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This letter is sent for information purposes only and does not require any action by shareholders of Keydata Income VCT 1 plc or Keydata Income VCT 2 plc ("Shareholders") ("Keydata 1" and "Keydata 2" respectively).

If you have sold or otherwise transferred all of your shares in Keydata 1 and Keydata 2 please send this letter as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Dear Shareholder,

Keydata Income VCT 1 plc and Keydata Income VCT 2 plc - proposed merger with Foresight VCT plc ("Foresight") - update to Shareholders - 10 January 2011

After many months finalising the proposed merger between the boards of Keydata 1 and 2 and Foresight and the regulatory matters required to implement the transaction, we are able to announce that we expect the merger documentation to be ready to be dispatched to all Keydata 1 and Keydata 2 shareholders shortly.

These documents will set out to all Shareholders all relevant information and provide an opportunity and sufficient notice to attend the EGM expected to be held in February 2011.

If the vote for merger is approved, the timetable for implementing the merger is expected to be February 2011, with Shareholders receiving their Foresight shares during March 2011 at the latest.

This will be followed by an offer to all Foresight shareholders, including the "ex" Keydata 1 and Keydata 2 Shareholders to participate in an enhanced buyback scheme. Full details are expected to be supplied in the documentation to be sent shortly.

It is important to stress that in spite of the delays caused by the complexity of the merger, the development of the waste wood to energy plant in Derby continues to schedule. Several of the other VCTs managed by Foresight Group LLP ("the Investing VCTs") have committed to invest £3 million, in aggregate, towards the completion of the Derby Project. Of this commitment, £1.5 million was invested by way of loans and equity securities by the Investing VCTs on 23 December 2010 and the balance of the commitment is contingent on the merger taking place. Further details will be included with the merger documentation.

Action Points - No action required. This letter is being sent only to update you as to the progress of the proposed merger.

The merger documentation is expected to be dispatched shortly.

Should you have any queries, please do not hesitate to contact me on 07946 429930 or Mike Currie of Foresight Group LLP on 01732 471812.

Kind Regards

A handwritten signature in black ink, appearing to read 'S Oxenbridge', with a stylized flourish at the end.

Stephen Oxenbridge
Chairman