maintains high quality healthcare equipment from global partners such as Hologic, Fujifilm and Shimadzu, as well as providing associated consumables. HSL has particular strengths in the radiology, ophthalmic, endoscopy and surgical sectors.

All of these businesses appear to have good growth opportunities ahead of them and are currently generating significant operating profits.

Foresight Group looks to invest in growing UK headquartered companies with enterprise values typically between £5 million and £15 million. Foresight Group looks for strong management teams, attractive market characteristics and a defensible competitive position and will invest in the most attractive opportunities without sector bias. Foresight VCT has historically invested across a variety of transaction types including management buyouts, growth capital and equity release transactions, but following the amended VCT legislation will focus on growth capital investments for new investees. Foresight Group has been making UK growth capital investments for over 30 years.

Whilst each opportunity is assessed in relation to its own individual circumstances, the following themes are collectively driving opportunities for equity investments in small and medium-sized enterprises ("SMEs").

TIMING WITHIN THE ECONOMIC CYCLE

With the economy materially improved from the depths of the recession and financial crisis, Foresight Group reports a healthy volume of investment opportunities driven by business managers and entrepreneurs seeking to grow their businesses prior to an eventual exit, driving opportunities for private equity investment. The third quarter of 2015 saw £1.4 billion invested in

early stage and growth capital transactions in the UK, the second highest level since 2007 (Source: Corbett Keeling Corporate Finance).

TAX INCENTIVES TO GROW AND SELL SMALL BUSINESSES

UK tax legislation has developed favourably in recent years to incentivise entrepreneurs to grow and develop businesses. Both Enterprise Management Incentive share option schemes, which apply only to smaller businesses (which are often suitable for VCT investment), and Entrepreneur's Relief, which reduces business owners' capital gains tax on a sale of the business, provide management teams with excellent incentives to grow and realise value from their businesses.

REDUCED INTEREST FROM PRIVATE EQUITY COMPETITORS FOR SMALLER COMPANIES

While many private equity firms continue to concentrate on mid-market and larger transactions, Foresight Group has remained focused on generating attractive returns for investors by applying its expertise in smaller growth companies.

BANKS' LENDING TO SMEs REMAINS CONSTRAINED

Despite increasing in 2015, including targeted incentives such as the Funding for Lending Scheme, bank lending to SMEs remains relatively constrained, providing opportunities for SME-focused private equity investment in its place.

HEALTHY MARKET FOR MERGERS AND ACQUISITIONS (M&A)

Globally, 2015 has proven buoyant for M&A with more than \$2.4 trillion of transactions announced globally in the first three quarters, over 20% ahead of the 2014 equivalent and the highest level of activity since the 2008 financial crisis (Source: BDO Horizons). Whilst the Company invests in UK smaller companies, after periods of successful growth these businesses can be attractive acquisition prospects for international buyers and so buoyant global M&A markets can help drive SME exit opportunities. In recent years Foresight Group has sold investments to American, Indian, and, of course, domestic (UK) buyers. In the UK, whilst the second quarter of 2015 saw a brief slowdown in transactions, probably influenced by business owners awaiting the result of the General Election, the third quarter saw a return to strong transaction volumes (Source: BDO Horizons).

Realisation track record

Foresight VCT has a long track record of profitable full and partial realisations. Investments have been successfully sold to domestic and international buyers in the trade and private equity sectors, floated on the stock exchange or refinanced.

In its early years, the Company positioned itself to take advantage of investing in technology focused companies and made a number of strong early realisations. These included the sale of Advanced Composites Group in 2004, which generated a six times return on investment, and the strategically timed flotation of Telecom Plus in 1999, which produced a return in excess of five times cost.

Following the softening of global technology markets in the early 2000s, the Company made investments across a broad variety of sectors, including industrials, manufacturing and business services. In 2005, for example, the Company invested in Covion, a rapidly growing facilities management business. This was successfully sold to Balfour Beatty in 2007 generating a return of over four times for Shareholders.

RECENT HIGHLIGHTS



CASE STUDY 01: ALARIC

Foresight VCT first invested in Alaric in 2002 and subsequently supported the business with several rounds of growth capital, investing c.£1.5 million in aggregate.

Alaric develops and sells credit and debit card authorisation and anti-fraud software to major financial institutions and retailers. Over time it became a global leader in its field, driven by its strong management team and excellent product range.

After a competitive process, the business was sold in December 2013 for \$84 million to the US giant NCR Corporation, securing Foresight VCT a 5.1x return on its investment. This funded the payment of an enhanced dividend of 10p per Ordinary Share in March 2014.

SOLD:
DEC 2013

PRICE:
\$84 MILLION

RETURN:
5.1x



CASE STUDY 02: DATAPATH

Founded in 1982, Datapath is a niche engineering company based in Derby that designs and supplies specialist computer graphics cards and video capture hardware. These products are used mainly as the core component within control systems for displaying information across multiple screens known as videowalls.

Foresight Funds (although not originally the Company) initially invested £3 million into Datapath in October 2007, and subsequently introduced a new Chairman, CEO and Finance Director. The company has grown from £6.7 million of revenues to over £20 million and sells its products into over 80 countries through distributors and OEM relationships.

The initial Foresight Funds' loans of £2.7 million were repaid by 2010 and a further £2.1 million was returned as part of a recapitalisation in January 2012. During December 2015 the Foresight Funds received a dividend of £6.3 million, taking the total cash returned to £11.1 million on the £3 million initial investment. The Foresight Funds retain their equity stake in the business.

REFINANCED:
DEC 2015

PRICE:
N/A

RETURN:
3.7x
(TO DATE - FULL EQUITY HOLDING RETAINED)

Realisation track record



CASE STUDY 03: AUTOLOGIC

Founded in 1999, Autologic develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair leading vehicle brands.

As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate with on-board electronics to diagnose and fix faults, hence the need for such a sophisticated diagnostic tool. In 2009, Foresight VCT invested £750k in a combination of debt and equity as part of an £8.2 million BIMBO. Autologic grew substantially post investment, opening offices in New York and Hong Kong.

In January 2012, Foresight VCT sold just over 50% of its stake in Autologic in a secondary management buyout at an enterprise value of £46 million. The secondary buyout, together with a recapitalisation of the company completed in July 2011, has already returned 3.4x the original investment. Foresight VCT has retained a minority shareholding and loan position.

**SOLD:
JAN 2012**

**PRICE:
£46 MILLION**

**RETURN:
3.4x**



CASE STUDY 04: AppDNA

AppDNA was spun out of Foresight VCT portfolio company Camwood in 2010. Foresight Group first invested in Camwood in 2003.

AppDNA rapidly became the leading specialist in Application Migration and Compatibility Software including AppDNA™ and AppTititude™ which it distributes to blue chip companies around the world.

The software enables enterprise customers and system integrators to automate the testing of application compatibility for operating system upgrades or for virtualisation. AppDNA grew from strength to strength, opening offices in USA, France, Germany and Australia and saw an increase in staff numbers from seven in 2007 to over 80 at the time of Foresight VCT's exit.

In October 2011 AppDNA was acquired by Citrix Systems for \$92 million, returning £8 million for Foresight VCT, an exceptional 32x the original investment of Foresight VCT.

**SOLD:
OCT 2011**

**PRICE:
\$92 MILLION**

**RETURN:
32x**



CASE STUDY 05: TFC EUROPE

Founded in 1960, TFC Europe is an industrial fastener and technical spring distributor headquartered in Heathfield, East Sussex.

Foresight VCTs supported the MBO of TFC in March 2007 with an investment of £2.3 million. Since first investment, the company has acquired a further four fastener businesses (three in the UK and one in Germany) such that it now operates across seven sites having grown from a turnover of £7 million in 2007 to £20 million in 2015. It supplies industrial fasteners and technical springs to a wide range of industries including automotive, aerospace, oil & gas and chemicals.

In July 2015, TFC completed the full refinancing of the Foresight VCTs' shareholder loans (£2.347 million) along with the share buyback of three retired or retiring directors. New debt facilities of £3.75 million have been arranged with incumbent bank, Natwest.

**REFINANCED:
JULY 2015**

**PRICE:
N/A**

**RETURN:
1.47x**

**(TO DATE - FULL EQUITY
HOLDING OF 66.67% RETAINED)**

Realisation track record

Realisations and Recapitalisations

In recent years the volume of and prices achieved in realisations have been particularly strong. Over the last four years, in addition to the case studies above, successful realisations and partial exits have been achieved from:

ACTIMAX

3.1x



VOIP telecoms business Actimax, in which Foresight VCT invested growth capital, was sold to a private equity backed roll up company, generating £2.1 million for Foresight VCT, a 3.1x cash return.

AQUASIUM

1.5x



Portfolio company Aquasium successfully sold its US subsidiary Ebtec, a specialist electron beam welding service provider to a Nasdaq-listed EDAC for \$11 million.

This returned £2.9 million to Foresight VCT over 1.5x cost of Foresight VCT's investment. Aquasium's remaining subsidiary, Cambridge based engineering company CVE, is trading strongly and is poised to enter a number of new markets with an exciting new product development.

CAMWOOD

3.0x



Foresight VCT realised £2.4 million, a return of over 3x cost, from the sale of its investment in Camwood, an IT consultancy that specialises in application migration and portfolio management.

IRISYS

3.6x



Irisys, a global leader in thermal imaging, was sold to a US corporate, producing a 3.6x return for Foresight VCT.

SMARTFOCUS

3.0x



Smartfocus, an AIM listed software business, into which Foresight VCT invested growth capital prior to its flotation, was acquired for £25 million by a US venture capital-backed entity. This generated £3.9 million and a 3x return for Foresight VCT.

THE BUNKER

1.1x to date



The Bunker, a provider ultra-secure data centres across two ex MOD nuclear bunker sites in the UK, refinanced 100% of the Foresight Funds' shareholder loans (£5.1 million) with new facilities totalling £5.7 million from HSBC in March 2015. The Company's investment in the Bunker was acquired from F2 pursuant to the Merger.

FLOWRITE

0.85x to date



Following strong trading at Flowrite, the provider of refrigeration and air conditioning services to the leisure and retail sectors, a recapitalisations were completed in November 2013 and July 2015.

Together these returned £418k to the Company, 85% of original May 2012 MBO investment, whilst retaining the full equity holding.

Strength of the manager

The Board believes that the success of any VCT is dependent on the judgement, experience and skills of the manager.

Foresight Group is a specialist private equity and infrastructure investment manager with with £1.8 billion of assets under management. Founded in 1984, it has been an award-winning VCT manager, managing four VCTs. This includes Foresight VCT, which is, at the time of going to press, the third largest VCT in the UK and, as at 30 September 2015, the Ordinary Shares fund was the best performing VCT share class by Total Return since the creation of the VCT scheme in 1995.

In 2013, Foresight Group's Private Equity team was appointed by Capital for Enterprise to manage a regional fund of £39 million on behalf of Nottingham City and County Councils to target investment in dynamic growth companies in and around Nottinghamshire to stimulate enterprise to create jobs and attract inward investment to the region. Since then, Foresight Nottingham Fund has completed investments of £9.5 million into seven businesses. Foresight Group has recently announced a second regional fund in the North West of England, a £38 million fund cornerstoned by the Greater Manchester Pension Fund with a mandate to invest in entrepreneurial businesses in Cumbria, Cheshire, Lancashire, Manchester, Merseyside, North East Wales and South Yorkshire.

Foresight Group's infrastructure team was established in 2007 and specialises in investing in solar infrastructure and

secondary PFI assets. The team currently manages more than £1 billion of solar assets worldwide with a capacity to generate 660MW of clean electricity, enough to power 170,000 UK homes. Foresight Group's infrastructure portfolio also extends to thirteen school and four healthcare PFI projects across the UK.

In 2011 and 2012, Foresight Group's environmental team was appointed by the European Investment Bank (EIB) and the UK Government's Green Investment Bank (GIB) to manage funds which target investment in waste infrastructure. Since then, Foresight Group has mobilised investment of more than £750 million in 17 waste projects across the UK with a capacity to process 1.2 million tonnes of waste per year, diverting more than one million tonnes of waste from landfill every year and generating 126MW of valuable renewable electricity. In July 2013, Foresight Group became a signatory to the United Nations Principles for Responsible Investing (UNPRI), which is a global, collaborative network of investors established in 2006.

Foresight Group has pioneered innovative funding solutions in energy efficiency for the leisure and industrial sectors and for the roll out of smart data equipment, where Foresight Group has funded the installation of more than 40,000 smart meters in the commercial sectors across the UK.



RECENT AWARDS

New Energy and Cleantech Awards

2015 - Financier of the Year & Company of the Year
2014 - Financier of the Year

East Midlands Dealmakers Awards 2014

SME Deal of the Year - Positive Outcomes

Northern Ireland Dealmakers Awards 2014

Deal of the Year - Evermore



SHORTLISTED FINALIST

South East Dealmakers Awards 2016

Deal of the Year sub £10m - Specac
Private Equity House of the Year - Foresight Group

Investor Allstars 2015

Growth Fund of the Year - Foresight Nottingham Fund
VCT of the Year - Foresight VCT

Investment Company of the Year 2014

VCT of the Year - Foresight VCT

Strength of the manager

The Private Equity team at Foresight Group, which manages Foresight VCT, comprises 10 investment professionals with a wide range of experiences - from venture capital at 3i and Advent Venture Partners, to hands-on operational experience at Thomson Reuters and high-tech start-up Joost, as well as corporate finance experience at UBS, Rothschild and Grant Thornton together with strategic consulting experience at Accenture and Deloitte.

This team has over 200 years' worth of collective investment experience and combines investors' capital and its own active expertise with the intention of creating long-term value and generating attractive returns for shareholders.

With regards to portfolio management, Foresight Group takes a hands on approach and, as a matter of policy on unquoted investments, seeks board representation and the ability to appoint a senior industry expert as Chairman.

Foresight Group works particularly closely with the investee companies in the following areas:

- definition and review of strategy and its implementation
- recruitment and incentivisation of key management and board members
- planning for growth, international expansion and new product/service introduction
- fundraising from banks and other external sources
- mergers, acquisitions and exit planning

30 YEARS'
GROWTH CAPITAL
INVESTING

AVERAGE RETURN
4.1x (UNWEIGHTED)
FROM GROWTH CAPITAL
EXITS SINCE 2010

17 NEW GROWTH
CAPITAL
INVESTMENTS
SINCE 2010

Foresight team

Founders

Bernard Fairman **Chairman and Co-founder**

- Over 35 years' private equity, venture capital and fund management experience
- Sourced and negotiated over 40 investments
- Has led Foresight Group since co-founding the firm in 1984



Peter English **Co-founder and Partner**

- Over 30 years' SME investment experience
- 10 years' experience in the semiconductor industry, at GEC Semiconductors and Nortel



Partners

David Hughes **Partner and Foresight Group CIO**

- He has venture capital experience from 3i, Framlington, Bank Austria and most recently at Advent Venture Partners.
- Over 40 years' private equity, venture capital and fund management experience
- First Class Chemistry graduate from the University of Bristol
- Sourced and executed over 50 venture capital transactions
- Chartered Certified Accountant



Russell Healey **Partner and Head of Private Equity**

- 11 years' experience in fund management and venture capital investing
- 10 years' senior management experience as CTO of a financial information company sold to Thomson Reuters
- MBA with distinction from London Business School



Foresight team

Investment Managers

James Livingston **Partner**

- 9 years' venture capital investment experience
- 3 years' strategy consulting and commercial due diligence experience at Deloitte
- International athlete
- First class MA in Natural Sciences and Management Studies from the University of Cambridge



Matt Smith **Director**

- 6 years' venture capital investment experience
- 6 years' banking experience at Rothschilds
- MA in Biological Sciences and Physiology from University of Oxford
- International athlete



Darrel Connell **Director**

- 8 years' venture capital investment experience
- 4 years' corporate finance and venture advisory experience at Grant Thornton
- Member of the start-up team at Joost, the internet TV company established by the Skype founders
- CIMA Business Accounting Qualification and graduate of the University of Nottingham



Tom Thorp **Director**

- 7 years' private equity and sustainable energy investing experience
- 8 years' audit and transaction services experience at KPMG
- Chartered Accountant and graduate of Edinburgh University



Foresight team

Investment Managers

Seb Saywood **Senior Investment Manager**

- 3 year's private equity and venture capital experience
- 6 years' merger and acquisitions and restructuring experience with Clearwater Corporate Finance and Zolfo Cooper.
- Degree in Economics from the University of Durham



Elizabeth Ryan **Investment Manager**

- 2 years' private equity and venture capital experience
- 6 years' corporate finance experience in Deloitte's
- Degree in Economics (1st class) from Newcastle University



Chris Wardle **Investment Analyst**

- 4 years' experience in merger and acquisitions and post-deal corporate strategy with Accenture's M&A practice
- Degree in Natural Sciences from the University of Cambridge



Foresight VCT's investee partners

“ Having worked with Foresight before, I understood their quick decision-making process and pragmatic approach, which made for a smooth investment process – enabling us to focus on the business. I look forward to working with them, and alongside my colleagues and our partners, achieving the potential of Biofortuna.

Simon Douglas, CEO, Biofortuna

“ We were introduced to Foresight after an aborted experience with another private equity house. They were clear from the outset what they required to complete the deal and took a commercial view on issues. Foresight did what they said they would, when they said they would, and we are delighted to retain them as a stakeholder in the business.

Kevin Finn, Chairman, Autologic Diagnostics

“ Although we had initial bank funding in place to undertake the MBI, we quickly recognised that having a private equity backer was a better option. We were attracted by Foresight's accessibility and their investment scope and focus. As a team, we feel convinced that we made the right choice in working with Foresight.

Peter Mazalon, Managing Director, Channel Safety Systems

“ We were impressed with Foresight's hands-on and practical approach, working intensively to deliver the deal to a tight timetable.

Tim Ruffer, Strategy Director, Itad

“ Having recently taken on a sizeable investment from Foresight, I have been impressed by their professionalism, rigour and strategic input. As a firm with a highly impressive growth track record, I look forward to their support and guidance in taking Blackstar to the next level.

Ian Robinson, Managing Director of Blackstar Amplification

“ Having Foresight Group as a partner will give us the financial strength and gravitas to continue developing advisory support for the SME sector.

John Penn, Chairman, Government Grant and Tax Consultants

“ In Foresight we have found a superb partner that shares our passion and our ambition to grow into new sectors and geographies.

John Brennan, Group CEO, Procam TV

“ Having worked alongside a number of private equity organisations Foresight stands out as a beacon within the industry, it has a well-disciplined process, with a management team who has shown commitment, business sensitivity and professionalism. They have an enviable record of “when the going gets tough the tough get going”, which demonstrates a true partnership approach to its business dealings and investment strategy.

Dawson Buck, Chairman, AlwaysOn Group

“ Working with Foresight was very straightforward; it was a pleasure negotiating with sensible, pragmatic backers.

Tim Horrell, Present Executive Chairman, Folkestone Fixings Limited

Part 2: The Offer

Section A

I. INTRODUCTION TO THE OFFER

Following the Company's recent merger with Foresight VCT 2 plc, creating an enlarged VCT with a total net asset value of £112 million, the Company is now offering up to £30 million of new Ordinary Shares in its historically successful Ordinary Shares fund in order to raise funds to take advantage of private equity investment opportunities that are currently being sourced by its manager, Foresight. Recent changes to the VCT rules have refocused VCTs on growth capital transactions, which historically has been part of the Company's investment strategy. Foresight Group has been completing growth capital transactions for over 30 years.

Following a series of profitable realisations, the Directors believe that the Company can build on its recent success and take advantage of certain economic and legislative conditions which make this an opportune moment for a further round of fund raising and investment.

II. COSTS OF THE OFFER

Retail Client Investors

Promoter's Fee	2.5%
Adviser Charge	Variable

Where up-front charges are agreed between an Investor and his or her independent financial adviser, the payment of these charges can be facilitated by the Company through the application of the Pricing Formula.

Professional Client Investors and Execution-Only Investors

Promoter's Fee	2.5% Variable
Initial commission to intermediaries	3%
Trail commission to intermediaries (subject to cumulative maximum of 3%)	0.5% per annum

Direct Investors

Promoter's Fee	5.5%
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By offering Investors a bespoke issue price per Offer Share as determined by the Pricing Formula (see below), all Investors are entitled to claim tax relief on the full amount of their investment

in new Ordinary Shares, including any facilitated payment and all Investors are treated fairly as regards the payment of up-front commission and Adviser Charges. Where the Company settles an Adviser Charge on behalf of an Investor, this will be paid from the Company's share premium account attributable to Shares issued prior to 5 April 2014.

III. PRICING FORMULA

In December 2012, the rules on payment of commission to financial advisers changed effectively to prevent commission being paid to the advisers making personal recommendations to "Retail Client Investors" (investors whose advisers classify them as retail clients under the FCA rules).

In place of a fixed commission rate for each financial product (e.g. a VCT share offer) determined and paid by the product provider, advisers and their retail clients must now agree the adviser's fee between them in advance. All product providers can do is facilitate the payment of such agreed fee to the adviser.

Because adviser fees are set at whatever level is agreed between adviser and client, there could be a wide range of different fees that need to be facilitated. The Company can neatly achieve this by applying a pricing formula which gives each applicant a "bespoke" share price – dividing the amount subscribed (say £10,000) by this price gives the number of shares that will be issued to that investor. The fees payable to the Promoter and to the Investor's financial intermediary, along with any early investment or loyalty discount that the Investor is entitled to, will be taken into account in calculating the number of Offer Shares they will receive.

USE OF A PRICING FORMULA MEANS INVESTORS RECEIVE TAX RELIEF ON THEIR GROSS INVESTMENT

The use of a pricing formula has two major advantages:

1. Investors receive tax relief on the gross amount of their subscription, including the amounts attributable to any agreed adviser charge and the promoter's fee

In some VCT offers, adviser charges and other offer costs (such as the promoter's fee) are deducted at the outset and VCT tax relief is only available on the net amount which is applied in actually buying shares. By using the Pricing Formula, ALL of the money invested by a given Investor is applied in buying Shares, but at an adjusted price that takes into account the Offer costs specific to that Investor. The Company then simply pays the adviser's, and the Promoter's, agreed fees and the Investor can claim tax relief on the total amount invested.

2. Each Investor pays their own specific costs through a reduction in the number of Ordinary Shares they receive

Rather than levying a blanket charge on Investors from which to pay their various financial advisers, the Pricing Formula allows each Investor's shareholding to be reduced by an exact amount which is equivalent to whatever adviser charge they have agreed meaning a fair outcome for all.

It should be noted that commission is still determined by the Company in respect of applications made by Professional Client Investors and Execution-Only Investors. This commission has been set at 3%. This figure is inputted into the Pricing Formula in respect of Investors who fall into either of those two categories.

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 a successful applicant will be determined by reference to the Pricing Formula set out below:

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

where NAV is the latest Net Asset Value per Ordinary Share at the time of each allotment; and

$$X = 1 - \text{Total Net Fees (\%)}$$

The number of Offer Shares to be allotted will be determined by dividing the amount subscribed by that applicant by the bespoke issue price given by the

Part 2: The Offer

Pricing Formula. "Total Net Fees" are the Promoter's Fee and Commission/Adviser Charge, each expressed as a percentage of the amount subscribed, adjusted for any applicable early bird or loyalty discounts. The Total Net Fees figure will in each case be calculated as a percentage of 1 (e.g. 0.055 would equate to 5.5%)

Worked example (1):

If an Investor (to whose application a Promoter's Fee of 2.5% is applicable and who has agreed an Adviser Charge of 3% and who is entitled to 1% early bird discount and 0.5% loyalty discount) were to subscribe £10,000, with the Company's Net Asset Value standing at 88.0p, he would pay 91.7p per Share and receive a total of 10,905 Offer Shares.

Worked example (2):

A new Investor, who invested too late for an early bird discount but who had agreed a smaller Adviser Charge of 2% with their financial intermediary would pay 92.1p per Share and receive 10,857 Offer Shares for his £10,000 subscription.

In all cases, the Company shall settle fees to the Promoter and to Investors' financial intermediaries. All Adviser Charges will be settled by the Company from its share premium reserve attributable to share capital raised prior to 5 April 2014.

Trail commission of 0.5% per annum (subject to a maximum cumulative payment of 3%) is payable to the advisers of Execution-Only Investors and Professional Client Investors but this is a cost borne by the Company. The Directors expect the cost to the Company of trail commission payments pursuant the Offer to be immaterial.

IV. TAX BENEFITS FOR INVESTORS

The tax reliefs available make the Offer Shares tax efficient for UK income tax payers. Although there is no maximum size of investment, VCT tax reliefs on new shares are available on investments up to a maximum by any individual of £200,000 in the 2015/16 tax year.

Further details are set out in Part 3 of this document. Potential Investors are recommended to seek their own independent tax advice.

V. ILLUSTRATIVE INITIAL TAX BENEFITS

Cost of Investment	£10,000
Less income tax relief (at 30%) (£3,000)	
Net Investment/effective cost	£7,000

VI. USE OF PROCEEDS

The additional funds raised under the Offer will be invested in accordance with the Company's investment policy.

THE COMPANY IS OFFERING UP TO £30 MILLION OF NEW ORDINARY SHARES IN ITS HISTORICALLY SUCCESSFUL ORDINARY SHARES FUND

VII. INVESTMENT OBJECTIVES

The investment objective of Foresight VCT's three Share classes are as follows:

Ordinary Shares fund

The investment objective of the Ordinary Shares fund is to provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the United Kingdom. It is the intention to optimise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotation.

Planned Exit Shares fund

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within 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. The key objective of the Planned Exit Shares fund is to distribute a minimum of 110p per share through a combination of tax free income, buy-backs and tender offers before the sixth anniversary of the date of the original offer.

Infrastructure Shares fund

The investment objective of the Infrastructure Shares fund is to invest in companies which own and operate essential assets and services which enjoy long term contracts with strong counterparties or government concessions. To ensure VCT qualification, the Manager will focus on companies where the provision of services is the primary activity and which generate long-term contractual revenues, thereby facilitating the payment of regular predictable dividends to investors.

VIII. INVESTMENT POLICY

Foresight VCT will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

Investment securities

Foresight VCT invests in a range of securities including, but not limited to, ordinary and preferred shares, loan stocks, convertible securities and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. 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 the Manager believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK Companies

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 at the time of investment to be classed as VCT qualifying holdings.

Part 2: The Offer

Asset mix

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment to such a company, is limited to 15% of the Company's investments by VCT Value at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines including an active management style for unquoted companies through the placement of an investor director on investee company boards.

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow its policy permits it to do so.

IX. CO-INVESTMENT POLICY

The Company currently invests, and expects to continue to invest, alongside other funds managed or advised by Foresight Group ("Foresight Funds") as well as potentially between the various share classes in the Company. This will enable the Company (or the relevant share class) to invest in a wider range and a larger size of transaction than it might otherwise be able to access.

Where more than one Foresight Fund wishes to participate in an investment opportunity, allocations will be made in accordance with the Manager's allocation policy as at the date of allocation. The policy provides that allocations are made firstly to any fund (or the relevant fund attributable to a share class) with an existing investment in the relevant company, secondly to any fund (or the relevant fund attributable to a share class) whose investment strategy is specifically focused on the business of the relevant company and thirdly to all other funds (or the relevant fund attributable to a share class) whose investment strategy is consistent with the business of the relevant company.

Within each stage, allocations are made pro rata to the net funds raised by each fund (or the relevant fund attributable to a share class), except where there is an existing investment, in which case allocation is pro rata to such existing investment.

Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Investments.

Any variation from this co-investment policy insofar as it affects the Company (or relevant class of Shares) may only be made with the prior approval of the independent Directors.

X. VALUATION POLICY

Investments held by the Company have been valued at fair value in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Investments in AIM and ISDX are valued at the prevailing bid price.

XI. SHARE BUYBACK POLICY

The Company aims, but is not committed, to offer liquidity to Shareholders through buy backs, subject to the availability of cash and distributable reserves, at a target discount of approximately 10% to net asset value.

XII. DIVIDEND POLICY

The Company's policy in respect of the Ordinary Shares fund is subject to sufficient funds being available, to maintain a steady stream of tax-free dividends. In pursuance of this, a dividend of 6.0p per Ordinary Share was paid on 13 March 2015.

INVESTMENTS HELD BY THE COMPANY HAVE BEEN VALUED AT FAIR VALUE IN ACCORDANCE WITH THE INTERNATIONAL PRIVATE EQUITY AND VENTURE CAPITAL (IPEVC) VALUATION GUIDELINES.

It should be noted that the dividend figures described in this Securities Note are based on the reconstructed Ordinary Share capital of the Company, following a merger with the ordinary share class of Foresight 2 VCT plc in December 2015.

XIII. THE OFFER SHARES

The securities being offered pursuant to the Offer are Ordinary Shares of one penny each (ISIN: GB00B68K3716), each of which are freely transferable.

These Offer Shares will be created pursuant to resolutions to be proposed at the Meeting. All Shareholders will have the same voting rights irrespective of their share class.

All investments and cash attributable to the Ordinary Shares fund, of which the Offer Shares will be part, will be kept separate from the Planned Exit Shares fund and the Infrastructure Shares fund, being the other classes of Shares issued by the Company. Accordingly, Investors in the Offer Shares will not have any

Part 2: The Offer

exposure to the investment gains and losses of the Company's other share classes.

The holders of Offer Shares will have the right to Distributions from the assets within the Ordinary Share fund but not from the assets attributable to Planned Exit Shares and Infrastructure Shares. Equally the holders of Planned Exit Shares and Infrastructure Shares will continue to have the exclusive right to Distributions from assets attributable to such Shares but not from assets attributable to the Ordinary Shares. All Shareholders will share the benefit of spreading the Company's administration costs over a wider asset base. Ordinary Shareholders will be entitled to receive certificates in respect of their Ordinary Shares and will also be eligible for electronic settlement. Holders of Ordinary 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 Ordinary Shares without the approval of the holders of Ordinary Shares.

An existing holder of Ordinary Shares who does not subscribe for Offer Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the Company will be increased by the proceeds of the Offer) and a dilution of approximately 24% in terms of the percentage of the Company they own should the Offer be fully subscribed (but not increased).

Section B

The Directors

JOHN GREGORY (67) (CHAIRMAN)

John Gregory is a chartered accountant with a broad experience of banking, corporate finance and fund management. He was an executive director of Noble Fund Managers Limited until 2004. Currently, he is senior independent director of Sphere Medical Holding plc, an AIM listed medical devices company, non executive Chairman of Social Impact VCT and a non-executive director or Chairman of a number of private companies. His earlier career was in the City of London and included positions as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited. John was appointed to the Board on 30 July 2010.

PETER DICKS (73)

Peter Dicks was a founder director of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, and Graphite Enterprise Trust plc. In addition, he has been a director of the Company since its launch in 1997 and is a director

of Foresight 2 VCT plc (in liquidation), Foresight 3 VCT plc and Foresight 4 VCT plc. He is also chairman of Unicorn AIM VCT plc. Peter was appointed to the Board on 22 August 1997.

JOCELIN HARRIS (70)

Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation which provides finance and advice for small businesses. Before this he was at private bank Rea Brothers for 13 years where he was a director. He has personally invested in over 40 development stage companies over the last 35 years and is currently chairman or non-executive director of a number of them in the UK and USA. He is also a director of Unicorn AIM VCT plc, a director of Foresight 2 VCT plc (in liquidation) and a governor of St Paul's Way Trust School in London. Jocelin was appointed to the Board on 18 December 2015.

GORDON HUMPHRIES (54)

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has

over 25 years' experience. He was until recently, head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a director of R&H Fund Services Limited and a non-executive director of Maven Income and Growth VCT 5 plc. Gordon was appointed to the Board on 9 March 2007.

Section C

I. ANNUAL FEES AND EXPENSES

The Manager is entitled to an annual management fee from the Company of (i) 2% of the Net Asset Value of the Ordinary Shares fund and (ii) £110,000 (subject to increase line with the retail price index capped at no more than £130,000).

II. PERFORMANCE INCENTIVE

Following the Merger, there are no performance incentive arrangements in place with Foresight Group in respect of the Ordinary Shares fund.

However, the Directors believe an incentive agreement can act to enhance returns to Shareholders and it is therefore proposed, subject to Shareholder approval at the Meeting, that incentive arrangements be introduced.

Further details of these arrangements will be set out in the Circular to Shareholders to be published in the first quarter of 2016.

If the arrangements are approved by Shareholders at the General Meeting, the Company will publish a supplementary prospectus setting out the key terms of the performance incentive agreement entered into between the Company and the Manager.

Section D

I. THE OFFER FOR SUBSCRIPTION

It is proposed to allot, pursuant to the Offer, up to £30 million worth of Ordinary Shares with £10 million additional capacity 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. These Offer Shares will be offered to individual Investors at a price determined in accordance with the Pricing Formula on page 24, such price per Share to be payable in full, by cheque, bankers draft or electronic transfer, on application. Application will be made to the UK Listing Authority for all of the Ordinary Shares issued pursuant to the Offer to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for Admission to trading on the London Stock Exchange's market for listed securities for the new Ordinary Shares. The Offer will be open from 18 January 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.

In the event that the Offer is oversubscribed and Directors choose not to increase the size of the Offer, 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 1 of the Application Form.

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 three 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 register of members will be given two days to withdraw their 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.

II. 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 2015/16 tax year and is expected to be £200,000 in the 2016/17 tax year.

III. EARLY BIRD AND LOYALTY BONUS

Investors whose application forms are received before 29 February 2016 will receive an early bird discount to their subscription price of 1% through the application of the Pricing Formula.

In addition, existing investors in VCTs managed by Foresight Group will receive a loyalty bonus discount of 0.5% through the application of the Pricing Formula.

The costs of these discounts will be met by Foresight Group LLP from its Promoter's Fee.

IV. CLAIMING INCOME TAX RELIEF

The Company will send you a share certificate and a tax certificate as quickly as possible after Shares are allotted to you. You will then have an option on how to reclaim the tax relief: You can either 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 the Promoter a fee of:

- a) 2.5% of the amount subscribed by Investors who subscribe through authorised intermediaries;
- or
- b) 5.5% of the amount subscribed by Investors who subscribe directly to the Company,

subject to a maximum payment of £1.65 million (unless the Offer is increased beyond £30 million), 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 shall be paid by the Promoter from its Promoter's Fee. In addition, the Company shall, pursuant to the terms of the Offer, pay an annual trail commission of 0.5% per annum of the net asset base value of those Offer Shares subscribed by Professional Client Investors and Execution-Only Investors to their financial intermediaries until a maximum of 3% of the amount subscribed for them has been paid. For this purpose, "net asset base value" means the net assets attributable to the Offer Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. 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 24.

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 2 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.

Before deciding whether to apply for Ordinary Shares under the Offer you are recommended to consult an independent adviser.

As far as the Company is aware, there are no, and as a result of the Offer will be no, major Shareholders holding more than 3% of the Company's Share capital or who intend to subscribe for more than 5% of the available Offer Shares.

Section D

VII. CLIENT CATEGORISATION

In order for an authorised financial intermediary (“**Adviser**”) who gives a personal recommendation to receive the commission payable by the Company as outlined on page 7 the Investor must have been classified by the Adviser as an elective professional client for the purposes of the FCA rules (“**Professional Client Investor**”).

This means that Advisers must undertake an adequate assessment of an individual investor’s 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 Adviser, 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 Adviser.

In respect of Professional Client Investors:

(a) An Adviser 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.

(b) An Adviser 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 and 6 of this document.

(c) An Adviser 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.

(d) An Adviser 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.

(e) An Adviser 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.

(f) An Adviser 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.

(a) 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 Adviser.

(b) An Adviser 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 Adviser not to do so or where the Adviser has taken reasonable steps to establish that such an investor does not want this.

(c) In complying with the FCA requirement that an Adviser 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 Adviser 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.

VIII. 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. The Manager will also publish information on new investments and the progress of companies within the Company’s portfolio from time to time.

IX. REPORTING DATES

Year end	31 December
Announcement and publication of annual report and accounts	April
Announcement and publication of interim results	August

X. WORKING CAPITAL

The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period following the date of this document.

XI. 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.

XII. CAPITALISATION AND INDEBTEDNESS

As at 17 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 26, although the Directors have no present intention of utilising this power.

The capitalisation of the Company as at 30 June 2015, extracted without material adjustment from the Company’s unaudited half-yearly reports to 30 June 2015 was as follows:

Shareholders’ Equity	£
Share capital	817,000
Other reserves	38,992,000
Distributable reserve	32,813,000
TOTAL	72,622,000

Section D

Save for the issue of 50,101,076 shares pursuant to the Merger, there has been no material change to the Company's capitalisation between 30 June 2015 and 17 January 2016, the latest practicable date prior to the publication of the Prospectus.

XIII. MISCELLANEOUS

As at 17 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 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 accept responsibility for the information contained in this document in respect of any final placement of Offer 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 Securities Note is given commences 18 January 2016 and closes on 31 August 2016 (unless the Offer is extended). **In the event of an offer being made by a financial intermediary, financial intermediaries must give investors information on the terms and conditions of the Offer at the time they introduce the Offer to investors. 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.

XIV. GENERAL MEETING - RESOLUTIONS RELATING TO THE OFFER

The Offer is conditional on the passing of certain resolutions of the Company to be proposed at a general meeting of the Company to be held in the first quarter of 2016, specifically:

1. That:

conditionally upon the passing of Resolution 2 below, the Directors be generally and unconditionally authorised pursuant to section 551 of the Company Act 2006 ("the 2006 Act") to allot Ordinary Shares having the rights and being subject to the restrictions set out in the articles of association of the Company and to grant rights to subscribe for or to convert any security into Ordinary Shares in the Company pursuant to:

- (i) an offer for subscription set out in the prospectus of even date herewith (the "Offer") and subject to a maximum aggregate nominal amount of £450,000; and
- (ii) a dividend investment scheme implemented by the directors on even date herewith and subject to a maximum aggregate nominal amount of £45,000;

and provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted or rights to subscribe for or to convert securities into Ordinary Shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert securities into Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

This resolution is additional to and does not revoke or replace existing and authorities previously granted to the Directors to allot Shares or grant rights to subscribe for or convert securities into Shares.

2. That:

conditionally upon the passing of Resolution 1, the Directors be and hereby are given the general power to allot equity securities (as defined by section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities with an aggregate nominal value not exceeding £450,000 in connection with the offer for subscription described in the prospectus of even date herewith and an aggregate nominal value not exceeding £45,000 in connection with the dividend investment scheme implemented by the Directors.

The power granted by this resolution will expire on the fifth anniversary of the

date of the passing of this resolution save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution is additional to and does not revoke or replace existing and unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply.

3. That:

conditionally upon the passing of Resolutions 1 and 2, in accordance with Section 641 of the Act the Company be generally authorised to reduce its share premium account (the amount standing to the credit of which will be increased on the issue of Ordinary Shares under the Offer) by up to 100% of the amount standing to the credit thereof immediately following the close of the Offer provided that any reduction pursuant to this resolution is confirmed by order of the court. The Company will not exercise this authority before the date falling three years from the end of the accounting period in which the Offer closes.

4. That:

the Company be authorised to enter into performance incentive arrangements pursuant to which, inter alia, Foresight Group CI Limited will be entitled to incentive fees in respect of the Ordinary Shares fund subject to certain performance hurdles being met. The terms of these arrangements are currently being discussed between the Company and Foresight and will be set out in the Circular to be published in the first quarter of 2016.

The Company will publish a supplementary prospectus describing the performance incentive arrangements once these are approved.

Part 3:

Taxation considerations for Investors

1. TAX RELIEF

The following is only a summary of the law concerning the tax position of individual investors in ordinary shares 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 for Ordinary Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year. An Investor may subscribe on his own behalf or through a nominee. The relief is given at the rate of 30% on the amount subscribed regardless of whether the investor is a higher rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

(ii) Dividend relief

An investor who acquires in any tax year VCT shares (including Ordinary Shares) having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

(iii) Purchasers in the market

An individual purchaser of existing Ordinary Shares in 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).

(iv) Withdrawal of relief

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

(B) CAPITAL GAINS TAX

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

A disposal by an investor of Ordinary 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. The 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 Ordinary 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 HMRC 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 3:

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 Client Investors 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.

5. FACILITATION OF ADVISER CHARGES AND PAYMENT OF INITIAL COMMISSION

An investor should not be taxed in respect of payments made to facilitate adviser charges or initial commission paid to investment advisers as, despite on going internal deliberations, HMRC have indicated previously that they do not regard such payments as income in the hands of the investor. Such payments may however be treated by HMRC as reducing the base cost of an investment for capital gains tax purposes. Such payments will be taxed as trade income in the hands of the recipient financial intermediaries

Part 4:

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 quoted on a European Regulated Market;
- (c)** derive its income wholly or mainly from shares or securities;
- (d)** have at least 70% by VCT Value of its portfolio of investments in shares or securities in Qualifying Investments, of which at least 70% by VCT Value must be in Eligible Shares, which may carry a preferential right to a dividend, expressed as a fixed or variable rate of the amount invested, but which must not be entitled to a preferential return of assets on a winding-up nor have rights to be redeemed;
- (e)** have at least 10% by VCT Value of each Qualifying Investment in Eligible Shares;
- (f)** not invest more than 15% by VCT Value of its assets at the time of investment in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (g)** not retain more than 15% of its income derived from shares and securities in any accounting period.
- (h)** not make any payment or distribution in respect of any share capital created on or after 6 April 2014, and any reserves created from the cancellation thereof, to shareholders within three years from the end of the accounting period in which that share capital was created;
- (i)** not make any investment which causes the investee 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;

- (j)** not make investments in companies over seven years old (or ten years old in the case of knowledge-intensive companies) save where such investments represent more than 50% of the average turnover of the investee company for the previous five years or where the investee company previously received a risk finance investment during its first seven years of trading; and
- (k)** not make an investment where the invested funds are used for the purpose of acquiring a 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. 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 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. In addition, to be qualifying holdings, VCT funds raised after 5 April 2012 must invest in companies which have no more than 250 full time (equivalent) employees and do not obtain more than £5 million of investment from VCTs and individuals claiming relief under the Enterprise Incentive Scheme in any rolling 12 month period. An additional lifetime limit of £12 million (or £20 million in the case of 'knowledge intensive' companies) of state aided risk finance investment applies in respect of investee companies.

3. QUALIFYING COMPANY

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and ISDX) 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).

To be a Qualifying Company, an investee company must have a permanent establishment in the UK from which it must carry on activities which are more than of a 'preparatory or auxiliary character'. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51% owned.

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. The Company has received provisional HMRC 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.

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

Part 5:

Dividend Investment Scheme - Terms and Conditions

1. Elections to participate in the dividend investment scheme (“**the Scheme**”) should be addressed to the administrator of the Scheme, Computershare Investor Services plc (“**the Scheme Manager**”), in accordance with condition 12 and will only be effective for dividends to be paid 10 days (or thereafter) following receipt of the Application Form by the Scheme Manager.

2. (a) The Company, acting through the Scheme Manager, shall have absolute discretion to accept or reject elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Manager on the Company’s behalf (“**Participants**”). The Scheme Manager will provide written notification if an election is rejected. Only Shareholders of the Company or their nominees may join the Scheme.

(b) The Company shall apply dividends to be paid to Participants on Ordinary Shares in the Company in the allotment of further Ordinary Shares. The Scheme Manager shall not have the discretion, and Participants may not instruct the Scheme Manager, to apply those dividends (“**funds**”) towards any investments other than investment in Ordinary Shares as set out in this condition 2(b).

(c) Subject to condition 9, Shareholders who elect to participate may only do so in respect of all their Shares. Participants who are nominees may join the Scheme in respect of the number of Shares of the Company specified as “Nominee Shareholdings”.

(d) Participants hereby instruct the Scheme Manager that the mandate will apply to the full number of Ordinary Shares held by them, as entered onto the share register of the Company from time to time.

3. (a) On or as soon as practicable after a day on which any dividend on the Ordinary Shares is due to be paid to a Shareholder or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter (“**Payment Date**”), a Participant’s funds shall, subject to conditions 9, 11 and 19 below and the Company having the requisite shareholder authorities to allot Ordinary Shares, be applied on

behalf of that Participant to subscribe for the maximum number of whole new Ordinary Shares which can be allotted with the funds.

(b) The number of Ordinary Shares to be allotted to a Participant pursuant to condition 3(a) above shall be calculated by dividing the Participant’s funds by the last published net asset value per existing Ordinary Share (adjusted to take into account the relevant dividend to be paid).

(c) Fractional entitlements will not be allotted but carried forward and included in calculating a Participant’s next dividend entitlement. No interest shall accrue or be payable in respect of any such cash balances carried forward.

4. The Scheme Manager shall as soon as practicable after the allotment of Ordinary Shares in accordance with condition 3 procure (i) that the Participants (or, where the Participant is a nominee and the nominee has so advised by written notification to the Scheme Manager, the Shareholder on whose behalf the Ordinary Shares mandated to the Scheme are held (“**Beneficial Owner**”), are entered onto the share register of the Company as the registered holders of those Ordinary Shares, (ii) that Share certificates (unless such Shares are to be uncertificated) and, where applicable income tax vouchers (“**Tax Vouchers**”) are sent to Participants at their own risk and (iii) that Participants receive a statement detailing:

(a) the total number of Ordinary Shares held at the record date for which a valid election was made;

(b) the number of Ordinary Shares allotted;

(c) the price per Ordinary Share allotted;

(d) the cash equivalent of the Ordinary Shares allotted;

(e) the date of allotment of the Ordinary Shares; and

(f) any funds to be carried forward for investment on the next Payment Date.

5. All costs and expenses incurred by the Scheme Manager in administering the Scheme will be borne by the Company.

6. Each Participant warrants to the

Scheme Manager that all information set out in the Application Form is correct and to the extent any of the information changes he or she will notify the changes to the Scheme Manager and that during the continuance of his or her participation in the Scheme he or she will comply with the provisions of condition 8 below.

7. The right to participate in the Scheme will not be available to any person who has a registered address in any jurisdiction outside the UK. No such person receiving a copy of the Scheme documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s).

8. Participants (including the Beneficial Owners of participating Ordinary Shares) acknowledge that the Scheme Manager is not providing a discretionary management service. Neither the Scheme Manager nor the Company shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Scheme Manager or the Company or their respective employees and agents.

9. Participants may:

(a) at any time by notice to the Scheme Manager terminate their participation in the Scheme and withdraw any funds held by the Company on their behalf; and

(b) give notice to the Scheme Manager that, in respect of a forthcoming Payment Date, their election to receive Ordinary Shares is only to apply to a specified amount due to the Participant as set out in such notice.

Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Manager at least 10 days prior to such Payment Date. In respect of notices under (a) above, such notice will be deemed to have been served where the shareholding

Part 5: Dividend Investment Scheme - Terms and Conditions

of the Participant reduces to nil. Upon receipt of notice of termination, all funds held by the Company on the Participant's behalf shall be returned to the Participant as soon as reasonably practical at the address set out in register of members, subject to any deductions which the Company may be entitled or bound to make hereunder.

10. Cash balances of less than £1 held on behalf of Participants who have withdrawn from the Scheme will not be repaid, but will be donated to a registered charity at the discretion of the Company.

11. The Company shall be entitled at its absolute discretion, at any time and from time to time to:

(a) suspend the operation of the Scheme;

(b) terminate the Scheme without notice to the Participants; and/or

(c) resolve to pay dividends to Participants partly by way of cash and partly by way of new Ordinary Shares pursuant to the Scheme.

12. All notices and instructions to be given to the Scheme Manager shall be in writing and delivered or posted to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.

13. The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participants unless in the Company's opinion the change materially affects the interests of Participants. Amendments to the Scheme Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may be effected without notice.

14. By ticking the relevant box and completing and delivering the Application Form, the Participant:

(a) agrees to provide the Company with

any information which it may request in connection with such application and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and

(b) declares that a loan has not been made to the Participant or the Beneficial Owner on whose behalf the Ordinary Shares are held or any associate of either of them, which would not have been made or not have been made on the same terms but for the Participant or Beneficial Owner electing to receive new Ordinary Shares and that the Ordinary Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.

15. Elections by individuals for VCT shares should attract applicable VCT tax reliefs (depending on the particular circumstances of a particular individual) for the tax year in which the Ordinary Shares are allotted but Participants and Beneficial Owners are responsible for ascertaining their own tax status and liabilities and neither the Scheme Manager nor the Company accepts any liability in the event that tax reliefs are not obtained. Shares allotted to Nominees should attract tax relief for their Beneficial Owners but such Beneficial Owners should obtain tax advice in relation to their own particular circumstances. The Tax Voucher can be used to claim any relevant income tax relief either by obtaining from the HM Revenue & Customs an adjustment to a Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self Assessment Tax Return.

16. The Company will, subject to conditions 9, 11 and 19, issue Ordinary Shares in respect of the whole of any dividend payable (for the avoidance of doubt irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Manager has been notified to the contrary in writing at least 10 days before a Payment Date.

17. Shareholders electing to receive

Ordinary Shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on Ordinary Shares allotted in respect of dividends from qualifying VCT shares.

18. For capital gains tax purposes, Shareholders who elect to receive Ordinary Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Ordinary Shares. The new Ordinary Shares will be treated as a separate asset for capital gains purposes.

19. The Company shall not be obliged to accept any application or issue Ordinary Shares hereunder if the Directors so decide in their absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Directors, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Manager.

20. The amount of any claim or claims a Participant has against the Company or the Scheme Manager shall not exceed the value of such Participant's Shares in the Scheme. Nothing in these Scheme Terms and Conditions shall exclude the Company or the Scheme Manager from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Manager will be responsible for:

(a) acting or failing to act in accordance with a court order of which the Scheme Manager has not been notified (whatever jurisdiction may govern the court order); or

(b) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from an Shareholder (or, where relevant, a nominee) are genuine; or

(c) losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Manager, including (without limitation) any failure, interruption or

Part 5: Dividend Investment Scheme - Terms and Conditions

delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or

(d) any indirect or consequential loss.

21. These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.

22. These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders who are in any doubt about their tax position should consult their independent financial adviser.

Part 6: Definitions

Admission

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

Adviser Charge

in accordance with COBs 6.1A, the charge agreed to be paid by a Retail Client Investor to his or her FCA authorised adviser in relation to the provision of a personal recommendation to invest in Offer Shares expressed as a percentage of the amount subscribed by the Retail Client Investor

AIM

the Alternative Investment Market

Articles

the current articles of association of the Company

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

CA 2006 or the Act

the Companies Act 2006 (as amended)

Circular

the circular to be sent to Shareholders in the first quarter of 2016 convening the General Meeting

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 or Foresight VCT

Foresight VCT plc

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 (and 'Execution-Only Investor' shall mean an Investor who subscribes for Offer Shares in such a manner)

General Meeting

the general meeting of the Company to be convened by the Circular at which various resolutions relating to the Offer will be proposed for Shareholders' approval

Launch

the offer for subscription of, inter alia, Ordinary Shares made by the Company pursuant to a prospectus dated 1 October 1997, following which the first admission of Ordinary Shares to the Official List was made on 17 November 1997

Manager or Foresight Group

Foresight Group CI Limited

Merger

the merger of Foresight VCT 2 plc with the Company effected by means of placing Foresight VCT 2 plc into members voluntary liquidation pursuant to Section 110 of the Insolvency Act 1986, the acquisition by the Company of all of Foresight 2 VCT's assets and liabilities and the issue of new Shares in the Company to the shareholders of Foresight VCT 2 plc

Offer

the offer by the Company, made by way of the Prospectus, of Offer Shares to the public

Offer Shares

the Ordinary Shares offer pursuant to the Offer

Ordinary Shares

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

Promoter

Foresight Group LLP

Promoter's Fees

the fee payable to the Promoter in respect of Offer (as set out on page 7)

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

Part 6: Definitions

Registration Document

the registration document dated 18 January 2016

Resolutions

the resolutions to be proposed at the General Meeting (and each a “**Resolution**”)

Retail Client Investor

Investors who apply for Offer 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 Planned Exit Shares and/or Infrastructure Shares as the context requires

Shareholders

the holders of Shares

Securities Note

this document

Summary

the summary issued by the Company dated 18 January 2016

Tax Act

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

Total Return

the net asset value of a share plus the total dividends paid on that share since the date of issue

UK Listing Authority or 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(s) 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

Part 7:

Applications for Offer Shares - Terms and Conditions of application for the Offer Shares

1. The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the Offer Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board. Offer Shares will be issued conditional on the relevant Resolutions being passed at the General Meeting. If any application is not accepted or if any application is accepted for fewer Offer 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 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 the amount of money specified in your Application Form which will be applied to purchase Offer Shares, subject to the provisions of (i) the Prospectus; (ii) these Terms and Conditions; (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 Offer Shares for which your application is accepted and to procure that your name is placed on the register of members of the Company in respect of such Offer 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 Offer 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 dispatch 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 Offer Shares applied for or to enjoy or receive any rights or Distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer 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 Offer Shares, the Company may (without prejudice to their other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment);

(e) agree that monies subscribed for Offer Shares will be held for the account of the Company pending allotment of Offer 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 the 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 Offer 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 Offer 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 therein 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 the Prospectus and any supplementary prospectus filed with the FCA and you accordingly agree that no person responsible solely or jointly for the Prospectus 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) you are not under the age of 18 years;

(m) agree that these warranties are made 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 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);

Part 7:

Applications for Offer Shares - Terms and Conditions of application for the Offer Shares

(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 the Manager 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 the Manager will regard you as its customer by virtue of you having made an application for Offer 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 Offer Shares and that the Offer 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 Offer 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 Offer 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 and/or the Receiving Agent) 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 44 and 45. In particular, but without limitation, the Company (after consultation with BDO LLP and/or the Receiving Agent) 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 the Company is prohibited by statute or other regulations from issuing Offer Shares.

6. Save where the context requires otherwise, terms defined in the Prospectus 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 clients 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 Offer Shares allotted 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 Offer Share. For this purpose, "net asset base value" means the net assets attributable to the Offer 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 approximately 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 Manager by Foresight Fund Managers Limited which will maintain a register of intermediaries entitled to trail commission. The Manager 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 Offer 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 commission taken into account in calculating your bespoke issue price for Ordinary Shares under the Pricing Formula will be reduced to the extent that such commission has been waived, thereby increasing the number of Ordinary Shares which you will be Issued under the Offer.

9. For the avoidance of doubt, any commission payable to a financial intermediary under clause 7 above will be expressed, for the purposes of calculating a bespoke issue price to an investor as described in the Pricing Formula, as a percentage of NAV per ordinary share. This will however not

Part 7:

Applications for Offer Shares - Terms and Conditions of application for the Offer Shares

affect the amount of commission payable to a financial intermediary.

10. 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 Section 3 on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment 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 Offer Shares which are issued to you.

11. 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.

12. 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 Offer Shares, subject to a maximum of 2.5% of the amount you subscribe.

13. The Company may make non-material amendments to these terms and conditions for the purpose of expedient processing of applications.

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

The Offer opens on 18 January 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 17 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 Offer Shares will commence three Business Days following allotment and that share certificates will be dispatched ten business days after allotment of the Offer 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 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 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 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 45. 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

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 Investors, 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.

Application procedures

SECTION 4

Tick this box and complete this section if you wish to have your dividends reinvested for additional Ordinary Shares under the Dividend Investment Scheme.

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 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: 10663766
A/c Name: The City Partnership-Foresight VCT
Bank: Bank of Scotland
BIC: BOFSGBS1SDP
IBAN: GB16 BOFS 8022 6010 663766

Please reference bank transfers with your surname and initials.

BEST PERFORMING VCT*

TOTAL RETURN
231.0p

*BASED ON TOTAL RETURN SINCE LAUNCH AS AT 30.09.2015

6,000 SHAREHOLDERS*

* ORDINARY SHARES

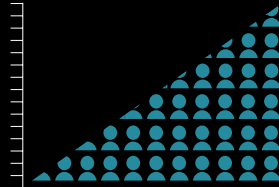
DIVIDENDS PAID

OVER



SUM TOTAL OF ALL DIVIDENDS PAID BY FORESIGHT VCT

JOB'S CREATED
OVER 1000



from companies in current portfolio & recent disposals

SECTORS

-  **CONSUMER & LEISURE**
-  **INDUSTRIALS & MANUFACTURING**
-  **HEALTHCARE**
-  **TECHNOLOGY, MEDIA & TELECOMMUNICATIONS**
-  **BUSINESS SERVICES**



Application Form - Private Investors

FORESIGHT VCT PLC (THE COMPANY)

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 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 12.00 p.m. on 5 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 VCT’. Before completing this Application Form you should read the terms and conditions of application on pages 40 to 42 and the application procedures on pages 44 and 45.



CHEQUES

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



BANK TRANSFERS

Sort code: 80-22-60 Account no: 10663766 BANK: Bank of Scotland
BIC: BOFSGBS1SDP IBAN: GB16 BOFS 8022 6010 663766

The application list will open on 18 January 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 VCT Offer”

I have made the above payment by electronic bank transfer



Application Form - Private Investors

FORESIGHT VCT PLC (THE COMPANY)

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

DIVIDEND REINVESTMENT SCHEME: I WISH TO PARTICIPATE IN THE DIVIDEND INVESTMENT SCHEME

NB: If you wish to receive dividends in cash, please do not tick this box.

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 7 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 VCT PLC (THE COMPANY)

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:

FIRM FCA REGISTRATION NO:

PARTNER/ADVISER FCA REGISTRATION NO:

POSTCODE:

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 7

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 7)

INITIAL COMMISSION WAIVED* WILL BE INVESTED IN FORESIGHT 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:

ACCOUNT NUMBER:



Corporate information

DIRECTORS (NON-EXECUTIVE)

John Gregory (Chairman)
Peter Dicks
Jocelin Harris
Gordon Humphries

REGISTERED OFFICE AND HEAD OFFICE

The Shard
32 London Bridge Street
London SE1 9SG

COMPANY REGISTRATION NUMBER

03421340

WEBSITE

www.foresightgroup.eu

TELEPHONE NUMBER

020 3667 8100

COMPANY SECRETARY AND ADMINISTRATOR

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

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

RW Blears LLP
125 Old Broad Street
London EC2N 1AR

BROKER

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

SPONSOR

BDO LLP
55 Baker Street
London W1U 7EU

RECEIVING AGENT

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

BANKERS

Barclays Bank plc
54 Lombard Street
London EC3P 3AH

AUDITORS

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG



Foresight Group LLP

The Shard
32 London Bridge Street
London
SE1 9SG

www.foresightgroup.eu

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Designed and produced by Fat Media.