

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, accountant, or other independent adviser authorised under the Financial Services and Markets Act 2000 ("FSMA").

If you have sold or otherwise transferred all of your Shares in Foresight VCT plc ("**Company**" or "**F1**"), please pass this document together with all accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass them to the person who now owns the Shares. Application has been made to the UKLA for the Consideration Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such Consideration Shares to be admitted to trading on its main market for listed securities. The Consideration Shares in each class will rank *pari passu* with the existing issued Shares in their equivalent classes from the date of issue. The Company's existing Shares are traded on the London Stock Exchange's main market for listed securities.

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.

Circular to Shareholders of FORESIGHT VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number
03421340)

and

Notice of General Meeting

A general meeting of the Company to be held at The Shard, 32 London Bridge Street, London SE1 9SG on 10 December 2015 at 10.00 a.m. in connection with proposals seeking Shareholders' authority to acquire the assets and liabilities of Foresight 2 VCT plc ("**F2**") and allot Consideration Shares to the F2 Shareholders.

Your attention is drawn to the letter from the Chairman of the Company set out in Part 2 of this document which contains a recommendation to vote in favour of the resolution to be proposed at the General Meeting. **Your attention is also drawn to the risk factors set out in Part 3 of this document.**

Whether or not you plan to attend the General Meeting, please complete and submit the appropriate forms of proxy in accordance with the instructions printed on the relevant enclosed form. To be valid, the appropriate forms of proxy enclosed with this document should be returned not less than 48 hours before the relevant meeting (or any adjournment thereof), either by post or by hand (during normal business hours only) to the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

No person has been authorised to give any information or representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document hereunder nor any subsequent subscription for, or sale of, Shares shall, under any circumstances, create any implication that the information contained in this document is correct as of any time subsequent to the date of this document.

Shareholders should read the prospectus issued by the Company dated 13 November 2015 which accompanies this document (other than in respect of Shareholders with a registered address in an overseas jurisdiction) for information purposes.

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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 Meeting 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)

PART 1

DEFINITIONS

In this Circular and in the notice attached the following expressions have the following meanings:

"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"	this document
"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 on page 11 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 4 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: GB00B5M3H114) (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 4 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 4 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 adjournment thereof) convened in accordance with notices enclosed with this Circular
“HMRC”	HM Revenue & Customs
“IA 1986”	Insolvency Act 1986, as amended
“Independent Valuer”	Scott-Moncrieff of Exchange Place 3, Sempole 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 4 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”	the Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Gareth Harris RSM Restructuring Advisory LLP, Springfield House, 76 Wellington Street, Leeds LS1 2AY in their capacities as the 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 4 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 4 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
“Proposal”	the proposal to effect the Scheme and pass the Resolution
“Proposed Director”	Jocelin Harris, the current chairman of F2
“Prospectus”	the prospectus issued by the Company dated 13 November 2015
“Record Date”	the record date to which F2 Shareholders’ entitlements will be allocated pursuant to the Scheme, expected to be 5.00 p.m. on 17 December 2015
“Resolution”	the resolution to be proposed at the General Meeting
“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 15
“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”)
“Total Expense Ratio”	a measure of the total costs associated with managing and operating an investment fund, expressed as a percentage and calculated by dividing a fund’s annual running costs by that funds total assets
“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 2

LETTER FROM THE CHAIRMAN OF FORESIGHT VCT PLC

Current Directors
John Gregory (Chairman)
Peter Dicks
Gordon Humphries

Registered Office
The Shard
32 London Bridge Street
London
SE1 9SG

Proposed Director
Jocelin Harris

13 November 2015

Dear Shareholder,

Recommended proposal to acquire the assets and liabilities of Foresight 2 VCT plc ("F2") in consideration for the issue of Consideration Shares to F2 Shareholders

On 8 June 2015, the Board and F2 Board announced that they had entered into discussions regarding a possible merger of the Companies pursuant to a scheme of reconstruction ("**the Scheme**") under section 110 of IA 1986 (the "**Merger**"). The purpose of this letter is to set out the proposal for the Merger for consideration by Shareholders, and to seek your approval for its implementation. All Shareholders, regardless of the class of Shares they hold, will be asked to vote to approve the Merger at the General Meeting.

Once the Merger is effected, the Enlarged Company should have net assets of approximately £117 million and over 130 million Shares in issue as set out in the table below. An important advantage of the Merger will be to reduce the running costs per Share and this benefit will accrue to Shareholders of each class of Share within the Enlarged Company. The Merger process is expected to complete in December 2015.

Enlarged Company

Share Class	Shares in Issue	Merger Costs (£)	Net Assets Less Costs*** (£)
Ordinary Shares	88,069,216	381,250*	80,485,750
Planned Exit Shares	11,869,696	12,500**	6,194,000
Infrastructure Shares	32,959,879	56,250	30,268,750
Total	132,898,791	450,000	116,961,000

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

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

*** Approximate figures based on the unaudited NAVs of the Companies at 30 June 2015.

The exit strategy for the Planned Exit Shares in the Company (and the equivalent class of F2 Planned Exit Shares), which is expected to complete by the middle of next year, will not be affected by the Merger. The Infrastructure Shares are also intended to have a limited lifespan and commence returning capital to Shareholders in approximately two years' time. Consequently **it is proposed that the Planned Exit Share Portfolios should not bear any net costs of the Merger** and the Infrastructure Share Portfolios should bear a reduced proportion of the costs of the Merger relative to the Ordinary Share Portfolios commensurate with the reduced benefit these limited life classes will receive from the cost savings going forward.

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 for Shareholders,

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

- an enlarged Ordinary Share 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.

The Merger will be effected by way of a scheme of reconstruction pursuant to which F2 will be placed into members' voluntary liquidation and all of the assets and liabilities transferred to the Company in exchange for Shares on a relative net assets basis. Each respective share class in F2 will be merged with the corresponding share class in the Company.

Reduced annual running costs

An important element in making this a successful merger is achieving the expected saving in costs per share to be gained by spreading listing fees, administration costs, directors' fees, audit and management costs over a larger capital base.

The projected annual running costs of the Enlarged Company are estimated to be reduced by some £250,000 and provide material savings to the enlarged Ordinary Shares fund and enlarged Infrastructure Shares fund. The cost savings for the enlarged Planned Exit Shares fund are estimated on an annual basis although the savings will be less if the fund is fully distributed in less than one year. The Planned Exit Share Portfolios are not making any net contribution to the costs of the merger. The table below indicates the projected cost savings for each of the enlarged share class funds and provides an estimate of their future Total Expense Ratios.

	Estimated Amount of annual saving (£)	Estimated Total Expense Ratio of Enlarged Company
Enlarged Ordinary Shares fund	172,188	2.3%
Enlarged Planned Exit Shares fund	13,242	1.9%
Enlarged Infrastructure Shares fund	64,570	1.8%

Furthermore, Foresight has agreed to reduce the annual running costs expenses cap for the Enlarged Company to 2.6% of total net assets per annum (any excess over the expenses cap being borne by Foresight). This represents a significant reduction on the current cap of 3%, which would otherwise revert to 3.3% on the termination of the Infrastructure Shares fund in due course. Whilst the Companies' running costs are currently below the expenses cap level, the Board believes that the reduced cap for the Enlarged Company should provide comfort for Shareholders in respect of the level of future costs.

Future programme of investment

The Directors and Proposed Director believe that the Enlarged Company's investment policy is unlikely to change for the foreseeable future. It is expected that the pipeline of future opportunities will be primarily growth capital investments in unquoted companies, some of which will have established profits. Foresight has a national network of deal sources and reviews over 500 investment

opportunities per year. Recent changes to the VCT rules have restricted, amongst other things, the age of potential investee companies in which investments can be made and the extension of the restriction on funding share acquisitions to include business acquisitions. However, Foresight has informed the Board that it is confident that the Enlarged Company can adjust its investment strategy and invest in the strong pipeline of opportunities it is currently seeing despite the new restrictions without substantially increasing the risk profile of the Company's investments.

Both Companies have experienced periods when cash has been constrained. This has affected the ability to make new and/or follow-on investments, pay regular dividends and effect share buybacks. If the Merger proceeds, the number of issued shares in each class within the Enlarged Company will be substantially larger and, in the case of the enlarged Ordinary Shares fund, there will be a greater number of investments in a wider spread of maturing businesses. All the investments within the Enlarged Company are known to Foresight, the manager to both Companies, which has been responsible for monitoring them for several years and was, in almost all cases, responsible for the original investment.

Principal Investments of the Enlarged Company

The five largest investments by value in the Enlarged Company's Ordinary Share Portfolio will be Datapath Group Limited, TFC Europe Limited, Blackstar Amplification Holdings Limited, Aerospace Tooling Corporation Limited and Autologic Diagnostics Limited. Datapath and TFC Europe are currently held by F2 and will be acquired by the Company pursuant to the Merger. Blackstar and Aerospace Tooling Corporation are currently held within the Company's Ordinary Shares fund. Autologic Diagnostics Limited is currently co-invested in by both the Company and F2. These five investments are expected to represent approximately 32.9% of the NAV of the enlarged Ordinary Shares fund following completion of the Merger. Summary details of these investments are as follows:

Datapath Group Limited

Datapath is a UK manufacturer of PC-based multiscreen computer graphics cards and video capture hardware. F2 currently holds 12.9% of the equity of Datapath and its holding is currently valued at £9.7 million on an initial investment of just £73,250 made by F2 in 2007. Last year Datapath had revenues of £20.3 million and recorded a before tax profit of £5.6 million. The investment in Datapath is expected to represent 12.0% of the NAV of the enlarged Ordinary Shares fund following the completion of the Merger.

TFC Europe Limited

TFC Europe is one of Europe's leading suppliers of fixing and fastening products with seven sites across the UK and Germany. Last year TFC Europe had revenues of £20.3 million and recorded a before tax profit of £1.5 million. Following an initial investment of £0.9 million F2's investment in TFC Europe is now valued at over £4.5 million. The investment in TFC Europe is expected to represent 5.6% of the NAV of the enlarged Ordinary Share fund following the completion of the Merger.

Blackstar Amplification Holdings Limited

Blackstar designs and manufactures guitar amplifiers and associated products for the UK and international instrument market. Last year Blackstar had revenues of £8.6 million and recorded a before tax loss of £0.7 million. Following an initial investment of £2.5 million, the Company's investment in Blackstar is now valued at over £4.3 million. The investment in Blackstar will represent 5.4% of the NAV of the enlarged Ordinary Share following the completion of the Merger.

Aerospace Tooling Corporation Limited

ATL provides specialist repair and refurbishment services for components in high-specification aerospace and turbine engines. Last year ATL had revenues of £8.1 million and recorded a before tax profit of £2.4 million. Following an initial investment of £0.15 million, the Company's investment in ATL is now valued at over £4.0 million. The investment in ATL is expected to represent 5.0% of the NAV of the enlarged Ordinary Shares fund following the completion of the Merger.

Autologic Diagnostics Limited

Autologic develops and sells sophisticated automotive diagnostic software and hardware. Last year it turned over £19 million and recorded a before tax loss of £2.3 million. The Companies have invested a total of just over £4 million into Autologic and the combined value of these holdings is £3.9 million.

The investment in Autologic expected to represent 4.9% of the NAV of the enlarged Ordinary Shares fund following the completion of the Merger.

Costs of the Merger

The estimated total costs of the Merger are £450,000. Merger Costs will comprise legal and other professional fees, UKLA and listing fees, stamp duty, the winding up costs of F2 and VAT where applicable.

These Merger Costs will be borne by each share class as described in the Merger Illustration table on page 13 and will be applied as an adjustment to the Merger net assets of each share class fund through the mechanics of the Scheme. Foresight will also make contributions of £100,000 and £12,500 towards the costs of the Merger through one-off reductions in the management fees payable in respect of the enlarged Ordinary Shares fund and the enlarged 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.

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 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 expected that the Planned Exit Share Portfolios will be realised in full not long after completion of the Merger and will, therefore, have limited benefit in terms of future cost savings, Foresight has agreed to make a contribution through a one-time reduction in its future management fees for these portfolios to fully compensate for the £12,500 of 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 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.

Board composition

If the Merger is approved Jocelin Harris, the current Chairman of F2, will join the board of the Company. Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation Limited which provides finance and advice for small businesses. He is also a director of Unicorn AIM VCT plc and is an experienced and successful venture capitalist. If the Merger is approved, the board of the Enlarged Company will be:

John Gregory (Chairman);
Peter Dicks;
Gordon Humphries; and
Jocelin Harris.

The appointment of Jocelin Harris is subject to the completion of the Merger and will further ensure, in addition to Peter Dicks' presence on both Boards, that the directors of the Enlarged Company have direct experience of the entirety of the Enlarged Company's portfolio. David Quysner, who is currently a director of F2 will be retiring from the board of F2 and the Boards of both Companies and Foresight would like to thank David for his significant contribution to F2 throughout the period of his involvement.

Performance Incentive and Annual Management Fees

Ordinary Shares

The performance incentive arrangements with Foresight in respect of the Ordinary Shares fund is currently 'out of the money' and although good progress has been made towards achieving the hurdle rate over the last few years, it has been agreed that these arrangements be terminated conditional on the approval of the Merger. There is no performance incentive scheme in place in respect of the F2 Ordinary Shares fund.

The Directors believe an incentive agreement can act to enhance returns to Shareholders and have agreed to enter into discussions with Foresight following the Merger with a view to agreeing suitable incentive arrangements to apply to Enlarged Company's Ordinary Shares fund going forward.

Planned Exit Shares

Foresight has a performance incentive arrangement in respect of the Planned Exit Shares which is conditional on distributions of a minimum of 110p per Planned Exit Share issued under the original offer and remaining in issue at the date of calculation. To date, 43.0p per planned exit share for both Companies has been paid out as dividends. The performance incentive is equivalent to the next 15p of distributions above this hurdle of 110p plus 20% of all further distributions per Planned Exit Share. The performance incentive may be satisfied in cash or by the issue of new Planned Exit Shares to Foresight at the discretion of the Board.

It is proposed that these arrangements continue to apply to the Planned Exit Shares fund in the Enlarged Company.

Infrastructure Shares

Foresight has a performance incentive arrangement in respect of the Infrastructure Shares equal in value to 15% of distributions made to the holders of Infrastructure Shares in excess of 100p per Infrastructure Share issued under the original offer and remaining in issue at the date of calculation. No payment of the performance incentive fee will be made to Foresight until distributions exceed 100p per Infrastructure Share. To date, 7.5p per infrastructure share for both Companies has been paid out as dividends. The performance incentive may be satisfied in cash or by the issue of new Infrastructure Shares to Foresight at the discretion of the Board.

It is proposed that these arrangements continue to apply to the Planned Exit Shares fund in the Enlarged Company.

Fixed Annual Management Fee

Foresight currently receives a fixed annual management fee of £100,000 per annum. It is proposed that the Enlarged Company would, through a variation of the Company's existing management contract, increase this fee to £110,000 per annum (subject to increase in line with the retail price index, capped at no more than £130,000). This represents a saving for shareholders in the Enlarged Company when compared to the aggregate for both Companies.

The Scheme

The Merger will be effected in the following way.

First, F2 will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the IA 1986, subject to F2 Shareholders' approval.

Subsequently, all of the assets and liabilities of F2 will be transferred to the Company pursuant to a Transfer Agreement in consideration for the issue of Consideration Shares by the Company directly to the F2 Shareholders. Holders of F2 Ordinary Shares will receive Ordinary Shares in F1, holders of F2 Planned Exit Shares will receive Planned Exit Shares in F1 and holders of F2 Infrastructure Shares will receive Infrastructure Shares in F1.

The Scheme requires the prior approval of the F2 Shareholders and the Shareholders of the Company. If an F2 Shareholder does not vote in favour of the Merger and expresses his dissent in writing then he may require the Liquidators to purchase his shares at their break-value price, this being an estimate of the amount he would receive in an ordinary winding up of F2 if all of the assets had to be realised. The break-value is expected to be significantly below the net asset value of an F2 Share.

In addition to the approval of Shareholders being sought at the General Meeting, the Scheme is dependent on:

- the Scheme being approved by the F2 Shareholders;
- notice of dissent not being received from F2 Shareholders holding more than 10% in nominal value of the F2 issued share capital; and
- the Company confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against F2 which the Board regard as material.

The number of Consideration Shares to be issued pursuant to the Merger will be calculated on a relative net asset basis, by multiplying the number of F2 Shares in issue by the ratio of the adjusted net asset value of F2 divided by the adjusted net asset value of the Company, each valuation being taken as at the Calculation Date. A separate calculation will be made in respect of each share class. The net asset value of each share class in the Company and F2 will be adjusted by a reduction equal to their Due Share of Merger Costs. The net asset value of each F2 share class will also be adjusted by a reduction equal to the amount estimated to be required to purchase the holdings of any dissenting F2 Shareholders.

In connection with the issue of Consideration Shares for the purpose of the Merger, the Company has today also published a Prospectus.

Merger Illustration

The comparative unaudited net assets of the Companies and each share class as at 30 June 2015, in addition to their estimated share of the Merger Costs, are set out in the table below:

	Net assets (unaudited)*	Number of shares in issue	NAV per share*	Estimated share of merger costs
<i>The Company</i>				
Ordinary Shares	£54,241,000	59,140,587	91.7p	£190,625**
Planned Exit Shares	£3,157,000	6,025,610	52.4p	£6,250***
Infrastructure Shares	£15,224,000	16,547,046	92.0p	£28,125
<i>F2</i>				
F2 Ordinary Shares	£26,626,000	46,072,048	57.8p	£190,625**
F2 Planned Exit Shares	£3,062,000	6,086,322	50.3p	£6,250***
F2 Infrastructure Shares	£15,101,000	16,565,233	91.2p	£28,125
TOTAL	£117,411,000			£450,000

* Net assets of the Companies are the unaudited figures as at 30 June 2015.

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

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

If the Merger was completed on the basis of the Scheme set out in Part 4 of this document and the NAVs set out in the table above, the number of Consideration Shares that would be issued to the F2 Shareholders, would be as set out in the table below:

	Consideration Shares to be issued per F2 Share	Percentage of share capital of each class in the Enlarged Company held by F2 Shareholders
F2 Ordinary Shares	0.6279 Ordinary Consideration Shares	32.8%
F2 Planned Exit Shares	0.9602 Planned Exit Consideration Shares	49.2%
F2 Infrastructure Shares	0.9908 Infrastructure Consideration Shares	49.8%

The table above is produced for illustrative purposes only and assumes that the Scheme is approved in full with no dissenting F2 Shareholders and that the costs of the Merger are as estimated. Full details of the terms of the Scheme for the Merger are set out in Part 4 of this document.

Share Issue

Shareholder approval, pursuant to CA 2006, is required to issue Consideration Shares in connection with the Merger. In order to implement the Scheme for the Merger, the Company will need authority for the Board to allot Consideration Shares as set out in the table above, but to allow for some flexibility, as the absolute number of shares to be issued cannot be determined until the Record Date, Shareholders are being asked to approve an allotment authority of up to £620,000 in nominal value.

Pursuant to section 596 of CA 2006, the Company is obliged to obtain an independent valuer's report that the net assets of F2 to be accepted by the Company in consideration for the issue of the Consideration Shares have been valued on a reasonable basis.

Where F2 Shareholders hold their shares in certificated form, they will receive a new certificate for the Consideration Shares issued pursuant to the Merger and existing certificates will no longer be valid. Where F2 Shareholders hold their F2 Shares in uncertificated form, their CREST accounts will be credited with the replacement holding in Consideration Shares. Any fractions of Consideration Shares will be retained for the benefit of the Enlarged Company.

Post Merger

On completion of the Merger, the Enlarged Company will have net assets of approximately £117 million placing it amongst the largest of the 85 or so VCTs currently operating. A summary of the expected situation post the Merger for each class of share is as follows:

- The enlarged Planned Exit Shares fund will have net assets of some £6.2 million spread across three investments all of which are within both the Planned Exit Share Portfolios and Planned Exit Shareholders will benefit from reduced costs per share following the Merger. As it is expected 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 apportioned to the Planned Exit Share Portfolios.
- The enlarged Infrastructure Shares fund will have net assets of approximately £30.3 million spread across 12 investments all of which are within both the 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 being recouped within 10 months of completion of the Merger. In addition it is expected that being within the Enlarged Company may benefit Infrastructure Shareholders who wish to remain invested in this class of share after the continuation election which they will be entitled to make in June 2017.
- The enlarged Ordinary Shares fund will have net assets of about £80.5 million spread across 31 already maturing investments of which nine will be new to the Company; there will be more than £16 million of cash available for new and follow on investments, future dividend payments and to support a regular programme of share buy back; Ordinary Shareholders will also benefit from

reduced costs per share which it is expected will result in the costs of the Merger allocated to Ordinary Shareholders being recouped within 13 months of completion of the Merger.

Section 593 Valuation

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 the 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.

Taxation

The information contained in this document 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 tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

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 ITA 2007 following implementation of the Scheme so that the Enlarged Company continues to qualify as a VCT.

General Meeting

Notice of the General Meeting are set out at the end of this document. The Meeting will be held at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG on 10 December 2015 at 10.00 a.m. An explanation of the resolution to be proposed at the General Meeting is set out below:

Resolution to approve the Scheme

The Resolution to be proposed is a composite resolution to approve the acquisition of all of the assets and liabilities of F2 under the Scheme and to create and issue Consideration Shares in connection with the Scheme to F2 Shareholders. Paragraph 1.1 of the resolution will seek the approval of Shareholders for the purchase by the Company of all of the assets and liabilities of F2 pursuant to the Scheme. Paragraph 1.2 of the resolution will authorise the Directors pursuant to section 551 CA 2006 to allot the Consideration Shares in the Company up to an aggregate nominal value of £620,000. The authority conferred by paragraph 1.2 of the resolution will expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting.

Notice of the General Meeting is set out at the back of this document and a form of proxy (and a pre-addressed envelope for the return of the form of proxy) is enclosed.

Action to be taken

Before taking any action, you should read the further information set out in this document and the enclosed Prospectus.

Shareholders will find attached at the end of this document the form of proxy for use at the General Meeting. Whether or not you propose to attend the Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

Recommendations

The Board is of the opinion that the Proposal is in the best interests of Shareholders as a whole and unanimously recommends you to vote in favour of the Resolution to be proposed at the Meeting as they intend to do in respect of their own aggregate holdings of 90,051 Shares representing 0.1% of the issued share capital of the Company.

I look forward to welcoming you at the General Meeting and to your support for the Resolution to be proposed.

Yours faithfully

John Gregory
Chairman

PART 3

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

- 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 F2 Shareholders at a general meeting and notice of dissent not being received from F2 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

- As the Company and F2, particularly in respect of their respective Infrastructure Share Portfolios, have investments in a number of the same companies and where the aggregation of these shareholdings pursuant to the Merger means that the Enlarged Company would hold or be entitled to more than 50% of the share capital and rights of that investee company, it will be necessary for the Enlarged Company to dispose of some or all of such investments 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 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

- 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 may 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.

- 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.
- 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.
- 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.
- While it is the intention of the Directors that the Enlarged 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 a Company to lose its exemption from corporation tax on capital gains.
- 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.
- 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.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Enlarged Company and/or the performance of the Enlarged Company and the value of and returns from shares in the Enlarged Company and/or their ability to achieve or maintain VCT status.
- A Shareholder who disposes of Consideration Shares in the Enlarged Company may be subject to clawback by HMRC of any income tax reliefs originally claimed if such shares are sold within five years of issue. For these purposes, the date of issue of the Consideration Shares in the Enlarged Company will be the original date of issue of the Shares in respect of which such Consideration Shares are issued. Any realised losses on the disposal of shares in the Enlarged Company cannot be used to create an allowable loss for capital gains tax purposes.
- If at any time VCT status is lost for the Enlarged Company, dealings in its shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.
- The tax rules, or their interpretation, in relation to an investment in the Enlarged Company and/or the rates of tax may change during the life of the Enlarged Company and may apply retrospectively, which may affect tax reliefs obtained by shareholders in the Enlarged Company and the VCT status of the Enlarged Company.

PART 4

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 4.

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 4.

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.

PART 5

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors and the Proposed Director accept responsibility for the information in this document. To the best of the knowledge and belief 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 this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

As at 12 November 2015 (this being the latest practicable date prior to 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 and no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any shares in treasury.

The recent offer for subscription was launched by the Company on 31 October 2014 and closed on 8 June 2015 having raised £19.1 million by the issue of an additional 15,078,261 Ordinary Shares.

3. Substantial Shareholders

As at 12 November 2015 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or immediately following the issue of Consideration Shares pursuant to the Scheme will have, an interest in the Company's capital and voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FCA, a holding of 3% or more of the voting rights of each class of Share must be notified to the Company). No shares are held in treasury.

4. No Significant Change

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.

5. Interests of the Directors in the Company and F2

As at 12 November 2015 (being the latest practicable date prior to the publication of this document), the interests of the Directors and Proposed Director in the Company are as set out in the table below.

Director	Ordinary Shares		Planned Exit Shares		Infrastructure Shares	
	F1	F2	F1	F2	F1	F2
John Gregory	11,424	-	-	-	-	-
Peter Dicks	59,569	70,810	-	-	-	-
Gordon Humphries	9,224	-	-	-	-	-
Jocelin Harris	4,076	22,301	-	-	5,275	5,275
David Quysner	-	49,371	-	-	-	-

6. Material Contracts

Save as disclosed in this paragraph 6, the Company has not entered into, other than in the ordinary course of business, any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of the document.

- 6.1 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.

- 6.2 An investment management agreement dated 21 June 2012 between the Company (1), Foresight Group LLP (2) and Foresight Group CI Limited (3) pursuant to which Foresight manages the investments of the Company and also to provide 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 or 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 (reduced from 1.75% from 1 January 2015), plus (ii) an administration fee of £100,000.

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.

- 6.3 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 a share restructuring carried out in March 2011) 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 a share restructuring carried out in March 2011) (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.
- 6.4 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.

- 6.5 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.
- 6.6 A termination agreement dated 13 November 2015 between the Company and Foresight Group pursuant to which the carried interest agreement referred to at paragraph 6.3 will be terminated from the Effective Date conditional on the Scheme being implemented.
- 6.7 A side letter dated 13 November 2015 from Foresight to the Companies in relation to the investment 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 Ordinary Shares fund and enlarged 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 by Shareholders of the Resolution to be proposed at the General Meeting.

- 6.8 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.
- 6.9 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.
- 6.10 A deed of amendment to the investment management agreement described at 6.2 above documenting the increased fixed annual fee of £110,000 (subject to increase in line with the retail price index, capped at £130,000) payable to Foresight from the Effective Date in respect of management services to be provided to the Enlarged Company.

7. Consent

BDO LLP has given and not withdrawn its consent to its name appearing in this document in the form and context in which it appears.

8. Related Party Transaction

On 11 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.

9. 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:

- 9.1 the memorandum and articles of association of the Company;

- 9.2 the audited report and accounts of the Company for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and unaudited interim report for the six months ended 30 June 2015;
- 9.3 the audited report and accounts of F2 for its the financial years ended 30 September 2014, and the unaudited interim report of F2 for the six months ended 31 March 2015;
- 9.4 the material contracts referred to in paragraph 6 above;
- 9.5 a draft (subject to non-material updating and amendment) of the Transfer Agreement;
- 9.6 the Prospectus;
- 9.7 F2 Circular dated 13 November 2015; and
- 9.8 this document.

13 November 2015

FORESIGHT VCT PLC

NOTICE OF GENERAL MEETING

(Registered in England and Wales with registered number 03421340)

Notice is hereby given that a general meeting of Foresight VCT plc (the "**Company**") will be held at 10.00 a.m. on 10 December 2015 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

All capitalised terms used in this notice of meeting shall bear the meanings given to them in the circular to shareholders dated 13 November 2015 (the "**Circular**").

Ordinary Resolution

Approval of the Merger

1. That, subject to the Scheme becoming unconditional:
 - 1.1. the acquisition of the assets and liabilities of Foresight 2 VCT plc on the terms set out in the Circular be and hereby is approved;
 - 1.2. the directors of the Company be and hereby are generally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all of the powers of the Company to allot Shares in the capital of the Company up to an aggregate nominal value of £620,000 in connection with the Scheme provided that the authority conferred by this paragraph 1.2 shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in a general meeting.

By Order of the Board

Company Secretary

Foresight Fund Managers Limited

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Only those members registered on the Company's register of members at 6.00 p.m. on 8 December 2015 shall be entitled to attend and vote at the Meeting.

Foresight Group LLP website provides information regarding the Meeting

2. Information regarding the meeting, including the information required by section 311A of the Act, is available from www.foresightgroup.eu.

Attending in person

3. If you wish to attend the meeting in person, please bring with you the attendance card provided.

Appointment of proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy for each meeting with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
5. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
6. A proxy does not need to be a member of the Company but must attend the relevant meeting to represent you. Details of how to appoint the Chairman of the relevant meeting or another person as your proxy using the form of proxy are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the relevant meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services PLC on 0370 703 6388. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
8. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before a meeting.

Appointment of proxy using hard copy form of proxy

9. The notes to the form of proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the form of proxy, the form must be: completed and signed; sent or delivered to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and be received by Computershare Investor Services PLC no later than 10.00 a.m. on 8 December 2015.

In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the form of proxy. Proxy forms are enclosed with shareholders' copies of this document, together with a reply paid envelope for the purposes of returning the forms of proxy.

Electronic Proxy Appointment

10. You may appoint a proxy electronically at www.investorcentre.co.uk/eproxy. To appoint a proxy electronically, you will be asked to provide the Control Number, Shareholder Reference Number and PIN which are detailed on your form of proxy. This is the only acceptable means by which proxy instructions may be submitted electronically and all electronic proxy appointments must be received no later than 10.00 a.m. on 8 December 2015.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy form of proxy and would like to change the instructions using another hard-copy form of proxy, please contact Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.00 a.m. on 8 December 2015. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the relevant meeting and voting in person. If you have appointed a proxy and attend the relevant meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

15. As at 12 November 2015, the Company's issued share capital comprised 59,033,587 Ordinary Shares of 1p each, 6,025,610 Planned Exit Shares of 1p each and 16,547,046 Infrastructure Shares of 1p each. Each Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 November 2015 is 81,606,243. The website referred to in note 2 will include information on the number of shares and voting rights.

Questions at the Meeting

16. Under section 319A of the Act, the Company must answer any question asked by a Shareholder relating to the business being dealt with at the meeting unless: answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; the answer has already been given on a website in the form of an answer to a question; or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Communication

17. Except as provided above, members who have general queries about the Meeting should call the Foresight shareholder helpline on 020 3667 8100. Foresight will be unable to give advice on the merits of the proposal or provide financial, legal, tax or investment advice.

Nominated persons

18. If you are a person who has been nominated under section 146 of the Act to enjoy information rights (Nominated Person), you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the relevant meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

CORPORATE INFORMATION

Directors

John Gregory
Peter Dicks
Gordon Humphries

Proposed Director

Jocelin Harris

Company Registration Number

03421340

Company Secretary

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

