

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 INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FSMA).

This document constitutes a registration document (**Registration Document**) issued by Foresight 4 VCT plc (the **Company**) dated 14 June 2018.

This document has been prepared in compliance with the Prospectus Directive, English law and the rules of the UK Listing Authority (**UKLA**) and the information disclosed may not be the same as that which would be disclosed if this document had been prepared in accordance with the laws of a jurisdiction outside England. Additional information relating to the Company is contained in a securities note issued by the Company (**Securities Note**). A brief summary written in non-technical language conveying the essential characteristics of and risks associated with the Company and the ordinary shares of 1p each in the capital of the Company which are being offered for subscription (**Offer Shares**) (the **Offer**), is contained in a summary issued by the Company (**Summary**). The Securities Note, Registration Document and Summary have been prepared in accordance with the Prospectus Rules made under FSMA (**Prospectus Rules**) and have been approved by the Financial Conduct Authority (**FCA**) in accordance with FSMA.

This Registration Document, the Securities Note and the Summary together comprise a prospectus issued by the Company dated 14 June 2018 (**Prospectus**). The Prospectus has been filed with the FCA in accordance with the Prospectus Rules and prospective investors are advised to read the prospectus in full.

The Company and the directors of the Company (**Directors**) (whose names are set out on page 5) accept responsibility for the information contained in this Registration Document. 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 this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

Offer for subscription to raise up to £50 million with an over-allotment facility to raise up to a further £30 million

BDO LLP, which is authorised and regulated in the United Kingdom (**UK**) by the FCA, is acting as sponsor to the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of BDO LLP (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) in providing advice or in relation to any matters referred to in this document.

Foresight Group Promoter LLP (**Promoter**), which is an authorised representative registered in the UK with the FCA, is acting as promoter to the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of the Promoter (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) in providing advice or in relation to the Offer.

Shakespeare Martineau LLP, which is regulated in the UK by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no-one else and will not be responsible to anyone other than the Company for the advice in connection with any matters referred to herein.

The attention of prospective investors in the Company who are resident in, or citizens of, territories outside the UK is drawn to the information under the headings "Overseas Investors" in Part II of this document. The Offer is not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. In particular, prospective investors who are resident in the United States or any Restricted Territory should note that this document is being sent for information purposes only. The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. An Application Form is not being and must not be forwarded to or transmitted in or into the United States or a Restricted Territory.

The Company's existing issued Shares are traded on the London Stock Exchange's main market for listed securities. Application has been made to the UKLA for the Offer Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange plc for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission to the Official List will become effective and that dealings in the Offer Shares will commence three Business Days following allotment.

Copies of this Registration Document, the Securities Note and the Summary are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of the Promoter, Foresight Group Promoter LLP, The Shard, 32 London Bridge Street, London SE1 9SG and BDO LLP, 55 Baker Street, London W1U 7EU and from the Foresight website at www.foresightgroup.eu.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 3 TO 4.

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PART I - GENERAL

(A) RISK FACTORS

The following are those risk factors which are material to the Company and of which the Directors are aware. Material risk factors relating to the Offer Shares are contained in the Securities Note. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operation. Additional factors which are not presently known to the Directors, or that the Directors currently deem immaterial, may also have an effect on their respective Company's business, financial condition or results of operations.

Investment Risks

There is no guarantee that the Company will meet its objectives or that suitable investment opportunities will be identified to enable the Company to meet its objectives. The past performance of the Company, and/or other funds managed or advised by Foresight Group and/or Foresight is not an indication of the future performance of the Company. The NAV of the Shares and the return received by Shareholders 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 and Shareholders may not get back the full amount invested. The level and timing of distributions to Shareholders is not guaranteed.

Investment in unquoted companies (including AIM-traded) 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. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available and investment returns will, therefore, be uncertain.

The Company's investments will generally be in companies whose securities are not publicly traded or freely marketed and may, therefore, be difficult, and take considerable time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company, which may restrict the Company's ability to obtain maximum value from its investments.

Although the Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it will not be in a position fully to protect its interests.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values can fluctuate and are often also materially affected by general market sentiment, which can be negative for prolonged periods. The success of some investee companies may be based on their ability to develop or sustain a competitive advantage, in markets where there are much larger and better resourced companies or to establish, protect and enforce intellectual property rights.

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

Recent changes to the VCT legislation introduced a number of restrictions and conditions designed to ensure that funds are invested in smaller, younger businesses targeting growth and development and where capital is at risk. A summary of the key investment conditions and restrictions are set out in Part IV of the Securities Note. These may limit the number of investment opportunities available in the future compared to previously and such companies are likely to have a higher risk profile than investee companies within the established portfolio of the Company. Further changes to VCT legislation, in particular investment restrictions and conditions, may restrict or adversely affect the Company's ability to meet its objectives and/or reduce the level of returns which might otherwise be achievable.

Where more than one fund managed or advised by Foresight Group and/or Foresight is able to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio consideration, such as the portfolio diversity and the need to maintain VCT status. This may mean that the Company may receive a greater or lesser allocation than would otherwise be the case under the normal allocation policy.

Where the Company invests the proceeds of the Offer in companies in which other funds managed or advised by Foresight Group and/or Foresight have invested or are investing, conflicts of interest may arise and the Board will exercise its judgement in managing such conflicts. In such circumstances, Foresight Group and/or Foresight will apply its conflicts policy in order to reconcile the conflict in the first instance and thereafter, if required, the Board will exercise its independent judgement, so far as it is able, to protect the interests of the Company. It may not, in such circumstances, be possible to fully protect the interests of the Company.

VCT and Tax Risks

A Shareholder who disposes of Shares may be subject to clawback by HMRC of any income tax reliefs originally claimed if such shares are sold within five years of issue. For these purposes, the date of issue of the Consideration Shares to Foresight 3 Shareholders was the original date of issue of the Foresight 3 Shares in respect of which such Consideration Shares were issued. Any realised losses on the disposal of Shares cannot be used to create an allowable loss for capital gains tax purposes.

There is a restriction on income tax relief available on a subscription for VCT shares where the subscription and sale are within six months of each other (regardless of which occurs first) or where the subscription or sale was conditional on each other. The rules can also apply to subscriptions or sales in a successor or predecessor VCT. The amount on which income tax reliefs are available is reduced by the amount of the sale proceeds.

Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders 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 Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

The Finance Act 2014 amended 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 shareholders) 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. This restriction may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced (which is likely to restrict investors' ability to trade in their Shares).

The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively, which may affect tax reliefs obtained by Shareholders and the VCT status of the Company.

Other Risks

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 their ability to achieve or maintain VCT status.

Where the European Commission believes 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 Company or the Shareholders.

There may be adverse consequences as a result of Brexit. There has been much debate on the possible impact on trade between the European Union and the UK following the Brexit vote and how this will impact UK businesses. It is too early to estimate the impact and the Board is not in a position to anticipate what this might be. In addition, many parts of the current VCT legislation have resulted from EU Directives relating to State aid, but the Board does not believe that post Brexit the amending of VCT legislation will be a priority for the UK Government.

(B) CORPORATE INFORMATION

Directors

Raymond Abbott (Chairman)
Michael Gray
Simon Jamieson

Registered Office

The Shard
32 London Bridge Street
London
SE1 9SG

Company Registration Number

03506579

Website

www.foresightgroup.eu

Telephone Number

020 3667 8199

Investment Manager

Foresight Group CI Limited
P.O. Box 156
Dorey Court
St Peter Port
Guernsey
GY1 4EU

Company Secretary

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

Promoter

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

Receiving Agent

The City Partnership (UK) Limited
110 George Street
Edinburgh
EH2 4LH

Solicitors to the Company

Shakespeare Martineau LLP
60 Gracechurch Street
London
EC3V 0HR

Sponsor

BDO LLP
55 Baker Street
London
W1U 7EU

Registrar

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

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Broker

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

Bankers

Barclays Bank plc
One Churchill Place
London
E14 5HP

(C) DEFINITIONS

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

AIM	the Alternative Investment Market
Applicant	an applicant under the Offer
Application	a valid application by an Applicant for Offer Shares pursuant to the Offer
Application Form	the application form for the Offer at the end of this document or any revised or additional application form that is published or made available in connection with the Offer
Articles	the articles of association of the Company, as amended from time to time
BDO LLP	BDO LLP of 55 Baker Street London W1U 7EU, which is authorised and regulated by the FCA and is a UKLA registered sponsor
Board	the board of directors of the Company
Brexit	the UK's decision in a referendum on 23 June 2016 to leave the EU
Business Days	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
CA 1985	the Companies Act 1985, as amended
CA 2006	the Companies Act 2006, as amended
Code	UK Corporate Governance Code published by the Financial Reporting Council
Companies Acts	CA 1985 and CA 2006
Company	Foresight 4 VCT plc
Computershare	a trading name for Computershare Investor Services PLC
Consideration Shares	the Shares issued by the Company to Foresight 3 Shareholders pursuant to the merger of the Company and Foresight 3
CREST	the computerised settlement system to facilitate the transfer of title to securities in uncertified form operated by Euroclear UK & Ireland Limited
Direct Investor	an investor who makes an investment in the Company without reference to an intermediary (together Direct Investors)
Directors	the directors of the Company (and each a Director)
Disclosure Guidance & Transparency Rules	the disclosure guidance and transparency rules of the FCA
Early Bird Discount	in respect of an Application for the Offer received by 12.00 noon on 31 August 2018, where such Application is accepted, a discount of 1.0% to be applied as set out on page 35 of the Securities Note
EU	the European Union
Execution-Only Investor	an investor who invests in the Company pursuant to 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 (together Execution-Only Investors)
Existing Foresight Shareholder Loyalty Discount	in respect of an Application for the Offer received from an existing shareholder of any of the Foresight VCTs, a discount of 0.5% to be applied as set out on page 35 of the Securities Note
Foresight 3	Foresight 3 VCT plc (in liquidation), registered in England and Wales under number 03121772, whose registered office is at Central Square 5th Floor, 29 Wellington Street, Leeds, West

	Yorkshire LS1 4DL
Foresight 3 Shareholders	holders of Foresight 3 Shares (and each a Foresight 3 Shareholder)
Foresight 3 Shares	ordinary shares of 1 penny each in the capital of Foresight 3 (and each a Foresight 3 Share)
FCA	the Financial Conduct Authority
Foresight	Foresight Group LLP, which is a subsidiary undertaking of Foresight Group and which is authorised and regulated by the FCA
Foresight Entities	together Foresight Group, Foresight and the Promoter
Foresight Group	Foresight Group CI Limited, the Company's manager which is licensed by the Guernsey Financial Services Commission
Foresight VCTs	the Company, Foresight VCT plc and Foresight Solar & Infrastructure VCT plc
FSMA	the Financial Services and Markets Act 2000, as amended
HMRC	Her Majesty's Revenue & Customs
IA 1986	the Insolvency Act 1986, as amended
Liquidators	Keith Allan Marshall and Gareth Harris of RSM Restructuring Advisory LLP, Springfield House, 76 Wellington Street, Leeds LS1 2AY
Listing Rules	the listing rules of the UKLA
London Stock Exchange	London Stock Exchange PLC
Memorandum	the memorandum of association of the Company
NAV or net asset value	net asset value
Offer	the offer for subscription to raise up to £50 million, with an over-allotment facility for up to a further £30 million, through the issue of Offer Shares as set out in this document
Offer Shares	the Shares being offered for subscription pursuant to the Offer (and each an Offer Share)
Official List	the official list of the UKLA
Professional Client Investor	an investor who is provided with advice or guidance as to the merits of making an investment in the Company by an independent financial adviser where that adviser classifies the investor as a professional client for the purposes of the FCA rules (together Professional Client Investors)
Promoter	Foresight Group Promoter LLP, which is a subsidiary undertaking and authorised representative of Foresight and which is authorised and regulated by the FCA
Prospectus Rules	the prospectus rules of the FCA
Prospectus	together, this Registration Document, the Securities Note and the Summary
Receiving Agent	The City Partnership (UK) Limited
Registrar	Computershare Investor Services PLC
Registration Document	this document
Restricted Territories	Canada, Australia, Japan, New Zealand or South Africa (each a Restricted Territory)
Retail Client Investor	an investor who applies for Offer Shares through their independent financial adviser where the adviser has classified the investor as a retail client for the purposes of the FCA rules (together Retail Client Investors)
Risk Finance Guidelines	guidance on State Aid to promote risk finance investments

	(2014/C 19/04)
RPI	the retail prices index as compiled by the Office for National Statistics (or any replacement thereof)
Scheme Manager	Computershare Investor Services PLC
Securities Note	the securities note issued by the Company dated 14 June 2018 in connection with the Offer
Shareholders	holders of Shares (and each a Shareholder)
Shares	ordinary shares of 1 penny each in the capital of the Company with an International Securities Identification Number: GB00B07YBS95 (and each a Share)
State Aid	any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the EU
Sterling	the official name for the standard monetary unit of the UK
Summary	the summary issued by the Company dated 14 June 2018 in connection with the Offer
Tax Act	the Income Tax Act 2007 (as amended)
UK	the United Kingdom
UKLA or UK Listing Authority	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
United States or US	the United States of America, its states, territories and possessions (including the District of Columbia)
VCT Value	the value of an investment calculated in accordance with section 279 of ITA 2007
VCT or venture capital trust	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

(D) THE DIRECTORS, FORESIGHT GROUP AND FORESIGHT

The Board comprises three directors, all of whom are independent of Foresight Group and considered independent for the purposes of the UK Corporate Governance Code.

The Board sets the Company's policies and objectives and ensures that its obligations to the Shareholders are met. The Board has overall responsibility for the Company's affairs, including approving valuations (prepared by Foresight) and NAVs (calculated by Foresight) which are published quarterly or more often if required.

The Directors have significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investing in small companies.

Each of the Directors has access to the advice and the services of the Company secretary. The Company secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested in advance of each Board meeting.

The Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Directors to make investment decisions).

THE DIRECTORS

Raymond Abbott (Chairman)

Raymond previously served as chairman of Foresight 3 from 2014 until the merger with the Company. Prior to this he was a non-executive director of the Company and Enterprise VCT plc (which was merged into Foresight 3 in 2008).

He has over 26 years' experience in private equity covering fund investment, direct venture investment, growth capital and buy-outs. This includes as managing director of Alliance Trust Equity Partners developing a £300m fund of funds programme for Alliance Trust focused on Western European lower to mid-market buyout funds.

Raymond founded Albany Ventures, with a focus on software and healthcare investments, which was acquired by Alliance Trust.

He has gained extensive experience as a non-executive director in public and private companies helping with strategy, finance and governance. Raymond is chairman of both The Scottish Building Society and of Integrated Environmental Solutions Limited.

Michael Gray

Michael has extensive experience in funds, banking and other capital markets. He was most recently the regional managing director, Corporate Banking for RBS International with responsibility for The Royal Bank of Scotland's Corporate Banking Business in the Crown Dependencies and British Overseas Territories. In a career spanning 31 years with The Royal Bank of Scotland Group plc, Michael has undertaken a variety of roles including that of auditor, and has extensive general management and lending experience across a number of industries.

He is a Fellow of The Chartered Institute of Bankers in Scotland and a qualified corporate treasurer.

Michael is a non-executive director of both Triton Investment Management Ltd and JTC plc. Michael is also an advisory board member of Japanese private equity group, J-Star and a non-executive director of the FTSE 250 listed GCP Infrastructure Investments Limited.

Simon Jamieson

Simon spent 28 years at Robert Fleming Holdings and subsequently at Fleming Family and Partners where he focused on private equity investing. In 1983 he joined Glenwood Management, a Californian based venture capital fund, and subsequently joined Robert Fleming in 1985 on the fund management side. In 2000 he joined Fleming Family and Partners Asset Management Limited where he was responsible for \$500 million of private equity investments until 2013, including both fund investments and directly held co-investments.

He served as chairman of the Company from 31 March 2017 to 22 June 2017.

Simon chairs an investment committee of a U.S. family office and co-chairs an investment committee of an African focused private equity manager, 54 Capital.

Current and Past Directorships

The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

	Current	Past Five Years
Raymond Abbott	Foresight 3 VCT plc (in liquidation) Foresight 4 VCT plc Integrated Environmental Solutions Limited SBS Mortgages Limited	Essex Group Holdings Limited Essex Services Group plc Galleria Holdings Limited
Michael Gray	Foresight 4 VCT plc GCP Infrastructure Investments Limited Jersey Finance Limited JTC plc J-Star Jersey Company Limited MMG Consulting Limited Triton Investment Management Limited	Triton Debt Opportunities Managers Ltd TFF Limited TFF IV Limited Triton Managers Limited Triton Managers II Limited Triton Managers III Limited Triton Managers IV Limited Triton Value Managers Limited Triton Value Fund Limited
Simon Jamieson	Blue Bird Holding Ltd Foresight 4 VCT plc Sacred Heart Swaffham Ltd	FF&P 2003 investor 1 LLP FF&P 2003 investor 14 LLP FF&P 2007 investor 40 LLP IBIS Media VCT 1 plc (in liquidation) Simon Jamieson Partners LLP (dissolved) Stonehage Fleming investment Management Limited

FORESIGHT ENTITIES

Foresight Group CI Limited (**Foresight Group**) is appointed as manager to the Company and also provides secretarial, administration and custodian services to the Company. Foresight Group is a private company registered in Guernsey with number 51471 and was incorporated on 12 February 2010. The business of Foresight Group is primarily the provision of investment management and advisory services. Its principal place of operation is Dorey Court, St Peter's Port GY1 4EU (tel: 01481 702 400). Foresight Group is licensed by the Guernsey Financial Services Commission with GFSC reference number 2006518.

Foresight Group has, as is permitted and as approved by the Board appointed Foresight Group LLP (**Foresight**) to provide investment advisory services to Foresight Group for the purposes of fulfilment of the provision of investment management obligations to the Company under the agreement and has sub-contracted the provision of administration services to Foresight, which is also the appointed Company secretary. Foresight is registered in England and Wales as a limited liability partnership with registered number OC300878 and was incorporated on 25 October 2001. The business of Foresight, this primarily being the provision of investment management and advisory services, was previously carved out by VCF Partners, formed in 1984, before being novated to Foresight. Its principal place of operation is The Shard, 32 London Bridge Street, London SE1 9SG (tel: 020 3667 8100). Foresight is a subsidiary undertaking of Foresight Group and is authorised and regulated by the Financial Conduct Authority with registration number 198020.

Foresight Group Promoter LLP is appointed as promoter in connection with the Offer. Foresight Group Promoter LLP is registered in England and Wales as a limited liability partnership with registered number OC421343 and was incorporated on 7 March 2018. Its principal place of operation is The Shard, 32 London Bridge Street, London SE1 9SG (tel: 020 3667 8100). Foresight Group Promoter LLP is a subsidiary undertaking and an authorised representative of Foresight (authorised representative registration number 806061).

(E) MEMORANDUM AND ARTICLES

In this section, reference to 'Directors' means the directors of the Company from time to time, reference to the 'Board' means the board of directors of the Company from time to time, reference to 'Group' means the Company and, if any, its subsidiaries from time to time, reference to 'Statutes' means CA 1985, CA 2006 and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under CA 1985 and CA 2006 and reference to 'Act' means CA 2006.

Memorandum

The Memorandum, which, by virtue of section 28 of CA 2006, is now treated as being part of the Articles, provides that the Company's principal object and purpose is to carry on the business of a VCT. The objects of the Company are set out in full in clause 4 of the Memorandum.

Articles

The following is a summary of the current Articles. Statutory references are subject to updates from time to time.

The Articles continue to provide provisions for the separate C share class which are redundant following the conversion and will be deleted at the next available opportunity.

1.1 Share capital

1.1.1 Subject to the provisions of the Statutes and without prejudice to the rights attaching to any existing shares, any share may be issued with such preferred, deferred, or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Board may determine.

1.1.2 Subject to the provisions of CA 2006 relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit, provided that no share shall be issued at a discount.

1.1.3 The Company may from time to time by ordinary resolution increase, consolidate or subdivide its share capital.

1.1.4 The Company may issue shares which are liable to be redeemed on such terms and conditions as the Directors may determine.

1.1.5 The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Statutes.

1.1.6 Subject to the provisions of the Statutes, the Company may purchase all or any of its shares of any class, including any redeemable shares and may hold such shares as treasury shares or cancel them.

1.2 General Meetings

1.2.1 Convening of General Meetings

An annual general meeting and any general meeting at which it is proposed to pass a special resolution or (except as provided by CA 2006) a resolution of which special notice has been given to the Company, must be called by at least 21 days notice in writing and any other general meeting by at least 14 days notice in writing. The period of notice must in each case be exclusive of the day in which the notice is served or deemed to be served and of the day in which the meeting is to be held provided that a general meeting shall, notwithstanding that it may have been called by a shorter notice than that specified above, be deemed to have been duly called if it is so agreed in accordance with CA 2006; provided also that the accidental omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any general meeting.

1.2.2 Notice of General Meetings

1.2.2.1 Every notice calling a general meeting shall specify the place and the day, time and place of the meeting and the general nature of the business to be transacted. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy

need not be a member. In the case of an annual general meeting, the notice shall also specify the meeting as such.

1.2.2.2 The Directors shall on the requisition of members in accordance with CA 2006 but subject as therein provided: (a) give to the members who would, if an annual general meeting were then to be held, be entitled to receive notice thereof notice of any resolution which may properly be moved and is intended to be moved at the meeting so requisitioned; and (b) circulate to such members any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution for the business to be dealt with at that meeting.

1.2.2.3 Pursuant to section 303 of CA 2006, the Directors must, on a members' requisition, forthwith proceed duly to convene a general meeting of the Company. A members requisition is a requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the Company as at that date carries the right of voting at general meetings of the Company. For these purposes the Company's paid up capital held as treasury shares would be disregarded. The requisition must state the objectives of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form, each signed by one or more requisitionists. If the Directors do not within 28 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a meeting but any meeting so convened must not be held after the expiration of three months from that date. A meeting convened under this section by requisitionists must be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

1.2.3 **Omission to Send Notice**

The accidental omission to send a notice of any meeting, or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by such a person, shall not invalidate the proceedings at the meeting.

1.2.4 **Quorum at General Meetings**

1.2.4.1 No business shall be transacted at any general meeting unless a quorum is present. Two members present in person (or by representative) or by proxy and entitled to vote shall be a quorum.

1.2.4.2 If within 15 minutes (or such longer period as the chairman may determine) from the time fixed for a meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case shall stand adjourned to such day and to such time (which must be not less than ten clear days thereafter) and place as may be determined by the chairman. At such adjourned meeting a quorum shall be two members present in person or by proxy and entitled to vote. If a quorum is not present within 15 minutes from the time fixed for holding the adjourned meeting or if during the adjourned meeting a quorum ceases to be present, the meeting shall be dissolved.

1.2.5 **Votes of Members**

1.2.5.1 Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person, including any corporation present by its duly authorised representative, or by proxy, at a general meeting of the Company shall, on a show of hands, have one vote (save for a duly appointed proxy who, where instructed by one or more members to vote for the resolution (or given discretion as to how to vote) and by one or more members to vote against the resolution (or given discretion as to how to vote) shall have one vote for and one vote against the resolution. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.

1.2.5.2 Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of each company in respect of the holding.

1.2.5.3 A member will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to section 793 of CA 2006 (which requires the member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of 14 days.

1.2.6 **Variation of Class Rights**

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to CA 2006 be varied by the passing of a special resolution at a general meeting of such holders or, the written consent of holders of three quarters in nominal value of the issued shares of the affected class. At such a meeting the necessary quorum shall be at least two members of the class holding (or representing by proxy) not less than one third in nominal amount of the issued shares of that class and at an adjourned meeting one person (whether present in person or by proxy) holding shares of that class in question.

1.3 **Disclosure of Interest in Shares**

Obligations of members to disclose to the Company notifiable interests in its shares are stated in Part 22 of CA 2006, sections 89A to 89L of FSMA and the Disclosure Guidance & Transparency Rules. In accordance with the Articles, failure by any member to provide the Company with the information as requested by any notice served in accordance with section 793 of CA 2006 may result in the member being restricted in respect of his shareholdings (and, inter alia, the withholding of any dividends payable to him).

1.4 **Transfer of Shares**

1.4.1 **Form of Transfer**

A member may transfer any or all of his shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members.

1.4.2 **Right to Refuse Registration**

1.4.2.1 The Directors may in their absolute discretion, and without assigning any reason therefor, refuse to register any transfer of shares where the shares in question are not fully paid up where such refusal does not restrict dealings on an open and proper basis. The Directors may also decline to register any transfer of share (not being a fully paid share) on which the Company has a lien

1.4.2.2 The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is (a) in respect of only one class of share; (b) is in favour of not more than four transferees; and (c) is lodged at the transfer office accompanied by the relevant share certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer

1.4.2.3 No transfer will be registered where a member, or any other person appearing to be interested in the shares held by him has been served with a notice under section 793 of CA 2006 and, at the end of the prescribed period, is in default in supplying the information thereby required provided that those shares represent at least 0.25% (calculated exclusively of treasury shares) in nominal value of the issued shares of any class and subject to the exceptions specified in the Articles relating to the disclosure of interests. Restrictions on transfers do not apply to a sale to a bona fide, unconnected, third party.

1.5 **Calls on and forfeiture of shares**

Subject to the terms of allotment, the Board may make calls on members for monies unpaid on any shares. If any call remains unpaid after the date for payment (being at least 14 clear days following the call) then the Board may, after giving not less than seven clear days'

notice, forfeit such share and sell or transfer such forfeited shares on such terms and in such manner as the Board may determine.

1.6 Dividends and Other Payments

1.6.1 Declaration of Dividends

1.6.1.1 The Company may by ordinary resolution and subject to the provisions of CA 2006 and the Articles declare dividends to be paid to members according to their respective rights and interest in the profit of the Company, provided that no dividend shall exceed the amount recommended by the Directors.

1.6.1.2 The Directors may pay interim dividends and also any fixed rate if it appears to them that they are justified in so doing by the profits of the Company available for distribution.

1.6.2 Entitlement to Dividends

1.6.2.1 Except as otherwise provided by the rights that attach to any class of share, dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares in respect of which the dividend is paid (except where those amounts are paid up in advance of calls).

1.6.2.2 If any dividend remains unclaimed after a period of 12 years from the date of the declaration of that dividend, it shall be forfeited and shall revert to the Company.

1.6.2.3 The Directors may, with the prior authority of an ordinary resolution of the Company, subject to such terms and conditions as the Directors may determine, offer to holders of shares the right to elect to receive shares credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.

1.7 Powers of the Board of Directors

1.7.1 General Power

Subject as provided in the Articles and Statutes, the Board may exercise all the powers of the Company.

1.7.2 Borrowing Powers

1.7.2.1 The Directors may exercise all the powers of the Company to borrow money and to mortgage and charge its undertaking, property and assets (present and future) and uncalled capital and, subject to CA 2006, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

1.7.2.2 The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only insofar as by such exercise the Directors can secure) that the aggregate amount for the time being outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 0.5 times the Adjusted Capital and Reserves (as defined in 1.7.2.3 below).

1.7.2.3 The expression "Adjusted Capital and Reserves" means, as shown by a consolidation of the then latest audited balance sheet of the Company or (as the case may be) the then latest audited balance sheet of the group but subject to deductions and adjustments set out in the articles of association of the Company, a sum equal to the aggregate of (a) the amount paid up on the issued share capital of the Company; and (b) the amount standing to the credit of the capital and revenue reserves (or, if the Company has subsidiary undertakings, the consolidated capital and revenue reserves of the group) including without limitation any share premium account, capital redemption reserve, revaluation reserve, merger reserve and credit balance on profit and loss account.

1.8 Directors

1.8.1 There shall be no less than three and not more than eight Directors in the Company (unless otherwise determined by ordinary resolution).

- 1.8.2 The Directors shall not be required to hold any shares in the Company by way of qualification.
- 1.8.3 Directors may be appointed by ordinary resolution. A director appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for election.
- 1.8.4 At each annual general meeting of the Company at least one third of the Directors (or, in the case of each Company if their number is not a multiple of three, then the nearest number to but not exceeding one third) shall retire from office by rotation. Subject to the provisions of CA 2006, the Directors to retire in each case shall be those who have been longest in office since their last election, provided that no Director holding office as an executive director as provided for in the articles of association of the Company will be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. Where two or more people were last reappointed on the same day, those who retire shall, unless they otherwise agree among themselves, be determined by lot. Any Director appointed by the Directors shall hold office only until the next annual general meeting, when he shall be eligible for re-election, but shall not be taken into account in determining the Directors to retire by rotation at the meeting.
- 1.8.5 A director may be removed from office by an ordinary resolution of the Company, subject to a special notice being given in accordance with the Statutes.
- 1.8.6 Any Director (other than an alternate Director) may appoint another Director or any other person approved by the Board and willing to act, to be an alternate Director and may at any time terminate that appointment.
- 1.8.7 The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Directors, shall in their discretion determine save that the maximum aggregate remuneration does not exceed £90,000 per annum (unless approved by ordinary resolution). The Directors are entitled to be repaid all such reasonable expenses as they may incur in attending or returning from any meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the discharge of their duties as Directors.
- 1.8.8 The Directors may purchase and maintain insurance for, or for the benefit of, any persons who are or were Directors, officers or employees of the Company or of any other company which is a subsidiary undertaking of the Company or in which the Company has an interest, whether direct or indirect including without limitation insurance in relation to duties, power or offices in relation to any pension fund or employees share scheme.
- 1.9 **Proceedings of the Board**
- 1.9.1 **Quorum**
- The Board may meet, adjourn and regulate its meetings as it sees fit. The quorum necessary for the transaction of business of the Board may be fixed by the Board and unless so fixed shall be two.
- 1.9.2 **Voting**
- Questions arising at board meetings are decided by a majority vote. In the event of a tie, the chairman shall have a second or casting vote.
- 1.10 **Directors' Interests**
- 1.10.1 Subject to CA 2006 and provided that he declares the nature of his interest at a meeting of the Directors, a Director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested.
- 1.10.2 A Director shall not vote or be counted in the quorum in relation to any resolution concerning any contracts, arrangements, transactions or any other proposal whatsoever to which the Company is or are to be a party and in which he has an interest which is, to his knowledge, a material interest unless the resolution concerns any of the following matters:
- 1.10.2.1 the giving to him or any other person of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of their subsidiary undertakings;

- 1.10.2.2 the giving to any third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- 1.10.2.3 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or any underwriting or sub-writing of which he is to participate;
- 1.10.2.4 any proposal concerning any other company in which he is interested directly, or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he does not hold an interest (as the term is used in Part VI of CA 2006) representing 1.0% or more of either any class of the equity share capital of such company or of the voting rights available to members of such company;
- 1.10.2.5 any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit;
- 1.10.2.6 any proposal relating to any scheme of arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- 1.10.2.7 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include the Directors.
- 1.10.3 The Board may authorise, to the fullest extent permitted by law, and on such terms and conditions as it thinks fit:
- 1.10.4 any matter which would or might otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest;
- 1.10.5 a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with either before or at the time the conflict of interest arises;
- 1.10.6 provided that the authorisation is passed at a meeting where such is effective without the Director in question and any other interested Director being counted in the quorum or voting at the meeting at which the conflict of interest is authorised.
- 1.10.7 Where any such matter is authorised by the Board, the Director shall not be required to disclose any confidential information relating to such other office, employment or position and shall not be accountable to the Company for any benefit which he derives from such matter.
- 1.11 **Untraced Members**
- 1.11.1 The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission if and provided that:
 - 1.11.1.1 during a period of 12 years at least three dividends (whether interim or final) have been paid in relation to such shares and no such dividends have been claimed; and
 - 1.11.1.2 the Company has on or before the expiry of the said period of 12 years inserted advertisements in a national newspaper and a local newspaper circulated in the area of the member or former member's last known address giving notice of its intention to sell the shares; and
 - 1.11.1.3 during the same period of 12 years and the period of three months following the publication of such advertisements the Company have not received indication either of the whereabouts nor of the existence of such member or person.
- 1.11.2 The net proceeds of sale will belong to the Company which shall account to the former member or other person entitled to the proceeds for the amount received, however, no trust

shall be created in respect of the debt, no interest is payable on the amount of the debt and the Company shall not be required to account for any money earned on the net proceeds.

1.12 **Distribution of Realised Capital Profits**

As long as the Company has given notice in the prescribed form to the Registrar of Companies of its intention to carry on business as investment company ("a relevant period") the Company shall be prohibited from distributing any capital profits (within the meaning of section 833(2)(c) of CA 2006), otherwise than to the extent that the requirements for investment company status under CA 2006 do not require a company to prohibit the distribution of capital profits. The Directors will establish a reserve to be called the capital reserve and during a relevant period all surpluses arising from the realisation or revaluation of investments or deriving from the realisation, payment of or other dealing with any capital asset in excess of the book value of that asset shall be credited to the capital reserve. Subject to CA 2006, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital, or partly one way and partly the other. During a relevant period, any loss realised on the realisation or payment of or other dealing with any investment or other capital assets and subject to CA 2006 any expenses, liability, loss (or provision therefor) which the Directors consider to relate to a capital item or which they otherwise consider appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a relevant period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to the credit of any revenue reserve are applicable except that no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be treated as profits of the Company available for distribution (as defined by section 833(2)(c) of CA 2006) or be applied in paying dividends on any shares of the Company. In any other period other than a relevant period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined in section 833(2)(c) of CA 2006) or be applied in paying dividends of any shares of the Company.

1.13 **Transfer or Sale under section 110, Insolvency Act 1986**

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to section 110 of IA 1986 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on the members, subject to the right of dissent and consequential rights conferred by said section.

1.14 **Winding-Up and Duration of the Company**

In order for the future of the Company to be considered by the members, the Directors of that Company shall procure that a resolution will be proposed at the annual general meeting of the Company falling after the fifth anniversary of the final allotment of shares in the Company, and thereafter at five yearly intervals, to the effect that the Company shall continue as a venture capital trust. On any voluntary winding-up of the Company, the liquidator may, with the sanction of an extraordinary resolution and any other sanctions required by 1A 1986, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

1.15 **Uncertificated Shares**

The Directors may make such arrangements as they see fit, subject to CA 2006, to deal with the transfer, allotment and holding of shares in uncertificated form and related issues.

1.16 **Indemnity and Insurance**

The Company shall indemnify the Directors to the extent permitted by law and may take out and maintain insurance for the benefit of the Directors.

PART II - FORESIGHT 4 VCT PLC

(A) GENERAL INFORMATION

1 Incorporation and registered office

- 1.1 The legal and commercial name of the Company is Foresight 4 VCT plc.
- 1.2 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 3 February 1998 with registered number 03506579 and the name Advent 2 VCT plc. The Company changed its name to Foresight 4 VCT plc on 4 August 2004.
- 1.3 The principal legislation under which the Company operates is CA 2006 (and regulations made thereunder). The Company is domiciled in England.
- 1.4 On 5 February 1998, the Registrar of Companies issued the Company with a trading certificate under section 117 of CA 1985 (now section 761 of CA 2006) entitling it to commence business.
- 1.5 The Company's registered office and principal place of business is at The Shard, 32 London Bridge Street, London SE1 9SG. The Company does not have, nor has it had since incorporation, any employees or subsidiaries other than material holdings in investee companies which are not regarded as subsidiaries for accounting purposes or significant.
- 1.6 HMRC has granted approval of the Company as a VCT under section 274 of the Tax Act. The business of the Company has been, and is intended to be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.7 The Company revoked its status as an investment company under section 266 of CA 1985 (now section 833 of CA 2006) on 25 October 2000.
- 1.8 The International Securities Identification Number of the Shares is GB00B07YBS95. The Company's share capital comprises ordinary shares of 1p (GBP) each.
- 1.9 The existing issued Shares are, and the Offer Shares will be, admitted to the Official List of the UK Listing Authority.
- 1.10 The Company is not authorised and/or regulated by the FCA or an equivalent European Economic Area regulator. However the Company is an alternative investment fund for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU), has registered itself as a small alternative investment fund manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). The Company is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, the rules and regulations issued by the UKLA from time to time. The Company is not otherwise regulated.

2. Share capital

- 2.1 The issued share capital of the Company as at 31 March 2014 was 38,569,414 Shares and 18,680,907 C ordinary shares of 1p each, none of which were held in treasury. The issued share capital history of the Company since 31 March 2014 is as follows:
- 2.1.1 During the year ended 31 March 2015, no new Shares were issued and the Company bought back 285,000 Shares. No C ordinary shares of 1p each were bought back during the period. As at 31 March 2015, the issued share capital of the Company comprised 38,284,414 Shares and 18,680,907 C ordinary shares of 1p each, none of which were held in treasury.
- 2.1.2 During the year ended 31 March 2016, the Company issued 423,717 Shares as part of a top-up offer made to C Shareholders, giving them the opportunity to reinvest dividend proceeds for new Shares, and bought back 434,528 Shares. No C ordinary shares of 1p each were issued or bought back during the period. In addition, on 10 August 2015, the Shares and C ordinary shares of 1p each funds were merged, pursuant to which an aggregate of 19,101,896 Shares were issued or created on the conversion of all of the issued C ordinary shares of 1p each into Shares. As at 31 March 2016, the issued share capital of the Company comprised 57,375,499 Shares, none of which were held in treasury.

- 2.1.3 During the year ended 31 March 2017, the Company did not issue or buy back any Shares. As at 31 March 2017, the issued share capital of the Company comprised 57,375,499 Shares, none of which were held in treasury.
- 2.1.4 Since March 2017 to 13 June 2018, the Company issued 88,459,506 Shares (which included 48,337,332 Shares issued in consideration for the Company acquiring the assets and liabilities of Foresight 3 by way of a scheme of reconstruction under section 110 of the Insolvency Act 1986 and 40,122,174 Shares pursuant to an offer for subscription) and bought back 10,716,701 Shares, 7,813,537 of which were pursuant to a tender offer.
- 2.1.5 As at 13 June 2018 (being the latest practicable date prior to the publication of the document), the issued share capital of the Company comprised 135,118,304 Shares, none of which were held in treasury.
- 2.2 The issued fully paid share capital of the Company immediately after the Offer has closed (assuming 120 million Offer Shares are allotted by the Company, this being the maximum number of Offer Shares that may be issued pursuant to the Offer), the issued share capital of the Company would be 255,118,304 Shares (none of which are expected to be held in treasury).
- 2.3 Save for the conditional right to subscribe for Shares pursuant to the carried interest agreement referred to at paragraph 5.2 below, there are no other shares or loan capital in the Company under option or agreed, conditionally or unconditionally, to be put under option.
- 2.4 The following resolution was passed at the general meeting of the Company held on 14 June 2017:

That:

- a) in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of CA 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,500,000, provided that, the authority so conferred shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or rights to be granted after such expiry and the directors shall be entitled to allot shares and grant rights pursuant to any such offer or agreement as if this authority had not expired;
- b) in addition to existing authorities, the directors of the Company be and hereby are empowered pursuant to sections 570 and 573 of CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of CA 2006) for cash pursuant to the authority conferred or by way of a sale of treasury shares, as if section 561(1) of CA 2006 did not apply to such allotment, provided that the authority shall be limited to the allotment of equity securities with an aggregate value not exceeding £1,500,000 in connection with offer(s) for subscription where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority conferred provided by this resolution shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or rights to be granted after such expiry and the directors shall be entitled to allot shares and grant rights pursuant to any such offer or agreement as if this authority had not expired; and
- c) in addition to existing authorities, the Company be generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to 8,500,000 ordinary shares of 1p in the capital of the Company by means of a tender offer to all holders of shares to purchase those shares at a price equal to 92.5% of the most recently published net asset value of a share as at the date of the purchase (rounded down to four decimal places), which fixed price shall, for the purposes of section 701(3)(b) of the Companies Act 2006, constitute both the maximum and the minimum price that may be paid for the shares purchased) and any shares bought back under this authority will be cancelled. The authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might

require shares to be purchased after the expiry and the directors shall be entitled to purchase shares pursuant to such offer or agreement as if this authority had not expired

2.5 The following resolutions were passed at the annual general meeting of the Company held on 28 September 2017:

2.5.1 That, in addition to the authority granted pursuant to resolutions 1.2 and 2.1 passed at the general meeting of the Company on 14 June 2017, but in substitution for all other existing authorities, the Directors be and they are generally and unconditionally authorised in accordance with section 551 of CA 2006 to exercise all the powers of the Company to allot Shares in the Company and to grant rights to subscribe for, or to convert any security into, Shares in the Company ("Rights") up to an aggregate nominal amount of £175,000, provided that such authority would expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing the resolution, save that the Company would be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such an offer or agreement as if the authority had not expired.

2.5.2 That, in addition to the authority granted pursuant to resolution 2.2 passed at the general meeting of the company on 14 June 2017, but in substitution for all other existing authorities, the Directors be and they are empowered pursuant to section 570 and section 573 of CA 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by the resolution above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £175,000 pursuant to offer(s) for subscription;
- b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of shares pursuant to performance incentive arrangements with Foresight, such shares to be issued at nominal value; and
- c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time,

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2018, or, if earlier, on the date falling 15 months after passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the authority conferred by this resolution had not expired.

2.5.3 That, in addition to the authority granted pursuant to resolution 2.4 passed at the general meeting of the Company on 14 June 2017, but in substitution for all other existing authorities, the Company be empowered to make market purchases (within the meaning of section 693(4) of CA 2006) of its own Shares on such terms and in such manner as the Directors would from time to time determine provided that:

- a) the aggregate number of Shares to be purchased should not exceed 15,846,353 or, if lower such number of Shares (rounded down to the nearest whole Share) as shall equal 14.99% of the Company's Shares in issue as at the date of the passing of the resolution;
- b) the minimum price to be paid for a Share would be 1 pence (the nominal value thereof);
- c) the maximum price to be paid for a Share would be the higher of (i) an amount equal to 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased; and (ii) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- d) the authority conferred by the resolution would expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting of the Company to be held in the year 2018 or, if earlier, on the date falling 15 months after the passing of the resolution; and

- e) the Company may make a contract to purchase Shares under the authority conferred by this resolution prior to the expiry of such authority which would or might be executed wholly or partly after the expiration of such authority and would be permitted to make a purchase of shares pursuant to such contract.
- 2.6 The Shares are/will be in registered form and no temporary documents of title will be issued. The Company is registered with CREST, a paperless settlement system, and those Shareholders who wish to hold their Shares in electronic form may do so.
- 2.7 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraphs 2.4 and 2.5.2 above.
- 2.8 As at 13 June 2018 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or immediately following the issue of the Offer Shares will have, a direct or indirect interest in the capital of the Company or its voting rights which is notifiable under UK law (under which, pursuant to CA 2006, the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).

3. Directors' and other interests

- 3.1 As at 13 June 2018 (this being the latest practicable date prior to publication of this document), the interests of the Directors' (and their immediate families) in the issued share capital of the Company were as follows:

	Shares	% of issued share capital
Raymond Abbott	50,074*	0.04%
Michael Gray	28,448	0.02%
Simon Jamieson	34,841	0.03%

* 10,744 Shares held by Raymond Abbott's wife and 17,837 Shares held through an Alliance Trust account.

- 3.2 As at 13 June 2018, save as set out above, no Director, family member or any person connected with any Director (within the meaning of section 252 of CA 2006) has an interest in the capital of the Company.
- 3.3 Details of the Directors' appointments are as follows:

Director	Date of appointment	Date of appointment letter*	Current Annual Remuneration (£)**	Remuneration for the year ended 31 March 2018*** (£)	Expected remuneration for the year ended 31 March 2019*** (£)
Raymond Abbott	22 June 2017	5 June 2018	27,500	21,365	27,500
Michael Gray	14 February 2017	16 February 2017	22,000	22,000	22,000
Simon Jamieson	3 October 2014	1 April 2015	22,000	22,000	22,000

* No Director has a service contract with the Company. The Directors have been appointed pursuant to appointment letters. The appointments can be terminated without notice. Simon Jamieson entered into a new appointment letter on 1 April 2015 due to legislative changes. No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have any amounts been set aside to provide pension, retirement or similar benefits.

** Raymond Abbott was appointed as a director of the Company following the merger of the Company and Foresight 3 and took over as chairman from Simon Jamieson with an annual remuneration of £27,500. Simon Jamieson's annual remuneration of £27,500 reverted to £22,000 at the same time.

*** Exclusive of applicable employer's national insurance contributions and VAT.

- 3.4 Aggregate Directors' emoluments for the financial year ended 31 March 2018 were £70,386 (which includes £5,021 paid to Peter Dicks during the year who stepped down as a director on 22 June 2017 following the merger of the Company and Foresight 3). Aggregate Directors' emoluments for the current financial year are expected to be £71,500.
- 3.5 There are no potential conflicts of interest between the duties of any Director and their private interests and/or other duties.
- 3.6 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 31 March 2015, 2016 and 2017 or to the date of this document in the current financial year and remains in any respect outstanding or unperformed.
- 3.7 No loan or guarantee has been granted or provided by the Company to or for the benefit of any of the Directors.
- 3.8 The Company has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.9 The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on page 10.
- 3.10 No Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.11 Save for Simon Jamieson Partners LLP which has been voluntarily struck off from the Register of Companies, and save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager, during the previous five years:
- (a) Raymond Abbott is a director of Foresight 3 which was placed into voluntary members' liquidation in June 2017 pursuant to a merger with the Company under section 110 of the Insolvency Act 1986.
 - (b) Simon Jamieson was a director of IBIS Media VCT 1 plc until September 2014. IBIS Media VCT 1 plc was subsequently placed into voluntary members' liquidation on 18 January 2017 for the purposes of maximising returns to shareholders by exiting the VCT's remaining portfolio whilst minimising the costs of being a listed company.
- 3.12 There has been no official public incrimination and/or sanction of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

4. **Management and administration**

- 4.1 The Directors are responsible for the determination of the investment policy, subject to approval by Shareholders for any material changes and have overall responsibility for the Company's affairs. The Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of the Company. The Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Directors to make investment decisions) pursuant to the agreement described at paragraph 5.1 below.
- 4.2 As is customary in the private equity industry, Foresight Group may retain for its own benefit and without liability to account to the Company, subject to full disclosure having been made to the Directors, arrangement fees which it receives in connection with any investment made by the Company. It may also receive all monitoring fees or directors' fees charged to investee companies. Costs incurred on abortive investment proposals will be the responsibility of Foresight Group.

- 4.3 Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation guidelines (December 2015) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period (generally one year) 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 quoted or traded on a market are valued at bid price. The portfolio valuations are prepared by Foresight, reviewed and approved by the Board quarterly and subject to annual review by the auditors. The Company's net asset value will be calculated quarterly and published on an appropriate regulatory information service. In the event of any suspension of listing, valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers. The Directors do not anticipate any circumstances arising under which the calculation of the net asset value may be suspended. Should the determination of the net asset value differ from that set out above then this will be communicated to investors in the Company through a regulatory information service provider.
- 4.4 The Company has appointed Foresight Group to provide investment management and administration services. Administration services which include company secretarial, bookkeeping and accounting services required in connection with the business and the operation of the Company, are delegated to Foresight.
- 4.5 Whilst Foresight, as Company secretary, has physical custody of documents of title relating to the Company's assets, the Company has and will continue to have custody of its own assets, in that:
- the Company's monetary assets will be held in bank accounts and/or money market funds in the Company's own name; and
 - the Company's investments in shares and securities and the corresponding certificates will also be held in the Company's own name.
- 4.6 A maximum of 75% of the Company's management expenses will be charged against capital with the balance to be met from income.
- 4.7 The Directors have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

As the Board has delegated the financial administration to Foresight Group and Foresight, the Board feels that it is not necessary to have its own internal audit function. It has decided that the systems and procedures employed by Foresight Group and Foresight, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors.

Shakespeare Martineau LLP provide legal advice and assistance in relation to the maintenance of VCT tax status and the operation of the agreements entered into with Foresight Group.

Due to internal group changes, Foresight replaced Foresight Fund Managers Limited as the Company secretary in November 2017 and took over all responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on Foresight Group and Foresight's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by Foresight Group, Foresight and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action that has been, or is being, taken. This process covers consideration of the key business,

operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight and other service providers.

The Board, through the Audit Committee, performed a specific review for the purpose of the annual report. The review considered the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year and reported its conclusions to the Board which was satisfied with the outcome of the review.

4.8 The Audit Committee comprises Simon Jamieson (chairman), Raymond Abbott and Michael Gray, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to consider, amongst other things the following:

- monitor the integrity of the financial statements of the Company and approve the accounts;
- review the Company's internal control and risk management systems;
- make recommendations to the Board in relation to the appointment of the external auditors;
- review and monitor the external auditors' independence; and
- implement and review the Company's policy on the engagement of the external auditors to supply non-audit services.

The Audit Committee performs an assessment of the audit process on an annual basis.

4.9 The Nomination Committee comprises Simon Jamieson (chairman), Raymond Abbott and Michael Gray and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. The Nomination Committee also considers the resolutions of the annual re-election of Directors.

4.10 The Management Engagement and Remuneration Committee (which has the responsibility for reviewing the remuneration of the Directors) comprises Simon Jamieson (chairman), Raymond Abbott and Michael Gray and meets annually to consider the levels of remuneration of the Directors, specifically reflecting the time and commitment and responsibilities of the role. The Management Engagement and Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement and Remuneration Committee also reviews the appointment and terms of engagement of Foresight Group and Foresight.

4.11 The Financial Conduct Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the **Code**) issued by the Financial Reporting Council.

The Company has taken steps to enable it to comply with the principles set out in section 1 of the Code, save where this would not be appropriate for a venture capital trust where the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive.

Unless noted as an exception below, the requirements of the Code were complied with throughout the year ended 31 March 2018.

- The Board consists solely of non-executive directors. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight and other service providers the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director as recommended by the Code. All Directors are considered to be independent.
- In view of its non-executive nature and the requirement of the Articles that Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years. Non-independent Directors are required to retire

annually. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by the Code.

- The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from the Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

5 Material contracts

Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by the Company in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which the Company has an obligation or entitlement which is material to the Company as at the date of the document.

- 5.1 An investment management agreement dated 30 July 2004 between the Company (1), Foresight (2) and Foresight Fund Managers (3) (as amended and supplemented from time to time by those parties and as novated from Foresight to Foresight Group pursuant to a novation agreement dated 19 December 2011 between those parties and Foresight Group) pursuant to which Foresight Group provides investment management and administration (including secretarial, accounting and custodian) services to the Company.

The appointment may be terminated by not less than one year's notice in writing by either party. The appointment may also be terminated in circumstances of material breach by the Company or Foresight Group (or its delegates and subcontractors) or by the Company if Foresight Group is no longer authorised by the Guernsey Financial Services Commission to provide such services. The Company may appoint other parties in substitution of Foresight Group as investment adviser or manager in respect of the whole or part of the Company's investment portfolio if it believes that this is necessary to preserve the status of the Company as a VCT.

Foresight Group has, as is permitted, and as approved by the Board appointed Foresight to provide investment advisory services to Foresight Group for the purposes of fulfilment of the provision of investment management obligations to the Company under the agreement and has sub-contracted the provision of administration services to Foresight. Foresight is a subsidiary undertaking of Foresight Group and is authorised and regulated in the UK by the Financial Conduct Authority.

Foresight Group remains responsible for the services provided by a delegate or subcontractor. Foresight has also provided a guarantee under the agreement in respect of the obligations of Foresight Group.

Foresight Group receives an annual management fee of an amount equal to 2.00% of the net assets of the Company, calculated and payable quarterly in advance, together with any applicable VAT thereon in respect of investment management services. Foresight Group also receives an annual administration fee of an amount equal to 0.3% of funds raised (including assets acquired) by the Company, subject to a cap of £150,000, annually uplifted for RPI and subject to VAT. The current annual fee is approximately £166,000.

The normal annual expenses of the Company are capped at an amount equal to 2.95% of the Company's net assets. Any excess over this amount will be borne by Foresight Group. Normal annual expenses include the annual expenses of the Company incurred in its ordinary course of business, the annual investment management and administration fees, directors' remuneration, normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers and annual trail commission. It does not include any irrecoverable VAT, performance incentive fees or exceptional items.

Subject to the Company raising an aggregate amount of £30 million (before expenses) under the Offer through the issue of Ordinary Shares (the **Condition**), Foresight Group and Foresight have agreed that the cap on the normal annual expenses of the Company will be reduced to an amount equal to 2.5% of the Company's net assets, such amendment to take effect for the financial period in which the Condition is met and subsequent financial periods thereafter.

The agreement contains provisions indemnifying Foresight Group against any liability not due to its default, negligence, fraud or breach of financial services regulatory requirements.

Foresight Group (and its group companies) may retain any arrangement, transaction, exit and directors' fees which it receives in connection with an investment made by the Company subject to certain limits or otherwise as approved by the Board.

- 5.2 A carried interest agreement dated 11 January 2011 between the Company (1) and Foresight (2) pursuant to which Foresight is entitled to a performance incentive fee equal in value to 15% of dividends paid to Shareholders, subject to the net asset value plus cumulative dividends paid per Share (paid on or after 11 January 2011) exceeding 100.0p per Share (**High Watermark**), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to Shareholders where a performance incentive is paid to Foresight, the High Watermark required to be achieved by the Company to trigger a performance incentive fee will be amended to take account of the dividend paid (net of the performance incentive fee payment made to Foresight).

As a result of performance incentive fee payments made in previous years, the current High Watermark is £108.5p. The total return as at 31 December 2017 on the above basis (ie net asset value plus cumulative dividends paid per Share paid on or after 11 January 2011) is 91.4p.

The fee can be paid in cash or through triggering a conditional right to subscribe for Shares.

- 5.3 A letter of engagement dated 2 May 2018 between BDO LLP (1) and the Company (2) pursuant to which BDO LLP has been appointed as sponsor to the Company for the purposes of the Offer. The letter contains warranties and representations given by the Company to BDO LLP in connection with the Prospectus. The engagement may be terminated if any statement in the Prospectus is untrue or any material omission from the Prospectus arises. The fees payable to BDO LLP are part of the estimated costs of the Offer.

- 5.4 A promoter's agreement dated 14 June 2018 between the Company (1), the Directors (2), the Promoter (3) and Foresight (4) whereby the Promoter has agreed to act as promoter in connection with the Offer. The agreement contains warranties and indemnities given by the Company to Foresight Group Promoter LLP. The Company will pay to the Promoter a promoter's fee of 2.5% of the amount subscribed by Retail Client Investors, Professional Client Investors and Execution-Only Investors and 5.5% of the amount subscribed by Direct Investors, subject to an overall cap of £3.3 million. In consideration of the promoter's fee, the Promoter has agreed to meet all costs, expenses and charges of, or incidental to, the Offer (other than intermediary commissions (payable by the Company) and adviser charges (payable by the investor, save that up-front adviser charges may be facilitated by the Company) which are payable by the Company. All up-front costs and intermediary charges and commissions will be borne by the investor through the price which the investor pays for the Offer Shares. In respect of each investor, the Promoter's fees will be reduced by the Existing Shareholder Loyalty Discount and the Early Bird Discount applicable to that investor. Foresight has provided a guarantee under the agreement in respect of the obligations of the Promoter including the agreement to meet the Offer costs for which the Promoter is responsible.

- 5.5 A transfer agreement dated 22 June 2017 between the Company and Foresight 3 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Foresight 3 were transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Consideration Shares. The agreement included an obligation on the Liquidators to transfer all sale proceeds and/or dividends received in respect of the original underlying assets of Foresight 3 to the Company.

- 5.6 A deed of indemnity dated 22 June 2017 from the Company to the Liquidators pursuant to which the Company indemnified the Liquidators for expenses and costs incurred by them in connection with the merger of the Company and Foresight 3. A liquidation fee was agreed (including an amount representing contingency) and taken into account in the merger calculations.

6 Objective and investment policy

6.1 Objective

To provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the UK. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains from trade sales or flotations.

6.2 **Investment policy**

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

Investment Securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted or AIM listed securities, cash is primarily held in interest bearing accounts as well as in a range of permitted liquidity investments.

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 Tax Act 2007 to be classed as VCT qualifying holdings.

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 and a range of permitted liquidity investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will ultimately be invested in VCT qualifying investments.

Risk Diversification and Maximum Exposures

Risk is spread by investing in a range of different businesses within different industry sectors at different stages of development, 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 a director on investee company boards.

Borrowing Powers

The Company has a borrowing limit of an amount not exceeding an amount equal to 50% of 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 allows it to do so.

6.3 **Co-investment Policy**

The Company invests alongside other funds managed or advised by Foresight Group and Foresight. Where more than one fund is able to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations, such as portfolio diversity and the need to maintain VCT status, as well as any other allocation considerations agreed between the funds, Foresight Group and Foresight.

6.4 It is the intention of the Directors that the Company will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.

6.5 The Company is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part VI of the Securities Note, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in paragraph 6.2 above; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of Shareholders pursuant to the

Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:

- (a) the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
- (b) the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
- (c) none of the investments at the time of acquisition will represent more than 15% of the Company's investments; and
- (d) not more than 20% of Company's gross assets will at any time be invested in the securities of property companies.

6.6 The Company's capital resources are restricted insofar as they may be used in putting into effect the investment policy and for working capital and the payment of ongoing expenses. There are no firm commitments in respect of the Company's future investments.

6.7 Foresight Group has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type which the Company proposes to make. The Directors will also ensure that the Board and any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.

6.8 In the event of a breach of the investment restrictions which apply to the Company as described in paragraph 6.5 above, Shareholders will be informed by means of the half-year and/or the annual report or through a public announcement.

6.9 The Directors act and will continue to act independently of Foresight Group. No majority of the Directors will be directors or employees of, or former directors or employees of, or professional advisers to, Foresight Group or any other company in the same group as Foresight Group.

6.10 The investment policy as set out in paragraph 6.2 above, in the absence of unforeseen circumstances, will be adhered to by the Company for at least three years following the date of close of the Offer. Any material change to the Company's investment policy in any event will only be made with the approval of the Shareholders by ordinary resolution.

7 Related party disclosures

Save for the directors' fees paid to the Directors (as detailed in paragraph 3 above), the fees paid to Foresight Group in respect of its investment management and administration arrangements (as detailed in paragraph 5 above) and the fees paid to Foresight in respect of offer promotion services of £nil, £nil, £185,982.68 and £266,364.52 in the years ended 31 March 2016, 2017 and 2018 and to the date of this document in the current financial year, there were no related party transactions or fees paid by the Company during the years ended 31 March 2015, 2016 and 2017 or to the date of this document in the current financial year.

8 Overseas investors

The issue of Offer Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such investors should inform themselves about and observe any legal requirements, in particular:

8.1 none of the Offer Shares have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;

8.2 the Company is not registered under the United States Investment Company Act of 1940, as amended and investors are not entitled to the benefits of that Act; and

8.3 no offer is being made, directly or indirectly, under the Offer, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of investors with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Offer

Shares, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

9 Taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Directors as to the position of the Shareholders who hold Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by the Company when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax – the Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. The Company has been advised that the transfer of Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 9.3 Close company - the Directors believe that the Company is not, and expect that following completion of the Offer will not be, a close company within the meaning of the Tax Act. If the Company were a close company in any accounting period, approval as a VCT would be withdrawn.

10 Miscellaneous

- 10.1 Save for the increase in the called up share capital and share premium account of £170,562.75 and £11,658,759.37 respectively as a result of the issue of new Shares pursuant to the offer for subscription launched in 2017, there has been no significant change in the financial or trading position of the Company since 30 September 2017, the date to which the last unaudited half-year financial statements for the Company have been published.
- 10.2 The Board believes that the Offer will result in a significant change to the Company, including an increase in its net assets of an amount equivalent to the net proceeds of the Offer, expected to be a maximum of £76.7 million as set out in paragraph 10.3 below. The short term impact of the Offer on earnings will be dilutive as the additional costs will currently be greater than any interest earned on cash balances raised. Once the net funds raised have been invested, the impact of the Offer should, in due course, be accretive to earnings and net assets per Share.
- 10.3 The gross proceeds of the Offer (assuming full subscription, utilisation of the over-allotment facility and investment by Direct Investors only who are eligible for the Early Bird Discount or the Existing Foresight Shareholder Loyalty Discount and who have not received any other Promoter discount) will be £80 million. On the same basis, and in light of the cap on the Promoter's fee referred to in paragraph 5.4 above, the Offer costs would be £3.3 million and the minimum net proceeds on the same basis would be £76.7 million. The issue premium on a Share issued pursuant to the Offer will be the difference between the issue price of that share and the nominal value thereof of 1p.
- 10.4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which the Company is aware) which may have, or have had in the 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company.
- 10.5 There have been no important events so far as the Company and the Directors are aware relating to the developments of the Company or its business.
- 10.6 There have been no significant factors, whether governmental, economic, fiscal, monetary or political, including infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.
- 10.7 The Company does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly

controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.

- 10.8 The Company and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.9 The typical investor for whom investment in the Company is designed is a retail investor who is a UK taxpayer, aged 18 or over and looking for exposure to investments in unquoted companies, and who already has a portfolio of VCT and non-VCT investments (such as unit trusts, OEICs, investment trusts and direct shareholdings in listed and non-listed companies). The investor should be comfortable with the risk factors set out at the beginning of this document and be willing to retain the investment for at least five years.
- 10.10 KPMG LLP acts as auditor to the Company. KPMG LLP is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales and is authorised to carry on investment business by the FCA.
- 10.11 Each of Foresight Group, Foresight, Foresight Group Promoter LLP, BDO LLP and Shakespeare Martineau LLP has given and not withdrawn its written consent to the issue of the Prospectus and the inclusion of its name and the references to it in the Prospectus in the form and context in which they appear.

(B) ANALYSIS OF THE INVESTMENT PORTFOLIO

Information on the current portfolio is detailed below. Information on investments held and valuation have been extracted from the Company's accounting records and unaudited financial information as at 31 December 2017 (other than the movements which have occurred since 31 December 2017).

The percentage of the Company's net assets which the holding represents is based on the unaudited net assets of the Company as at 31 December 2017, but adjusted to include the net funds raised post that date of £21.3 million from the recent fundraising.

Information on investee companies, revenues and EBITDA in relation to the Top Ten have been sourced from the relevant company's latest published financial year end accounts, not all of which are audited. All such third party information has been accurately reproduced and/or extracted and, so far as the Company is aware and is able to ascertain from information published by the relevant company, no facts have been omitted which would render such reproduced and/or extracted information inaccurate or misleading.

Accounting cost includes capitalised interest and, where applicable, the value at which Foresight 3's holding was transferred to the Company.

DATAPATH GROUP LIMITED

www.datapath.co.uk

sector: TMT

A Derby based manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology.

Established in 1982, it has provided solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.

Year of investment	2007
Current amount invested (£'000)	147
Accounting cost (£'000)*	11,081
Valuation (£'000)	18,211
Revenues at first investment	£6.7m*
Current revenues (latest available)	£25.4m**
EBITDA (latest available)	£6.9m**
% of net assets	19.4%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

IXARIS SYSTEMS LIMITED

www.ixaris.com

sector: Consumer & Leisure

Operates a prepaid electronic payment service integrated with the Visa network. Consumers deposit funds by credit card, cash at payment points or via normal bank transfers.

The company has made inroads into the affiliates payment market, enabling affiliate networks to make payments to their members cost-effectively wherever they are in the world, and also into the online travel agency market. The company has launched its IxSol platform that enables developers to create and run their own global payment applications under the Visa and MasterCard schemes.

Year of investment	2006
Current amount invested (£'000)	2,048
Accounting cost (£'000)	3,479
Valuation (£'000)	10,050
Revenues at first investment	£0.9m*
Current revenues (latest available)	£13.2m**
EBITDA (latest available)	£(1.5)m**
% of net assets	10.7%

*Approximate revenues of the company

**Extracted from latest available annual report and financial statements

TFC EUROPE LIMITED

www.tfc.eu.com

sector: Industrials & Manufacturing

Based in East Sussex, TFC is one of Europe's leading technically based suppliers of fixing and fastening products.

From eight sites in the UK, Germany and the Czech Republic, it supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products such as Smalley Steel Ring Company.

Year of investment	2007
Current amount invested (£'000)	281
Accounting cost (£'000)	2,149
Valuation (£'000)	6,028
Revenues at first investment	£7.6m*
Current revenues (latest available)	£20.3m**
EBITDA (latest available)	£2.0m**
% of net assets	6.4%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

SPECAC INTERNATIONAL LIMITED

www.specac.com

sector: Industrials & Manufacturing

A leading manufacturer of high specification sample analysis and sample preparation equipment used in testing and research laboratories worldwide across a broad range of applications and end markets.

Specac's products are primarily focused on supporting IR Spectroscopy, an important analytical technique prevalent in both research and commercial-industrial labs.

Year of investment	2015
Current amount invested (£'000)	1,300
Accounting cost (£'000)	2,555
Valuation (£'000)	3,835
Revenues at first investment	£6.9m*
Current revenues (latest available)	£9.5m**
EBITDA (latest available)	£1.3m**
% of net assets	4.1%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

BIOFORTUNA LIMITED

www.biofortuna.com

sector: Healthcare

Biofortuna is a molecular diagnostics company founded in 2008 specialising in the use of its proprietary freeze-dried expertise.

The company's initial range of products was targeted at the transplantation market, matching the genetic type of organ recipients with donor organs. Biofortuna also provides contract research and contract manufacturing services to other diagnostic businesses.

Year of investment	2012
Current amount invested (£'000)	2,729
Accounting cost (£'000)	2,729
Valuation (£'000)	2,729
Revenues at first investment	£0.2m*
Current revenues (latest available)	£1.2m**
EBITDA (latest available)	£(0.3)m**
% of net assets	2.9%

*Approximate revenues of the company

**Extracted from latest available annual report and financial statements

PROCAM TELEVISION HOLDINGS LIMITED

www.procam.tv

sector: TMT

One of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production.

Clients include major broadcasters and production companies, including the BBC, ITV, Two Four, Objective and Monkey Kingdom. Funds managed by Foresight and Foresight Group backed an MBO of the business in 2013. Procam has recently expanded in the United States, with a New York operation, and is broadening its range of services, now including lens servicing and lens products through subsidiary True Lens Services.

Year of investment	2013
Current amount invested (£'000)	1,525
Accounting cost (£'000)	2,163
Valuation (£'000)	2,470
Revenues at first investment	£7.7m*
Current revenues (latest available)	£16.1m**
EBITDA (latest available)	£4.5m**
% of net assets	2.6%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

PROTEAN SOFTWARE LIMITED

www.proteansoftware.co.uk

sector: TMT

A software business based in Coventry that 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.

Year of investment	2015
Current amount invested (£'000)	1,500
Accounting cost (£'000)	1,795
Valuation (£'000)	2,323
Revenues at first investment	£2.9m*
Current revenues (latest available)	Undisclosed**
EBITDA (latest available)	Undisclosed**
% of net assets	2.5%

*Approximate revenues of the operating company acquired by the newco funded

**The company files abbreviated accounts

FFX GROUP LIMITED

www.ffx.co.uk

sector: Business Services

FFX is a multi-channel distributor of power tools, hand tools, fixings and other building products. FFX supplies contractors, building firms and the DIY sector. Initially founded as a traditional 'bricks and mortar' supplier at its Folkestone HQ, FFX launched its ecommerce channel in 2011, and has since grown rapidly. The business has two branches, Folkestone and Ashford.

Year of investment	2015
Current amount invested (£'000)	1,372
Accounting cost (£'000)	1,372
Valuation (£'000)	2,094
Revenues at first investment	£26.9m*
Current revenues (latest available)	£31.8m**
EBITDA (latest available)	£0.8m**
% of net assets	2.2%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from the latest available annual report and financial statements

AEROSPACE TOOLING CORPORATION LIMITED

www.atlturbineservices.co.uk

sector: Industrials & Manufacturing

Founded in 2007, ATL is a niche engineering company based in Dundee. The company provides specialist inspection, maintenance, repair and overhaul (MRO) services for components in high-specification aerospace and turbine engines. A core focus for ATL is in 'legacy' components and engines that have ceased production where parts are not available, but are still in widespread use. The company also provides services on a wide range of 'in production' turbines providing a cost effective alternative to expensive replacement parts.

Year of investment	2013
Current amount invested (£'000)	200
Accounting cost (£'000)	415
Valuation (£'000)	1,986
Revenues at first investment	£7.5m*
Current revenues (latest available)	£5.0m**
EBITDA (latest available)	£(0.8)m**
% of net assets	2.1%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

ABL INVESTMENTS LIMITED

www.abl-uk.com

sector: Business Services

Founded in 2003, ABL distributes equipment including 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.

Year of investment	2015
Current amount invested (£'000)	1,475
Accounting cost (£'000)	1778
Valuation (£'000)	1,494
Revenues at first investment	£5.4m*
Current revenues (latest available)	£6.9m**
EBITDA (latest available)	£1.5m**
% of net assets	1.9%

*Approximate revenues of the operating company acquired by the newco funded

**Extracted from latest available annual report and financial statements

The remaining investee companies in the Company at time of publication are:

Company	Year Invested	Description	Sector	Current Investment (£000)	Accounting Cost (£000)	Value (£000)	Percentage of Company's net assets (%)
The Business Advisory Limited	2015	Provides support services and contingent advice to UK based SME's seeking to gain access to Government tax incentives	Business Services	1,650	1,938	1,766	1.9%
CoGen/O-Gen UK Limited	2008	Developer of renewable energy projects, creating electricity from biomass using advanced technologies	Environmental	742	1,940	1,554	1.7%
Itad Limited	2015	Specialist consulting firm focused on evaluating the impact of international development funding and aid	Business Services	1,250	1,372	1,410	1.5%

ICA Group Limited	2009	A leading document management solutions provider to SMEs in the South East, reselling and maintaining Ricoh and Toshiba equipment.	Business Services	671	970	1,277	1.4%
Thermotech Solutions Limited	2013	Hard facilities management provider which designs, installs and maintains customised air conditioning and fire sprinkler systems	Business Services	200	200	1,277	1.4%
Staffsafe Limited	2014	A security company that monitors the safety of people and properties 24-hours a day specialising in lone worker situations	Business Services	1,000	1,009	1,260	1.3%
Hospital Services Group Limited	2015	Provider of high quality healthcare equipment from global OEM partners as well as providing associated consumables	Healthcare	1,200	1,200	1,244	1.3%
Andromaque Limited	2015	SPV	General	0.1	969	969	1.0%
Flowrite Refrigeration Holdings Limited	2012	Refrigeration and air conditioning service, maintenance & installation company, providing nationwide support to large leisure & hospitality groups	Business Services	380	513	960	1.0%
Amanite Limited	2015	SPV	General	0.1	0.1	800	0.9%
Whitchurch PE 1 Limited	2014	SPV	General	378	378	378	0.4%
Cole Henry PE 2 Limited	2014	SPV	General	200	200	200	0.2%
Sindicatum Sustainable Resources Pte. Limited	2007	Owns, operates develops and acquires contracted clean power	Environmental	375	545	185	0.2%

		generation facilities in the high growth markets of South and Southeast Asia					
Kingsclere PE 3 Limited	2014	SPV	General	100	100	100	0.1%
Galinette Limited	2015	SPV	General	0.1	0.1	0.1	0.0%
Gomette Limited	2015	SPV	General	0.1	0.1	0.1	0.0%
Iphigenie Limited	2015	SPV	General	0.1	0.1	0.1	0.0%
Pasiflor Limited	2015	SPV	General	0.1	0.1	0.1	0.0%

The above does not include investments valued at nil.

The following movements in respect of the above investments have occurred since 31 December 2017:

- a) The investment in ICA Group Limited has been disposed of for proceeds of £1,118,863.
- b) An investment of £600,000 was made in Luminet Networks Limited on 16 April 2018.
- c) An investment of £1,059,000 was made in Mologic Limited on 20 April 2018.
- d) The investment in Thermotech Solutions Limited has been disposed of for proceeds of £1,266,727.

(C) FINANCIAL INFORMATION

Audited financial information on the Company is published in the annual reports and financial statements for the three years ended 31 March 2015, 2016 and 2017. Unaudited financial information on the Company is published in the half-yearly reports for the six month periods ended 30 September 2016 and 2017.

The annual report and financial statements for the Company for the years ended 31 March 2015, 2016 and 2017 were audited by KPMG LLP of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG (a member of the Institute of Chartered Accountants in England and Wales), and were reported on without qualification and contained no statements under section 495 to section 497A of CA 2006.

All of the annual reports and financial statements referred to above were prepared in accordance with UK generally accepted accounting practice (GAAP) including, in the case of the 2017 annual report, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the requirements of CA 2006 and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The annual reports and financial statements and half-yearly reports contain a description of the relevant company's financial condition, changes in financial condition and results of operation for each relevant financial year, and the pages of these referred to below (which contain the information as detailed below) are being incorporated by reference and can be accessed at the following website www.foresightgroup.eu/retail-investment/vcts and are also available for inspection through the national storage mechanism, which can be accessed at the following website www.morningstar.co.uk/uk/NSM.

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this document. The tables below comprise a cross-referenced list of information incorporated by reference. The parts of these documents which are not being incorporated by reference are either not relevant for an investor or are covered elsewhere in the Prospectus.

Description	2015 Annual Report	2016 Annual Report	2017 Annual Report	2016 Half-Yearly Report	2017 Half-Yearly Report
Balance Sheet	Page 45	Page 42	Page 48	Page 16	Page 19
Income Statement (or equivalent)	Page 43	Page 40	Page 46	Page 15	Page 18
Statement showing all changes in equity (or equivalent note)	Page 44	Page 41	Page 47	Page 16	Page 19
Cash Flow Statement	Page 46	Page 43	Page 49	Page 17	Page 20
Accounting Policies and Notes	Pages 47 to 62	Pages 44 to 59	Pages 50 to 65	Pages 18 to 19	Pages 21 to 22
Auditor's Report	Pages 41 to 42	Pages 38 to 39	Pages 44 to 45	N/A	N/A
Dividends	Page 51	Page 48	Page 55	N/A	N/A

This information has been prepared in a form consistent with that which will be adopted in the Company's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

Description	2015 Annual Report	2016 Annual Report	2017 Annual Report	2016 Half-Yearly Report	2017 Half-Yearly Report
Objectives	Page 4	Page 4	Page 22	Page 1	Page 1
Financial Highlights	Page 1	Page 1	Pages 2	Page 2	Page 2
Chairman's Statement	Pages 2 to 3	Pages 2 to 3	Pages 4 to 6	Pages 3 to 4	Pages 3 to 4
Manager's Report	Pages 10 to 16	Pages 10 to 17	Pages 8 to 11	Pages 5 to 10	Pages 6 to 9
Portfolio Summary	Pages 17 to 24	Pages 18 to 23	Pages 12 to 19	Pages 11 to 13	Pages 10 to 16
Investment Policy	Page 7	Page 7	Page 22	N/A	N/A
Valuation Policy	Page 8	Page 9	Page 26	N/A	N/A

Certain financial information of the Company is also set out below:

	Year ended 31 March 2015 (audited)	Year ended 31 March 2016 (audited)	Year ended 31 March 2017 (audited)	Six month period ended 30 September 2016 (unaudited)	Six month period ended 30 September 2017 (unaudited)
Investment income and deposit interest	£1,147,000	£2,570,000	£383,000	£316,000	£78,000
Total profit/(loss) on ordinary activities before taxation	£7,272,000	£(5,550,000)	£1,831,000	£1,337,000	£(220,000)
Net Assets					
ordinary shares (Shares)	£32,139,000	£40,365,000	£42,159,000	£41,678,000	£67,225,000
former C shares*	£20,704,000	-	-	-	-
NAV per share (p)					
ordinary shares (Shares)	83.9p	70.4p	73.5p	72.6p	69.4p
former C shares*	110.8p	-	-	-	-
Dividends paid per Share					
ordinary shares (Shares)	-	4.0p	-	-	4.0p
former C shares*	-	25.0p	-	-	-

* The C ordinary shares of 1p each merged with the Shares in 2015 on a conversion ratio of 1.022646 Shares for every C ordinary share.

As at 30 September 2017, the date to which the most recent unaudited half-year financial statements on the Company were published, the Company had unaudited net assets of approximately £67.2 million.

PART III - DIVIDEND REINVESTMENT SCHEME TERMS & CONDITIONS

These terms and conditions (Scheme Terms and Conditions) apply to the dividend reinvestment scheme (Scheme) made available by the Company. The administrator of the Scheme is Computershare Investor Services plc (Scheme Manager).

- 1(a) Elections to participate in the Scheme should be addressed to the Scheme Manager, in accordance with condition 12 and will only be effective for dividends to be paid 15 days (or thereafter) following receipt of the election by the Scheme Manager.
- 1(b) Election to participate may be through a mandate form made available by the Scheme Manager, through an election contained in an offer for subscription application form, through a Dividend Election Input Message through CREST (in accordance with condition 12(b)) or as may otherwise be agreed with the Scheme Manager. In respect of CREST Participants, notwithstanding the provisions of conditions 2 and 3, elections to participate in the Scheme must be given through a Dividend Election Input Message in respect of each dividend in accordance with condition 12(b).
- 1(c) The Scheme will be available for dividends declared after 30 September 2018. Any dividends declared prior to this will be paid in cash.
- 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 registered shareholders of the Company may join the Scheme (**Shareholders**).
- 2(b) Participants may only participate in the Scheme if all ordinary shares of 1p each in the Company (**Shares**) registered in their name are mandated to the Scheme in relation to each specific account holding for which an election has been made unless condition 2(c) applies. By joining the Scheme in relation to a specific account holding, Participants hereby instruct the Scheme Manager that the mandate shall apply to the full number of Shares held by them in relation to that account as entered onto the share register of the Company from time to time.
- 2(c) Shareholders who hold their shares as nominees (**Nominee Participants**) may make a partial election under the Scheme in respect of some of the Shares held in a specific account. A cash dividend will be paid in respect of the balance of Shares not included in the election. A partial election shall only apply to the relevant dividend for which the election has been received and will not apply to future dividends.
- 2(d) The Company shall use dividends to be paid to Participants on Shares in the subscription of further Shares of behalf on the Participants. 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 Shares as set out in this condition 2(d).
- 2(e) New Shares under the Scheme will only be allotted to the registered Shareholder and not any beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Manager to allot shares to a beneficial holder (and Participants are advised to read condition 15 in respect of the consequences for VCT tax reliefs).
- 3(a) On or as soon as practicable after a day on which any dividend on the Shares is due to be paid to Shareholders or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter (**Payment Date**), a Participant's funds held by the Company shall, subject to conditions 9, 11 and 19 below, the Company having the requisite shareholder authorities to allot Shares and any other statutory or regulatory requirements, be applied on behalf of that Participant to subscribe for the maximum number of whole new Shares which can be allotted with the funds.
- 3(b) The number of Shares to be allotted to a Participant pursuant to condition 3(a) above shall be calculated by dividing the Participant's funds held by the last published net asset value per existing Share immediately prior to allotment (adjusted to take into account the relevant dividend to be paid unless the latest published net asset value already reflects the dividend to be paid). Shares will not be allotted at less than their nominal value.
- 3(c) Fractional entitlements will not be allotted and any cash balance will be held by the Company and carried forward and included in the funds available in calculating the number of Shares to be issued to the Participant on the next dividend entitlement. No interest shall accrue or be payable in respect of any such cash balances carried forward.

- 3(d) The Company shall not be obliged to allot Shares under the Scheme to the extent that the total number of Shares allotted by the Company pursuant to the Scheme in any rolling 12 month period would exceed 10% of the aggregate number of Shares at the beginning of that period. In such circumstances, the Company may allocate the availability of the Scheme as it sees fit.
4. The Scheme Manager shall as soon as practicable after the allotment of Shares in accordance with condition 3(a) procure (i) that the Participants are entered onto the share register of the Company as the registered holders of such Shares, (ii) that Share certificates (unless such Shares are to be uncertificated) and, where applicable, income tax relief certificates (**Tax Certificates**) are sent to Participants at their own risk and (iii) that Participants receive a statement detailing:
- (i) the total number of Shares held at the record date for which a valid election was made;
 - (ii) the number of Shares allotted;
 - (iii) the price per Share allotted;
 - (iv) the cash equivalent of the Shares allotted;
 - (v) the date of allotment of the Shares; and
 - (vi) 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 any mandate form (or equivalent, including any electronic election) on which the election to participate in the Scheme is contained 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 7 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 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 at any time by notice to the Scheme Manager terminate their participation in the Scheme (in respect of all or some of their account holdings where multiple accounts are held) and withdraw any funds held by the Company on their behalf. Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Manager at least 15 days prior to such Payment Date. Such notice will be deemed to have been served where, in respect of any specific account holding, the shareholding 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 the 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 by the Company on behalf of Participants who have withdrawn from the Scheme will be dealt with 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:
- (i) suspend the operation of the Scheme;
 - (ii) terminate the Scheme without notice to the Participants; and/or

- (iii) resolve to pay dividends to Participants partly by way of cash and partly by way of new Shares pursuant to the Scheme.
- 12(a) Save as set out in condition 12(b), all mandate forms (or equivalent) and notices and instructions (which shall be in writing) in connection with this Scheme shall be given to the Scheme Manager and delivered or posted to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.
- 12(b) If a Participant's shareholding is in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), the Participant can only elect to receive a dividend in the form of new Shares by means of the CREST procedure to effect such an election. No other method of election will be permitted under the Scheme and will be rejected. By doing so, such Shareholders confirm their election to participate in the Scheme and their acceptance of the Scheme terms and conditions. If a Participant is a CREST sponsored member, they should consult their CREST sponsor, who will be able to take appropriate action on their behalf. All elections made via the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual. The Dividend Election Input Message submitted must contain the number of Shares on which the election is being made. If the relevant field is left blank or, completed with zero the election will be rejected. If a Participant enters a number of Shares greater than the holder in CREST on the relevant record date for the dividend the system will automatically amend this down to the record date holding. An *evergreen* election can be made and will apply to all dividends until cancelled. If a *single drip* election is selected, Participants who wish to receive new Shares instead of cash in respect of future dividends must complete a Dividend Election Input Message on each occasion otherwise they will receive the dividend in cash. Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST Shareholder wished to change their election, the previous election would have to be cancelled. Elections (or, as relevant, cancellations) via CREST should be received by CREST no later than 5.00 p.m. on such date that is at least 15 days before the dividend payment date for the relevant dividend in respect of which you wish to make (or, as relevant, cancel) an election.
- 12(c) A written mandate form (or equivalent) will remain valid for all dividends paid to the Participant by the Company in respect of Shares held within the relevant account holding until such time as the Participant gives notice in writing to the Scheme Manager that he no longer wishes to participate in the Scheme.
- 13 The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. Amendments arising as a result of any change in statutory or other regulatory requirements may be effected without notice unless in the Company's opinion the change materially affects the interests of participants. Amendments to these 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 also be effected without notice.
- 14 By completing and delivering the mandate form (or equivalent, including any electronic election), the Participant:
 - (i) 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
 - (ii) declares that a loan has not been made to the Participant or, in the case of any Nominee Participant, the beneficial owner on whose behalf the 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 electing to receive new Shares and that the 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(a) 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 Shares are allotted. Shares allotted to Nominee Participants should attract tax relief for their beneficial owners. Participants and beneficial owners are, however, responsible for ascertaining their own tax status and liabilities and should obtain tax advice in relation to their own particular circumstances. Neither the Scheme Manager nor the Company accepts any liability in the event that tax reliefs are not obtained.

- 15(b) The Tax Certificate can be used to claim any relevant income tax relief either by obtaining from 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. Nominee Participants may need to provide supporting evidence as to the beneficial holder and that participation in the Scheme is on behalf of the beneficial owner.
- 15(c) Participants should be aware of the following:
- (i) Up-front income tax relief of up to 30% will only be available on amounts subscribed in VCT shares up to an aggregate amount of £200,000 in any one tax year (subject to reducing the Participant's income tax liability to nil).
 - (ii) A disposal of VCT shares will be subject to clawback by HMRC of any income tax relief originally obtained if such shares are sold within five years of issue. HMRC operate a first in, first out policy to shares disposed of.
 - (iii) The disposal of existing shares in a VCT within six months before or after subscription for new shares in the same VCT (or otherwise where the acquisition and subscription is linked) will result in the amount of the investment in the new shares in the VCT to which VCT tax reliefs are available being reduced by an amount equal to the proceeds received on the disposal. Careful consideration should be given to participating in the Scheme where a Shareholder has also disposed of his or her shares (in particular through a buyback or tender offer).
 - (iv) Whilst it is the intention of the Directors that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained.
16. The Company will, save as otherwise provided in these Scheme Terms and Conditions, issue 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 15 days before a Payment Date.
17. Shareholders electing to receive 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 Shares allotted in respect of dividends from qualifying VCT shares
18. For capital gains tax purposes, Shareholders who elect to receive Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Shares. The new 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 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:
- (i) 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
 - (ii) forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
 - (iii) 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 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
 - (iv) any indirect or consequential loss.

- 21 The Company reserves the right to interpret these Scheme Terms and Conditions and apply them as modified from time to time to be able to operate, and to achieve the intended principles of the Scheme.
- 22(a) The Company respects the privacy of its Shareholders and Participants in the Scheme and is committed to protecting their personal information. If you would like to find out more about how the Company uses and looks after personal information, please refer to the privacy notice, which can be found at foresightgroup.eu/privacy-cookies/.
- 22(b) You have certain rights in relation to your personal information, including the right to receive a copy of the information that is held about you. For more details, please see the privacy notice referred to above.
- 22(c) Certain information may be shared with the Scheme Manager, the Registrars and/or other delegates for the purposes of processing elections, participation in the Scheme and in relation to a Shareholder's ongoing investment in the Company. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider obliged, to do so in accordance with any statute or regulation or if governmental, judicial and law enforcement bodies require.
- 22(d) You authorise the Company and its delegates to provide any information as provided by or to you in connection with your participation in the Scheme to any authorised financial adviser notified to the Company (or on its behalf) from time to time. You acknowledge that any such communication may be sent to your financial adviser prior to or, where requested, in place of, being sent to you in such form as may be agreed with your authorised financial adviser.
- 23 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.
- 24 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.

PART IV - DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Offer closes at the offices of Shakespeare Martineau LLP, 60 Gracechurch Street, London, EC3V 0HR and also at the registered office of the Company:

- the memorandum and articles of association of the Company;
- the annual report and financial statements of the Company for the financial years ended 31 March 2016 and 2017 and half-yearly reports for the six month periods ended 30 September 2016 and 2017;
- the material contracts referred to in paragraph 5 of Section A of Part II;
- the consents referred to at paragraph 10.11 of Section A of Part II;
- this Registration Document;
- the Securities Note; and
- the Summary.