

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 prospectus dated 13 November 2015 (the "**Prospectus**") issued by Foresight VCT plc (the "**Company**"), prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 and has been approved by the Financial Conduct Authority ("**FCA**") in accordance with FSMA. You are advised to read the Prospectus in full. The Company, the Directors and the Proposed Director (whose names are set out on page 36) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

FORESIGHT VCT PLC

(Registered in England and Wales under number 03421340)

MERGER PROSPECTUS

relating to the issue of up to 62 million Consideration Shares in connection with the acquisition of the assets and liabilities of Foresight 2 VCT plc

Sponsored by BDO LLP

The existing Shares issued by the Company are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities. Application will be made to the UK Listing Authority for all of the Consideration Shares to be issued as described in this document to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on its market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the Consideration Shares will commence three Business Days following allotment. The Consideration Shares will be made up of Ordinary Shares, Planned Exit Shares and Infrastructure Shares and shall confer on their holders the rights set out in the Articles. The Merger will not affect the rights conferred on the Company's existing Shares.

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

RW Blears LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as arranger and legal adviser to the Company and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

The attention of Shareholders and shareholders in Foresight 2 VCT plc ("**F2**") who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the heading "Overseas Shareholders" in paragraph 4 of Part 10 of this document. In particular, the Consideration Shares to be issued pursuant to the Scheme have not and will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990.

The Merger is conditional, inter alia, upon the approval of the Shareholders of the Company at the general meeting of the Company to be held on 10 December 2015.

Copies of this Prospectus (and any supplementary prospectus published by the Company) will be available free of charge from the offices of Foresight Group LLP at The Shard, 32 London Bridge Street, London SE1 9SG and the Company's sponsor BDO LLP at 55 Baker Street, London W1U 7EU.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 13 TO 15.

CONTENTS

	PAGE
SUMMARY	3
RISK FACTORS	13
EXPECTED TIMETABLES	16
DEFINITIONS	17
PART 1 MERGER OF THE COMPANY AND F2	21
PART 2 THE SCHEME	23
PART 3 INFORMATION ON THE COMPANY	31
PART 4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY	46
PART 5 FINANCIAL INFORMATION ON THE COMPANY AND F2	53
PART 6 INVESTMENT PORTFOLIO OF THE COMPANY AND F2	57
PART 7 PRO FORMA FINANCIAL INFORMATION	66
PART 8 TAX POSITION OF SHAREHOLDERS	70
PART 9 TAX POSITION OF THE COMPANY	72
PART 10 ADDITIONAL INFORMATION	74
CORPORATE INFORMATION	77

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E (A1 - E7).

This summary contains all the Elements required to be included in a summary for this type of securities being issued pursuant to the prospectus issued by Foresight VCT plc (the “**Company**”) (the “**Prospectus**”) and the Company which is a closed-ended investment fund. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this summary because of the type of securities and Company, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary and noted as being ‘not applicable’.

A		Introduction and warnings
A1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Consent to the subsequent resale or final placement / the offer period and terms and conditions attached to consent	Not applicable. The Company and the Directors do not consent to any final placement or subsequent resale of the securities which are the subject of the Prospectus.
B		Issuer
B1	Legal and commercial name	Foresight VCT plc (the “ Company ”)
B2	Domicile / Legal form / Legislation / Country of incorporation	The Company is a public limited liability company which is registered in England and Wales with registered number 03421340. The principal legislation under which the Company operates is the Companies Act 2006 (the “ Act ”) and the regulations made thereunder.
B5	Group description	Not applicable. The Company is not part of a group.
B6	Material Shareholders / Different voting rights / Control	All Shareholders have the same voting rights in respect of the existing share capital of the Company. As at 12 November 2015 (being the latest practicable date prior to the publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company).

B7	Selected financial information and statement of any significant changes	Certain historical information of the Company is set out below:			
			Audited year end to 31 December 2014	Audited year end to 31 December 2013	Audited year end to 31 December 2012
		Net Assets (whole Company)	£63,455,000	£51,404,000	£52,309,000
		<i>Ordinary Shares Fund</i>			
		Net Assets	£44,208,000	£31,131,000	£30,411,000
		Net asset value per Ordinary Share	99.4p	101.0p	111.3p
		Dividends paid per Ordinary Share	10.0p	5.0p	7.5p
		<i>Planned Exit Shares fund</i>			
		Net Assets	£3,943,000	£5,044,000	£6,144,000
		Net asset value per Planned Exit Share	65.0p	82.5p	100.0p
		Dividends paid per Planned Exit Share	7.5p	5.0p	5.0p
		<i>Infrastructure Shares fund</i>			
		Net Assets	£15,304,000	£15,229,000	£15,754,000
		Net asset value per Infrastructure Share	92.4p	91.5p	94.6p
		Dividends paid per Infrastructure Share	2.5p	2.5p	0p
		The following unaudited Net Asset Value per Share as at 30 June 2015 based on the Company's unaudited interim report at that date were published by the Company on 28 August 2015:			
			Ordinary Share	Planned Exit Shares	Infrastructure Shares
			91.7p	52.4p	92.0p
		There has been no significant change to the issuer's financial condition and operating results between 30 June 2015 and the date of this document.			

B8	Key pro forma financial information	<p>The Enlarged Company is expected to have net assets of approximately £117 million (assuming the Merger had been completed based on the NAVs of the Companies as at 30 June 2015 and estimated Merger Costs of £450,000).</p> <p>The Enlarged Company would have had a return on ordinary activities before tax for the year ended 31 December 2014 of approximately £5,124,000 after deducting the estimated Merger Costs of £450,000, assuming the Company and F2 were one Enlarged Company.</p> <p>This pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results.</p>
B9	Profit forecast	Not applicable. There are no profit forecasts in the Prospectus.
B10	Qualifications in the audit report	Not applicable. There were no qualifications in the audit report for three years ended 31 December 2014.
B11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available is sufficient for the Company's present requirements, being at least twelve months from the date of this document.
B34	Investment objective and policy, including investment restrictions	<p>Ordinary Shares fund</p> <p>The investment objective of the Ordinary Shares fund is to provide private investors with attractive returns from a portfolio of investments in fast-growing predominantly unquoted companies in the United Kingdom. It is the intention to optimise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotation.</p> <p>Planned Exit Shares fund</p> <p>The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns created by the VCT tax benefits – income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit Shares fund is to distribute 110p per share issued through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the Planned Exit Share offer falling in the tax year 2016/2017.</p> <p>Infrastructure Shares fund</p> <p>The investment objective of the Infrastructure Shares fund is to invest in companies which own and operate essential assets and services which enjoy long-term contracts with strong counterparties or government concessions. To ensure VCT qualification, Foresight, the Company's manager, will focus on companies where the provision of services is the primary activity and which generate long-term contractual revenues, thereby facilitating the payment of regular predictable dividends to investors.</p> <p>Investment Policy</p> <p>The Company will target unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.</p>

		<p>The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and other interest-bearing instruments as well as cash. Unquoted investments will usually be 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 money market open-ended investment companies (OEICs) as well as a range of non-qualifying companies. Non-Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment into investee companies and other assets where Foresight believes that the risk/return profile is consistent with the overall investment objectives of the portfolio.</p> <p>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 have no more than £7 million of gross assets at the time of investment (or £15 million depending on when the funds being invested were raised) to be classed as a VCT qualifying holding. The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of funds raised by the Company will be held in VCT qualifying investments.</p> <p>Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company, including any guarantees to banks or third parties providing loans or other investment into investee companies is limited to 15% of the portfolio at the time of investment.</p> <p>Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines, including an active management style for unquoted companies, through the placement of an investor director onto investee company boards.</p> <p>The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its policy permits it to do so.</p>
B35	Borrowing limits	The Company's Articles permit borrowing but the Board's current policy is not to use borrowing. The Company has no borrowings to date.
B36	Regulatory status	The Company is subject to the Act and the regulations made thereunder and in the UK generally; its shares are listed on the premium segment of the Official List and, as a qualifying VCT, it is subject to regulation by HMRC in order to retain such status. The Company acts as its own alternative investment fund manager for the purposes of the Alternative Investment Fund Managers Directive 2011.
B37	Typical investor	A typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
B38	Investments of 20% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 20% of its gross assets in a single company or group.

B39	Investments of 40% or more in a single company	Not applicable. The Company does not and will not hold any investments which represent more than 40% of its gross assets in a single company or group.
B40	Service providers	<p>Foresight Group CI Limited acts as manager to the Company and receives an annual fee comprised of:</p> <ul style="list-style-type: none"> • 2% of the NAV attributable to the Ordinary Shares (adjusted to reflect quoted investments at mid-market prices); • 1% of the NAV attributable to the Planned Exit Shares (adjusted to reflect quoted investments at mid-market prices); • 1% of the NAV attributable to the Infrastructure Shares; and • £100,000 fixed annual fee, <p>payable quarterly in advance.</p> <p>Foresight Group LLP is entitled to the following performance fees:</p> <ul style="list-style-type: none"> • an entitlement to subscribe at par for such number of Ordinary Shares as represents 15% of the aggregate of each (revenue or capital) distribution paid to the holders of Ordinary Shares. Ordinary Shares will only issued if the Total Return per Ordinary Share amounts to at least 180.4p (rebased to reflect the share restructuring which took place on 1 March 2011). 2% of the NAV attributable to the Ordinary Shares (adjusted to reflect quoted investments at mid-market prices). The Total Return for the purposes of this performance fee shall mean the aggregate of (i) the then NAV of Ordinary Shares and (ii) an amount equal to 19.4p (rebased to reflect the above mentioned restructuring)(these being the distributions as at 16 January 2007 per old Foresight VCT plc C share) and (iii) all distributions following that date per Ordinary Share; • an entitlement to the next 15p of distributions per Planned Exit Share once the holders of the Planned Exit Shares have received 110p of distributions per each Planned Exit Share, and thereafter to 20% of all further distributions per Planned Exit Share. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash or by the issue of a number of Planned Exit Shares which, on issue, will have an aggregate NAV (using the most recently published NAV per Planned Exit Share) equal to the amount to be satisfied through the issue of such shares. • once the holders of Infrastructure Shares have received 100p of distributions per Infrastructure Share, an entitlement to an amount equal in value to 15% of distributions made to the holders of Infrastructure Shares. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash and wholly or partly by the issue of a number of Infrastructure Shares which, on issue, will have an aggregate NAV (using the most recently published NAV per Infrastructure Share) equal to the amount to be satisfied through the issue of such shares. <p>It has been agreed that, conditional on completion of the Merger, that the existing performance incentive arrangements in respect of the Ordinary Shares fund be terminated. The Directors have agreed to enter into discussions with Foresight following the Merger with a view to agreeing suitable incentive arrangements to apply to the Enlarged Company's Ordinary Shares fund going forward.</p>

B41	Regulatory status of Foresight Group LLP and Foresight Group CI Limited	<p>Foresight Group LLP is registered in England and Wales as a limited liability partnership with registered number OC300878. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority, with registration number 198020.</p> <p>Foresight Group CI Limited is a private company registered in Guernsey with number 51471. Foresight Group CI Limited is licensed by the Guernsey Financial Services Commission.</p>		
B42	Calculation of NAV	The Company's NAV is calculated every quarter and published on an appropriate regulatory information service. If for any reason valuations are suspended, shareholders will be notified in a similar manner.		
B43	Umbrella collective investment scheme	Not applicable. The Company is not part of an umbrella collective investment scheme.		
B44	Absence of financial statements	Not applicable. The Company has commenced operations and published financial statements.		
B45	Investment portfolio	The Company invests in a portfolio of UK and European companies. Investments are structured as part loan and part equity in order to generate income and capital growth over the medium to long term. A summary of the Company's portfolio is set out below.		
		NAV per Share at 30 June 2015*	Number of investments as at 30 June 2015	Carrying value of investments as at 30 June 2015
	Ordinary Shares	91.7p	17	£26,396,664
	Planned Exit Shares	52.4p	3	£2,242,472
	Infrastructure Shares	92.0p	12	£15,128,894
	*(based on the Company's unaudited interim report as at 30 June 2015).			
B46	Most recent NAV per Ordinary Share, Planned Exit Share and Infrastructure Share	<p>As at 30 June 2015 (based on the Company's unaudited interim report as at that date) the unaudited NAV for the Company's shares was as follows:</p> <ul style="list-style-type: none"> • Ordinary Share - 91.7p • Planned Exit Share - 52.4p • Infrastructure Share - 92.0p 		
C		Securities		
C1	Description and class of securities and authority	The securities being offered pursuant to the Merger are Ordinary Shares of 1p each (ISIN number GB00B68K3716), Planned Exit Shares of 1p each (ISIN number: GB00B61K7Y37) and Infrastructure Shares of 1p each (ISIN number GB00B45M5X62) (together " Consideration Shares ").		
C2	Currency	<p>The Company's share capital currently comprises:</p> <ul style="list-style-type: none"> • Ordinary Shares of 1 penny each (GBP) • Planned Exit Shares of 1 penny each (GBP) • Infrastructure Shares of 1 penny each (GBP) 		

C3	Shares in issue	<p>As at the date of this document the following shares in the Company are in issue, all of which are fully paid up:</p> <ul style="list-style-type: none"> • 59,033,587 Ordinary Shares • 6,025,610 Planned Exit Shares • 16,547,046 Infrastructure Shares <p>The maximum number of Consideration Shares to be issued pursuant to the Merger is, in aggregate, approximately 51,180,941.</p>		
C4	Description of the rights attaching to the securities	The Consideration Shares will have the following rights:		
		Income & Capital	Voting	Redemption
	<i>Ordinary Shares</i>	<p>Holders of Ordinary Shares shall each receive a portion of the distributed income and capital derived from the assets attributable to the Ordinary Shares in accordance with the Articles and pro rata to the number of such shares which they hold.</p>	<p>1 vote on a show of hands and 1 vote per share on a poll</p>	Non-redeemable
	<i>Planned Exit Shares</i>	<p>Holders of Planned Exit Shares shall each receive a portion of the distributed income and capital derived from the assets attributable to the Planned Exit Shares in accordance with the Articles and pro rata to the number of such shares which they hold.</p>	<p>1 vote on a show of hands and 1 vote per share on a poll</p>	Non-redeemable
	<i>Infrastructure Shares</i>	<p>Holders of Infrastructure Shares shall each receive a portion of the distributed income and capital derived from the assets attributable to the Infrastructure Shares in accordance with the Articles and pro rata to the number of such shares which they hold.</p>	<p>1 vote on a show of hands and 1 vote per share on a poll</p>	Non-redeemable
C5	Restrictions on transfer	The Consideration Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.		
C6	Admission	<p>Application will be made to the UKLA for the Consideration Shares to be admitted to the premium segment of the Official List of the UKLA. Application will also be made to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is anticipated that dealings in the Consideration Shares will commence three Business Days following allotment.</p>		
C7	Dividend policy	The Board's policy is to whenever possible to maintain a steady flow of tax-free dividends, generated from income or capital profits realised on the sale of investments. The level of dividends is not guaranteed.		

D		Risks
D2	Key information on the key risks specific to the Company	<p><i>The Company</i></p> <ul style="list-style-type: none"> • There can be no assurances that the Enlarged Company will meet its objectives, identify suitable investment opportunities or be able to diversify its portfolio. The past performance of Foresight, the funds managed or advised by Foresight, the Company and F2 is no guide to future performance of the Enlarged Company and the value of the Shares. The Shares may fall as well as rise in value. • The Scheme may not be approved by the shareholders of F2. If the Scheme is not approved then the Merger will not go ahead. • There can be no guarantee that the Enlarged Company will retain its status as a VCT, the loss of which could lead to adverse tax consequences. • Additional changes to the VCT Rules, effective from Royal Assent to the 2015 Finance Act, restrict the age of companies into which VCTs can invest and prohibit VCTs from funding the acquisition of businesses. A lifetime risk-finance investment limit for ordinary investee companies of £12 million has also been introduced. These changes mean there will be fewer companies available to the Enlarged Company to invest in and commensurately greater competition for deals. <ul style="list-style-type: none"> • 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 could affect tax reliefs obtained by Shareholders and the VCT status of the Company. • Investments in unquoted companies, by their nature, involve a higher degree of risk than investments in larger “blue chip” companies and their securities are not readily marketable and therefore may be difficult to realise. • Although the Company may receive customary venture capital rights in connection with its investments, as a minority investor it will not be in a position to protect its interests fully. • The Company’s investments may be difficult, and take time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Enlarged Company which may restrict the Enlarged Company’s ability to obtain maximum value from its investments.

D3	Key information on the key risks specific to the securities	<p>The Merger</p> <ul style="list-style-type: none"> Completion of the Scheme is dependent on a number of conditions precedent being fulfilled, including the approval of Shareholders both in the Company and F2. Whilst the Board has identified a number of potential benefits of the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. If the Scheme is not approved by the shareholders of F2, the Merger will not go ahead and the full benefits of the Enlarged Company will not be realised. Shareholders may be adversely affected by the performance of the investments, whether acquired from F2 or made by the Company. Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from F2, or the investments of the Company, are, or become, unable to meet VCT requirements. The Company and F2 are invested in a number of the same companies and where the aggregation of these shareholding pursuant to the Merger means that the Enlarged Company would hold more than 50% of the share capital of that investee company, it will be necessary for the Enlarged Company to dispose of some or all of its investment within 12 months and such disposals may not be achievable on favourable commercial terms and could result in a diminution in the value of Shares in the Enlarged Company.
E		Offer
E1	Merger net proceeds and expenses	If effected, the Merger will result in an Enlarged Company with total net assets of approximately £117 million (after expected Merger costs of approximately £450,000). The Merger will not, however, result in any new money being raised by the Company.
E2a	Reasons for the Merger	<p>The Board considers that the Merger will bring a number of benefits to all of the groups of shareholders through:</p> <ul style="list-style-type: none"> a reduction in annual running costs per Share for the Enlarged Company compared to the aggregate annual running costs of the separate companies; enhanced prospects for the maintenance of regular and significant future dividend payments to Ordinary Shareholders; and the ability to sustain a future programme of new and follow on investments in an enlarged Ordinary Share Portfolio including a significantly wider spread.
E3	Terms and conditions of the Merger	<p>The Merger, the implementation of which is conditional on the passing of resolutions at the General Meeting, will be effected by:</p> <ol style="list-style-type: none"> F2 being placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the IA 1986; and all of the assets and liabilities of F2 being transferred to the Company in consideration for the issue of Consideration Shares (which will be issued directly by the Company to shareholders of F2).
E4	Description of any interest that is material to the issue	Not applicable. There are no interests that are material to the issue.
E5	Name of persons selling securities	Not applicable. No entity is selling securities in the Company.

E6	Amount and percentage of immediate dilution	If 51,180,941 Consideration Shares are issued in aggregate under the Merger, the existing 81,713,243 Shares will represent 61.5% of the Enlarged Company's issued share capital. None of the existing Shares in the Enlarged Company will suffer NAV dilution, however, as the number of Consideration Shares to be issued to the shareholders in F2 is to be based on the relative net assets of the Companies.
E7	Expenses charged to the investor	Not applicable. No expenses are charged to the investor by the Company.

RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document as a whole. If any of the risks described below were to materialise, there could be a material effect on the Company's businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's businesses, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and Shareholders could lose part or all of their investment. Shareholders who are in any doubt about what to do should consult their independent financial adviser. The attention of Shareholders is drawn to the following risks:

Scheme related risk factors

- Completion of the Scheme is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and F2 Shareholders. Whilst the Board has identified a number of potential benefits of the Merger for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. The Scheme is conditional on approval by the Shareholders of F2 at a general meeting and notice of dissent not being received from shareholders holding more than 10% in nominal value of the issued share capital of F2, neither of which can be guaranteed. If the Merger is not approved or does not for any reason proceed to completion, the benefits described in this document will not be realised but many of the costs of the Merger will still be borne by the Companies.

Enlarged Company risk factors

- The Company and F2, particularly in the Infrastructure Share Portfolios, have investments in a number of the same companies and where the aggregation of these shareholding pursuant to the Merger means that the Enlarged Company would hold more than 50% of the share capital of that investee company, it will be necessary for the Enlarged Company to dispose of some or all of its investment within the 12 months following the Effective Date otherwise such investments will cease to be qualifying investments under the VCT Rules. The timing constraint on such disposals may mean, in a worst case scenario, they are not achievable on favourable commercial terms and this could result in a diminution in the value of Shares in the Enlarged Company.
- Additional changes to the VCT Rules, effective from Royal Assent to the 2015 Finance Act, restrict the investments which can be made by VCTs. Companies whose first commercial sale was more than seven years ago are no longer eligible for VCT investment save where they received a risk finance investment in their first seven years of trading or where the invested amount is greater than 50% of the average of the company's turnover for the previous five years and the company is entering a new product or geographical market. The prohibition on employing VCT money on the purchase of shares was also extended to include business acquisitions structured as purchases of assets or goodwill. Non-qualifying investments by VCTs will be restricted to a narrower range of investment categories intended to facilitate liquidity management. Furthermore, the lifetime limit of risk financed investment was reduced to £12 million for ordinary companies (£20 million for 'knowledge intensive' companies). These changes will restrict the pipeline of potential investee companies available to the Enlarged Company, the structure of those investments and the size of potential follow on investments. Some existing investee companies in the portfolios of the Company and those to be acquired from F2 may be unable to receive further VCT investment or the amount of such follow on investment may be restricted. The Enlarged Company is likely to face greater competition for a smaller number of available investments going forward as a result of these legislative changes.

General VCT risk factors

- The value of Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value or that Shareholders will be able to realise their shareholding or that dividends will be paid. Investment in the Company should be seen as a long-term investment. The past performance of the Company, F2 or of other funds managed

by Foresight, the manager to the Companies, is not necessarily an indication of the future performance of the Enlarged Company.

- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in unquoted, AIM and ISDX-traded or ISDX-quoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds must be invested in smaller companies with gross assets of not more than £15 million prior to the investment (£16 million post investment). In addition, to be qualifying holdings, VCT funds must be invested in companies which have no more than 250 full time (equivalent) employees and do not obtain more than £5 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Seed Enterprise Investment Scheme and/or Enterprise Investment Scheme in any rolling 12 month period.
- There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it will not be in a position to fully protect its interests. Investment in smaller and unquoted, AIM and ISDX-traded or ISDX-quoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- Although the existing Shares issued by the Company have been (and it is expected that the Consideration Shares will be) admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and investors may find it difficult to realise their investments. The market price of the Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may be exacerbated by the availability of income tax relief on the issue of new VCT shares. If the Company lacks sufficient cash reserves to purchase its own Shares and during prohibited periods when the Company is unable to purchase its own Shares the market price of Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Shareholders should not rely upon any share buyback policy to offer any certainty of selling their shares at prices that reflect the underlying NAV.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.
- While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.
- Although each of the Company's (and the Enlarged Company's) existing share classes will be managed separately and benefit from fixed costs being spread across a larger asset base, they will continue, however, to be subject to the overall financial position and performance of the Company (or the Enlarged Company) as a number of accounting, company law and VCT tests are applied at company level. In addition, if in the unlikely event there was a deficit in relation to one share class of the Company (or the Enlarged Company), such deficit would be borne by the other share classes of the Company (or the Enlarged Company) and the underperformance of one share class could impact on the ability to make returns in respect of the other share classes.
- Shareholders may be adversely affected by the performance of the investments, whether acquired from F2 or made by the Company. The performance of the investments in F2 as well as

the investments of the Company may restrict the ability of the Company following the merger to distribute any capital and revenue gains achieved on the investments transferred from F2 to the Company (as well as the investments of the Company).

- Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from F2, or the investments of the Company, are or become unable to meet VCT requirements.
- Where the Company invests in companies in which other entities managed or advised by Foresight have invested or subsequently invest, conflicts of interest may arise. The Directors will exercise their independent judgement to manage any such conflicts for the benefit of the Company.

EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR THE COMPANY

Latest time for the receipt of forms of proxy for the General Meeting	10.00 a.m. on 8 December 2015
General Meeting	10.00 a.m. on 10 December 2015
Calculation Date	17 December 2015
Effective Date for the transfer of the assets and liabilities of F2 to the Company and the issue of Consideration Shares pursuant to the Scheme	18 December 2015
Announcement of the results of the General Meetings and completion of the Scheme	18 December 2015
Admission and dealings in the Consideration Shares to commence	21 December 2015
CREST accounts credited (where applicable)	22 December 2015
Certificates for Consideration Shares dispatched by	22 January 2016

EXPECTED TIMETABLE FOR FORESIGHT 2 VCT PLC ("F2")

Date from which it is advised that dealings in F2 Shares should only be for cash settlement and immediate delivery of documents of title	8 December 2015
Latest time for receipt of forms of proxy for the F2 First General Meeting	10.30 a.m. on 8 December 2015
F2 First General Meeting	10.30 a.m. on 10 December 2015
Latest time for receipt of forms of proxy for the F2 Second General Meeting	10.00 a.m. on 16 December 2015
Calculation Date	17 December 2015
F2 register of members closed	5.00 p.m. on 17 December 2015
Record Date for F2 Shareholders' entitlements under the Scheme	5.00 p.m. on 17 December 2015
Dealings in F2 Shares suspended*	7.30 a.m. on 18 December 2015
F2 Second General Meeting	10.00 a.m. on 18 December 2015
Effective Date for the transfer of the assets and liabilities of F2 to the Company and the issue of Consideration Shares pursuant to the Scheme**	18 December 2015
Announcements of the results of the Scheme	18 December 2015
Cancellation of the listing of the F2 Shares	8.00 a.m. on 22 January 2016

(* the last trading date for the F2 Shares will, therefore, be 17 December 2015)

(** see the timetable for the Company with regard to Admission, CREST accounts being credited and certificates being dispatched)

DEFINITIONS

"Admission"	the date on which the Consideration Shares are listed on the Official List of the UK Listing Authority and admitted to dealing on the LSE's main market for listed securities
"AIM"	the Alternative Investment Market, a market operated by the LSE
"Articles"	the articles of association of the Company, as amended from time to time
"Board" or "Directors"	the board of directors of the Company (and each a "Director")
"Boards"	the Board and the F2 Board
"CA 2006"	the Companies Act 2006, as amended
"Calculation Date"	the date on which the number of Consideration Shares to be issued is determined, this being after the close of business on 17 December 2015
"Circular"	the circular to Shareholders dated 13 November 2015
"Companies"	the Company and F2
"Company" or "F1"	Foresight VCT plc
"Consideration Shares"	the Ordinary Consideration and/or Planned Exit Consideration Shares and/or Infrastructure Consideration Shares, as the context dictates, to be issued by the Company to F2 Shareholders in accordance with the Scheme (and each a "Consideration Share")
"Due Share of Merger Costs"	the proportions of the total Merger Costs to be borne by each class of shares respectively in the Company and F2 as set out in paragraph 1 of Part 10 of this document
"Effective Date"	the date on which the Merger will be completed, expected to be 18 December 2015
"Enlarged Company"	the Company, following implementation of the Scheme
"F2"	Foresight 2 VCT plc
"F2 Board"	the board of directors of F2
"F2 Circular"	the circular to F2 Shareholders dated 13 November 2015
"F2 First General Meeting"	the first general meeting of F2 to be held on 10 December 2015 (and any adjournment thereof)
"F2 Infrastructure Share Roll-Over Value"	the value of an F2 Infrastructure Share, calculated in accordance with Part 2 of this document
"F2 Infrastructure Shareholders"	holders of F2 Infrastructure Shares (and each an "Infrastructure Shareholder")
"F2 Infrastructure Shares"	the infrastructure shares of 1p each in the capital of F2 (ISIN: GBO0B5M3H114) (and each an "F2 Infrastructure Share")
"F2 Infrastructure Shares fund"	the assets and liabilities attributable to the F2 Infrastructure Shares
"F2 Ordinary Share Roll-Over Value"	the value of an F2 Ordinary Share, calculated in accordance with Part 2 of this document

"F2 Ordinary Shareholders"	holders of F2 Ordinary Shares (and each a "F2 Ordinary Shareholder")
"F2 Ordinary Shares"	the ordinary shares of 1p each in the capital of F2 (ISIN: GB00B03CKY62) (and each an "F2 Ordinary Share")
"F2 Ordinary Shares fund"	the assets and liabilities attributable to the F2 Ordinary Shares
"F2 Planned Exit Share Roll-Over Value"	the value of an F2 Planned Exit Share, calculated in accordance with Part 2 of this document
"F2 Planned Exit Shareholders"	holders of F2 Planned Exit Shares (and each a "F2 Planned Exit Shareholder")
"F2 Planned Exit Shares"	the planned exit shares of 1p each in the capital of F2 (ISIN: GB00B61M8H90) (and each an "F2 Planned Exit Share")
"F2 Planned Exit Shares fund"	the assets and liabilities attributable to the F2 Planned Exit Shares
"F2 Second General Meeting"	the second general meeting of F2 to be held on 18 December 2015 (and any adjournment thereof)
"F2 Shares"	means F2 Ordinary Shares and/or F2 Planned Exit Shares and/or F2 Infrastructure Shares as the context dictates
"F2 Shareholders"	the shareholders of F2 (and each a "F2 Shareholder")
"FCA"	the Financial Conduct Authority
"Foresight"	Foresight Group CI Limited, the Companies' manager which is licensed by the Guernsey Financial Services commission
"Foresight Group"	Foresight Group LLP which is authorised and regulated by the FCA
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting" or "Meeting"	the general meeting of the Company to be held on 10 December 2015 (and any adjournments thereof) convened in accordance with notices enclosed with the Circular;
"HMRC"	HM Revenue & Customs
"IA 1986"	Insolvency Act 1986, as amended
"Independent Valuer"	Scott-Moncrieff of Exchange Place 3, Semple Street, Edinburgh EH3 8BL
"Infrastructure Consideration Shares"	the new Infrastructure Shares to be issued to F2 Infrastructure Shareholders in accordance with the Scheme (and each an "Infrastructure Consideration Share")
"Infrastructure Shareholders"	holders of Infrastructure Shares (and each an "Infrastructure Shareholder")
"Infrastructure Share Portfolios"	the Infrastructure Shares fund and the F2 Infrastructure Shares fund (and each an "Infrastructure Share Portfolio")
"Infrastructure Share Merger Ratio"	the F2 Infrastructure Share Roll-Over Value divided by the Infrastructure Share Merger Value rounded down to four decimal places
"Infrastructure Share Merger Value"	the value of an Infrastructure Share calculated in accordance with Part 2 of this document

“Infrastructure Shares”	the infrastructure shares of 1p each in the capital of the Company (ISIN: GB00B45M5X62) (and each an “Infrastructure Share”)
“Infrastructure Shares fund”	the assets and liabilities attributable to the Infrastructure Shares
“ITA 2007”	Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Gareth Harris of RSM Restructuring Advisory LLP, Springfield House, 76 Wellington Street, Leeds LS1 2AY in their capacities as joint liquidators of F2
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Merger”	the proposed merger of the Companies to be effected through the Scheme
“Merger Costs”	costs of the Merger to borne by the Company and F2, estimated to be £450,000
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Values”	the Ordinary Share Merger Value, the Planned Exit Share Merger Value, the Infrastructure Share Merger Value, the F2 Ordinary Share Roll-Over Value, the F2 Planned Exit Share Roll-Over Value, the F2 Infrastructure Share Roll-Over Value
“NAV” or “Net Asset Value”	net asset value
“Official List”	the official list of the UKLA
“Ordinary Consideration Shares”	the new Ordinary Shares to be issued to F2 Ordinary Shareholders in accordance with the Scheme (and each an “Ordinary Consideration Share”)
“Ordinary Shareholders”	holders of Ordinary Shares (and each an “Ordinary Shareholder”)
“Ordinary Share Portfolios”	the Ordinary Shares fund and the F2 Ordinary Shares fund (and each an “Ordinary Share Portfolio”)
“Ordinary Share Merger Ratio”	the F2 Ordinary Share Roll-Over Value divided by the Ordinary Share Merger Value rounded down to four decimal places
“Ordinary Share Merger Value”	the value of an Ordinary Share calculated in accordance with Part 2 of this document
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company (ISIN: GB00B68K3716) (and each an “Ordinary Share”)
“Ordinary Shares fund”	the assets and liabilities attributable to the Ordinary Shares
“Planned Exit Consideration Shares”	the new Planned Exit Shares to be issued to F2 Planned Exit Shareholders in accordance with the Scheme (and each a “Planned Exit Consideration Share”)
“Planned Exit Shareholders”	holders of Planned Exit Shares (and each a “Planned Exit Shareholder”)

“Planned Exit Share Portfolios”	the Planned Exit Shares fund and F2 Planned Exit Shares fund (and each a “Planned Exit Share Portfolio”)
“Planned Exit Share Merger Ratio”	the F2 Planned Exit Share Roll-Over Value divided by the Planned Exit Share Merger Value rounded down to four decimal places
“Planned Exit Share Merger Value”	the value of an Planned Exit Share calculated in accordance with Part 2 of this document
“Planned Exit Shares”	the planned exit shares of 1p each in the capital of the Company (ISIN: GB00B61K7Y37) (and each a “Planned Exit Share”)
“Planned Exit Shares fund”	the assets and liabilities attributable to the Planned Exit Shares
“Proposals”	the proposal to effect the Scheme and pass the Resolutions
“Prospectus”	this document
“Record Date”	the record date to which F2 Shareholders’ entitlements will be allocated pursuant to the Scheme, expected to be 5.00 p.m. 17 December 2015
“Resolutions”	the resolutions to be proposed at the Meetings (and each a “Resolution”)
“Scheme”	the proposed merger of the Company with F2 by means of placing F2 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of F2’s assets and liabilities in consideration for Consideration Shares
“Section 593 Report”	as defined on page 29
“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares”	means Ordinary Shares and/or Planned Exit Shares and/or Infrastructure Shares as the context dictates (and each a “Share”)
“Transfer Agreement”	the agreement between the Company and F2 (acting through the Liquidators) for the transfer of all of the assets and liabilities of F2 by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom of Great Britain and Northern Ireland
“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 6 of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

PART 1

MERGER OF THE COMPANY AND F2

Introduction

This document has been published in connection with the issue by the Company of Consideration Shares pursuant to a proposed Merger.

The Boards consider that the interests of shareholders in both Companies will be better served by an enlarged single company with reduced annual running costs per share. The Companies are each currently managed by Foresight and so the continuity of the management will be preserved by the Merger.

The most cost-effective way to achieve this is to undertake a Scheme whereby F2 is placed into members' voluntary liquidation and all of the assets and liabilities of F2 are transferred to the Company in exchange for the issue of Consideration Shares to the F2 Shareholders with each F2 Ordinary Shareholder receiving Ordinary Shares in F1, each F2 Planned Exit Shareholder receiving Planned Exit Shares in F1 and each F2 Infrastructure Shareholder receiving Infrastructure Shares in F1. The investment policy of the various matching share classes are, in each case, identical and so continuity for shareholders of both Companies would be preserved.

The Consideration Shares are not being offered to the existing Shareholders of the Company or the public. A total of approximately 51.2 million Consideration Shares are expected to be allotted pursuant to the Merger (assuming no dissenting shareholders).

In connection with the Merger, the Company has also published the Circular, which is being despatched to Shareholders. The Circular contains proposals relating to the Merger. F2 has also published a similar circular.

Rationale for the Merger

Changes to the VCT Rules in 2012 removed certain restrictions on the maximum size of VCT qualifying investments and, as a result, larger VCTs became more viable. The Board has observed that there have been recent movements in the VCT market which have resulted in the creation through merger of VCTs with at least £50 million of net assets. In recommending that the Company participates in a merger, which will result in an Enlarged Company with a net asset base of approximately £117 million, the Board expects to bring a number of benefits to the Company's existing Shareholders and to F2 Shareholders whilst maintaining or enhancing existing aspects of the Company:

- there will be a reduction in the forecast combined annual running costs and costs per share for all Shareholders;
- the Merger will preserve existing VCT tax reliefs which will carry over and attach to the post-Merger holdings by all shareholders,

and in respect of the enlarged Ordinary Shares fund, Shareholders will benefit from:

- an enlarged Ordinary Shares fund with a significantly wider spread of investments;
- a larger fund with greater flexibility to sustain a programme of new investments;
- a larger capital base which will facilitate liquidity management and enhance prospects for the maintenance of regular dividend payments to Ordinary Shareholders;
- a larger capital base allowing the Enlarged Company to sustain a programme of share buybacks; and
- based on the above, the Company is expected to be more attractive to potential investors and enjoy an enhanced ability to achieve future capital raisings.

Transfer

The Merger of the Companies will be effected in the following way:

- F2 will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 IA 1986; and

- all of F2's assets and liabilities will be transferred to the Company in consideration for the issue of the Consideration Shares to the F2 Shareholders corresponding to the class of share they currently hold.

Following the transfer of the assets and liabilities of F2 to the Company pursuant to the Merger, it is proposed that the listing of each of the classes of shares in F2 will be cancelled and F2 will be wound up.

Conditionality

In addition to the approval by Shareholders of the Merger (which is sought pursuant to the resolution to be proposed at the General Meeting approving the Scheme) the Merger is also dependent on:

- notice of dissent not having been received from F2 Shareholders who hold more than 10% in nominal value of F2's issued share capital;
- the Company confirming to F2 and F2 confirming to the Company that, in each case, it has not received any notice of any claims, proceedings or actions of whatever nature threatened or commenced, as relevant, against the Company which the F2 Board regard as material or against F2 which the Board regard as material; and
- the Company and F2 maintaining VCT status,

and would become effective immediately after the passing of the special resolution for the winding up of F2 at the F2 Second General Meeting.

Terms of the Scheme

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of F2 and shall deliver to the Company:

- particulars of all of the assets and liabilities of F2;
- a list certified by the registrars of the names and addresses of, and the number and class of F2 Shares held by each of the F2 Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of F2 which will form part of the costs of the Scheme; and
- the amount estimated to be required to purchase the holdings of any dissenting F2 Shareholders.

On the Effective Date, the Company and the Liquidators (on behalf of F2) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of F2 to the Company in exchange for the issue of Consideration Shares (fully paid) to the F2 Shareholders on the basis set out below.

The Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including but not limited to the implementation of the Merger, the winding up of F2 and the purchase for cash of any holdings of dissenting F2 Shareholders.

PART 2

THE SCHEME

Definitions and Interpretation

The definitions set out in Part 1 of this document shall have the same meaning when used in the context of this Part 2.

On or immediately prior to the Effective Date, Foresight Fund Managers Limited (on the instruction of the Liquidators), shall calculate the Merger Values in accordance with this Part 2.

1. Provision of Information

On the Calculation Date, Foresight Fund Managers Limited (on the instruction of the Liquidators) shall calculate the Ordinary Share Merger Value, Planned Exit Share Merger Value, Infrastructure Share Merger Value and the F2 Ordinary Share Roll-Over Value, F2 Planned Exit Share Roll-Over Value, F2 Infrastructure Share Roll-Over Value in accordance with paragraph 3 below.

On the Effective Date, the Liquidators shall receive all the assets, liabilities, cash and undertakings of F2 and shall deliver to the Company:

- particulars of all of the assets and liabilities of F2;
- a list certified by the registrars of the names and addresses of, and the number and class of F2 Shares held by, each F2 Shareholder on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of F2; and
- the amount estimated to be required to purchase the holdings of any dissenting F2 Shareholders.

2. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of F2) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of F2 to the Company in exchange for the issue of Consideration Shares (credited as fully paid up) to F2 Shareholders on the basis set out in paragraph 3 below.

In further consideration of such transfer of assets and liabilities of F2 to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of F2 and the purchase for cash of any holdings of dissenting F2 Shareholders.

3. Calculations

Ordinary Shares fund

Except as otherwise provided for in this Part 4, for the purposes of calculating the Merger Values and the number of Consideration Shares to be issued, the following provisions will apply:

F2 Ordinary Share Roll-Over Value

The F2 Ordinary Share Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

- A = the unaudited net assets of the F2 Ordinary Shares fund as at the Calculation Date calculated in accordance with F2's normal accounting policies and taken from the unaudited management information of F2 to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the F2 Ordinary Shares fund as at the Calculation Date);

- B = the Due Share of Merger Costs attributable to F2 Ordinary Shares (to the extent not already paid by F2 as reflected in "A" above);
- C = the amount estimated to be required to purchase the holdings of F2 Ordinary Shares from dissenting F2 Ordinary Shareholders (if any); and
- D = the number of F2 Ordinary Shares in issue as at close of business on the Record Date (save for any F2 Ordinary Shares held by dissenting F2 Shareholders).

The Company - Ordinary Share Merger Value

The Ordinary Share Merger Value per Share will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of the Ordinary Shares fund as at the Calculation Date, calculated in accordance with the Company's normal accounting policies and taken from the unaudited management information of the Company to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Ordinary Shares fund as at the Calculation Date);
- F = the Due Share of Merger Costs attributable to the Ordinary Shares fund (to the extent not already paid by the Company as reflected in "E" above); and
- G = the number of the Ordinary Shares in issue as at close of business on the Record Date.

Number of Ordinary Consideration Shares to be issued

The number of Ordinary Consideration Shares to be issued to F2 Ordinary Shareholders (save for any dissenting F2 Ordinary Shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

where:

- H = the F2 Ordinary Share Roll-Over Value;
- I = the Ordinary Share Merger Value; and
- J = the number of F2 Ordinary Shares in issue as at close of business on the Record Date (save for any F2 Ordinary Shares held by dissenting F2 Shareholders).

The number of Ordinary Consideration Shares to be issued pursuant to the Scheme will not be greater than 35 million and will be issued directly to F2 Ordinary Shareholders pro rata to their existing holdings (disregarding F2 Ordinary Shares held by dissenting F2 Shareholders) on the instruction of the Liquidators by applying the Ordinary Share Merger Ratio to F2 Ordinary Shareholders' holdings of F2 Ordinary Shares.

The Ordinary Share Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number of Ordinary Consideration Shares. Any fractional entitlements of Ordinary Consideration Shares in respect of each holding of F2 Ordinary Shares (which, in each case, will not exceed £1) will be aggregated and sold, with the proceeds retained for the benefit of the Enlarged Company.

Scheme Illustration (Ordinary Shares)

As at 30 June 2015, the unaudited net assets of the F2 Ordinary Shares fund and the NAV of an F2 Ordinary Share (taken from F2's unaudited management information to that date) were £26,626,000 and 57.8p respectively. The F2 Ordinary Share Roll-Over Value, had the Scheme been completed on that date and calculated as set out above, would have been 57.5p (assuming no dissenting F2 Shareholders).

As at 30 June 2015, the unaudited net assets of the Ordinary Shares fund and the NAV of an Ordinary Share (taken from the Company's unaudited half-yearly accounts to that date) were £54,241,000 and

91.7p respectively. The Ordinary Share Merger Value, had the Scheme been completed on that date and calculated as set out above, would have been 91.5p.

The number of Ordinary Consideration Shares that would have been issued to F2 Ordinary Shareholders, had the Scheme been completed on 30 June 2015 and calculated as set out above, would have been 28,928,629 (0.6279 Ordinary Consideration Shares for every F2 Ordinary Share held).

Planned Exit Shares fund

F2 Planned Exit Share Roll-Over Value

The F2 Planned Exit Share Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

- A = the unaudited net assets of the F2 Planned Exit Shares fund as at the Calculation Date calculated in accordance with F2's normal accounting policies and taken from the unaudited management information of F2 to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the F2 Planned Exit Shares fund as at the Calculation Date);
- B = the Due Share of Merger Costs attributable to F2 Planned Exit Shares (to the extent not already paid by F2 as reflected in "A" above);
- C = the amount estimated to be required to purchase the holdings of F2 Planned Exit Shares from dissenting F2 Planned Exit Shareholders (if any); and
- D = the number of F2 Planned Exit Shares in issue as at close of business on the Record Date (save for any F2 Planned Exit Shares held by dissenting F2 Planned Exit Shareholders).

The Company - Planned Exit Share Merger Value

The Planned Exit Share Merger Value per Share will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of the Planned Exit Shares fund as at the Calculation Date, calculated in accordance with the Company's normal accounting policies and taken from the unaudited management information of the Company to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Planned Exit Shares fund as at the Calculation Date);
- F = the Due Share of Merger Costs attributable to the Planned Exit Shares fund (to the extent not already paid by the Company as reflected in "E" above); and
- G = the number of the Planned Exit Shares in issue as at close of business on the Record Date.

Number of Planned Exit Consideration Shares to be issued

The number of Planned Exit Consideration Shares to be issued to F2 Planned Exit Shareholders (save for any dissenting F2 Shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

where:

- H = the F2 Planned Exit Share Roll-Over Value;
- I = the Planned Exit Share Merger Value; and
- J = the number of F2 Planned Exit Shares in issue as at close of business on the Record Date (save for any F2 Planned Exit Shares held by dissenting F2 Shareholders).

The number of Planned Exit Consideration Shares to be issued pursuant to the Scheme will not be greater than 7 million and will be issued directly to F2 Planned Exit Shareholders pro rata to their

existing holdings (disregarding F2 Planned Exit Shares held by dissenting F2 Shareholders) on the instruction of the Liquidators by applying the Planned Exit Share Merger Ratio to F2 Planned Exit Shareholders' holdings of F2 Planned Exit Shares.

The Planned Exit Share Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number of Planned Exit Consideration Shares. Any fractional entitlements of Planned Exit Consideration Shares in respect of each holding of F2 Planned Exit Shares (which, in each case, will not exceed £1) will be aggregated and sold, with the proceeds retained for the benefit of the Enlarged Company.

Scheme Illustration (Planned Exit Shares)

As at 30 June 2015, the unaudited net assets of the F2 Planned Exit Shares fund and the NAV of an F2 Planned Exit Share (taken from F2's unaudited management information to that date) were £3,062,000 and 50.3p respectively. The F2 Planned Exit Share Roll-Over Value, had the Scheme been completed on that date and calculated as set out above, would have been 50.3p (assuming no dissenting F2 Shareholders).

As at 30 June 2015, the unaudited net assets of the Planned Exit Shares fund and the NAV of a Planned Exit Share (taken from the Company's unaudited half-yearly accounts to that date) were £3,157,000 and 52.4p respectively. The Planned Exit Share Merger Value, had the Scheme been completed on that date and calculated as set out above, would have been 52.4p.

The number of Planned Exit Consideration Shares that would have been issued to F2 Planned Exit Shareholders, had the Scheme been completed on 30 June 2015 and calculated as set out above, would have been 5,844,086 (0.9602 Planned Exit Consideration Shares for every F2 Planned Exit Share held).

Infrastructure Shares fund

F2 Infrastructure Share Roll-Over Value

The F2 Infrastructure Share Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

- A = the unaudited net assets of the F2 Infrastructure Shares fund as at the Calculation Date calculated in accordance with F2's normal accounting policies and taken from the unaudited management information of F2 to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the F2 Infrastructure Shares fund as at the Calculation Date);
- B = the Due Share of Merger Costs attributable to F2 Infrastructure Shares (to the extent not already paid by F2 as reflected in "A" above);
- C = the amount estimated to be required to purchase the holdings of F2 Infrastructure Shares from dissenting F2 Infrastructure Shareholders (if any); and
- D = the number of F2 Infrastructure Shares in issue as at close of business on the Record Date (save for any F2 Infrastructure Shares held by dissenting F2 Shareholders).

The Company - Infrastructure Share Merger Value

The Infrastructure Share Merger Value per Share will be calculated as follows:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of the Infrastructure Shares fund as at the Calculation Date, calculated in accordance with the Company's normal accounting policies and taken from the unaudited management information of the Company to that date (including any adjustment that the Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Infrastructure Shares fund as at the Calculation Date);

- F = the Due Share of Merger Costs attributable to the Infrastructure Shares fund (to the extent not already paid by the Company as reflected in "E" above); and
- G = the number of the Infrastructure Shares in issue as at close of business on the Record Date.

Number of Infrastructure Consideration Shares to be issued

The number of Infrastructure Consideration Shares to be issued to F2 Infrastructure Shareholders (save for any dissenting F2 Infrastructure Shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

where:

- H = the F2 Infrastructure Share Roll-Over Value;
- I = the Infrastructure Share Merger Value; and
- J = the number of F2 Infrastructure Shares in issue as at close of business on the Record Date (save for any such shares held by dissenting F2 Infrastructure Shareholders).

The number of Infrastructure Consideration Shares to be issued pursuant to the Scheme will not be greater than 20 million and will be issued directly to F2 Infrastructure Shareholders pro rata to their existing holdings (disregarding F2 Infrastructure Shares held by dissenting F2 Shareholders) on the instruction of the Liquidators by applying the Infrastructure Share Merger Ratio to F2 Infrastructure Shareholders' holdings of F2 Infrastructure Shares.

The Infrastructure Share Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number of Infrastructure Consideration Shares. Any fractional entitlements of Infrastructure Consideration Shares in respect of each holding of F2 Infrastructure Shares (which, in each case, will not exceed £1) will be aggregated and sold, with the proceeds retained for the benefit of the Enlarged Company.

Scheme Illustration (Infrastructure Shares)

As at 30 June 2015, the unaudited net assets of the F2 Infrastructure Shares fund and the NAV of an F2 Infrastructure Share (taken from F2's unaudited management information to that date) were £15,101,000 and 91.2p respectively. The F2 Infrastructure Share Roll-Over Value, had the Scheme been completed on that date and calculated as set out above, would have been 91.0p (assuming no dissenting F2 Shareholders).

As at 30 June 2015, the unaudited net assets of the Infrastructure Shares fund and the NAV of an Infrastructure Share (taken from the Company's unaudited half-yearly accounts to that date) were £15,224,000 and 92.0p respectively. The Infrastructure Share Merger Value, had the Scheme been completed on that date and calculated as set out above, would have been 91.8p.

The number of Infrastructure Consideration Shares that would have been issued to F2 Infrastructure Shareholders, had the Scheme been completed on 30 June 2015 and calculated as set out above, would have been 16,412,833 (0.9908 Infrastructure Consideration Shares for every F2 Infrastructure Share held).

4. Conditionality

The Scheme is dependent on:

- the relevant resolutions approving and/or required to implement the Scheme being passed at the General Meeting, F2 First General Meeting and the F2 Second General Meeting;
- notice of dissent not being received from F2 Shareholders who hold more than 10% in nominal value of the entire issued share capital of F2;
- the Company confirming to F2 and F2 confirming to the Company that, in each case, it has not received any notice of any claims, proceedings or actions of whatever nature threatened or commenced, as relevant, against the Company which the F2 Board regard as material or against the Company which the F2 Board regard as material; and
- the Company and F2 maintaining VCT status.

Subject to the above, the Scheme shall proceed and become effective immediately after the passing of the special resolution for the winding up of F2 to be proposed at the F2 Second General Meeting and will be binding on all F2 Shareholders, including dissenting F2 Shareholders, and all persons claiming through or under them.

If the conditions have not been fulfilled by 31 January 2016, the Scheme will not proceed.

5. Dissenting Shareholders

Provided that an F2 Shareholder does not vote in favour of the resolution to be proposed at the F2 First General Meeting, such F2 Shareholder may, within seven days following the F2 First General Meeting, express his/her dissent to the Liquidators in writing at the registered office of F2 and require the Liquidators to purchase that F2 Shareholder's holding.

The Liquidators will offer to purchase the holdings of dissenting F2 Shareholders at the break value price of an F2 Share of the relevant class, this being an estimate of the amount an F2 Shareholder would receive per F2 Share of the relevant class in an ordinary winding-up of F2 if all of the assets of F2 had to be realised and distributed to holders of each class of Shares. **The break value of an F2 Share in each class is expected to be significantly below the unaudited NAV per F2 Share in each class due to the nature of the underlying assets. F2 Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering the repayment of any initial income tax relief received on original subscription if the F2 Shares have not been held for the requisite holding period to maintain such relief.**

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, F2, the Boards, any individual director of the Companies, Foresight, Foresight Fund Managers Limited, the registrar or the custodians or bankers of the Companies or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' Liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme or the Transfer Agreement.

8. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions, which may include changes to the timetable, as the parties to the Transfer Agreement may from time to time approve in writing.

9. Governing Law

The Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

Additional Information on the Scheme

Entitlements in respect of F2 Shares will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £5) will be retained for the benefit of the Enlarged Company.

The Consideration Shares will be issued in registered form. Consideration Shares are eligible for electronic settlement and can be held within the CREST system. If, following issue, recipients of Consideration Shares pursuant to the Scheme should wish to hold their Consideration Shares in uncertificated form they should contact their broker or independent financial adviser. Dividend payment mandates provided for F2 will, unless the F2 Shareholders advise otherwise in writing to Computershare, be transferred to the Company.

Application will be made to the UKLA for the Consideration Shares to be listed on the Official List and will be made to the London Stock Exchange for such Consideration Shares to be admitted to trading on its market for listed securities. The Consideration Shares have the rights set out in Part 2 of this document but as regards dividends and returns of capital, any income and capital distributions made to the holders of Consideration Shares shall be made out of, or arising from, the assets attributable to the relevant class of Consideration Share on the same terms as before the Merger.

The Liquidators will offer to purchase the holdings of the dissenting F2 Shareholders at the break value price of F2, this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of F2 if all of the assets of F2 had to be realised. Due to F2's investments being generally in unquoted companies for which there are not generally readily available purchasers, the break values for F2 Shares are expected to be significantly below the unaudited net asset values of such shares. F2 Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering the payment of any upfront income tax relief (assuming such shares have not been held for the minimum five year holding period) received on the original subscription.

As required by section 593 CA 2006, prior to the allotment of the Consideration Shares, the Company will be posting to F2 Shareholders and uploading on to the Company's website a valuation report which will be prepared by the Independent Valuer (the "**Section 593 Report**"). The Section 593 Report will confirm to the Company that the value of F2's assets and liabilities which are being transferred to the Company as part of the Merger is not less than the aggregate amount treated as being paid up on the Consideration Shares being issued to F2 Shareholders pursuant to that Scheme.

The portfolio of assets which will be transferred to the Company by F2 as part of the Scheme are all considered to be in line with the Company's investment policy. The extent of the liabilities (if any) which will be transferred to the Company by F2 as part of the Scheme will be those which are incurred in the ordinary course of business, together with the merger costs (which remain unpaid at the time of transfer). Any such liabilities are expected to be nominal in comparison to the value of the assets being acquired.

If the conditions for the Scheme, as set out above, have not been satisfied by 31 January 2016, then the Scheme shall not become effective and F2 will continue in its current form and the F2 Board will continue to keep the future of F2 under review.

Taxation

The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities.

The implementation of the Scheme should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme so as to continue to qualify as a VCT.

Clearances

Clearance has been obtained from HMRC in respect of the Scheme under section 701 ITA 2007 and Section 138 TCGA 1992. With regard to the former, the receipt of Consideration Shares will not, except in the case of dealers, be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been obtained from HMRC that the Scheme meets the requirements of the Merger Regulations and as such the receipt by F2 Shareholders of Consideration Shares will not prejudice tax reliefs obtained by F2 Shareholders on existing F2 Shares.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax will be payable by F2 Shareholders as a result of the implementation of the Scheme.

If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

Receipt by F2 Shareholders of Consideration Shares under the Merger

HMRC have confirmed that the effective exchange of existing F2 Shares for Consideration Shares will not constitute a disposal of the existing F2 Shares for the purposes of UK taxation. Instead, the new holding of the Company's Consideration Shares will be treated as having been acquired at the same time and at the same cost as the existing F2 Shares from which they are derived. Any capital gains tax deferral should not, therefore, be crystallised for payment but will be transferred to the Consideration Shares.

For F2 Shareholders holding (together with their associates) more than 5% of F2 Shares in issue, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5% of F2 Shares in issue will also apply to them.

Shareholders in the Company, as a VCT, will be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying shareholders will continue to receive tax-free dividends and will not be subject to UK taxation on any capital gains on the disposal of Shares.

Dissenting F2 Shareholders

Dissenting F2 Shareholders' holdings will be purchased for cash at the 'break value', which will be an estimate of the amount an F2 Shareholder would receive in an ordinary winding-up of F2 if all the assets of F2 had to be realised. **The break value is expected to be significantly below the estimated applicable NAV as at the Effective Date.**

Dissenting F2 Shareholders whose F2 Shares are purchased shall be treated as having disposed of their existing F2 Shares. F2 will still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations and the dissenting F2 Shareholders will not be subject to any UK taxation in respect of any capital gains arising on disposal under the Scheme.

PART 3

INFORMATION ON THE COMPANY

1. Constitution and Status

- 1.1 The legal and commercial name of the Company is Foresight VCT plc. The Company was incorporated and registered in England and Wales as a public company with limited liability on 19 August 1997 with registered number 03421340, under the name Backsight Technology VCT plc. The Company's name was changed to Foresight Technology VCT plc on 20 August 1997 and its name was subsequently changed to Foresight VCT plc on 16 January 2007. The Company was issued with a trading certificate under section 117 of the CA 1985 on 23 September 1997.
- 1.2 The principal legislation under which the Company operates is the CA 2006 and regulations made thereunder. The Company's objects are set out in clause 4 of its Memorandum (now deemed to be part of the Articles under the CA 2006). The Company's principal objects, as set out in its Memorandum, are to carry on the business of a venture capital trust or an investment company.
- 1.3 The Company's registered office and principal place of business is at The Shard, 32 London Bridge Street, London SE1 9SG. The Company is domiciled in England. The Company does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.4 HM Revenue & Customs has granted approval of the Company as a VCT under section 274 of the Tax Act. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.5 In order for the future of the Company to be considered by the members, the Directors shall at the annual general meeting falling after the fifth anniversary of the last allotment (from time to time) of shares in the Company, and thereafter at five-yearly intervals, invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitized) and as soon as practicable following that meeting shall convene a general meeting to propose such resolution as the members attending the annual general meeting may by ordinary resolution require.
- 1.6 The Company is an alternative investment fund ("**AIF**") for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) ("**AIFMD**"). The Company is its own alternative investment fund manager ("**AIFM**") for the purposes of the AIFMD with Foresight appointed as its strategic adviser. The Company was registered with the FCA as an internally managed AIF on 6 August 2014.
- 1.7 The Shares are, and the Consideration Shares will be, admitted to the Official List of the UK Listing Authority.
- 1.8 The Company revoked status as an investment company under section 266 of the CA 1985 (now section 833 of CA 2006) on 30 March 2000 for the purposes of paying a capital dividend and does not intend to re-apply for such status. The Company is not authorised and/or regulated by the FCA or an equivalent overseas regulator but is a Small Registered UK AIFM for the purposes of the Alternative Investment Fund Managers Regulations 2013. The Company is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. The Company is not otherwise regulated.

2. Share Capital

- 2.1 On 1 March 2011, the Ordinary Shares underwent a reconstruction such that the underlying NAV of each Ordinary Share was rebased to 100.0p. This reconstruction resulted in the Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Ordinary Share held at the close of business on 1 March 2011 and resulted in 29,941,281 Ordinary Shares being in issue, the remaining balance being redesignated as deferred shares of 1p each and purchased by the Company for an aggregate nominal sum of 1p.

- 2.2 On 11 October 2011, the Company passed a resolution approving, subject to the sanction of the High Court, the cancellation of (1) an amount of £21,420,513 standing to the credit of the Ordinary Shares share premium account and (2) £5,783,821 standing to the credit of the Planned Exit Shares share premium account (such cancellation being subsequently confirmed by the High Court on 2 November 2011 and registered at Companies House on 2 November 2011).
- 2.3 On 9 November 2012, the Company passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £15,460,072 standing to the credit of the share premium account (such cancellation being subsequently confirmed by the High Court on 28 November 2012 and registered at Companies House on 28 November 2012).
- 2.4 On 30 October 2013, in relation to an offer for subscription for up to £20 million published in a prospectus dated 26 September 2013, the Company passed an ordinary resolution approving the allotment of Ordinary Shares up to a maximum nominal value of £250,000, a special resolution approving the disapplication of pre-emption rights in respect of such allotment and a further special resolution approving the reduction of the Company's share premium account of a subject to the sanction of the High Court.
- 2.5 On 8 December 2014, in relation to an offer for subscription for up to £20 million published in a prospectus dated 31 October 2014, the Company passed an ordinary resolution approving the allotment of Ordinary Shares up to a maximum nominal value of £275,000 (£250,000 in connection with the offer for subscription and £25,000 in connection with a dividend reinvestment scheme implemented by the Directors), a special resolution approving the disapplication of pre-emption rights in respect of such allotment and a further special resolution approving the reduction of the Company's share premium account subject to the sanction of the High Court.
- 2.6 As at 30 June 2015, the Company had allotted 127,873 Ordinary Shares under the Company's dividend reinvestment scheme and 19,497,801 Ordinary Shares based on a net asset value of 95.2p per share pursuant to the prospectus offer on 31 October 2014. Since 30 June 2015, the Company has allotted no further Shares.
- 2.7 Since 30 June 2015, the Company has repurchased its own Shares for cancellation in the following amounts and classes:¹

Share Class	Shares bought back since 30 June 2015
Ordinary Shares	107,000
Planned Exit Shares	-
Infrastructure Shares	-

- 2.8 The following resolutions, inter alia, were passed at the annual general meeting held on 28 May 2015 (and subsequent adjourned class meetings held on 29 May 2015):
- (a) that, in addition to all other existing authorities, the Directors were generally and unconditionally authorised in accordance with section 551 of the 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")
- (i) in respect of the Ordinary Share, up to an aggregate nominal amount of £180,000;
- (ii) in respect of the Planned Exit Shares, up to an aggregate nominal amount of £12,000;
- (iii) in respect of the Infrastructure Shares, up to an aggregate nominal amount of £33,000;
- in each case provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of 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 offers or agreements as if this authority had not expired.
- (b) that, in addition to all other existing authorities, the Directors were empowered pursuant to section 570 and section 573 of the CA 2006 to allot equity securities (within the meaning

¹ TBC and then to be reviewed at a time immediately preceding publication

of section 560 of that Act) for cash either pursuant to the authority conferred or by the resolution noted at (a) 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:

- (i) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £200,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to offer(s) for subscription;
- (ii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital from time to time pursuant to dividend investment schemes operated by the Company at a subscription price which is less than the net asset value per Ordinary Share;
- (iii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to performance incentive arrangements with Foresight, such shares to be issued at nominal value; and
- (iv) the allotment (otherwise than pursuant to paragraphs 2.9(b)(i) to (iii) above) to any person or persons of equity securities up to an aggregate nominal amount of not exceeding an amount equal to 10% of the issued Ordinary Share capital and/or 10% of the issued Planned Exit Share capital from time to time and/or 10% of the issued Infrastructure Share capital from time to time,

in each case where the proceeds may be used in whole or in part to purchase shares in the capital of the Company and shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2016, save that the Company shall be entitled to make offers or agreements before the expiry of such power 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 offer or agreements as if the power conferred hereby had not expired; and

- (c) that, in addition to all other existing authorities, the Company was empowered to make market purchases (within the meaning of section 693(4) of the CA 2006) of its own shares provided that:
 - (i) the aggregate number of shares to be purchased shall not exceed 6,668,324 Ordinary Shares or, if lower, such number of Ordinary Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Ordinary Shares in issue at the date of the passing of this resolution;
 - (ii) the aggregate number of shares to be purchased shall not exceed 908,937 Planned Exit Shares or, if lower, such number of Planned Exit Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Planned Exit Shares in issue at the date of the passing of this resolution;
 - (iii) the aggregate number of shares to be purchased shall not exceed 2,483,403 Infrastructure Shares or, if lower, such number of Infrastructure Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Infrastructure Shares in issue at the date of the passing of this resolution;
 - (iv) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
 - (v) the maximum price which may be paid for Ordinary Shares, Planned Exit Shares or Infrastructure Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;

- (vi) the authority conferred shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2016 unless such authority is renewed prior to such time; and
 - (vii) the Company may make a contract to purchase Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) pursuant to such contract.
- 2.9 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 up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 2.5(b) above or pursuant to the Resolutions to be proposed at the General Meetings.
- 2.10 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.
- 2.11 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 2.12 As at 12 November 2015, the last practicable date prior to the publication of this document, the issued share capital of the Company was 59,033,587 Ordinary Shares, 6,025,610 Planned Exit Shares and 16,547,046 Infrastructure Shares.

3. Board of Directors

- 3.1 The Board comprises non-executive directors, all of whom (except Peter Dicks) are independent. The Board has substantial experience of quoted and unquoted companies, as well as expertise in investment management. The Board has overall responsibility for the Company's affairs, including determining the investment policy and approving net asset values. The Directors have delegated investment decisions to Foresight (save for where conflicts of interest and/or regulatory requirements require the Directors to make investment decisions).
- 3.2 The Directors' (and Proposed Director's) interests in the share capital of the Company as at the date of this document are as follows:

	Ordinary Shares	Planned Exit Shares	Infrastructure Shares
John Gregory	11,424	-	-
Peter Dicks	59,569	-	-
Gordon Humphries	9,224	-	-
Jocelin Harris	4,076	-	5,275

- 3.3 Save as set out above, no Director, family member or any person connected with any Director (within the meaning of section 252 of the CA 2006) has any interest in the capital of the Company which is or would, immediately following the Merger, be required to be notified pursuant to section 809 of the CA 2006 or which is or would be required to be entered in the register maintained under section 809 of the CA 2006.
- 3.4 Peter Dicks was appointed as a Director on 22 August 1997, with Gordon Humphries being appointed as a Director on 20 February 2007 and John Gregory being appointed as a Director on 30 July 2010. None of the Directors has a service contract. The appointments may be terminated on written notice and all Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. For the year ended 31 December 2015, the total unaudited annual remuneration expected to be receivable by John Gregory as Chairman of the Company is

£28,250; by Peter Dicks is £21,000; and by Gordon Humphries is £23,000, (plus in each case, if applicable, VAT and employers National Insurance Contributions). The office of non-executive director is also not pensionable. Aggregate Directors' emoluments for the year ended 31 December 2014 amounted to £72,250 (plus applicable VAT and employers National Insurance Contributions). Aggregate emoluments for the current year are expected to be £72,250 (plus applicable VAT and employers National Insurance Contributions). Following the Merger, the aggregate Directors' emoluments are expected to be £93,250.

- 3.5 Save for in respect of Peter Dicks, who is a director of a number of VCTs managed by Foresight Group CI Limited, there are no potential conflicts of interest between the duties of any Director and their private interests and/or duties.
- 3.6 Other than disclosed in this paragraph 3, 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 December 2012, 2013 and 2014 or in the current financial year or which was effected in an earlier 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.
- 3.10 The Company has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.11 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 37.
- 3.12 No Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.13 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) John Gregory was a director of Enterprise VCT plc and Bluehone AIM VCT plc which were both placed in solvent members' voluntary liquidation pursuant to schemes of reconstruction and subsequently dissolved in March 2010 and July 2010 respectively. John Gregory was also a director of Local Allotments plc and 1855 Club plc which were both voluntarily struck off the Register of Companies and dissolved in July 2010 and February 2011 respectively.
- (b) Peter Dicks was a director of Boostcareer Limited and GEI Group Limited which were voluntarily struck off the Register of Companies and dissolved in August 2009 and November 2010 respectively.
- (c) Jocelin Harris is a director of Unipower Solutions Europe Limited which was placed into administration on 14 June 2011 and into liquidation on 31 October 2013.
- 3.14 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.

The Board of the Enlarged Company

- 3.15 The Board and F2 Board have considered what the future size and composition of the Enlarged Company's board should be following the Merger and it has been agreed that, if the Merger is approved, the Board of the Enlarged Company will comprise:

John Gregory, as Chairman	(the Company)
Peter Dicks	(the Company and F2)
Gordon Humphries	(the Company)
Jocelin Harris	(F2)

- 3.16 F2 will be represented on the new board of the Enlarged Company by current F2 Chairman Jocelin Harris (whose appointment will commence on the Effective Date) and the continuing appointment of Peter Dicks. David Quysner will be retiring from the F2 Board pursuant to the Merger.
- 3.17 Under the Company's Articles, the Directors and the Proposed Director will each be subject to retirement and re-election at the next annual general meeting of the Company.
- 3.18 As required by the Listing Rules, the Directors are independent of Foresight except for Peter Dicks, who is considered non-independent by virtue of the fact that he is a director of several other funds managed by Foresight.
- 3.19 At the date of this document, the Board comprises three non-executive directors. Subject to completion of the Merger, the composition of the Board will be rearranged such that one new non-executive director will be appointed. The current Chairman is John Gregory. Full Board meetings take place quarterly and the Board meets or communicates more regularly to address specific issues. The Board has a formal schedule of matters specifically reserved for its decision which includes, but is not limited to: considering recommendations from Foresight, the investment adviser; making decisions concerning the acquisition or disposal of investments; and reviewing, annually, the terms of engagement of all third party advisers (including Foresight).

Current Directors

John Gregory (67) (Chairman)

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

Peter Dicks (73)

Peter Dicks was a founder director of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, and Graphite Enterprise Trust plc. In addition, he has been a director of the Company since its launch in 1997 and is a director of Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc. He is also chairman of Unicorn AIM VCT plc

Gordon Humphries (53)

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 25 years' experience. He is currently head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a nonexecutive director of Maven Income and Growth VCT 5 plc.

Proposed Director

Jocelin Harris (70)

Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation which provides finance and advice for small businesses. Before this he was at private bank Rea Brothers for 13 years where he was a director. He has personally invested in over 40 development stage companies over the last 25 years and is currently chairman or non-executive director of a number of them in the UK and USA. He is also a director of Unicorn AIM VCT plc and a governor of St Paul's Way Trust School in London.

Each of the Directors has access to the advice and services of the company secretary, Foresight Fund Managers Limited. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information requested by the Chairman in advance of each Board meeting.

Current and Past Directorships

The Directors (and the Proposed Director) are currently or have been within the last 5 years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships mentioned below:

John Gregory	Current	Past 5 Years
	The Company Arctic Solar Limited Javelin Solar Limited Meaujo Tug Limited Meaujo Bell Limited Tixal Limited Resilient Solar Limited Sphere Medical Holding plc Social Impact VCT plc DP Leisure GB Ltd	Bluehone AIM VCT plc Enterprise VCT plc Epic VCT plc Foresight 3 VCT plc IS Pharma plc Local Allotments plc Sinclair IS Pharma plc The 1855 Club plc (dissolved)
Peter Dicks	Current	Past 5 Years
	The Company Daniel Stewart Securities plc Foresight 2 VCT plc Foresight 3 VCT plc Foresight 4 VCT plc Foresight Solar Fund Limited Graphite Enterprise Trust plc Interactive Investor plc Mears Group plc Mercia Fund 1 General Partner Limited Miton UK MicroCap Trust plc Private Equity Investor plc Standard Microsystems Corporation (USA) SVM UK Emerging Fund plc Unicorn AIM VCT plc	Committed Capital VCT plc (dissolved) Enterprise Capital Trust plc (dissolved) Foresight 5 VCT plc (dissolved) Foresight Clearwater VCT plc (dissolved) GFT Dealing Limited (dissolved) London Trust Productions Limited Miton Income Opportunities Trust plc (in liquidation) PCT Finance Limited (dissolved) Polar Capital Technology Trust plc Second London American Trust plc (dissolved) Sportingbet plc
Gordon Humphries	Current	Past 5 Years
	The Company Maven Income and Growth VCT 5 plc	
Jocelin Harris	Current	Past 5 Years
	Durrington Corporation Limited Tudor Roof Tile Co. Limited Roil Foods Limited Unipower Solutions Europe Limited (in liquidation) Serres Limited Halkin Secretaries Limited Millennium Mats Limited The St. Peter's College Foundation Unicorn AIM VCT plc Foresight 2 VCT plc Roilvest Limited Mintec Limited Lightfoot Solutions Group Limited Lightfoot Solutions UK Limited Obillex Limited	The Webb Partnership Limited Brandbank Limited Obillex UK Ltd Queen Mary, University of London Foundation Keycom plc

4. Management and administration

- 4.1 The Directors are responsible for the determination of investment policy and have overall responsibility for its 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 (save for where conflicts of interest and/or regulatory requirements require the Directors to make investment decisions) on the terms set out at paragraph 5.1.1 below.
- 4.2 As is customary in the VCT industry, Foresight 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 unquoted investment made by the Company. It may also receive all directors fees and monitoring fees charged to investee companies. The total aggregate arrangement fees paid to Foresight pursuant to investments made by the Company during the year ended 31 December 2014 were £79,000 and £148,000 was paid to VCF Partners by underlying portfolio companies in respect of investment director's fees. Costs incurred on abortive investment proposals will be the responsibility of Foresight.
- 4.3 All unquoted investments will be valued in accordance with IPEVC Valuation Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. 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 to provide company secretarial, accountancy and custodian services. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of the Company.
- 4.5 Whilst under the "custodian services" referred to in paragraph 4.4 above, Foresight Fund Managers Limited has physical custody of documents of title relating to the Company's equity investments, 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 accounts in the Company's own name; and
 - The Company's investments in both quoted and unquoted investments and the corresponding share 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 members of the audit committee of the Company are Gordon Humphries (chairman), John Gregory and Peter Dicks. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- monitoring the integrity of the financial statements of the Company;
 - reviewing the Company's internal control & risk management systems;
 - making recommendations to the Board in relation to the appointment of the external auditor including reviewing and approving the audit plan;
 - reviewing and monitoring the external auditor's independence; and
 - implementing and reviewing the Company's policies on the engagement of the external auditor to supply non-audit services.

- 4.8 The members of the remuneration committee of the Company are Gordon Humphries (chairman), John Gregory and Peter Dicks. The remuneration committee members (who have responsibility for reviewing the remuneration of the Directors) will meet at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. Each committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards. The remuneration committee also reviews the appointment and remuneration of Foresight, the manager. The members of the nomination committee of the Company are Gordon Humphries (chairman), John Gregory and Peter Dicks. The nomination committee meets annually to consider the composition and balance of skills, knowledge and experience of the Directors and would make nominations to the Directors in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then retire and seek re-election, if appropriate, after each year's service. There is no formal induction programme for Directors.
- 4.9 The Company has taken steps to enable its compliance with the UK Corporate Governance Code (the "**Code**"), save where this would not be appropriate for a venture capital trust where most day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. The Company complies with the Code save as follows:
- Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that at least one third of 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 provision B.23 of the Code);
 - In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight, Foresight Fund Managers Limited, the Company's VCT status monitoring agent and the Company Secretary, the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company; and
 - There is no formal induction programme for Directors as recommended by provision B.4.1 of the Code.

Foresight Group LLP and Foresight Group CI Limited

The manager to the Company is Foresight Group CI Limited, the same manager as for F2. Foresight is appointed as discretionary manager to the Company and also provides secretarial, administration and custodian services to the Company. Foresight Group CI Limited is a company registered in Guernsey and which is licensed by the Guernsey Financial Services Commission.

Foresight has, as is permitted, and as approved by the Board, under the same agreement, appointed Foresight Group LLP to provide investment advisory services to Foresight for the purposes of fulfilment of the provision of management obligations to the Company under the agreement and has sub-contracted the provision of administration services to Foresight Group LLP. Foresight Group LLP has delegated the provision of administration services to Foresight Fund Managers Limited, which is also the appointed Company secretary. Foresight Fund Managers Limited is a wholly owned subsidiary of Foresight Group LLP, which is a subsidiary undertaking of Foresight. Foresight Group LLP is authorised and regulated in the UK by the Financial Conduct Authority.

5 Material contracts

- 5.1 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.
- 5.1.1 A sponsor and promoter's agreement dated 31 October 2014 between the Company (1), the Directors (2) Foresight (3) and BDO (4) whereby Foresight has agreed to act as promoter in connection with an offer for subscription (the "**2014 Offer**") and BDO has agreed to act as sponsor. The agreement contains warranties given by the Company and the Directors to Foresight and BDO. The Company agreed to pay to Foresight a promoter's fee of (i) 2.5% of the amount subscribed under the 2014 Offer by execution-only investors, professional

client investors and retail client investors and (ii) 5.5% of the amount subscribed under the 2014 Offer by investors who apply through a financial intermediary (subject to a maximum aggregate payment of £1.1 million). The Company shall also be responsible for paying 0.5% per annum of the Net Asset Base Value of certain shares issued pursuant to the 2014 Offer to Foresight until a cumulative maximum of 3% has been paid, from which Foresight will pay annual trail commission to the independent financial intermediaries of professional client investors and execution-only investors.

- 5.1.2 An investment management agreement dated 21 June 2012 between the Company (1), Foresight (2) and Foresight Group LLP (3) pursuant to which Foresight manages the investments of the Company and also provides secretarial, administration 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 if Foresight is no longer authorised by the Guernsey Financial Services Commission to provide such services.

Foresight has, as is permitted, and as approved by the Board, under the agreement, appointed Foresight Group LLP to provide investment advisory services to Foresight 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 Group LLP. Foresight Group LLP has delegated the provision of administration services to Foresight Fund Managers Limited, which is also the appointed Company secretary. Foresight Fund Managers Limited is a wholly owned subsidiary of Foresight Group LLP, which is a subsidiary undertaking of Foresight. Foresight Group LLP is authorised and regulated in the UK by the Financial Conduct Authority.

Foresight receives an annual fee from the Company of (i) 2% of the net assets of the Ordinary Shares fund, 1% of the net assets of the Planned Exit Shares fund and 1% of the net assets of the Infrastructure Shares fund, plus (ii) an administration fee of £100,000. Such fees are payable quarterly in arrears and for the year ended 31 December 2014 were £1.1 million.

The normal annual expenses of the Company under the original agreement are capped at an amount equivalent to 3.0% of the Company's net assets for the duration of the existence of the Infrastructure Shares fund and 3.3% thereafter. Any excess over this amount is borne by Foresight.

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

- 5.1.3 A carried interest agreement dated 16 January 2007 between the Company (1) and Foresight (2) pursuant to which the Company has granted to Foresight the entitlement to subscribe at par for such number of Ordinary Shares as represents 15% (at the then prevailing net asset value per Ordinary Share adjusted to take into account the relevant dividend to be paid) of the aggregate of each (revenue or capital) distribution paid to the holders of Ordinary Shares. Ordinary Shares will only be issued if the Total Return per Ordinary Share amounts to at least 180.4p (rebased to reflect the share restructuring referred to at paragraph 2.2 above) per Ordinary Share immediately before the relevant dividend is paid and after the issue of such Ordinary Shares. For these purposes "Total Return" shall mean the aggregate of (i) the then NAV of Ordinary Shares and (ii) an amount equal to 19.4p (rebased to reflect the share restructuring referred to at paragraph 2.2 above) (these being the distributions as at 16 January 2007 per old Foresight VCT plc C share) and (iii) all distributions following that date per Ordinary Share. Any such performance fee will be calculated each time a distribution is declared and any Ordinary Shares to be allotted will be issued on the date the distribution is made to Shareholders (or as soon as practicable thereafter). Foresight's entitlement shall cease or be reduced on a sliding scale depending on the nature of a termination or resignation of Foresight's appointment.
- 5.1.4 A carried interest agreement between the Company (1) and Foresight (2) dated 28 January 2010 pursuant to which Foresight Group is entitled, once the holders of Planned Exit Shares have received 110p of distributions per Planned Exit Shares, to the next 15p of distributions per Planned Exit Share, and to 20% of all further distributions per Planned Exit Share. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash and

wholly or partly by the issue of a number of Planned Exit Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Planned Exit Share in the relevant Company) equal to the amount to be satisfied through the issue of such shares.

- 5.1.5 A carried interest agreement between the Company (1) and Foresight (2) dated 6 October 2011 pursuant to which Foresight will be entitled, once the holders of Infrastructure Shares have received 100p of distributions per Infrastructure Share, to an amount equal in value to 15% of distributions made to the holders of Infrastructure Shares. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash and wholly or partly by the issue of a number of Infrastructure Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Infrastructure Share) equal to the amount to be satisfied through the issue of such shares.
- 5.1.6 A termination agreement dated 13 November 2015 between the Company and Foresight Group pursuant to which the carried interest agreement referred to at paragraph 5.1.3 will be terminated from the Effective Date conditional on the Scheme being implemented.
- 5.1.7 A side letter dated 13 November 2015 from Foresight to the Companies in relation to the management agreement referred to at paragraph 5.1.1 pursuant to which Foresight has agreed to make contributions to the costs of the Merger through one-time reductions in its management fees of £100,000 and £12,500 in respect of the enlarged F1 Ordinary Shares fund and enlarged F1 Planned Exit Shares fund respectively following the completion of the Merger. Foresight has agreed to make these contributions even if the Merger does not proceed to completion, in which case the contribution to the costs attributable to the Ordinary Share Portfolios will be apportioned between the Companies on a pro rata to net assets basis and the contribution to the costs attributable to the Planned Exit Share Portfolios will be split equally between the Companies.

The following contracts will be entered into subject, inter alia, to the approval of Shareholders of the Resolutions to be proposed at the General Meetings.

- 5.1.8 A transfer agreement between the Company and F2 (acting through the Liquidators) pursuant to which all of the assets and liabilities of F2 will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for the issue of the Consideration Shares in accordance with Part 4 of this document (the "Transfer Agreement"). The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of F2 will be transferred on receipt to the Company as part of the Scheme. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.
- 5.1.9 A deed of indemnity from the Company to Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Merger.
- 5.1.10 A deed of amendment to the management agreement described at 5.1.2 above documenting the increased annual fee of £110,000 (subject to increase in line with the retail price index, capped at no more than £130,000) payable to Foresight from the Effective Date in respect of administration services to be provided to the Enlarged Company.

6 Investment objective and policy

Investment objectives

Ordinary Shares

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

Planned Exit Shares

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns achievable through the VCT tax benefits – income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit Fund is to distribute a minimum of 110p per share issued through a combination of tax-free income, buybacks and tender offers before the sixth anniversary of the closing date of the Planned Exit Share offer.

Infrastructure Shares

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

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 stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM listed securities, cash is primarily held in interest-bearing money market open-ended investment companies (OEICs) as well as in a range of non-qualifying companies. Non-qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to investee companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must have no more than £7 million of gross assets at the time of investment (or £15 million, depending on when the funds being invested were raised) to be classed as a VCT qualifying holding.

Asset mix

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

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors at different stages of development, using a mixture of securities. The maximum amount invested in any one company, guarantees to banks or third parties providing loans or other investment to investee companies, is limited to 15% of the portfolio at the time of investment.

Investment style

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

Borrowing powers

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

- 6.1 The Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HM Revenue and Customs.
- 6.2 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.
- 6.3 The Company is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part 2, 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 this paragraph 6; (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 Company 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 (save in the case of certain Infrastructure Shares fund investments immediately following the Merger and then for no longer than a grace period of 12 months);
 - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of the Company's investments; and
 - (d) not more than 20% of the Company's gross assets will at any time be invested in the securities of property companies.
- 6.4 Foresight has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type that the Company proposes to make. The Directors will ensure any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.5 In the event of a breach of the investment restrictions which apply to the Company as described in paragraph 6.3 above, Shareholders will be informed by means of the interim and/or the annual report or through a public announcement.
- 6.6 The Directors act and will continue to act independently of Foresight. No majority of the Directors will be directors or employees of, or former directors or employees of, or professional advisers to Foresight or any other company in the same group as Foresight Group.
- 6.7 The investment policy set out here, will, in the absence of unforeseen circumstances, be adhered to by the Company for at least three years following the date of completion of the Merger. Any material change to the Company's investment policy in any event will only be made with the approval of the Shareholders of the Company by ordinary resolution.

7 Related party disclosures

- 7.1 In June 2014 and September 2015, in order to tidy up its portfolio, the Company sold certain assets of nil value to a related party, Foresight Solar LLP, for an aggregate consideration of less than £10 in both instances.
- 7.2 Save for the fees paid to Foresight under the arrangements set out at paragraph 5.1 above, the fees paid to the Directors as detailed in paragraph 3.4, the promoter's fees paid to Foresight Group LLP of £288,820 (2012), £352,000 (2013), £79,000 (2014) and £96,168 (current year) and as set out at 7.1 above, there were no related party transactions or fees paid by the Company

during the years ended 31 December 2012, 2013 and 2014 or to the date of this document in the current financial year.

- 7.3 The transactions referred to in paragraph 7.1 and 7.2 above are (or were) conducted on an arm's length basis. There are no other arrangements into which the Company has entered with a related party.

8 Overseas investors

- 8.1 The issue of Consideration Shares pursuant to the Scheme to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such shareholders should inform themselves about and observe any legal requirements.
- 8.2 Neither the existing shares in the Company nor the Consideration Shares to be issued pursuant to the Scheme have been or will be registered under the United States Securities Act 1933, as amended, or qualify under the 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.
- 8.3 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.
- 8.4 No offer is being made in relation to the Scheme in or into any of the United States, Canada, Australia, Japan, South Africa or New Zealand.
- 8.5 It is the responsibility of Shareholders and F2 Shareholders with registered addresses outside of the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of Consideration Shares pursuant to the Scheme, including the obtaining of any government of 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 HM Revenue & Customs practice, summarise advice received by the Directors as to the position of 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 they pay a dividend.
- 9.2 The implementation of the Merger should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of the Tax Act following implementation of the Scheme so that the Enlarged Company continues to qualify as a VCT.
- 9.3 Close company - the Directors believe that the Company is not, and expect that following completion of the Merger will not be, a close company within the meaning of the Tax Act. If the Company was a close company in any accounting period, approval as a venture capital trust would be withdrawn.

10 Significant Change

There has been no significant change in the financial or trading position of the Company since 30 June 2015, the date to which the Company's latest unaudited interim report has been published.

11 Miscellaneous

- 11.1 There have been no important events so far as the Directors are aware relating to the development of the Company or its business.
- 11.2 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) during the period from

the incorporation of the Company which may have or had in the recent past significant effects on the Company's financial position or profitability.

- 11.3 There have been no significant factors, whether governmental, economic, fiscal, monetary, political, including unusual or 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 Directors are aware.
- 11.4 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, so far as the Directors are aware.
- 11.5 The estimated costs of the Merger are approximately £450,000. These costs will be borne by the Company and F2 on the basis set out in paragraph 1 of Part 10 of this document. The cost of the Merger to the Company is expected to be recovered within 19 months following the Merger as a result of the anticipated running cost savings created by the Merger.
- 11.6 The Company has paid dividends amounting to 182.1p per Ordinary Share (restated), 43.0p per Planned Exit Share and 7.5p per Infrastructure Share in the period from incorporation.
- 11.7 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 11.8 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.
- 11.9 The Company and its Shareholders are subject to the provisions of the Takeover Code and the CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 11.10 The typical investor in the Company will be a UK higher-rate income tax payer, over 18 years of age and with an investment range of between £3,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.
- 11.11 Foresight is responsible for the determination and calculation of the Company's net asset value, which will be prepared quarterly for approval by the Directors.
- 11.12 KPMG LLP (a member of the Institute of Chartered Accountants in England and Wales) has been auditor to the Company since 28 May 2015. The previously appointed auditor was KPMG Audit plc.
- 11.13 Foresight and Scott-Moncrieff have each given and not withdrawn their written consent to the issue of this document and to the inclusion herein of their names in the form and context in which they are included.

11. CREST

The Consideration Shares will be in registered form and will be eligible for electronic settlement. The Company has its Shares admitted to the CREST system so that, should they wish to, Shareholders will be able to hold their Shares in uncertificated form.

PART 4

MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The Company's memorandum of association provides that the principal objects of the Company are to carry on business as a venture capital trust or as an investment company. The Companies Act 2006 significantly reduced the constitutional significance of a company's memorandum, providing that a memorandum will record only the names of subscribers and the number of shares each subscriber agreed to take in the company. The Company's objects are set out in clause 4 of its Memorandum (now deemed to be part of the Articles under the CA 2006).

The material provisions of the Articles are as detailed below.

(a) **Share Rights**

Dividends

The rights of members to receive dividends are as follows:

- (i) The holders of Ordinary Shares shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Ordinary Shares;
- (ii) The holders of Planned Exit Shares shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Planned Exit Shares; and
- (iii) The holders of Infrastructure Shares shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Infrastructure Shares.
- (iv) The Directors shall, so far as it is prudent to do so, distribute to members all the accumulated and realised revenue and capital profits of the Company as soon as practicable rather than reinvesting the profits in further venture capital investments.
- (v) The Company may by ordinary resolution and subject to the provisions of the CA 2006 and of their 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.
- (vi) 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.
- (vii) 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 on which the dividend is paid (except where those amounts are paid up in advance of calls).
- (viii) If any dividend remains unclaimed after a period of twelve years from the date of the declaration of that dividend, it shall be forfeited and shall cease to remain owing by the Company.
- (ix) 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.

Distribution of assets on liquidation

On a winding up or return of capital, the capital and assets of the Company shall be applied as follows:

- (i) The net assets attributable to the Ordinary Shares (less such proportion of liabilities as shall reasonably be allocated to such shares) shall be divided amongst the holders of Ordinary Shares pro rata according to their holdings of Ordinary Shares;

- (ii) The net assets attributable to the Planned Exit Shares (less such proportion of liabilities as shall reasonably be allocated to such shares) shall be divided amongst the holders of Planned Exit pro rata according to their holdings of Planned Exit Shares; and
- (iii) The net assets attributable to the Infrastructure Shares (less such proportion of liabilities as shall reasonably be allocated to such shares) shall be divided amongst the holders of Infrastructure Shares pro rata according to their holdings of Infrastructure Shares.

Class consents and variation of rights

The holders of each class of share in the Company shall be required to approve and, accordingly, without such approval, the special rights attached to each class of shares shall be varied, inter alia, by:

- (i) any alteration to the Memorandum or Articles;
- (ii) any consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued share capital;
- (iii) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital in the Company other than pursuant to the exercise of subscription rights in accordance with the terms of the share options granted or to be granted to Foresight; and
- (iv) the selection of any accounting reference date other than 31 December.

(b) Voting Rights

- (i) 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. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.
- (ii) 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.
- (ii) 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 the 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.

(c) Variation of 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 value of the capital paid up on 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.

(d) Alteration of share capital

- (i) The Company may from time to time, by ordinary resolution, consolidate or subdivide its share capital.

- (ii) The Company may also by resolution or as required by law reduce share capital or any capital redemption reserve or share premium or other undistributable reserve in any manner which is in accordance with and subject to any method and/or consent authorised or required by law.

(e) **Right to share in profits**

Subject to the rights of any shares which may be issued with special rights or privileges, the holders of the Company's shares alone are entitled to participate in the income and capital profits of the Company available for distribution.

(f) **Issue of shares**

Subject to the provisions of the 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.

(g) **Transfer of shares**

- (i) 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 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 in respect of which the Company has a lien) where such refusal does not restrict dealings on an open and proper basis. 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. The Board may also refuse to recognise a transfer of uncertificated shares in such circumstances as may be permitted by the Uncertificated Securities Regulations 2001.
- (ii) 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 the 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.

Pre-emption rights

- (a) Subject to the CA 2006 in relation to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto all unissued shares in the capital of the Company is at the disposal of the Directors and they may allot (with or without conferring a right of renunciation) grant warrants and options over or otherwise dispose of all unissued shares to such persons at such times and on such terms as they think proper provided that no share shall be issued at a discount except in accordance with the CA 2006.
- (b) There are no pre-emption rights in relation to the transfer of shares.

General Meetings

- (a) 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.

- (b) Every notice calling a general meeting shall specify the place and the day and hour 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.
- (c) Each member is entitled to attend and vote and to appoint one or more proxies to attend and vote, in the case of all companies, on a poll vote. A proxy need not be a member.
- (d) The accidental omission to give or send a notice of any meeting, or in cases where it is intended that it be sent out with the notice, an instrument of proxy, to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- (e) 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.
- (f) If 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 and place as may be determined by the chairman (which, in the case of the Companies must be not less than 10 clear days thereafter). 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 half an hour 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. The Company shall give at least seven clear days' notice in writing of any meeting adjourned.
- (g) The Directors shall on the requisition of members in accordance with the 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.

Borrowing Powers

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital and 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.
- (b) 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 subsidiaries and subsidiary undertakings so as to secure (but as regards subsidiaries and subsidiary undertakings only insofar as by the exercise of such rights or powers of the Directors can secure) that the aggregate principal amount at any one time outstanding of all monies borrowed or secured by the Company and/or any of its subsidiaries or subsidiary undertakings shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to the Adjusted Capital and Reserves (as defined in 11(c) below) provided that prior to the publication of an audited balance sheet of the Company such aggregate principal amount shall be limited to 90 per cent of the amount paid up or credited as paid up (whether in respect of nominal value or premium) on the allotted or issued share capital of the Company.
- (c) The expression "Adjusted Capital and Reserves" means, as shown by a consolidation of the then latest audited balance sheets of the Company and its subsidiaries and subsidiary undertakings 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 reserves (including without limitation any share premium account, capital redemption reserve, tax equalisation

account and credit balance on profit and loss account and any unappropriated balance of investment grants) of the Company and their subsidiaries and subsidiary undertakings.

Directors and other interests

- (a) 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 provided that he declares the nature of his interest at a meeting of the Directors.
- (b) 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 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:
 - (i) the giving 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;
 - (ii) the giving 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 under a guarantee or indemnity or by the giving of security;
 - (iii) 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;
 - (iv) any proposal concerning any other body corporate 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 the CA 2006) representing 1% or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;
 - (v) any proposal relating to an 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
 - (vi) 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.
- (c) Provided that a Director has disclosed to the Directors the nature and extent of any material interest (i) he may be party to or otherwise interested in any transaction or arrangement with the Company (or in which the Company has invested), (ii) he may be a member or director or other officer of, or employed by or a party to any transaction with, any company in which the Company is interested, (iii) he shall not be accountable to the Company for any benefit which he derives from any such transaction, arrangement, office, employment or interest and (v) he may by himself or his firm act in a professional capacity for the Company for which he or his firm shall be entitled to receive remuneration.
- (d) The Board may authorise, to the fullest extent permitted by law, and on such terms and conditions as it thinks fit:
 - (i) 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;
 - (ii) 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 exists;

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.

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.

- (e) There shall be no less than two and not more than seven Directors in the Company.
- (f) The Directors shall not be required to hold any shares in the Company by way of qualification.
- (g) 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 the 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.
- (h) The Directors shall be entitled (other than alternative directors) to receive by way of fees for their services as Directors such sum as the Remuneration Committee appointed from time to time by the Directors, shall in their discretion determine. 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.
- (i) 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 or 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.

Untraced Shareholders

- (a) 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:
 - (i) 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 no cheque, order or warrant in respect of such shares has been cashed or claimed;
 - (ii) 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
 - (iii) during the same period of 12 years and the period of 3 months following the publication of such advertisements the Company has received no communication from such member or person.
- (b) 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.

Non-United Kingdom Shareholders

There are no limitations in the Articles on the rights of non-United Kingdom Members to hold or to exercise voting rights attached to the Company's shares, however, non-United Kingdom Members are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

Capitalisation of profits and reserves

The Directors may, before recommending any dividend, but having regard to the Company's status as a venture capital trust decide to reserve out of the profits of the Company such sums as they think fit and may apply such reserves at the discretion of the Directors for any proper purpose or invest such reserves in any investment the Directors may think fit. The reserves from unrealised profits are to be kept separate from reserves representing profits available for distribution. The Directors may also without placing the same to a reserve, carry forward any profits which they may think prudent not to distribute.

Distribution of realised 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 of the CA 2006) otherwise than by way of the redemption or purchase of any of the Company's own shares. 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 and all other monies realised on or derived from the realisation, payment of or other dealing with any capital asset in excess of the book value of that asset and all other monies which are considered by the Directors to be in the nature of the accretion of capital shall be credited to the capital reserves. Subject to the 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 other dealing with any investments or other capital asset and subject to the 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 reserves are applicable except that no part of the capital reserve or any other money in the nature of a creditor of capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution 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 or be applied in paying dividends of any shares of the Company.

Winding-up

The liquidator may, with the sanction of a special resolution and any other sanctions required by the CA 2006, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine. In order for the future of the relevant 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 relevant Company falling after the fifth anniversary of the last allotment (from time to time) of shares in the relevant Company and thereafter at five yearly intervals, to the effect that that Company shall continue as a venture capital trust.

Notifiable interests

Obligations of Members to disclose to the Company notifiable interests in its shares are stated in Part 22 of the CA 2006, sections 89A to 89L of the FSMA and the Disclosure & 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 (as detailed in paragraph 3(c) and 9(b) above) and, inter alia, the withholding of any dividends payable to him.

PART 5

FINANCIAL INFORMATION ON THE COMPANY AND F2

1. Financial Information

The Company

The Company has produced statutory accounts for the three financial years ended 31 December 2012, 2013 and 2014 (together, the “**Audited Financial Statements**”). KPMG Audit plc, Registered Auditor, of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG reported on the Audited Financial Statements produced in 2012 and 2013 and KPMG LLP, Registered Auditor, of 15 Canada Square, London E14 5GL reported on the Audited Financial Statements produced in 2014 without qualification and without statements under section 498(2) or (3) of the CA 2006.

The Audited Financial Statements were prepared in accordance with UK generally accepted accounting practice (GAAP) and the fair value rules of the CA 2006.

The Company confirms that the annual financial statements of the Company for the year ended 31 December 2014, which were prepared under UK GAAP, have been presented and prepared in a form which is consistent with that which will be adopted in the next annual financial statements to be published (which will be prepared under FRS 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements, in so far as there are no material differences between the financial statements for this year prepared under these two accounting frameworks.

The Audited Financial Statements include the information set out below on the pages specified in the tables below, which are being incorporated into the document by reference and can be accessed at www.foresightgroup.eu and are also available for inspection at the national storage mechanism accessed at www.hemscott.com/nsm.do

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus.

Description	2012 Annual Report	2013 Annual Report	2014 Annual Report	2015 Interim Report
Balance Sheet	Page 38	Page 50	Page 51	Page 27
Income Statement (or equivalent)	Page 36	Page 48	Page 49	Page 26
Statement showing all changes in equity (or equivalent note)	Page 37	Page 49	Page 50	Page 27
Cash Flow Statement	Page 39	Page 51	Page 52	Page 28
Accounting Policies and Notes	Pages 40-56	Pages 52-69	Page 53-69	Pages 29-30
Auditor’s Report	Page 35	Pages 46-47	Pages 47-48	N/A

Such information also includes operating and financial reviews as follows:

Description	2012 Annual Report	2013 Annual Report	2014 Annual Report	2015 Interim Report
Objective	Inside front cover	Page 7	Page 7	Page 1
Financial Highlights	Page 3	Page 1	Page 1	Page 2
Performance & Dividends	Page 3	Page 2	Page 2	Page 3-5
Portfolio Review	Pages 6-12	Pages 13-19	Pages 13-20	Pages 7-15
Valuation Policy	Page 5	Page 12	Page 12	N/A
Outlook	Page 5	Page 6	Page 6	Page 6
Investment Summary	Pages 13-21	Page 20-29	Pages 21-30	Pages 16-22

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.

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

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Period ended 30 June 2015
Investment income	£974,000	£1,341,000	£2,215,000	£759,000
Profit/(loss) on ordinary activities before taxation	(£778,000)	(£1,954,000)	£3,600,000	(£589,000)
Earnings per Ordinary Share	(5.1p)	(5.1p)	9.3p	(2.2)p
Earnings per Planned Exit Share	13.4p	(12.0p)	(9.4p)	2.5p
Earnings per Infrastructure Share	(1.2p)	(1.1p)	3.8p	2.3p
Dividends per Ordinary Share	7.5p	5.0p	10.0p	6.0p
Dividends per Planned Exit Share	5.0p	5.0p	7.5p	15.0p
Dividends per Infrastructure Share	0p	2.5p	2.5p	2.5p
Total assets	£52,309,000	£51,404,000	£63,455,000	£72,622,000
NAV per Ordinary Share	111.3p	101.0p	99.4p	91.7p
NAV per Planned Exit Share	100.0p	82.5p	65.0p	52.4p
NAV per Infrastructure Share	94.6p	91.5p	92.4p	92.0p

The unaudited NAV as at 30 June 2015 was 91.7p per Ordinary Share, 52.4p per Planned Exit Share and 92.0p per Infrastructure Share (these being the most recent published NAVs prior to the date of this document).

Foresight 2

F2 has produced statutory accounts for the three financial years ended 30 September 2012, 2013 and 2014 (together, the "**F2 Audited Financial Statements**"). KPMG Audit plc, Registered Auditor, of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG reported on the Audited Financial Statements produced in 2012 and 2013 and KPMG LLP, Registered Auditor, of 15 Canada Square, London E14 5GL reported on the F2 Audited Financial Statements produced in 2014 without qualification and without statements under section 498(2) or (3) of the CA 2006.

The F2 Audited Financial Statements were prepared in accordance with UK generally accepted accounting practice (GAAP) and the fair value rules of the CA 2006.

The F2 Audited Financial Statements include the information set out below on the pages specified in the tables below, which are being incorporated into the document by reference and can be accessed at www.foresightgroup.eu and are also available for inspection at the national storage mechanism accessed at www.hemscott.com/nsm.do

Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus.

Description	2012 Annual Report	2013 Annual Report	2014 Annual Report	2015 Interim Report
Balance Sheet	Page 41	Page 50	Page 48	Page 25
Income Statement (or equivalent)	Page 39	Page 48	Page 46	Page 24
Statement showing all changes in equity (or equivalent note)	Page 40	Page 49	Page 47	Page 26
Cash Flow Statement	Page 42	Page 51	Page 49	Page 27
Accounting Policies and Notes	Page 43-60	Pages 52-67	Pages 50-65	Pages 28-30
Auditor's Report	Page 38	Page 46-47	Page 44-45	N/A

Such information also includes operating and financial reviews as follows:

Description	2012 Annual Report	2013 Annual Report	2014 Annual Report	2015 Interim Report
Objective	Cover	Page 4	Page 4	Page 1
Financial Highlights	Page 1	Page 1	Page 1	Page 2
Performance & Dividends	Page 2	Page 2	Page 2	Page 4
Portfolio Review	Page 4 -10	Page 10-17	Pages 10-16	Pages 6-12
Valuation Policy	Page 3	Page 8	Page 3	N/A
Outlook	Page 3	Page 3	Page 3	Page 5
Investment Summary	Pages 11-21	Pages 18-27	Pages 17-26	Pages 13-19

Certain financial information in respect of F2 is also set out below:

	Year ended 30 September 2012	Year ended 30 September 2013	Year ended 30 September 2014	Period ended 31 March 2015
Investment income	£514,000	£638,000	£977,000	£1,057,000
Profit/(loss) before taxation	(£7,081,000)	(£2,868,000)	(£8,274,000)	£1,217,000
Total Net Assets	£59,739,000	£56,292,000	£47,256,000	£47,384,000
“Ordinary Share Pool”				
Ordinary Share pool Net Assets	£18,171,000	£34,997,000	£27,596,000	£27,836,000
Dividends per Ordinary Share	0.5p	3.0p	-	-
NAV per Ordinary Share	87.9p	75.3p	59.4p	59.9p
“Planned Exit Share Pool”				
Planned Exit Share Pool Net Assets	£5,409,000	£5,815,000	£4,503,000	£4,396,000
Dividends per Planned Exit Share	5.0p	-	5.0p	7.5p
NAV per Planned Exit Share	87.5p	94.6p	73.7p	72.2p
“Infrastructure Share Pool”				
Infrastructure Share Pool Net Assets	£15,678,000	£15,480,000	£15,157,000	£15,152,000
Dividends per Infrastructure Share	-	-	2.5p	2.5p
NAV per Infrastructure Share	94.2p	93.0p	91.4p	91.5p

The unaudited NAV of the F2 Shares as at 31 March 2015 was 59.9p per F2 Ordinary Share, 72.2p per F2 Planned Exit Share and 91.5p per F2 Infrastructure Share (these being the most recent published NAVs prior the date of this document).

2. Working capital

In the opinion of the Company, the working capital is sufficient for the Company's present requirements, being at least 12 months from the date of this document.

3. Net assets

The Merger will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds acquired from F2 and is expected to have a positive impact on earnings.

4. Capitalisation and indebtedness of the Company

As at 12 November 2015 (the latest practicable date prior to the publication of this document) the Company has no indebtedness whether guaranteed, unguaranteed, secured, unsecured, direct and/or contingent and there is no current intention of incurring any such indebtedness for at least the twelve month period from the date of this document.

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

Shareholders' equity	£72,622,000
Share capital	£817,000
Other reserves	£71,805,000

There has no been material change in the capitalisation of the Company, between 30 June 2015 and 12 November 2015, the latest practicable date prior to the publication of the Prospectus.

As at 12 November 2015, being the latest practicable date prior to the publication of this document), the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company).

PART 6

INVESTMENT PORTFOLIO

PART A

The table below provides a summary of the portfolios of the Company and F2 based on the unaudited management accounts of both Companies to 30 June 2015 (being the half yearly report in the case of the Company) and shows the percentages each investment is expected to represent in the Enlarged Company should the Merger be completed.

	Company			F2			Enlarged Company
	Cost	Value	Percentage of net assets	Cost	Value of net assets	Percentage of net assets	Percentage of net assets
Ordinary Shares							
Datapath Group Holdings Limited	-	-	-	73,250	9,665,876	36.3%	12.0%
TFC Europe Limited	-	-	-	939,092	4,503,878	16.9%	5.6%
Blackstar Amplification Holdings Limited	2,500,000	4,395,632	8.1%	-	-	-	5.4%
Aerospace Tooling Corporation Limited	150,000	4,056,881	7.5%	-	-	-	5.0%
Autologic Diagnostics Group Limited	1,806,753	1,684,494	3.1%	2,410,259	2,246,007	8.4%	4.9%
Ixaris Systems Limited	-	-	-	822,858	2,324,130	8.7%	2.9%
Aquasium Technology Limited	666,667	2,284,700	4.2%	-	-	-	2.8%
Procam Television Holdings Limited	1,355,562	2,014,727	3.7%	169,445	251,846	0.9%	2.8%
Industrial Efficiency II Limited	1,928,260	2,252,856	4.2%	-	-	-	2.8%
Thermotech Solutions Limited	1,500,000	2,134,995	3.9%	-	-	-	2.6%
The Bunker Secure Hosting Limited	-	-	-	403,447	1,528,484	5.7%	1.9%
CoGen Limited	-	-	-	551,866	1,484,763	5.6%	1.8%
Specac International Limited	1,345,000	1,345,000	2.5%	-	-	-	1.7%
Positive Response Communications Limited	1,000,000	1,000,000	1.8%	-	-	-	1.2%
Whitchurch PE 1 Limited - SPV	1,000,000	1,000,000	1.8%	-	-	-	1.2%
Cole Henry PE 2 Limited - SPV	1,000,000	1,000,000	1.8%	-	-	-	1.2%
Kingsclere PE 3 Limited - SPV	1,000,000	1,000,000	1.8%	-	-	-	1.2%
ICA Group Limited	-	-	-	670,884	917,649	3.4%	1.1%
AtFutsal Group Limited	393,331	196,666	0.4%	2,339,481	584,870	2.2%	1.0%
AlwaysON Group Limited	1,367,497	627,782	1.2%	1,725,073	111,554	0.4%	0.9%
Biofortuna Limited	590,529	590,529	1.1%	-	-	-	0.7%
Flowrite Refrigeration Limited	209,801	559,944	1.0%	-	-	-	0.7%
Trilogy Communications Limited	1,280,880	252,458	0.5%	1,423,118	111,136	0.4%	0.4%
O-Gen Acme Trek Limited	-	-	-	2,054,811	345,262	1.3%	0.4%
Sindicatum Carbon Capital Limited	-	-	-	125,006	246,075	0.9%	0.3%
Zoo Digital	-	-	-	181,630	49,026	0.2%	0.1%
Net Current Assets		27,844,800	51.3%		2,255,811	8.5%	37.2%
Net Assets		54,241,464	100.0%		26,626,367	100.0%	100.0%
Planned Exit Shares							
AlwaysON Group Limited	784,746	1,057,558	33.5%	784,746	1,057,558	34.5%	34.0%
Industrial Engineering Plastics Limited	875,000	800,089	25.3%	875,000	800,089	26.1%	25.7%
Trilogy Communications Limited	693,864	384,825	12.2%	932,616	501,323	16.4%	14.2%
Net Current Assets		914,526	29.0%		702,892	23.0%	26.0%
Net Assets		3,156,998	100.0%		3,061,863	100.0%	100.0%
Infrastructure Shares							
FS Pentre Limited	2,250,000	2,252,925	14.8%	2,250,000	2,252,925	14.9%	14.9%
Criterion Healthcare Holdings Limited	1,709,074	2,219,089	14.6%	1,709,074	2,219,089	14.7%	14.6%
Drumglass HoldCo Limited	1,848,358	2,024,054	13.3%	1,848,358	2,024,054	13.4%	13.3%
FS Ford Farm Limited	2,000,000	2,000,000	13.1%	2,000,000	2,000,000	13.2%	13.2%
FS Hayford Farm Limited	2,000,000	2,000,000	13.1%	2,000,000	2,000,000	13.2%	13.2%
FS Tope Limited	2,000,000	2,000,000	13.1%	2,000,000	2,000,000	13.2%	13.2%
Stirling Gateway HC Limited	1,078,875	1,017,693	6.7%	1,078,875	1,017,693	6.7%	6.7%
Wharfedale SPV (Holding) Limited	677,947	639,614	4.2%	677,947	639,614	4.2%	4.2%
Staffordshire HoldCo Limited	683,137	396,235	2.6%	683,137	396,235	2.6%	2.6%
Lochgilphead HoldCo Limited	279,503	279,503	1.8%	279,503	279,503	1.9%	1.8%
Sandwell HoldCo Limited	133,270	165,785	1.1%	133,270	165,785	1.1%	1.1%
Stobhill HoldCo Limited	133,996	133,996	0.9%	133,996	133,996	0.9%	0.9%
Net Current Liabilities		94,911	0.6%		(27,818)	(0.2%)	0.2%
Net Assets		15,223,805	100.0%		15,101,077	100.0%	100.0%

The following movements have occurred since 1 July 2015 across the two VCTs:

- a) A loan repayment from Aquasium Technology Limited of £0.17 million in July;
- b) An investment of £2.5 million in Protean Software Limited in July;
- c) A loan repayment from TFC Europe Limited of £0.75 million in July;
- d) An investment of £2.75 million in ABL Investments Limited in September;
- e) A further investment of £0.675 million in Industrial Efficiency II Limited in September;
- f) An investment of £2.68 million in FFX Group Limited in September;
- g) An investment of £1.65 million in The Business Advisory Limited in September;
- h) An investment of £3.32 million in Hospital Services Limited in September;
- i) An investment of £2.75 million in Itad Limited in October.

PART B

Set out below are the principal ten investments by value held by both the Company and F2 as at the date of this document which are shown at the valuation included in the latest available financial statements of the Company, being the unaudited interim report for the six month period ended 30 June 2015 of the Company and the latest available financial statements of F2, being the unaudited interim report of F2 for the six month period ended 31 March 2015. These investments represent more than 50% of the investments held in each company's respective investment portfolios by current valuation across all share classes. The amount of uninvested cash and investments in money funds by the Company is approximately £27.4m (37.7% of the Company's net assets) and, in respect of F2, is approximately £3.3m (7.0% of F2's net assets).

The investment and portfolio information below has been extracted from the Company's unaudited interim report to 30 June 2015 and F2's unaudited half yearly report to 31 March 2015. In respect of the information on investee companies' sales, profits and losses and net assets, these have been taken from the latest financial year end accounts published (unless stated otherwise) by those investee companies as referred to ("**Third Party Information**").

The Company

Ordinary Shares fund

Aerospace Tooling Corporation Limited <i>Based in Dundee, the company provides specialist repair and refurbishment servicing for components in high-specification aerospace and turbine engines. Specifically the company targets "legacy" components and engines that have ceased production, but are still in widespread use.</i>		Year ended:	30 June 2014
Amount invested	£150,000	Sales	£11,049,000
Valuation	£4,056,881	Profit before tax	£2,711,000
Equity/voting rights	23.0%	Net assets	£4,442,000
Valuation methodology	Discounted earnings		
Percentage of F1 investment portfolio	9.3%		

Blackstar Amplification Holdings Limited <i>Based in Northampton, Blackstar designs and manufactures guitar amplifiers and associated products for the UK and international instrument market. Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.</i>		Year ended:	30 April 2015
Amount invested	£2,500,000	Sales	£8,631,000
Valuation	£4,395,632	Loss before tax	(£765,000)
Equity/voting rights	28.7%	Net assets	£1,047,000
Valuation methodology	Discounted earnings		
Percentage of F1 investment portfolio	10.0%		

Aquasium Technology Limited <i>Aquasium is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment at its facilities in Cambridgeshire, UK.</i>		Year ended:	31 December 2014
Amount invested	£666,667	Sales	£10,139,000
Valuation	£2,284,700	Operating profit	£851,000
Equity/voting rights	33.3%	Retained profit	£715,000
Valuation methodology	Discounted earnings	Net assets	£3,725,000
Percentage of F1 investment portfolio	5.2%		

Industrial Efficiency II Limited <i>A company which provides energy efficiency solutions to CEMEX UK. The company has installed gas pipeline and electrical connections at a number CEMEX UK sites.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£1,928,260	Sales	-
Valuation	£2,252,856	Operating profit	-
Equity/voting rights	18.8%	Retained profit	-
Valuation methodology	Discounted cash flow	Net assets	-
Percentage of F1 investment portfolio	5.1%		

Thermotech Solutions Limited <i>A company which is a Hard Facilities Management provider, designing, installing and maintaining customised air conditioning and fire sprinkler systems for retail, commercial and residential properties. The company operates within the £5.3bn UK Fire and heating, ventilation and air conditioning markets with a network of engineers across the UK enabling the company to service its nationwide customer base.</i>		Year ended:	31 March 2014
Amount invested	£1,500,000	Sales	£3,325,000
Valuation	£2,134,995	Loss before tax	(£44,000)
Equity/voting rights	15.3%	Net assets	£584,000
Valuation methodology	Discounted earnings		
Percentage of F1 investment portfolio	4.9%		

Procam Television Holdings Limited <i>A company which is 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, Monkey Kingdom and Endemol.</i>		Year ended:	31 December 2014
Amount invested	£1,355,562	Sales	£8,099,000
Valuation	£2,014,727	Loss before tax	(£198,000)
Equity/voting rights	24.8%	Net assets	£138,000
Valuation methodology	Discounted earnings		
Percentage of F1 investment portfolio	4.6%		

Infrastructure Shares fund

FS Pentre Limited (formerly Canterbury Infrastructure 15 Limited) <i>A company which has an interest in the operation of the Pentre Solar Project, a 6MW ground mounted solar power project in Camarthenshire, South Wales.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£2,250,000	Sales	-
Valuation	£2,252,925	Operating profit	-
Equity/voting rights	50%	Retained profit	-
Valuation methodology	Discounted cash flow	Net assets	-
Percentage of F1 investment portfolio	5.1%		

Criterion Healthcare Holdings Limited <i>Criterion Healthcare operates Bishop Auckland, a secondary PFI investment in an acute hospital project near Darlington with approximately 19 years remaining in the concession.</i>		Year ended:	30 April 2014
Amount invested	£1,709,074	Sales	£6,327,000
Valuation	£2,219,089	Profit before tax	£503,000
Equity/voting rights	10%	Retained profit	£449,000
Valuation methodology	Discounted cash flow	Net assets	£1,335,000
Percentage of F1 investment portfolio	5.1%		

Drumglass HoldCo Limited (formerly Zagreb Solar Limited) <i>A company which invested in Drumglass High School PFI Project, a 26 year concession to design, build, finance and maintain a 6,800m2 secondary school in the town of Dungannon, Northern Ireland.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£1,848,358	Sales	-
Valuation	£2,024,054	Operating profit	-
Equity/voting rights	50%	Retained profit	-
Valuation methodology	Discounted cash flow	Net assets	-
Percentage of F1 investment portfolio	4.6%		

FS Hayford Farm Limited <i>FS Hayford Farm owns a 9.8MW ground mounted solar power project which earns revenues through a combination of Renewable Obligation Certificates and power sales.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£2,000,000	Sales	-
Valuation	£2,000,000	Operating profit	-
Equity/voting rights	50%		
Valuation methodology	Cost	Net assets	-
Percentage of F1 investment portfolio	4.6%		

As at 30 June 2015, the Company held investments in 25 other investee companies across a range of industries, representing in aggregate 41% of the Company's investment portfolio.

Foresight 2

F2 Ordinary Shares fund

Datapath Group Limited <i>A UK 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.</i>			
		Year ended:	31 March 2015
Amount invested	£73,250	Sales	£20,299,904
Valuation	£10,209,100	Operating profit	£5,563,082
Equity/voting rights	12.9%	Net assets	£25,908,148
Valuation methodology	Discounted price/earnings multiple		
Percentage of F2 investment portfolio	23.6%		

TFC Europe Limited <i>One of Europe's leading technically based suppliers of fixing and fastening products. From seven sites in the UK and Germany, 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.</i>			
		Year ended:	31 March 2015
Amount invested	£939,092	Sales	£20,278,000
Valuation	£4,334,144	Profit before tax	£1,525,000
Equity/voting rights	21.4%	Net assets	£4,713,000
Valuation methodology	Discounted price/earnings multiple		
Percentage of F2 investment portfolio	10.0%		

Autologic Diagnostics Group Limited <i>Develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Autologic Diagnostics Group supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.</i>		Year ended:	31 December 2014
Amount invested	£2,330,366	Sales	19,043,000
Valuation	£2,338,021	Loss before tax	(£2,346,000)
Equity/voting rights	4.9%	Net assets	(£2,579,000)
Valuation methodology	Discounted price/earnings multiple		
Percentage of F2 investment portfolio	5.4%		

Ixaris Systems Limited <i>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.</i>		Year ended:	31 December 2014
Amount invested	£822,858	Sales	£9,397,000
Valuation	£1,753,138	Loss before tax	(£1,089,000)
Equity/voting rights	50.0%	Retained loss	(£948,000)
Valuation methodology	Discounted revenue multiple	Net assets	£2,311,000
Percentage of F2 investment portfolio	4.1%		

F2 Infrastructure Shares fund

FS Pentre Limited (formerly Canterbury Infrastructure 15 Limited) <i>Canterbury Infrastructure 15 operates a 6MW solar project in the village of Lllannon in Carmarthenshire, South Wales which earns revenues through power sales and Renewable Obligations Certificates at a rate of 1.4 ROCS/MWh.</i>		Year ended:	31 March 2014
Amount invested	£2,250,000	Sales	-
Valuation	£2,250,000	Profit/(loss) before tax	-
Equity/voting rights	50%	Net assets	£1,220,004
Valuation methodology	Cost		
Percentage of F2 investment portfolio	5.2%		

Criterion Healthcare Holdings Limited <i>Criterion Healthcare operates Bishop Auckland, a secondary PFI investment in an acute hospital project near Darlington with approximately 19 years remaining in the concession.</i>		Year ended:	30 April 2014
Amount invested	£1,709,074	Sales	£6,327,000
Valuation	£2,101,276	Profit before tax	£503,000
Equity/voting rights	10.0%	Retained profit	£449,000
Valuation methodology	Discounted cash flow	Net assets	£1,335,000
Percentage of F2 investment portfolio	4.9%		

FS Hayford Farm Limited <i>FS Hayford Farm owns a 9.8MW ground mounted solar power project which earns revenues through a combination of Renewable Obligation Certificates and power sales.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£2,000,000	Sales	-
Valuation	£2,000,000	Profit/(loss) before tax	-
Equity/voting rights	50%	Net assets	-
Valuation methodology	Cost		
Percentage of F2 investment portfolio	4.6%		

FS Tope Limited (formerly KRK Solar Limited) <i>A company which operates a 3.3MW ground mounted solar project near Totnes in Devon.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£2,000,000	Sales	-
Valuation	£2,000,000	Operating profit	-
Equity/voting rights	50%	Retained profit	-
Valuation methodology	Cost	Net assets	-
Percentage of F2 investment portfolio	4.6%		

FS Ford Farm Limited (formerly Rovinj Solar Limited) <i>A company which has a minority interest in the operation of the Ford Farm Solar Project, a 5.4MW ground mounted solar power project in Cornwall.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£2,000,000	Sales	-
Valuation	£2,000,000	EBITDA	-
Equity/voting rights	6.44%	Net assets	-
Valuation methodology	Cost		
Percentage of F2 investment portfolio	4.6%		

Drumglass HoldCo Limited (formerly Zagreb Solar Limited) <i>A company set up with a number of potential solar or PFI investment opportunities identified.</i>		Year ended:	n/a (No accounts filed since investment)
Amount invested	£1,848,358	Sales	-
Valuation	£1,945,894	EBITDA	-
Equity/voting rights	50%	Net assets	-
Valuation methodology	Discounted cash flow		
Percentage of F2 investment portfolio	4.5%		

As at 31 March 2015, F2 held investments in 26 other investee companies across a range of industries, representing in aggregate 28% of the F2 investment portfolio.

Save as set out in Part A, as at the date of this document, there has been no material change in the valuations set out in this section since 30 June 2015 in respect of the Companies. The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PART 7

PRO FORMA FINANCIAL INFORMATION

SECTION 1

ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The following is the full text of a report on Foresight VCT plc from Scott-Moncrieff, Reporting Accountants, to the Directors of Foresight VCT plc and the Sponsor

The Directors
Foresight VCT plc
The Shard
32 London Bridge Street
London SE1 9SG



13 November 2015

Dear Sirs

Foresight VCT plc (the "Company")

Foresight 2 VCT plc ("F2")

The Company and F2, together the "Group"

We report on the pro forma financial information (the "**Pro forma Financial Information**") set out in Section 2 and Section 3 of Part 7 of the prospectus dated 13 November 2015 (the "**Prospectus**") of Foresight VCT plc, which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ending 31 December 2014. This report is required by item 20.2 of Annex I of the Commission Regulation (EC) No. 809/2004 (the "PD Regulation") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of annex I of the PD Regulation consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

Scott-Moncrieff

SECTION 2

PRO FORMA STATEMENT OF EARNINGS

The following pro forma information on the Company has been prepared for illustrative purposes only to show the impact of the proposed Scheme on the Company's earnings for the year ended 31 December 2014 had the Merger been completed as at 1 January 2014. The earnings for F2 are stated for the year ended 30 September 2014.

This pro forma financial information has been prepared in a manner consistent with the accounting policies of Foresight VCT plc as adopted in its latest published accounts. The pro forma information, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results:

Unaudited pro forma statement of earnings

	Adjustments			Pro forma Total £'000
	The Company (note 1) £'000	F2 (note 2) £'000	Merger Costs (note 3) £'000	
Realised gain/(loss) on disposal of fixed asset investments	(2,460)	(4,092)	-	(6,552)
Fixed asset investment holding gains/(loss)	5,219	(4,328)	-	891
Investment income	2,215	1,554	-	3,769
Investment management fees	(1,000)	(1,003)	-	(2,003)
Other expenses	(374)	(405)	(450)	(1,229)
Return on ordinary activities before tax	3,600	(8,274)	(450)	(5,124)
Taxation on return of ordinary activities	-	-	-	-
Return on ordinary activities after tax	3,600	(8,274)	(450)	(5,124)

Notes

- The earnings of the Company have been extracted, without material adjustment, from the annual report and accounts for the year ended 31 December 2014.
- The earnings of F2 have been extracted, without material adjustment, from its annual report and accounts for the year ended 30 September 2014.
- The approximate costs of the Scheme are £450,000 and an adjustment has been made to reflect these costs being expensed. No adjustment has been made to reflect the contribution Foresight will make to the costs of the Merger through a one-off reduction in the management fee payable by the Ordinary Shares fund in the Enlarged Company following the Merger.
- The pro forma statement of earnings of the Company does not take account of any transactions or other changes in the income or expenditure of the Company since 31 December 2014 in respect of the Company and since 30 September 2014 in the case of F2.
- No account has been taken of the effects of any synergies and of the costs for measures taken to achieve those synergies, that may have arisen had the Merger occurred on 1 January 2014 and that may have subsequently affect the results of the Company in the year ended 31 December 2014.

SECTION 3

PRO FORMA STATEMENT OF NET ASSETS

The following pro forma information on the Company has been prepared for illustrative purposes only to show the impact of the proposed Scheme on the Company's unaudited net assets had the Merger been completed as at 30 June 2015. The net assets of F2 are stated as at 30 June 2015.

This pro forma financial information has been prepared in a manner consistent with the accounting policies of Foresight VCT plc as adopted in its latest published accounts. The pro forma information, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results:

Unaudited pro forma statement of net assets	Adjustments			
	Company £'000 (note 1)	Acquisition of assets and liabilities of F2 £'000 (note 2)	Expenses of the Scheme £'000 (note 3)	Enlarged Company pro forma £'000
Investments (at fair value)	43,768	41,858	-	85,626
Debtors	1,783	1,726	-	3,509
Cash at bank	27,367	1,933	(450)	28,850
Creditors: amounts falling due within one year	(296)	(728)	-	(1,024)
Net Current Assets	28,854	2,931	(450)	31,335
NET ASSETS	72,622	44,789	(450)	116,961

Notes

1. The net assets of the Company have been extracted, without material adjustment, from the half yearly report for the six months ended 30 June 2015.
2. The net assets of F2 have been extracted, without material adjustment, from its unaudited management accounts for the period ended 30 June 2015.
3. The approximate costs of the Scheme are £450,000 and an adjustment has been made to reflect these costs reducing the cash available to the Enlarged Company. No adjustment has been made to reflect the contribution Foresight will make to the costs of the Merger through a one-off reduction in the management fee payable by the Ordinary Shares fund in the Enlarged Company following the Merger.
4. The pro forma statement of net assets of the Company does not take account of any transactions or other changes in the value of the assets and liabilities of the Company since 30 June 2015 in respect of the Company and F2.
5. The Company now proposes to acquire the investment portfolio and all of the other assets and liabilities of F2 as set out in Part 2 of the Prospectus. As at 30 June 2015 these amounted to, in aggregate, £44.79 million.
6. The financial information has been prepared in a manner which is consistent with the accounting policies adopted by the Company in its audited financial statements for the year ended 31 December 2014.

PART 8

TAX POSITION OF SHAREHOLDERS

The following paragraphs apply to the Company and to persons holding Shares as an investment who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

If you are in any doubt about your position, or if you may be subject to a tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive Shares under the Scheme.

The Company

The Company has obtained approval as a VCT under Chapter 3 of Part 6 ITA 2007.

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT. The implementation of the Merger will not affect the VCT status of the Company.

Receipt by F2 Shareholders of Consideration Shares under the Scheme

HMRC have confirmed that the effective exchange of existing F2 Shares for Consideration Shares will not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of Consideration Shares will be treated as having been acquired at the same time and at the same cost as the existing F2 Shares from which they are derived.

For F2 Shareholders holding (together with their associates) more than 5% in any of F2 Shares in issue, clearance has been obtained from HMRC in terms of section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5% of F2 Shares in issue will also apply to them.

Shareholders of the Company

Shareholders will continue to be afforded the usual tax reliefs as shareholders of a VCT including:

1. Income Tax

1.1 Dividend relief

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

1.2 Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim dividend relief (as described in paragraph 1.1 above).

1.3 Withdrawal of relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period. Dividend relief ceases to be available once the investor ceases to own the VCT shares in respect of which it has been given.

2. Capital Gains Tax

A disposal by a shareholder of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the annual limit of £200,000 for any tax year.

3. Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 2 above).

4. Withdrawal of Approval

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

5. Shareholders not resident in the UK

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

PART 9

TAX POSITION OF THE COMPANY

The Company has to satisfy a number of tests to continue to qualify as a VCT. A summary of these tests is set out below. The following information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice.

Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- not be a close company;
- have each class of its ordinary share capital quoted on a European Regulated Market;
- derive its income wholly or mainly from shares or securities;
- for funds raised after 5 April 2011, have at least 70% by VCT Value of its investments in shares or securities in qualifying holdings, of which 70% by VCT Value must be in eligible shares, which can have certain preferential right to dividends, so long as these preferential rights are not cumulative nor subject to discretion but which may not be entitled to a preferential return of assets on a winding-up nor have rights to be redeemed;
- have at least 10% by VCT Value of each qualifying holding in eligible shares;
- not have more than 15% by VCT Value of its investments in a single company or group at the time of investment (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- not retain more than 15% of its income derived from shares and securities in any accounting period; and
- not make an investment in any company which causes that company to receive more than £5 million from State Aid investment sources in the 12 months ending on the date of the VCT's investment.

Qualifying Holdings

A qualifying holding consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions set out in Chapters 3 and 4 of Part 6 of ITA 2007. The conditions are detailed but include that the company must be a qualifying company with gross assets not exceeding £15 million immediately before and not exceeding £16 million immediately after the investment, the company must apply the money raised for the purposes of a qualifying trade within certain time periods and it must not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

Qualifying Companies

A qualifying company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and ISDX) and must carry on a qualifying trade. For this purpose certain activities are excluded such as dealing in land or shares or providing financial services. The qualifying trade must be carried on by, or be intended to be carried on by, the qualifying company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). A qualifying company must have a permanent establishment in the UK from which it must carry on activities which are more than of a "preparatory or auxiliary character". A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A qualifying company may have no subsidiaries other than qualifying subsidiaries which must be more than 50% owned.

For the investment of funds raised after 5 April 2012 a qualifying company is one with less than 250 full-time (equivalent) employees and which, at the time of investment, does not obtain more than £5 million of investment from state aided risk capital sources in the 12 months ending on the date of the VCT's investment.

Following Royal Assent to the Finance Bill 2015 VCTs will be unable to:

- invest in companies whose first commercial sale was more than seven years ago except where that company received a risk finance investment in its first seven years of trading or (i) where the invested amount is greater than 50% of average of the company's turnover for the previous five years and (ii) the company is entering a new product or geographical market;
- make business acquisitions structured as purchases of shares, assets or goodwill.

Furthermore, no investee company of a VCT may receive more than £12 million (£20 million if it is a 'knowledge intensive' company) of risk-finance investment over its lifetime. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval. A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such funds need to meet the relevant tests.

Withdrawal of Approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. Withdrawal of approval generally has effect from time to time when notice is given to the VCT but, in relation to capital gains tax of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

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

PART 10

ADDITIONAL INFORMATION

1. Expenses of the Scheme

The total expenses of the Scheme for the Company amount to its Due Share of Merger Costs, estimated to be £450,000, to be borne by the various share classes of the Companies as follows:

	The Company (£)	F2 (£)
Planned Exit	£6,250*	£6,250*
Infrastructure	£28,125	£28,125
Ordinary	£190,625**	£190,625**
Total	225,000	225,000

* These costs will be fully compensated by a one-time reduction in Foresight's management fee of £12,500 immediately following the Merger.

** These costs will be partially compensated by a one-time reduction in Foresight's management fee of £100,000 immediately following the Merger.

Planned Exit Shares

The Planned Exit

Share Portfolios, which are similar for the Company and F2, are currently in the process of returning funds to shareholders, with some 43.0p per Planned Exit Share for both Companies having already been paid out as dividends to date. This process is expected to complete by June 2016. As it is anticipated that the Planned Exit Share Portfolios will be realised in full not long after completion of the Merger, Foresight have agreed to make a contribution through a one-time reduction in its future management fees for these portfolios to compensate for the £12,500 of the Merger Costs allocated to the Planned Exit Share Portfolios.

Infrastructure Shares

The Infrastructure Share Portfolios are similar for the Company and F2 in terms of their profile and net assets and it is intended that these funds will seek to begin returning funds to shareholders in approximately two years' time. Commensurate with the reduced benefit the Infrastructure Share Portfolios will realise from the Merger in terms of future costs savings, it is proposed that the shareholders of the Infrastructure Share Portfolios make a limited contribution to the Merger costs of £56,250 (split equally between the two Infrastructure Share Portfolios). Infrastructure Shareholders will benefit from reduced costs per share, which it is expected will result in the costs of the Merger allocated to current Infrastructure Shareholders in the Company being recouped within 10 months of completion of the Merger.

Ordinary Shares

Following the proposed cost contributions made by the Planned Exit Share Portfolios and Infrastructure Share Portfolios, the remaining costs of the Merger will be borne equally by the Ordinary Share Portfolios which will realise the most benefit from the Merger. These costs are estimated at £381,250 and will be split equally between the Ordinary Share Portfolios in each of the Companies. Following the completion of the Merger, Foresight will make a contribution of £100,000 to the costs of the Merger through a one-time reduction of its future management fees payable in relation to the Ordinary Share class in the Enlarged Company. Ordinary Shareholders will benefit from reduced costs per share, which it is expected will result in the net costs of the Merger (after Foresight's contribution) allocated to current Ordinary Shareholders in the Company being recouped within 13 months of completion of the Merger.

2. Share Capital

As at 12 November 2015 (this being the latest practicable date prior to the publication of this document), the issued Share capital of the Company was 59,033,587 Ordinary Shares with a total nominal value of £590,335.87, 6,025,610 Planned Exit Shares with a total nominal value of £60,256.10 and 16,547,046 Infrastructure Shares with a total nominal value of £165,470.46.

3. Significant change

3.1 There has been no significant change in the Company's financial or trading position since 30 June 2015, the date of the last published unaudited financial information of the Company to the date of this document

3.2 In respect of F2, the following has occurred since 30 June 2015, being the date of latest published quarterly financial figures available: -

On 5 August 2015 F2 purchased for cancellation 200,000 Ordinary Shares of 1p each at a gross price of 46.75p per share and on 29 September 2015 F2 purchased for cancellation 84,000 Ordinary Shares of 1p each at a gross price of 46.75p.

4. Overseas Shareholders

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

4.1.1 none of the existing Shares or Consideration Shares to be issued pursuant to the Scheme 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;

4.1.2 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

4.1.3 no offer is being made, directly, under the merger, 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 Shareholders 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 Consideration Shares pursuant to the Scheme, 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.

5. Announcements

Subject to the completion of the Merger, allotments of Consideration Shares to F2 Shareholders will be announced on an appropriate Regulatory Information Service following the timetable set out on page 16 of this document.

6. Dilution

If 51,180,941 Consideration Shares are issued in aggregate under the Merger, the existing 81,713,243 Shares will represent approximately 61% of the Enlarged Company's issued share capital, and an existing Shareholder's percentage of the Company will be diluted accordingly. None of the existing Shares in the Company will suffer NAV dilution, however, as the number of Consideration Shares to be issued to the shareholders in F2 is to be based on the relative net assets of the Companies.

7. Third Party Information

The financial information regarding F2 set out in Part 3 has been sourced from F2. In incorporating such information into this document, the Company confirms that this information has been

accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by F2, no facts have been omitted which would render the reproduced information inaccurate or misleading.

8. Mandatory bids, squeeze-out and sell-out rules

As a company incorporated in England and Wales with shares to be admitted to trading on the London Stock Exchange, the Company will be subject to the provisions of the Takeover Code. The Takeover Code is issued and administered by the Panel on Takeovers and Mergers.

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30% or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30% but not more than 50% of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding for all the remaining equity share capital of the Company.

Other than as provided by the Companies Act 2006, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Consideration Shares.

9. Information incorporated by reference

In respect of the Company the annual reports for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 and the unaudited interim report for the six months to 30 June 2015 are being incorporated by reference in Part 5 of this document.

In respect of F2 the annual reports for the years ended 30 September 2012, 30 September 2013 and 30 September 2014, and the unaudited interim report for the six months ended 31 March 2015 are being incorporated by reference in Part 3 of this document.

All documents incorporated by reference herein can be accessed by visiting the Foresight website at www.foresightgroup.eu and are available for inspection through the national storage mechanism, which can be accessed at www.morningstar.co.uk/uk/NSM.

10. 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 Effective Date at the offices of RW Blears LLP at 125 Old Broad Street London EC2N 1AR and also at the registered office of the Company:

1. the memorandum and articles of association of the Company;
2. the audited report and accounts of the Company for the financial periods ended 31 December 2012, 2013 and 2014 and unaudited interim report for the six months ended 30 June 2015;
3. the audited report and accounts of F2 for the financial periods ended 30 September 2012, 2013 and 2014 and the unaudited interim report for the six months ended 31 March 2015;
4. the material contracts referred to in paragraph 5 of Part 3 of the Prospectus, being contracts entered into otherwise than in the ordinary course of business to which the Company is a party;
5. a draft (subject to non-material updating and amendment) of the Transfer Agreement;
6. the Circular to Shareholders dated 13 November 2015;
7. F2 Circular to the F2 Shareholders dated 13 November 2015; and
8. this document.

13 November 2015

CORPORATE INFORMATION

Directors

John Gregory
Peter Dicks
Gordon Humphries

Proposed Director

Jocelin Harris

Company Registration Number

03421340

Company Secretary and Administrator

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

Manager

Foresight Group CI Limited
Frances House
Sir William Place
St Peter Port
Guernsey GY1 1EY

Solicitors to the Company

RW Blears LLP
125 Old Broad Street
London EC2N 1AR

Sponsor

BDO LLP
55 Baker Street
London W1U 7EU

Independent Valuer

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh EH3 8BL

Registered Office

The Shard
32 London Bridge Street
London SE1 9SG

Tel: 020 3667 8110

www.foresightgroup.eu

Registrars

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

Auditors

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Solicitors to F2

Shakespeare Martineau LLP
One America Square
Crosswall
London EC3N 2SG

Bankers

Barclays Bank plc
54 Lombard Street
London EC3P 3AH

Broker

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

