

Regulatory Story

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Company	Keydata Income VCT 2
TIDM	KIV2
Headline	Recommended proposals for a merger between Foresight VCT plc and Keydata Income VCT 1 plc and Keydata Income VCT 2 plc
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Recommended proposals for a merger between Foresight VCT plc ("Foresight VCT") and Keydata Income VCT 1 plc ("Keydata 1") and Keydata Income VCT 2 plc ("Keydata 2") (together "Keydata VCTs") to be completed by way of a scheme of reconstruction of the Keydata VCTs under section 110 of the Insolvency Act 1986 and the transfer by the Keydata VCTs of their assets and liabilities to Foresight VCT and the cancellation of listing of the Keydata VCTs shares.

Summary

The boards of Foresight VCT, Keydata 1 and Keydata 2 ("Boards") announce that they have reached agreement on recommended proposals for the merger of Keydata 1 and Keydata 2 with Foresight VCT.

The merger should result in an enlarged company having net assets of over £30 million and is expected to create the strategic benefit of increasing Foresight VCT's footprint in the environmental infrastructure sector, as well as providing a more economically efficient size and the cost savings as identified below. The Boards further announce that they are today writing to their respective shareholders with full details of the proposed merger.

The merger will be effected by Keydata 1 and Keydata 2 being placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986. The assets and liabilities of Keydata 1 and Keydata 2 will then be transferred to Foresight VCT in exchange for new Foresight VCT ordinary shares ("New Shares").

The effective date for the transfer of the assets and liabilities of the Keydata VCTs and the issue of New Shares pursuant to the merger is expected to be 28 February 2011 (the Effective date). Following the Effective date, it is anticipated that the listing of the Keydata 1 Shares and Keydata 2 Shares will be cancelled on 1 March 2011.

The Scheme is conditional upon the approval by the shareholders of Foresight VCT and Keydata 1 and Keydata 2 of resolutions to be proposed at extraordinary general meetings (EGMs) to be held on 18 February 2011 (for both Keydata VCTs and Foresight VCT) and 28 February 2011 (for Keydata VCTs only) and dissent not having been expressed by shareholders of the Keydata VCTs holding more than 10 per cent in nominal value of the issued share capital of either Keydata 1 or Keydata 2 and Foresight VCT confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against Keydata 1 or Keydata 2 which the board of Foresight VCT regard as material.

Introduction

The Boards announced on 1 September 2010 that terms for the merger of Keydata 1 and Keydata 2 with Foresight VCT had been agreed.

The Boards are now in a position to put merger proposals to the shareholders of their relevant companies.

I. Terms of the Merger

The merger will provide for all of the assets and liabilities of Keydata 1 and Keydata 2 to be transferred to Foresight VCT in consideration for:

- the issue of New Shares to Keydata VCTs Shareholders equal in value to the aggregate Roll-Over Value of the

Keydata VCTs Shares on 24 February 2011; and

- the issue of additional New Shares to Keydata VCTs Shareholders by way of Additional Consideration if the Enterprise Value of the Derby Project (defined below) as at 30 September 2013, exceeds the Roll-Over Value of the Keydata VCTs Shares on 24 February 2011.

The maximum consideration (comprising the New Shares and the additional New Shares) which may be paid by Foresight VCT for the acquisition of the assets of Keydata 1 and Keydata 2 will not exceed £6.4 million. Therefore the maximum Additional Consideration will be the difference between the aggregate Roll-Over Value of the Keydata VCTs Shares on 24 February 2011 and £6.4 million.

The merger will be completed, as regards the initial consideration, on a relative net asset value basis and will be subject to the Scheme becoming unconditional. The acquisition of the asset and liabilities of Keydata 1 and Keydata 2 is in line with Foresight VCTs investment policy.

Following the transfer, the listing of the Keydata VCTs Shares will be cancelled and Keydata 1 and Keydata 2 will be wound up.

(ii) Benefits anticipated from the merger

The merger of the Keydata VCTs should result in cost savings and enhanced administrative efficiency. As the Keydata VCTs have the same investment manager, common advisers and similar investment policies, the merger should be achievable without major additional cost or disruption to the portfolio investments. The existing investment management arrangements between Foresight Group LLP ("Foresight Group") and Foresight VCT will remain in place.

The Foresight VCT board considers that this merger should bring significant benefits to Foresight VCT shareholders and the Keydata VCTs shareholders through:

- creation of a single VCT of a more economically efficient size with a greater capital base over which to spread administration and management costs;
- a reduction in annual running costs for the enlarged company compared to the aggregate annual running costs of the three separate companies;
- creation of an enlarged entity with a larger cash positive position making Foresight VCT better positioned to meet its ongoing obligations and to support existing investee companies, in this challenging economic environment;
- the enlarged company will hold a more diversified portfolio thereby dispersing the portfolio risk;
- an increased exposure to the environmental infrastructure asset class which is believed by the Foresight VCT board and Foresight Group to offer real growth for the future; and
- the potential to make regular distributions in the future, particularly as costs per Share are reduced.

Annual running costs attributable to the Ordinary Shares of Foresight VCT and Keydata 1 and Keydata 2 are approximately £717,000, £188,000 and £188,000 respectively (ignoring the current annual cost cap of 3.5 per cent. of the net asset value for Keydata 1 and Keydata 2 as this would not apply in the Enlarged Company). This represents 3.7 per cent. of the unaudited NAV attributable to the Ordinary Shares of Foresight VCT at 30 June 2010 and 5.2 per cent. of Keydata 1 and 5.2 per cent of Keydata 2's unaudited NAV at 30 November 2009. After the merger, the annual running costs are expected to be £885,000, a saving of £208,000 and reducing the combined annual running costs by 0.8 per cent. to approximately 3.3 per cent. of the net assets of the ordinary shares of the enlarged company.

The aggregate anticipated cost of undertaking the merger by way of the Scheme is approximately £300,000, including VAT, legal and professional fees, stamp duty and the costs of winding up Keydata 1 and Keydata 2. The costs of the Scheme will be borne by Keydata 1 and Keydata 2.

Shareholders should note that the merger will be outside the provisions of the City Code on Takeovers and Mergers.

The Foresight VCT board believes that there is an optimum size for Foresight VCT which is at least £30 million of net assets. In attaining this optimum size, the Board wishes and expects to achieve and maintain a more diversified portfolio of investments for the benefit of Foresight VCT Ordinary Shareholders.

As at 30 June 2010 Foresight VCT's net assets (attributable to both the Ordinary Shares and the Planned Exit Shares) were approximately £28,458,000.

As at 30 June 2010, the Keydata VCTs had in aggregate cash and overnight deposits of £42,000, creditors of £558,000

and net current liabilities of £134,000 as extracted from the Keydata VCTs unaudited management accounts as at 30 June 2010.

Keydata 1 and Keydata 2

Keydata 1 and Keydata 2 were established in February 2005 in order to invest in renewable energy companies concerned with wind, biomass and waste-to-energy power generation. In 2006, the Keydata VCTs agreed to invest an aggregate of £8 million in ten newly formed wind farm investment companies. Subsequently they were unable to agree satisfactory terms with the operator. The investment manager at that time therefore decided to look for alternative renewable energy investments meeting their requirements.

In June 2007, Keydata 1 and Keydata 2 announced they had signed agreements to invest up to £12.4 million into seven portfolio companies (Keydata Portfolio Companies). It is agreed that each of the operating Keydata Portfolio Companies should pursue different trades as referred to below. Initially, they agreed on an initial collaboration together in order to focus on a renewable biomass combined heat and power generation project in St Helens based on the gasification of waste wood. Progress on the project was frustratingly slow, with a series of technical and implementation problems. In addition, the main engineering contractor had its own financial problems and, when it failed to raise new finance it was decided to withdraw from the project.

In June 2009 Keydata Investment Services Limited (Keydata Investment Services), who handled the administrative affairs of Keydata 1 and Keydata 2 was placed into administration. The enforced liquidation of Keydata Investment Services by the Financial Services Authority during June 2009 coincided with the abandonment of the St Helens project and this delayed the commencement of trading by each of the seven Keydata Portfolio Companies. The commencement of trading by investee companies within three years of a VCT raising funds is one of the qualifying conditions of maintaining VCT status.

Accordingly, the Keydata VCTs Boards acted quickly to appoint Foresight Group as the investment adviser of Keydata 1 and Keydata 2. The Keydata VCTs Boards selected Foresight Group because of its experience in environmental infrastructure, and specifically its involvement in investments in generating heat and power from biomass plants. Foresight Group and the boards of Keydata 1 and Keydata 2 instigated a course of action including the termination of all contracts involved with the renewable energy project in St Helens and the removal of the biomass energy assets from the St Helens' site. Keydata 1 and Keydata 2 retained their investment in the Keydata Portfolio Companies and therefore examined all options for the redeployment of the existing equipment owned by the Keydata Portfolio Companies and possibly developing a new project.

Subsequently, one of the Keydata Portfolio Companies, Boyle agreed a strategic development agreement with O-Gen UK, a company in which several venture capital trusts managed by Foresight Group hold an investment, which has particular expertise in the preparation of waste wood material, advanced thermal treatment and gas conditioning. O-Gen UK has recently commissioned a biomass combined heat and power facility in Stoke on Trent which is the first of its type in the UK to secure Ofgem certification. The strategic development agreement with O-Gen UK is for the development of up to 10MW of energy assets in the Midlands region, with the first facility to be located in Derby (the Derby Project) where planning permission has been secured for the construction of a 3MW biomass plant to redeploy a portion of Keydata 1 and Keydata 2's operational assets. It is anticipated that further planning permissions acquired from O-Gen UK will be part of this strategic development. It is envisaged that the Derby Project will be constructed in three stages. Stage 1 of 0.5MW should be constructed during Q1 2011. Stage 2, which should see an increase in the plant capacity to 1.5MW, should be constructed during Q3 2011 and Stage 3 where the plant will be brought up to full capacity of 3MW should be constructed during Q2 2012. Timely completion of Stage 3 should allow sufficient time for the Derby Project to become fully operational before the Enterprise Value of the Derby Project can be estimated for the purpose of calculating the Additional Consideration to Shareholders as soon as practicable following 30 September 2013.

Foresight Group also applied to HMRC for a waiver of the breach of the VCT rules which occurred because the delay in the commencement of trading by the Keydata Portfolio Companies. In recognition of the fact that this breach of the VCT rules was inadvertent and not the fault of Keydata 1 and Keydata 2, the Keydata VCTs Boards or the new manager, HMRC has granted Keydata 1 and Keydata 2 a series of waivers in recognition of the progress now being made by the Keydata Portfolio Companies in satisfying the trading requirement. The latest HMRC waiver covers the period from the end of November 2010 until the end of February 2011.

The Keydata Portfolio Companies, namely Boyle, Burley Energy Limited (Burley), Cooke Generation Limited (Cooke), Nevin Energy Resources Limited (Nevin), Clarke Power Services Limited (Clarke), Spencer Energy Services Limited (Spencer), Hughes Power Limited and Docherty Heat and Energy Distributor Limited have not yet commenced trading but they are now making good progress towards doing so. Electricity is expected to be produced in the first half of 2011 and each of the operating Keydata Portfolio Companies expect to be revenue generating within the same timescale. The proposed trades of the Keydata Portfolio Companies continue to be separate, although, they will work alongside each other through their collaboration on the Derby Project. Boyle is the leaseholder for the Derby site responsible for all site related activities and services. It is intended that Boyle will grant sub-licenses to the other Keydata Portfolio Companies.

Burley will burn waste wood in a gasifier to create dirty syngas which will be sold to Cooke. Cooke will buy the dirty syngas, clean it and sell it to Nevin. Nevin will run the clean syngas through a reciprocating engine to create electricity. Clarke will provide operational support with external technical advisers and will employ the operations team. Spencer will provide administrative services. The Keydata VCTs Boards believe that the Keydata Portfolio Companies could pursue their trades with unconnected third parties, but following the enforced liquidation of Keydata Investment Services by the Financial Services Authority during June 2009 it was thought that shareholder value would be best preserved by a continued collaboration between the Keydata Portfolio Companies.

Aside from Clarke and Spencer, each of the Keydata Portfolio Companies owns assets such as gas powered engines, gasification and ancillary equipment that will be utilised within the Derby Project as part of the strategic development agreement and have approximately £0.8 million in aggregate in cash.

However, although Keydata 1 and Keydata 2 retain a small proportion of cash (£0.3 million in aggregate) as at 30 September 2010, they cannot provide additional financial resources to the Derby Project and therefore the merger with Foresight will enable the Enlarged Company to support the strategic development agreement fully.

It had been intended that Keydata 1 and Keydata 2 would dispose of a number of the generator assets held by the Keydata Portfolio Companies in order to provide additional financial resources to support their participation in the strategic development agreement. In the event, a professionally managed auction process to sell these assets failed to achieve expected values.

The boards of Keydata 1 and Keydata 2, did consider various other options. These included a winding up of Keydata 1 and Keydata 2 to return cash to Keydata VCTs Shareholders. However considerable uncertainty surrounded the valuation of the Keydata Portfolio Companies' highly specialised assets. After allowing for costs, the valuations suggested by the auction process would have resulted in Keydata VCTs Shareholders receiving net cash proceeds of less than 18.0p per Keydata VCTs Share (before taking into account the costs of liquidation). In addition, a winding up of Keydata 1 and Keydata 2 might have resulted in a loss of the initial income tax relief obtained by Keydata VCTs Shareholders in respect of their investment in Keydata 1 or Keydata 2.

On 1 September 2010 Keydata 1 and Keydata 2 announced that the listings of their Shares had been suspended as at 1 September 2010 as each company was required to publish their annual financial report for the year ended 30 April 2010 by 31 August 2010. However, as they continued to progress the proposed merger they announced that they would not be publishing their annual financial reports as required by the Listing Rules. This was done to save the not insignificant costs associated with the production and distribution of financial reports. The Keydata VCTs Shares were therefore suspended and will remain so until such time as Keydata VCTs shareholders vote on the Scheme.

If the Scheme does not complete, Keydata 1 and Keydata 2 would envisage publishing their annual financial reports as soon as possible following the announcement that the merger will not proceed.

Rationale for the merger

One of the Keydata Portfolio Companies, Boyle Electrical Generation Limited (Boyle) agreed a strategic development agreement with O-Gen UK Limited (O-Gen UK) for the development of up to 10MW of energy assets in the Midlands region, with the first facility to be located in Derby (the Derby Project) where planning permission has been secured for the construction of a 3MW biomass plant to redeploy a portion of the Keydata VCTs operational assets. It is anticipated that further planning permissions acquired from O-Gen UK will be part of this strategic development.

With the Scheme in mind, Foresight VCT recently invested £0.375 million in the Derby Project, making a total of £1.5 million in conjunction with other funds managed by Foresight Group (the Keydata VCTs investment manager). A further £1.5 million will be invested by funds managed by Foresight Group subject to the completion of the merger and legal documentation being agreed, taking the total additional funding for the Derby Project to £3 million.

For the purposes of the Scheme, the value of the assets owned by Keydata 1 and Keydata 2 have been considered to be made up of two component parts: first, the physical valuation of the Equipment and cash at bank owned by the Keydata Portfolio Companies and the Keydata VCTs and second, the future Enterprise Value of the Derby Project once the assets owned by the Keydata Portfolio Companies have become operational and are generating electricity.

The value of the Initial Issue of New Shares to Keydata VCTs Shareholders will therefore be based on the Roll-Over Value of the physical assets of Keydata 1 and Keydata 2 at that time. Keydata VCTs Shareholders will receive Additional New Shares as Additional Consideration if the Enterprise Value of the Derby Project as at 30 September 2013 exceeds this Roll-Over Valuation at that date and accordingly, the maximum consideration which may be paid by Foresight VCT for the acquisition of the assets of Keydata 1 and Keydata 2 will not exceed £6.4 million.

This structure recognises the execution risks that Foresight will be assuming as a consequence of the proposed merger in relation to the Derby Project by incorporating separate valuations for each of the current and potential value of the

assets of Keydata 1 and Keydata 2. It is envisaged that the Derby Project will be constructed in three stages. Stage 1 at 0.5MW should be constructed during Q1 2011. Stage 2 which should see an increase in the plant capacity to 1.5MW should be constructed during Q3 2011 and Stage 3 where the plant will be brought up to full capacity of 3MW should be constructed during Q2 2012. Timely completion of stage 3 should allow sufficient time for the Derby Project to become fully operational before the Enterprise Value of the Derby Project can be estimated.

The merger does not directly affect the Planned Exit Shares issued by Foresight VCT.

Acquisition of the assets and liabilities of Keydata 1 and Keydata 2 pursuant to the Scheme

The terms of the Scheme set out the method of calculation for the number of New Shares to be issued to the Keydata VCTs Shareholders on the Calculation Date and, subsequently, if applicable, by way of Additional Consideration. The merger will be completed by Keydata 1 and Keydata 2 being put into members' voluntary liquidation, all of the assets and liabilities of Keydata 1 and Keydata 2 being transferred to Foresight VCT for consideration.

The Liquidators will offer to purchase the holdings of dissenting Keydata VCTs Shareholders at the break value price for the Keydata VCTs Shares, this being an estimate of the amount a Keydata VCTs Shareholder would receive for Keydata VCTs Shares in an ordinary winding-up of Keydata 1 and Keydata 2 if all of the assets of Keydata 1 and Keydata 2 had to be realised. The break-value is expected to be significantly below the estimated Roll-Over Value. Accordingly, the effect of dissenting Keydata VCTs Shareholders will be both to reduce the overall number of New Shares to be issued (reflecting the reduction in the value of the assets to be transferred to Foresight VCT by the payment of the break value price) as well as to increase the number of New Shares to be issued to those Keydata VCTs Shareholders who vote in favour of the Scheme at the expense of those Keydata VCTs Shareholders who dissent.

Worked example

Had the Scheme been implemented on 30 June 2010, the unaudited NAV at that date of the Ordinary Share Fund of Foresight VCT (taken from the unaudited interim results of Foresight VCT) was £22.6 million and Foresight VCT's Merger Value per Ordinary Share (this being the unaudited NAV of Foresight VCT's Ordinary Shares as at 30 June 2010 divided by the number of Ordinary Shares in issue) would have been 47.3p.

Had the Scheme been implemented on 30 June 2010 the unaudited NAV at that date of Keydata 1 and Keydata 2 (taken from the Keydata 1 and Keydata 2 management accounts) and taking into account a reduced valuation of the Equipment to £2,365,000 in connection with the merger and including a reduction for amounts paid or accrued for the costs of the Scheme to be borne by Keydata 1 and Keydata 2 would have been £3.8 million and the Roll-Over Value per Share (this being the unaudited NAV of the Keydata VCTs Shares as at 30 June 2010 (taking into account that reduced valuation and including the aforementioned reduction), and divided by the number of Keydata VCTs Shares in issue), would have been 26.2p (assuming no dissenting Keydata VCTs Shareholders).

The number of New Shares to be issued to the Keydata VCTs Shareholders initially will be calculated by multiplying the number of Keydata 1 Shares and Keydata 2 Shares in issue by the ratio of the Roll-Over Value per Keydata 1 Share and Keydata 2 Share divided by the Merger Value per Share. Such New Shares will be issued *pro-rata* to Keydata VCTs Shareholders on the register of members on the Record Date. For these purposes dissenting shareholders in Keydata 1 and Keydata 2 will be disregarded.

Had the Scheme been implemented on 30 June 2010, based on the relative unaudited net asset values of Foresight VCT and Keydata 1 and Keydata 2 as at that day, 8,090,614 New Shares would have been issued to Keydata VCTs Shareholders representing 14.49 per cent. of the enlarged Foresight VCT issued Ordinary Share capital.

Ordinary Share Reconstruction

Following the issue of New Shares to Keydata VCTs Shareholders pursuant to the Scheme Foresight VCT intends to reconstruct its Ordinary Share capital so that the net asset value per Ordinary Share will be, as nearly as practicable, 100 pence per share. This will be done by the ratable redesignation of a proportion of the Ordinary Shares then in issue as nominally valued Deferred Shares and their subsequent off-market repurchase by Foresight VCT for a nominal consideration of one pence in aggregate. The purpose of the Ordinary Share Reconstruction is to make the Ordinary Shares more attractive to potential new investors should Foresight VCT decide to raise further capital in the future by the issue of new Ordinary Shares. A copy of the contract for this off-market purchase of Deferred Shares may be inspected at the registered office of Foresight VCT for the period of 15 days prior to the Foresight EGM and at the meeting itself.

The Deferred Shares will only have a nominal value because, as a class, the Deferred Shares will have restricted dividend rights, will not carry any rights to receive notice of, or to attend or vote at EGMs, will on a winding up be entitled only to 1p for every 1,000,000 Deferred Shares (with no further right to participate in any surplus assets of Foresight VCT), and will be capable of being purchased by Foresight VCT at any time for an aggregate consideration of 1p. If resolution number 2 to be proposed at the Foresight EGM is passed the Directors will be authorised to enter into an off-market contract to purchase all the issued Deferred Shares for an aggregate amount of 1p for all of the Deferred Shares and Foresight VCT's net asset value will increase to 100p per Ordinary Share. Shareholders do not need to take any action

following the Foresight EGM.

Foresight VCT

Foresight VCT was launched in 1997 and has an objective of achieving long-term capital appreciation and generating maintainable levels of income for shareholders. As at 30 June 2010, the Ordinary Share Fund of Foresight VCT had unaudited net assets of £22.6 million or (47.3p per Foresight VCT Share) and investments in 26 companies with a valuation of £21.0 million. In addition to the Ordinary Share Fund of Foresight VCT, Foresight VCT established a new fund in 2010, raising capital by the issue of a new class of shares called Planned Exit Shares. The capital raised by the issue of Planned Exit Shares, investments made from that capital and the investment returns derived therefrom are and will remain exclusively attributable to the holders of the Planned Exit Shares.

The original holders of Foresight VCT Shares, since 1997, have received total dividends of 169.4p (restated) per Foresight VCT Share as well as retaining 32.5p (restated) per share of remaining net asset value, making a net asset value total return of over 200p per share. This makes the original ordinary shares of Foresight VCT, shares in the best performing VCT fund launched. Over the six months to 30 June 2010 the underlying net asset value increased by 19 per cent. due to the improved revenue and profit performance of a number of portfolio companies, a significant amount of which can be attributed to export driven growth in the US and Europe.

Foresight Group

Foresight Group will continue as the investment manager of the Enlarged Company on its existing management and performance incentive terms and the assets acquired from Keydata 1 and Keydata 2 will be rolled into these arrangements.

Cancellation of Listing

Keydata 1 and Keydata 2 will apply to the UKLA for cancellation of the listing of their Shares, upon the successful completion of the Scheme, which is anticipated to be on 1 March 2011.

Documents and approvals

Foresight VCT shareholders will receive a copy of summary and securities note (which, together with a registration document dated 28 January 2010, form the "Prospectus") together with a circular convening the Foresight VCT EGM to be held on 18 February 2011 at which Foresight VCT shareholders will be invited to approve resolutions in connection, inter alia, with the merger.

Keydata VCTs shareholders will also receive a copy of the Prospectus and a circular in relation to the merger convening the Keydata VCTs EGM on 18 February 2011 and 28 February 2011 at which Keydata VCTs shareholders will be invited to approve resolutions in connection with the merger.

Copies of the Prospectus and the circulars have been submitted to the Financial Services Authority and will also shortly be available for inspection at the National Storage Mechanism, which is located at:

<http://www.hemscott.com/nsm.do>

EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR FORESIGHT VCT

Latest time for receipt of forms of proxy for the Foresight EGMs	12 noon on 16 February 2011
Foresight EGMs	12 noon on 18 February 2011 and thereafter
Calculation Date	After 5.00 pm on 24 February 2011
Effective Date for the transfer of the assets and liabilities of Keydata 1 and Keydata 2 to the Company and the issue of New Shares	28 February 2011
Announcement of the results of the Foresight EGMs and completion of the Scheme	28 February 2011
Admission of and dealings in the New Shares to Commence	1 March 2011
Reconstruction of Ordinary Share capital by the creation and off market purchase of Deferred Shares	After close of business on 1 March

2011
Certificates for the New Shares despatched by 8 March 2011

EXPECTED TIMETABLE FOR KEYDATA 1 AND KEYDATA 2

Latest time for receipt of forms of proxy for the
Keydata VCTs First EGMs 10.00 am and 10.05 am on 16
February 2011
Keydata VCTs First EGMs 10.00 am and 10.05 am on 18
February 2011
Date from which it is advised that dealings in
Keydata 1 and Keydata 2 should only be for cash
settlement and immediate delivery of documents of title 22 February 2011
Record Date for Keydata VCTs Shareholders entitlements
under the Scheme 24 February 2011
Register of Members of Keydata VCTs Shareholders closed 24 February 2011
Calculation Date After 5.00 pm on 24 February
2011
Latest time for receipt of forms of proxy for the
Keydata VCTs Second EGMs 10.00 am and 10.05 am on 26
February 2011
Keydata VCTs Second EGMs 10.00 am and 10.05 am on 28
February 2011
Effective Date for the transfer of the assets and
liabilities of Keydata 1 and Keydata 2 to the
Company and the issue of New Shares 28 February 2011
Announcement of the results of the Second
EGMs of Keydata 1 and Keydata 2 and
completion of the Scheme 28 February 2011
Cancellation of the listing of Keydata 1 Shares and
Keydata 2 Shares 1 March 2011

Definitions

- "Additional Consideration"** the additional consideration payable to Keydata VCTs Shareholders who participate in the Scheme in the form of additional New Shares subject to and in accordance with the terms of the Scheme
- "Calculation Date"** the date on which the Roll-Over Value and the Merger Value will be calculated, this being 24 February 2011
- "Derby Project"** the proposed 3.0MW biomass-fuelled electricity generation station in Derby within the scope of the Planning Permission to be built in stages between 2011 and 2012 including the Equipment and all other tangible and intangible assets, liabilities, revenues, profits and business directly attributable or derived therefrom
"Enterprise Value of the Derby Project" the fair value of the ownership interests held by Participants in the Derby Project on the basis of the 12 months ending 30 September 2013 estimated by Foresight Group in accordance with a methodology regarded as appropriate by the auditors of Foresight in the context of the International Private Equity and Venture Capital Valuation Guidelines
- "Merger Value"** the value of an Ordinary Share calculated in accordance with paragraph 4 of Part IV of the circular to be sent to Foresight VCT shareholders and paragraph 4 of Part IV of the circular to be sent to the Keydata VCTs shareholders
- "Roll-Over Value"** the value of a Keydata 1 Share and Keydata 2 Share calculated in accordance with paragraph 4 of Part IV of the circular to be sent to Foresight VCT shareholders and paragraph 4 of Part IV of the circular to be sent to the Keydata VCTs shareholders

"Scheme" the proposed merger of the Company with Keydata 1 and Keydata 2 by means of placing Keydata 1 and Keydata 2 into members' voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by Foresight VCT of all of the assets and liabilities of Keydata 1 and Keydata 2 in consideration for New Shares and the payment of Additional Consideration

Enquiries

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The directors of Foresight VCT accept responsibility for the information relating to Foresight VCT and its directors contained in this announcement. To the best of the knowledge and belief of such directors (who have taken all reasonable care to ensure that such is the case), the information relating to Foresight VCT and its directors contained in this announcement for which they are solely responsible, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of the Keydata VCTs accept responsibility for the information relating to the Keydata VCTs and their directors contained in this announcement. To the best of the knowledge and belief of such directors (who have taken all reasonable care to ensure that such is the case), the information relating to the Keydata VCTs and their directors contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

BDO LLP ("BDO") is acting for Foresight VCT and Keydata 1 and Keydata 2 and no-one else in connection with the matters described herein and will not be responsible to anyone other than Foresight VCT and Keydata 1 and Keydata 2 for providing the protections afforded to customers of BDO nor for providing advice in relation to the matters referred to herein. BDO is authorised and regulated in the United Kingdom by the FSA.

R W Blears LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to Foresight VCT and Keydata 1 and Keydata 2 and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to herein.

Opus Corporate Finance LLP ("Opus") is acting for the Keydata 1 and Keydata 2 and no-one else and will not be responsible to anyone other than the Keydata 1 and Keydata 2 for providing the protections afforded to customers of Opus nor for providing advice in connection with the matters referred to herein. Opus is authorised and regulated in the United Kingdom by the FSA.

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Regulatory