

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”).

This document is a Summary and Securities Note issued by Foresight VCT plc (the “Company”) dated 27 January 2011. The Company has also published additional information in a Registration Document dated 28 January 2010. This Summary and Securities Note and the Registration Document together comprise a Prospectus (“the Prospectus”) prepared in accordance with the Prospectus Rules made under Section 84 of the Financial Services and Markets Act 2000 (“FSMA”) and approved by the Financial Services Authority (“FSA”) in accordance with FSMA. The Company and the Directors (whose names are set out on page 10) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

FORESIGHT VCT PLC

(Registered in England and Wales under number 03421340)

Summary and Securities Note

**relating to the issue of New Shares in connection with the scheme of reconstruction of
Keydata Income VCT 1 plc and Keydata Income VCT 2 plc**

The existing Shares issued by the Company are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange’s market for listed securities. Application has been made to the UK Listing Authority for all of the New Shares to be issued as described in this document to be listed on the Official List and will be made to the London Stock Exchange for the New Shares to be admitted to trading on its market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the New Shares will commence three Business Days following allotment. The New Shares will rank *pari passu* with existing issued Ordinary Shares from the date of issue.

BDO LLP (“BDO”) is acting for the Company and Keydata Income VCT 1 plc and Keydata Income VCT 2 plc (“Keydata 1” and “Keydata 2” respectively) and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to customers of BDO nor for providing advice in relation to the Offer. BDO is authorised and regulated in the United Kingdom by the FSA.

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

The attention of Shareholders of the Company who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the heading “Overseas Shareholders” in paragraph 9 of Part 8 of this document. In particular, the New Shares to be issued pursuant to the Scheme have not and will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990. Persons receiving this document should carefully consider the risk factors on pages 7 and 8 of this document.

Copies of this document, and the Registration Document are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of the Company’s investment manager, Foresight Group LLP (“Foresight Group”), ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU and at the Foresight Group website at www.foresightgroup.eu and from the offices of the Company’s sponsor, BDO, 125 Colmore Row, Birmingham B3 3SD.

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SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to vote in favour of the Scheme in order to acquire the transferable securities of the Company should be based on consideration of the Prospectus as a whole by such investors. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Rationale for the merger

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

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

A merger of the Company with Keydata 1 and Keydata 2 will create an Enlarged Company with combined net assets of over £30 million. It will also create the strategic benefit of increasing the Company's footprint in the environmental infrastructure sector; an asset class which the Board and Foresight Group believe offers real growth potential for the future. It is believed this will benefit both the holders of Planned Exit Shares as well as the holders of Ordinary Shares.

Reasons for combining the Company and Keydata 1 and Keydata 2

The Company, Keydata 1 and Keydata 2 have the same investment manager, common advisers and similar investment policies. The Board considers that this merger will bring significant benefits to both groups of shareholders.

Following detailed consideration of the portfolio and financial position of Keydata 1 and Keydata 2, the Board has reached an agreement with the Keydata Boards to merge the three companies, subject to the Scheme becoming effective.

The Scheme

The Scheme provides for Keydata 1 and Keydata 2 to be placed into members' voluntary liquidation and for all of their assets and liabilities to be transferred to the Company in consideration for:

- the issue of New Shares to Keydata Shareholders equal in value to the aggregate Roll Over Value of the Keydata Shares on 24 February 2011; and
- the issue of Additional New Shares to Keydata Shareholders by way of Additional Consideration if the Enterprise Value of the Derby Project as at 30 September 2013, exceeds the Roll Over Value of the Keydata Shares on 24 February 2011.

The maximum consideration (comprising the New Shares and the Additional New Shares) which may be paid by the Company for the acquisition of the assets of Keydata 1 and Keydata 2 will not exceed £6.4 million. Therefore the maximum Additional Consideration will be the difference between the aggregate Roll Over Value of the Keydata Shares on 24 February 2011 and £6.4 million. The merger will be completed, as regards the initial consideration, on a relative net asset value basis and will be subject to the Scheme becoming unconditional. The acquisition of the asset and liabilities of Keydata 1 and Keydata 2 is in line with the Company's investment policy.

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

Effect of the Scheme

As at 30 June 2010, the unaudited NAV of the Ordinary Share Fund of the Company (taken from the unaudited interim results of the Company to 30 June 2010) was £22,585,000 and the Company's Merger Value per Share (this being the unaudited NAV of the Ordinary Share Fund of Company as at 30 June 2010, would have been 47.3p).

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

Holdings of dissenting Keydata Shareholders will be purchased for cash at the 'break value' which will be an estimate of the amount a Keydata Shareholder would receive in an ordinary winding-up of Keydata 1 and Keydata 2 if all the assets of Keydata 1 and Keydata 2 had to be realised. The break value is expected to be significantly below the estimated relevant Roll-Over Value.

The Board

The current Board comprises four non-executive directors: John Gregory (Chairman), Peter Dicks, Antony Diment and Gordon Humphries.

The Board sets the Company's policies and objectives and ensures that its obligations to the Shareholders are met. The Board has overall responsibility for the Company's affairs, including approving valuations and NAVs (recommended by Foresight Group), and, together, its members have significant relevant experience of similar investment funds, regulatory organisations, corporate governance of listed companies, the private equity industry and investee companies.

The Investment Manager

The Company's investment manager is Foresight Group, the same investment manager as that of Keydata 1 and Keydata 2, which will continue to provide investment management services to the Enlarged Company. The investment manager has substantial experience in identifying, investing in, monitoring and subsequently exiting from companies of the size and type qualifying for VCT investment.

The Enlarged Company will continue to be managed by Foresight Group under the Company's existing management arrangement.

Summary Investment Policy

The Company targets UK unquoted companies which it believes will achieve the objective of producing attractive returns for its shareholders. The Company invests in a range of securities. Investments are primarily made in companies which are based in the UK, although many will trade overseas. The companies in which investments are made must have no more than £7 million of gross assets at the time of investment (or £15 million if the funds being invested were raised on or before 5 April 2006) to be classed as a VCT qualifying holding. The Company aims to be at least significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. The Board's current policy is not to use borrowing.

Non-Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products and other assets where Foresight believes that the risk/return profile is consistent with the overall investment objectives of the portfolio.

Dividend Policy

VCTs, unlike other collective investment vehicles, are able to distribute both income and realised capital profits to shareholders by way of tax free dividends.

Ordinary Share Reconstruction

Following the issue of New Shares to Keydata Shareholders pursuant to the Scheme the Company intends to reconstruct its Ordinary Share capital so that the net asset value per Ordinary Share will be, as nearly as practicable, 100 pence per share. This will be done by the rateable redesignation of a proportion of the Ordinary Shares in issue following the merger as nominally valued Deferred Shares and their subsequent off-market repurchase by the Company for a nominal consideration of one pence in aggregate. The purpose of the Ordinary Share Reconstruction is to make the Ordinary Shares more attractive to potential new investors should the Company decide to raise further capital in the future by the issue of new Ordinary Shares.

Enhanced Share Buyback

As soon as practicable following the completion of the Scheme and the Ordinary Share Reconstruction the Board intends to offer an Enhanced Buyback to the holders of its Ordinary Shares. In an Enhanced Buyback, a shareholder is provided with the opportunity to sell shares back to his VCT and to subscribe for new shares at the same time, effectively retaining his investment whilst obtaining new VCT income tax relief of up to 30 per cent. of the amount re-subscribed. HMRC has confirmed that, in accordance with the current VCT Rules and their interpretation, VCT income tax relief would be available on the total amount re-subscribed. Full details of the intended Enhanced Buyback will be included in a further circular to be sent to Shareholders as soon as practicable after the Ordinary Share Reconstruction.

Risk Factors

An investment in the Company is subject to a number of risks, which could materially and adversely affect its value and a summary of the material risks is set out below:

- Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and the Scheme becoming effective;
- The value of Shares can fluctuate and Shareholders may not get back the amount they invested;
- Although the existing Shares have been (and it is anticipated that the New Shares to be issued pursuant to the Scheme will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment;
- The past performance of the Company, Keydata 1 and Keydata 2 and/or the Foresight Group is no indication of future performance;
- The Company's investments may be difficult, and take time, to realise;
- It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values;
- Investment in companies traded in AIM and the PLUS-traded or PLUS-quoted markets and unquoted companies, by its nature, involves a higher degree of risk than investment in companies listed on the Official List;
- Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders losing the tax reliefs available for VCT shares, resulting in adverse tax consequences;
- If a Shareholder disposes of his or her Shares within five years of issue, he or she is likely to be subject to clawback by HMRC of any income tax reliefs originally claimed;
- If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced;
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively;
- Any purchaser of existing Shares in the market will not qualify for the available tax reliefs afforded to subscribers of new VCT shares on the amount invested;
- Shareholders may be adversely affected by the performance of the investments, whether acquired from Keydata 1 and Keydata 2 or made by the Company, which may restrict the ability of the Company following the merger to distribute any capital and revenue gains achieved on the investments transferred from Keydata 1 and Keydata 2 to the Company (as well as the investments of the Company). In particular, Keydata 1 and Keydata 2 each have seven closely connected investments (representing their entire portfolio of investments), which will collectively represent approximately 15 per cent. of the Enlarged Company's Ordinary Share portfolio of investments. Their future performance may therefore have a more significant affect on the performance of the Enlarged Company than any other single investment; and

- Shareholders may be adversely affected if the Company is unable to maintain VCT status in the event that a number of the investments acquired from Keydata 1 and Keydata 2 are or become, or the investments of the Company are or become unable to meet VCT requirements.

Taxation

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

The effective exchange of existing Keydata 1 Shares and Keydata 2 Shares for New Shares will not constitute a disposal of the existing Keydata 1 Shares and Keydata 2 Shares for the purposes of UK taxation. Instead, the new holding of New Shares will be treated as having been acquired at the same time and at the same cost as the existing Keydata 1 Shares and Keydata 2 Shares from which they are derived. Keydata Shareholders will receive a new share certificate in respect of the New Shares issued (less those bought back pursuant to the Ordinary Share Reconstruction) pursuant to the Scheme. This means that the Keydata Shareholders will be able to participate in the Enhanced Buyback to be offered by the Company.

RISK FACTORS

Existing and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole. If any of the risks described below were to occur, it could have 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 investors in the Shares 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 investors could lose part or all of their investment. Investors who are in any doubt about what to do should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks:

Completion of the Proposals is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and the Scheme becoming effective. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company.

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 New Ordinary 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, Keydata 1 and Keydata 2 or of other funds managed by Foresight Group, the investment manager to the Company, 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 PLUS-traded or PLUS-quoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. To be qualifying holdings, VCT funds raised after 5 April 2006 must be invested in smaller companies with gross assets of not more than £7 million prior to the investment and £8 million post investment. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must be invested in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period.

There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives. Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor they may not be in a position fully to protect its interests. Investment in smaller and unquoted, AIM and PLUS-traded or PLUS-quoted companies involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

Although the existing Shares issued by the Company have been (and it is anticipated that the New 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.

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. If an investor who subscribes for Shares disposes of those Shares

within five years, the investor is likely to be subject to claw back by HM Revenue & Customs of any income tax relief originally obtained on subscription. While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a venture capital trust, there can be no guarantee that this status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause a Company to lose its exemption from corporation tax on capital gains.

Where the Ordinary Shares Fund invests in companies in which other Foresight funds managed by Foresight Group have invested or subsequently invest conflicts of interest may arise. The Board will exercise independent judgement to manage any such conflicts for the benefit of the Company and, if there is a potential conflict of interest which concerns another class of Share in the Company, in doing so, shall have regard (amongst other matters) to the need to act fairly between different members of the Company.

Although Foresight Group is currently seeing a strong flow of opportunities, there can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.

Ordinary Shareholders may be adversely affected by the performance of the investments, whether acquired from Keydata 1 and Keydata 2 or made by the Company. The performance of the investments in Keydata 1 and Keydata 2 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 Keydata 1 and Keydata 2 to the Company (as well as the investments of the Company). In particular, the Keydata Portfolio Companies are closely connected investments which represent a significant portion of the assets of Keydata 1 and Keydata 2, and will collectively represent approximately 15 per cent. of the Enlarged Company's Ordinary Share portfolio of investments, the performance of which may affect the performance of the Ordinary Share Fund of the Enlarged Company. However, in the opinion of the Board, the risk of any adverse impact has been reduced by structuring the merger so that the initial consideration is calculated by reference, in particular, to a physical valuation of the Equipment which is less than its book value as at 30 June 2010 within the Keydata Portfolio Companies and that additional consideration is only paid if the Enterprise Value of the Derby Project after 30 September 2013 exceeds the aggregate Roll Over Value of the assets and liabilities of Keydata 1 and Keydata 2. Any gains (or losses) made on the investments of the Company will, following the merger with Keydata 1 and Keydata 2, be shared amongst the holders of all Ordinary Shares (including New Shares) then in issue. To the extent that such gains or losses do not occur in the same proportions as the Roll-Over Value and the Merger Value, the existing Ordinary Shareholders in the Company or Keydata Shareholders may gain or lose accordingly.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from Keydata 1 and/or Keydata 2, or the investments of the Company, are or become unable to meet VCT requirements.

EXPECTED TIMETABLE FOR THE COMPANY

Latest time for receipt of forms of proxy for the General Meeting	12 noon on 16 February 2011
Foresight Meetings	12 noon on 18 February 2011 and thereafter
Calculation Date	after 5.00 pm on 24 February 2011
Effective Date for the transfer of the assets and liabilities of Keydata 1 and Keydata 2 to the Company and the issue of New Shares	28 February 2011
Announcement of the results of the Foresight Meetings and completion of the Scheme	28 February 2011
Admission of and dealings in the New Shares to commence	1 March 2011
Reconstruction of Ordinary Share capital by the creation and off market purchase of Deferred Shares	after close of business on 1 March 2011
Certificates for the New Shares despatched by	8 March 2011

EXPECTED TIMETABLE FOR KEYDATA 1 AND KEYDATA 2

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

CORPORATE INFORMATION

Directors

John Howard Gregory
(Chairman of the Company)
Peter Frederick Dicks
Dr Antony Richard Diment
Gordon James Humphries

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Company Registration Number

03421340

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Company Secretary and Custodian

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Registrars and Receiving Agent

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Investment Manager

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ECA Court
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Kent TN13 1DU

Auditors and Reporting Accountants

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1 More London Place
London SE1 2AF

Solicitors and VCT Tax Advisers

RW Blears LLP
125 Old Broad Street
London EC2N 1AR

Broker

Singer Capital Markets Limited
1 Hanover Street
London W15 1YZ

Sponsor

BDO LLP
125 Colmore Row
Birmingham B3 3SD

Bankers

Barclays Bank plc
54 Lombard Street
London EC3P 3AH

DEFINITIONS

“Additional Consideration”	the additional consideration payable to Keydata Shareholders who participate in the Scheme in the form of Additional New Shares subject to and in accordance with the terms of the Scheme
“Additional New Shares”	the additional New Shares to be issued to Keydata Shareholders pursuant to and in accordance with the Scheme (and each an “Additional New Share”) equal in aggregate value to the Additional Consideration for the Shares
“Admission”	the date on which the New Shares are listed on the Official List of the UK Listing Authority and admitted to dealing on the London Stock Exchange’s market for listed securities
“Articles”	the articles of association of the Company, as amended from time to time
“Board” or “Directors”	the board of directors of the Company
“CA 1985”	Companies Act 1985, as amended
“CA 2006”	Companies Act 2006, as amended
“Calculation Date”	the date on which the Roll-Over Value and the Merger Value will be calculated, this being 24 February 2011
“Companies”	Foresight, Keydata 1 and Keydata 2
“Computershare Investor Services PLC”	a trading name for Computershare Limited
“Companies Acts”	CA 1985 and CA 2006
“Company” or “Foresight”	Foresight VCT plc
“Circular”	the circular to Shareholders dated 27 January 2011
“Deferred Shares”	that number of Ordinary Shares which, pursuant to resolution 2 of the resolutions to be proposed at the Foresight General Meeting will (following the issue of New Shares pursuant to the Scheme) will be redesignated as Deferred Shares and repurchased by Foresight pursuant to the Ordinary Share Reconstruction
“Derby Project”	the proposed 3.0MW biomass-fuelled electricity generation station in Derby within the scope of the Planning Permission to be built in stages between 2011 and 2012 including the Equipment and all other tangible and intangible assets, liabilities, revenues, profits and business directly attributable or derived therefrom
“Effective Date”	the date on which the Scheme will be completed, this is anticipated as being 28 February 2011
“Enhanced Buyback”	the proposed tender offer by the Company to purchase existing Ordinary Shares held by Shareholders where such selling Shareholders commit to acquire new Ordinary Shares pursuant to an open offer made by the Company
“Enlarged Company”	the Company, following implementation of the Scheme
“Enterprise Value of the Derby Project”	the fair value of the ownership interests held by Participators in the Derby Project on the basis of the 12 months ending 30 September 2013 estimated by Foresight Group in accordance with a methodology regarded as appropriate by the auditors of Foresight in the context of the International Private Equity and Venture Capital Valuation Guidelines

“the Equipment”	all the equipment (mainly engines and gasification equipment in storage) acquired by the Keydata Portfolio Companies for the purposes of the Derby Project prior to 23 December 2010
“Foresight General Meeting”	the general meeting of the Company to be held on 18 February 2011
“Foresight Group”	Foresight Group LLP, investment manager to the Company and Keydata 1 and Keydata 2, of ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU
“Foresight Meetings”	the Foresight General Meeting, Foresight Ordinary Shareholder Class Meeting and Foresight Planned Exit Shareholder Class Meeting
“Foresight Ordinary Shareholder Class Meeting”	the class meeting of Ordinary Shareholders of the Company to be held on 18 February 2011
“Foresight Planned Exit Shareholder Class Meeting”	the class meeting of Planned Exit Shareholders of the Company to be held on 18 February 2011
“HMRC”	HM Revenue & Customs
“IA 1986”	Insolvency Act 1986, as amended
“ICTA 1988”	Income and Corporation Taxes Act 1988, as amended
“ITA 2007”	Income Tax Act 2007, as amended
“Keydata 1”	Keydata Income VCT 1 plc registered in England and Wales under number 05366736, whose registered office is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU
“Keydata 2 ”	Keydata Income VCT 2 plc registered in England and Wales under number 05366735, whose registered office is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU
“Keydata Boards”	the boards of directors of Keydata 1 and Keydata 2
“Keydata Circular”	the circular to Keydata Shareholders dated 27 January 2011
“Keydata First General Meeting”	the first general meeting of Keydata 1 and Keydata 2 to be held on 18 February 2011
“Keydata Meetings”	the Keydata First General Meeting and the Keydata Second General Meeting
“Keydata Portfolio Companies”	all those companies in which Keydata 1 and Keydata 2 hold shares as at the date of this document
“Keydata Second General Meeting”	the second general meeting of Keydata 1 and Keydata 2 to be held on 28 February 2011
“Keydata Shareholders”	holders of Keydata 1 Shares and Keydata 2 Shares
“Keydata 1 Shares”	ordinary shares of 1p each in the capital of Keydata 1 (and each a “Keydata 1 Share”)
“Keydata 2 Shares”	ordinary shares of 1p each in the capital of Keydata 2 (and each a “Keydata 2 Share”)
“Keydata VCTs”	Keydata 1 and Keydata 2
“Liquidators”	Ian Schofield and Charles Escott of PKF (UK) LLP whose registered office is Farringdon Place, 20 Farringdon Road, London, EC1M 3AP being the proposed liquidators for Keydata 1 and Keydata 2

“Loan Creditor”	in relation to the Keydata Portfolio Companies, means a creditor (including a person carrying on a business of banking): (a) in respect of any debt: for any money borrowed or capital assets acquired by the Keydata Portfolio Companies; for any right to receive income created in favour of the Keydata Portfolio Companies; or for consideration the value of which to the Keydata Portfolio Companies was (at the time when the debt was incurred) substantially less than the amount of the debt (including any premium on the debt); and (b) in respect of any redeemable loan capital issued by the Keydata Portfolio Companies; and, for these purposes, a person who is not the creditor in respect of any debt or loan capital, but has a beneficial interest in that debt or loan capital, is, to the extent of that interest, to be treated as a loan creditor in respect of that debt or loan capital
“London Stock Exchange”	London Stock Exchange plc
“Merger Regulations”	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“Merger Value”	the value of an Ordinary Share calculated in accordance with page 18 of this document
“NAV” or “net asset value”	the net asset value
“New Shares”	the new Ordinary Shares to be issued by the Company to Keydata Shareholders in accordance with the Scheme (and each a “New Share”) (ISIN number GB00B1M27S75)
“Official List”	the official list of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Ordinary Share Fund”	the capital and assets attributable to the Ordinary Shares
“Ordinary Share Reconstruction”	the reconstruction, pursuant to resolution 2 of the resolutions to be proposed at the Foresight General Meeting on 18 February 2011, of the Ordinary Shares capital so as to ensure, as nearly as practicable, that the net asset value per Ordinary Share shall be 100p and to be implemented by the redesignation of a certain number of Ordinary Shares as Deferred Shares and their repurchase by the Company for a nominal consideration of one pence in aggregate
“Ordinary Shareholders”	holders of Ordinary Shares
“Participators”	all persons having a share or interest in the capital or income of the Keydata Portfolio Companies, including for these purposes (a) a person who possesses, or is entitled to acquire, share capital or voting rights in the Keydata Portfolio Companies, (b) a Loan Creditor of the Keydata Portfolio Companies, (c) a person who possesses a right to receive or participate in distributions of the Keydata Portfolio Companies or any amounts payable by the Keydata Portfolio Companies (in cash or in kind) to Loan Creditors by way of premium on redemption, (d) a person who is entitled to acquire such a right as is mentioned in paragraph (c), and (e) a person who is entitled to secure that income or assets (whether present or future) of the Keydata Portfolio Companies will be applied directly or indirectly for that person’s benefit and in all cases treating a person as entitled to do anything which that person is entitled to do at a future date, or will at a future date be entitled to do
“Planned Exit Shares”	planned exit shares of 1p each in the capital of the Company
“Planning Permission”	the planning permission to build the Derby Project granted by Derby City Council under application number DER/02/08/00261/PRI approved on the 28 July 2008 as it exists as at the date of this document

“Planned Exit Shareholders”	holders of the Planned Exit Shares
“Proposals”	the proposals to effect the merger of the Companies by way of the Scheme and pass the resolutions numbered 1, 2, 3 and 4 to be proposed at the Foresight General Meeting
“Prospectus”	the Registration Document issued by the Company dated 28 January 2010 and this Summary and Securities Note dated 27 January 2011
“Record Date”	the record date by reference to which Keydata Shareholders’ entitlements will be allocated pursuant to the Scheme, this being 24 February 2011
“Registration Document”	the registration document dated 28 January 2010 which forms part of the Prospectus
“Roll-Over Value”	the value of a Keydata 1 Share and Keydata 2 Share calculated in accordance with the formula set out in of Part 1 of this document
“Scheme”	the proposed merger of the Company with Keydata 1 and Keydata 2 by means of placing Keydata 1 and Keydata 2 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Keydata 1 and Keydata 2’s assets and liabilities in consideration for New Shares and the payment of Additional Consideration as set out in Part 1 of this document
“Shareholder”	a holder of Shares
“Shares”	Ordinary Shares and Planned Exit Shares (and each a “Share”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“Transfer Agreement”	the agreement between the Company and Keydata 1 and Keydata 2 (acting through the Liquidators) for the transfer of all of the assets and liabilities of Keydata 1 and Keydata 2 by the Liquidators to the Company pursuant to the Scheme
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part 6 of the Financial Services and Market Act 2000
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts
“VCT Rules”	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts

PART 1

MERGER OF THE COMPANY, KEYDATA 1 AND KEYDATA 2

Introduction

This document has been published in connection with the issue by the Company of New Shares pursuant to the Scheme. Your Board and the Keydata Boards consider that the interests of the three companies' shareholders will be better served by an enlarged single company with a more diverse investment portfolio, reduced annual costs and an increased level of funds available for investment. The most cost-effective way to achieve this is to place Keydata 1 and Keydata 2 into members' voluntary liquidation and for all of their assets and liabilities to be transferred to the Company in exchange for the issue of New Shares to Keydata Shareholders. The New Shares are not being offered to the existing Shareholders of the Company or the public.

In connection with the Scheme, the Company has also published a Circular, which accompanies this document. The Circular contains proposals relating to the Scheme and also to carry out the Ordinary Share Reconstruction, a renewal of the authority to issue and repurchase Ordinary Shares and summary details of an enhanced buyback.

The Board first announced that the Company intended to offer holders of Ordinary Shares the opportunity to participate in an enhanced buyback on 28 January 2010 and authority to proceed with an enhanced buyback was given by Shareholders at the general meeting of the Company held on 23 February 2010. It was subsequently decided to postpone an enhanced buyback until after the Scheme was completed so that the shareholders of Keydata 1 and Keydata 2 might also have the opportunity to participate. Accordingly, if the Proposals are approved by Shareholders at the Foresight Meetings, the Company intends to publish, as soon as practicable after completion of the Scheme and the Ordinary Share Reconstruction, a further document which will enable Ordinary Shareholders, including ex-Keydata Shareholders, to participate in the Enhanced Buyback. The Enhanced Buyback will not be suitable for all Ordinary Shareholders for the reasons described below in the paragraph entitled "Is the Enhanced Buyback in the interests of all Ordinary Shareholders?", but the Board expects that many Ordinary Shareholders, including the ex-Keydata Shareholders, will find the opportunity to participate attractive.

Rationale for the Merger and the Derby Project

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

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

A merger of the Company with Keydata 1 and Keydata 2 will create an Enlarged Company with combined net assets of over £30 million. It will also create the strategic benefit of increasing the Company's footprint in the environmental infrastructure sector; an asset class which the Board and Foresight Group believe offers real growth potential for the future. The Board believes this will benefit both the holders of Planned Exit Shares as well as the holders of Ordinary Shares.

The Derby Project

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

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

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

The value of the initial issue of New Shares to Keydata Shareholders will therefore be based on the Roll Over Value of the physical assets of Keydata 1 and Keydata 2 at that time.

Keydata Shareholders will receive Additional New Shares as Additional Consideration if the Enterprise Value of the Derby Project as at 30 September 2013 exceeds this Roll Over Valuation at that date and accordingly, the maximum consideration which may be paid by the Company for the acquisition of the assets of Keydata 1 and Keydata 2 will not exceed £6.4 million.

This structure recognises the execution risks that Foresight will be assuming as a consequence of the proposed merger in relation to the Derby Project by incorporating separate valuations for each of the current and potential value of the assets of Keydata 1 and Keydata 2. It is envisaged that the Derby Project will be constructed in three stages. Stage 1 at 0.5MW should be constructed during Q1 2011. Stage 2 which should see an increase in the plant capacity to 1.5MW should be constructed during Q3 2011 and stage 3 where the plant will be brought up to full capacity of 3MW should be constructed during Q2 2012. Timely completion of stage 3 should allow sufficient time for the Derby Project to become fully operational before the Enterprise Value of the Derby Project can be estimated.

Transfer

The Scheme provides for Keydata 1 and Keydata 2 to be placed into members' voluntary liquidation and for all of their assets and liabilities to be transferred to the Company in consideration for:

- the issue of New Shares to Keydata Shareholders equal in value to the aggregate Roll Over Value of the Keydata Shares on 24 February 2011; and
- the issue of Additional New Shares to Keydata Shareholders by way of Additional Consideration if the Enterprise Value of the Derby Project as at 30 September 2013, exceeds the Roll Over Value of the Keydata Shares on 24 February 2011.

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

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

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

Conditionality

The Scheme is conditional upon:

- the passing of resolution 1 of the resolutions to be proposed at the Foresight General Meeting and of the resolutions proposed at the separate meetings of the holders of Ordinary Shares and Planned Exit Shares;
- notice of dissent not having been received from Keydata Shareholders holding more than 10 per cent. in nominal value of the issued share capital of respectively Keydata 1 or Keydata 2 under Section 111 IA 1986 (this condition may be waived by the Keydata Boards, as necessary); and
- the passing of the resolutions to be proposed at the Keydata Meetings.
- Foresight VCT confirming that it has received no notice of any claims, proceedings or actions of whatever nature threatened or commenced against Keydata 1 and/or Keydata 2 which the Foresight Board regard as material

Terms of the Scheme

On or immediately prior to the Effective Date, Foresight Group (on the instruction of the Liquidators) shall calculate the Merger Value and the Roll-Over Value as set out below.

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of Keydata 1 and Keydata 2 and shall deliver to the Company:

- particulars of all of the assets and liabilities of Keydata 1 and Keydata 2;
- a list certified by the registrars of the names and addresses of, and the number of shares held by, each of the Keydata Shareholders on the register at 5.30 pm on the Record Date;
- an estimate of the winding-up costs of Keydata 1 and Keydata 2 which will form part of the costs of the Scheme; and
- the amount estimated to be required to purchase the holdings of any dissenting Keydata Shareholders.

On the Effective Date, the Company and the Liquidators (on behalf of Keydata 1 and Keydata 2) 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 Keydata 1 and Keydata 2 to the Company in exchange for the issue of New Shares (fully paid) to the shareholders of Keydata 1 and Keydata 2 on the basis set out below together with the right of Keydata Shareholders to receive Additional Consideration by way of an issue of Additional New Shares if, as at 30 September 2013, the Enterprise Value of the Derby Project exceeds the Roll Over Value of the Shares on merger. The maximum consideration which may be paid by the Company for the acquisition of the assets of Keydata 1 and Keydata 2 will not exceed £6.4 million.

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 Keydata 1 and Keydata 2 and the purchase for cash of any holdings of dissenting shareholders in Keydata 1 and Keydata 2, which liabilities should be taken into account when calculating the Roll-Over Value.

Keydata 1 and Keydata 2

The Roll-Over Value for each of Keydata 1 and Keydata 2 will be calculated separately and references to “Keydata” and “Shares” in the formula below shall mean: (i) “Keydata 1” and “Keydata 1 Shares” when calculating the Roll-Over Value for Keydata 1, and shall mean (ii) “Keydata 2” and “Keydata 2 Shares” when calculating the Roll-Over Value for Keydata 2

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

Where:

- A = the unaudited net asset value of Keydata as the Calculation Date calculated in accordance with Keydata's normal accounting policies;
- B = any adjustment required to A in order to reflect a reduced valuation of the Equipment owned by the Keydata Portfolio Companies of £2,365,000;
- C = any adjustment that both the Foresight Board and the Keydata Boards (acting jointly) consider appropriate to reflect any other actual or contingent liability of Keydata between 31 August 2009 and the Record Date (including, for the avoidance of doubt, the running costs of Keydata);
- D = the costs of the Scheme (to the extent not already paid or accrued for by Keydata 1 and Keydata 2 as reflected in “A” above) plus £10,000* (representing an amount of contingency to cover any unforeseen additional costs attributable to Keydata incurred by the Company, which will indemnify the Liquidators in respect of all costs of Keydata following the transfer on the Effective Date);
- E = the amount estimated to be required to purchase the holdings of Keydata 1 and Keydata 2 Shares from dissenting holders of Keydata Shares; and
- F = the number of Shares in issue following close of business on the Record Date (save for any Keydata Shares held by dissenting holders of Keydata Shares).

*(any unutilized part of the contingency sum of £10,000 will be added to the Enterprise Value of the Derby Project)

The Company

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

$$\frac{G + H + I}{J}$$

Where:

- G = the unaudited net asset value of the Ordinary Share Fund of Company as at 30 June 2010, calculated in accordance with the Company's normal accounting policies;
- H = any increase/decrease in the valuations of: (i) quoted investments held by the Ordinary Share Fund in securities listed on a recognised stock exchange (including AIM and the PLUS-traded and PLUS-quoted markets) by reference to their bid price as at the close of business from 30 June 2010 to the Calculation Date; (ii) unquoted investments held by the Ordinary Share Fund where there has been an event in the period between 30 June 2010 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement (IAS 39)' and using the International Private Equity and Venture Capital Valuation Guidelines; and (iii) an investment held by the Ordinary Share Fund following an event in the period between 30 June 2010 and the Calculation Date, which, in the opinion of both the Board and the Keydata Boards (acting jointly), has had a material impact on such an investment;
- I = any adjustment that both the Board and the Keydata Boards (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company between 30 June 2010 and the Calculation Date (including, for the avoidance of doubt, acquisitions and disposals of investments, income from securities and running costs of the Company); and
- J = the number of the Ordinary Shares in issue following close of business on the Calculation Date.

Number of New Shares to be issued

The number of New Shares (excluding the Additional New Shares) to be issued to Keydata Shareholders (save for any dissenting Keydata Shareholders) will be calculated as follows:

$$\left(\frac{R}{M}\right) \times F$$

Where:

- R = the Roll-Over Value;
- M = the Merger Value; and
- F = as above, the number of Keydata Shares in issue as at close of business on the Record Date (save for any Keydata Shares held by dissenting Keydata Shareholders).

The New Shares to be issued pursuant to the Scheme will be issued directly to Keydata Shareholders (save for any dissenting Keydata Shareholders) *pro rata* to their existing holdings on instruction of the Liquidators.

Following the issue of New Shares (excluding the Additional Shares) and after the close of business on 28 February 2011 the Company will reconstruct its Ordinary Share capital by the rateable redesignation of a proportion of the Ordinary Shares then in issue (including the New Shares) as Deferred Shares carrying rights which render such shares of a nominal value only and the immediate repurchase by the Company of the Deferred Shares for a nominal consideration of one penny in aggregate. The number of issued Ordinary Shares to be so redesignated and repurchased shall be such as to ensure, as nearly as practicable, that the net asset value per share of the remaining Foresight Ordinary Shares shall be 100 pence.

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

The New Shares will be issued in registered form. New Shares are eligible for electronic settlement and can be held within the CREST system. If, following issue, recipients of New Shares pursuant to the Scheme should wish to hold their New Shares in uncertificated form they should contact their broker or independent financial adviser. Dividend payment mandates provided for Keydata 1 and Keydata 2 will, unless Keydata Shareholders advise otherwise, be transferred to the Company.

Application will be made to the UKLA for the New Shares to be listed on the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its market for listed securities. The New Shares will rank *pari passu* with the existing issued Ordinary Shares from the date of issue.

Additional Consideration

As soon as practicable following 30 September 2013 the Company will announce to Keydata Shareholders the Enterprise Value of the Derby Project (excluding, for the avoidance of doubt, any assets, liabilities, revenues and profits attributable to businesses purchased or commenced by the Keydata Portfolio Companies after the merger).

If the Shareholder percentage of the Enterprise Value of the Derby Project expressed on a per Share basis exceeds the Roll Over Value of the Keydata 1 Shares and Keydata 2 Shares then Additional Consideration by way of the issue of Additional New Shares shall be due to Keydata Shareholders at the rate of one pence for every one pence by which that excess is greater than the Roll Over Value.

The maximum consideration which may be paid by the Company for the acquisition of the assets of Keydata 1 and Keydata 2 (by way of the issue of Additional New Shares to Keydata Shareholders equal in value to the aggregate Roll Over Value of the Keydata Shares plus the issue of Additional New Shares) will not exceed £6.4 million.

The Shareholder percentage of the Enterprise Value of the Derby Project (“SEV”) will be calculated by multiplying the Enterprise Value of the Derby Project by the same percentage of the Derby Project to which the Company would be entitled, if the Keydata Portfolio Companies were to be liquidated following the close of business on 30 September 2013 and the Derby Project distributed in specie to all Participators in accordance with their rights, pursuant to the rights which the Company enjoys as the holder of the investments in the Keydata Portfolio Companies which it acquires pursuant to the Transfer Agreement subject to the SEV Adjustment (as defined below).

The Shareholder Percentage of the Enterprise Value of the Derby Project expressed on a per Share basis (“SEV_{ps}”) will be calculated by the Company as follows:

$$\left(\frac{SEV}{F}\right)$$

where

“SEV” = as above, the Enterprise Value of the Derby Project multiplied by the same percentage of the Derby Project to which Foresight VCT would be entitled if the Keydata Portfolio Companies were to be liquidated following the close of business on 30 September 2013 and the Derby Project distributed in specie to all Participators in accordance with their rights, pursuant to the rights which Foresight VCT enjoys as the holder of the investments in the Keydata Portfolio Companies which it acquires pursuant to the Transfer Agreement, subject to the SEV Adjustment;

“F” = as above, the number of Keydata 1 Shares and Keydata 2 Shares in issue as at close of business on the Record Date (save for any Keydata 1 and Keydata 2 Shares held by dissenting Keydata Shareholders).

“SEV Adjustment”; the amount of the SEV shall be reduced by the amount of any actual or contingent liability of Keydata 1 and/or Keydata 2 after the Record Date.

The Additional Consideration will be satisfied by the issue to Keydata Shareholders of a number of additional New Shares to be calculated by the Company as follows:

$$\left(\frac{SEV_{ps}}{FV}\right) \times F$$

where:

- SEV_{ps}* = as above, the Shareholder Percentage of the Enterprise Value of the Derby Project expressed on a per Share basis;
- FV* = the future value of Ordinary Shares calculated by dividing the unaudited net asset value of the Ordinary Shares Fund as at close of business on 30 September 2013, calculated in accordance with the Company's normal accounting policies, by the number of Ordinary Shares in issue following the close of business on 30 September 2013; and
- F* = as above, the number of Keydata 1 and Keydata 2 Shares in issue as at close of business on the Record Date (save for any Keydata 1 and Keydata 2 Shares held by dissenting Shareholders).

The Additional New Shares to be issued pursuant to the Scheme will be issued directly to Keydata Shareholders (save for any dissenting Keydata Shareholders) *pro rata* to their existing holdings on instruction of the Liquidators. Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £5) will be sold in the market and the proceeds retained for the benefit of the Company.

Application will be made to the UKLA for the Additional New Shares to be listed on the Official List and will be made to the London Stock Exchange for such Additional New Shares to be admitted to trading on its market for listed securities following the agreement of the Additional Consideration. In addition, the issue of the Additional New Shares will only be made pursuant to the Listing Rules at that time. The Additional New Shares will rank *pari passu* with the existing issued Ordinary Shares from the date of issue.

Update on financial information

On 21 January 2011 Foresight announced an update to the merger discussions with the Keydata VCTs. The following is extracted from that announcement:

“In recognition of both the current physical valuation and future operational value of these assets, Foresight has proposed that the proceeds of the merger for the Keydata VCTs’ shareholders should be satisfied in two tranches:

- Initially, ordinary shares in Foresight VCT will be issued to Keydata VCT shareholders based on the value of the net assets of the Keydata VCTs (incorporating an adjustment to reflect a reduced valuation of the equipment owned by the Keydata portfolio companies assumed by Foresight VCT) and, on this adjusted basis, as at 30 June 2010 the value of the investments of the Keydata VCTs in their portfolio companies would have amounted to approximately £3.9 million and their net assets would have amounted to approximately £3.8 million; and
- Further entitlement to additional ordinary shares in Foresight will be granted as additional consideration to Keydata VCTs’ shareholders depending on the performance of the Derby Project. This additional consideration will be issued after 30 September 2013, which will give sufficient time for the plant to be built and the assets to achieve necessary performance milestones and will be up to £2.6 million in aggregate.

The Boards of the Keydata VCTs anticipate that, if the plant is operationally successful, the value of the additional consideration will compensate Keydata VCTs shareholders for the difference between the physical valuation of the assets at the time of merger and the net asset value of their shares in Keydata VCTs at that time (less merger costs).

The maximum consideration comprising the initial consideration and the additional consideration which may be paid by Foresight for the acquisition of the assets of the Keydata VCTs will not exceed £6.4 million, equivalent to 44p per Keydata VCT share.

The Boards of the Keydata VCTs believe that the above structure takes account of the current and potential value of the assets of the Keydata VCTs and recognises the execution risks that Foresight will be assuming as a consequence of the proposed merger.”

Effect of the Scheme

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

Had the Scheme been implemented on 30 June 2010, based on the unaudited NAV per Ordinary Share of the Company of 47.3p and Keydata 1 and Keydata 2 net assets as at that date, of approximately £3.8 million (as detailed in the announcement released on 21 January 2011 and set out above) approximately 8.1 million New Shares would have been issued to Keydata Shareholders representing approximately 14.49 per cent. of the enlarged issued Ordinary Share capital at 30 June 2010.

Ordinary Share Reconstruction

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

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

The formula for calculating the number of Ordinary Shares to be redesignated as Deferred Shares (DS) is set out below:

$$DS = N - X$$

where: N = the number of Ordinary Shares in issue immediately following the allotment of New Shares in connection with the Scheme

$$X = \frac{N}{Y}$$

$$Y = \frac{100}{Z}$$

$$Z = \text{the Merger Value in pence per Ordinary Share}$$

Enhanced Buyback

As soon as practicable following the completion of the Scheme and the Ordinary Share Reconstruction the Board intends to offer the Enhanced Buyback to Ordinary Shareholders. In an enhanced buyback, a shareholder is provided with the opportunity to sell shares back to his VCT and to subscribe for new shares at the same time, effectively retaining his investment whilst obtaining new VCT income tax relief of up to 30 per cent. of the amount re-subscribed. HMRC has confirmed that, in accordance with the

current VCT Rules and their interpretation, VCT income tax relief would be available on the total amount re-subscribed.

The Enhanced Buyback will be structured so that Shareholders will have the opportunity to sell Ordinary Shares back to the Company under a tender offer at the net asset value of an existing Ordinary Share two days prior to their purchase by the Company provided that they purchase new Ordinary Shares under an open offer at 102 per cent. of that net asset value in the ratio of 98 new Ordinary Shares for every 100 existing Ordinary Shares sold. The 2 per cent. difference in the pricing of the open offer and tender offer covers the costs of the Enhanced Buyback. Unless an Ordinary Shareholder decides to buy additional Ordinary Shares, an enhanced buyback is an administrative process and there is no requirement for cash to change hands. Settlement of the consideration due to an Ordinary Shareholder will be made by set off against amounts owed by that Ordinary Shareholder in accordance with procedures agreed between HMRC and the Company. Full details of the intended Enhanced Buyback will be included in a further circular to Shareholders.

Considerations relating to the Enhanced Buyback

All Ordinary Shareholders may participate in the Enhanced Buyback but Ordinary Shareholders should consult with their professional tax advisers as to whether it is appropriate for them to do so.

Shareholders who own Ordinary Shares purchased since 6 April 2006 will lose any “front end” income tax relief which they have obtained if they sell them under the Enhanced Buyback and therefore will most likely not want to participate.

Shareholders of Keydata 1 and Keydata 2 who acquire Ordinary Shares pursuant to the Scheme will not lose their “front end” income tax relief if they sell them under the Enhanced Buyback, provided they acquired their shares in Keydata 1 and Keydata 2 before 6 April 2006.

Shareholders who own Ordinary Shares purchased before 6 April 2004 may have made a claim to defer a chargeable gain. The sale of existing Ordinary Shares under the Enhanced Buyback is likely to constitute a disposal which will bring deferred gains back into charge which cannot be further deferred by subscribing for new Ordinary Shares under the Enhanced Buyback. For those Shareholders who hold Ordinary Shares which carry deferred gains as well as Ordinary Shares which do not, the task of identifying which is which may be complicated, particularly in view of the reconstruction undertaken by the Company in January 2007. Such Shareholders will be strongly advised to seek the advice of their professional advisers before completing an application form in relation to the Enhanced Buyback. Further information regarding the reconstruction which took place in 2007 is provided in the Registration Document.

Shareholders who hold Ordinary Shares which carry deferred gains may wish to consider the possible merits of crystallising those deferred gains by a sale of their Ordinary Shares under the Enhanced Buyback at a time when the rates of CGT are 18 per cent. or 28 per cent. for individuals (the tax rate used depends on the total amount of an individual’s taxable income) rather than at some future date when the CGT rate may be higher; particularly if any capital gains tax payable on crystallisation is offset by VCT income tax relief obtained by subscribing for new Ordinary Shares under the Enhanced Buyback.

As soon as possible after completion of the Scheme and the Ordinary Share Reconstruction, Shareholders will receive a further document giving full details of the Enhanced Buyback together with an application form in order to participate if they so wish.

Taxation

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

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

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

Receipt by Keydata Shareholders of New Shares under the Scheme

HMRC have confirmed that the effective exchange of existing Keydata 1 Shares and Keydata 2 Shares for New Shares and Additional New Shares will not constitute a disposal of the existing Keydata 1 Shares and Keydata 2 Shares for the purposes of UK taxation. Instead, the new holding of Ordinary Shares will be treated as having been acquired at the same time and at the same cost as the existing Keydata 1 Shares and Keydata 2 Shares from which they are derived. Any capital gains tax deferral should not, therefore, be crystallised for payment but will be transferred to the new Ordinary Shares.

For Keydata Shareholders holding (together with their associates) more than 5 per cent. of Keydata 1 Shares and Keydata 2 Shares in issue, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5 per cent. of the Keydata 1 Shares and Keydata 2 Shares in issue will also apply to them.

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

Dissenting Keydata Shareholders

Dissenting Keydata Shareholders' holdings will be purchased for cash at the 'break value', which will be an estimate of the amount a Keydata Shareholder would receive in an ordinary winding-up of Keydata 1 and Keydata 2 if all the assets of Keydata 1 and Keydata 2 had to be realised. The break value is expected to be significantly below the estimated Roll-Over Value.

Dissenting Keydata Shareholders whose Keydata 1 Shares and Keydata 2 Shares are purchased shall be treated as having disposed of their existing Keydata 1 Shares and Keydata 2 Shares. Keydata 1 and Keydata 2 will still be able to claim the benefit of VCT status whilst in liquidation under the Merger Regulations and the dissenting Keydata Shareholders will not be subject to any UK taxation in respect of any capital gains arising on disposal under the Scheme.

The Company

The implementation of the Scheme should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscriptions of existing Shares.

Clearances

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

Clearance has also been obtained from HMRC that the Scheme meets the requirements of the Merger Regulations and as such the receipt by Keydata 1 and Keydata 2 shareholders of New Shares will not prejudice tax reliefs obtained by Keydata Shareholders on existing Keydata 1 Shares and Keydata 2 Shares.

Stamp Duty and Stamp Duty Reserve Tax

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

PART 2

INFORMATION ON THE COMPANY

1. Constitution and Status

- 1.1 The Company was incorporated and registered in England and Wales as a public company with limited liability on 19 August 1997 with registered number 03421340 under the name Foresight Technology VCT plc. The Company changed its name to Foresight VCT plc on 16 January 2007. The Company was issued with a trading certificate under section 117 of the CA 1985 on 23 September 1997.
- 1.2 The principal legislation under which the Company operates is the ITA 2007 and the CA 2006 and regulations made thereunder. The Company's principal object, as set out in its Memorandum, is to carry on business as a venture capital trust.
- 1.3 The Company's registered office and principal place of business is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU. The Company is domiciled in England. The Company does not have nor has it had since incorporation, any subsidiaries or employees.
- 1.4 HMRC has approved the Company as a VCT under section 259 of the ITA 2007. The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full approval.
- 1.5 At the annual general meeting of the Company falling after the fifth anniversary of the last allotment (from time to time) of Shares in the Company and thereafter at five yearly intervals the Directors will invite the members to consider and debate the future of the Company (including, without limitation, whether the Company should be wound up, sold or unitised) and as soon as practicable following that meeting shall convene extraordinary general meetings of the Company to propose such resolutions as the members attending the annual general meeting may by ordinary resolution require.
- 1.6 The Company revoked status as an investment company under section 266 of the CA 1985 in March 2000 for the purposes of a payment of a capital dividend. The Company does not intend to re-apply for investment company status. The Company is not authorised and/or regulated by the FSA or an equivalent overseas regulator.
- 1.7 The Shares are admitted to the official list of the UK Listing Authority.
- 1.8 The Company is not otherwise regulated.

2. Selected Financial Information

Certain selected financial information is set out below:

	Year ended 31 December		
	2007	2008	2009
Investment income	£527,000	£490,000	£441,000
Revenue return on ordinary activities before taxation	(£64,000)	£198,000	£23,000
Revenue return per Ordinary Share	(0.1p)	0.4p	0.0p
Dividends per Ordinary Share	5.0p	1.0p	0.0p
Net Assets of the Ordinary Share Fund	£26,638,000	£19,570,000	£19,180,000
NAV per Ordinary Share	60.5p	42.2p	39.8p

Board of Directors

The Board of Foresight comprises four non-executive directors, the majority of whom are considered independent of Foresight Group. The Board of the Company has substantial experience of venture capital and technology-based businesses and has overall responsibility for the Company's affairs, including its investment policy.

John Howard Gregory (Chairman) (appointed 30 July 2010)

Currently non executive Chairman of I S Pharma plc an AIM listed specialist pharmaceutical company, John is also a non-executive director or chairman of a number of private companies and was, prior to these appointments, an executive director of Noble Fund Managers. John's earlier career was in the City

and included posts as an executive director of Singer & Friedlander Holdings and managing director of Henry Ansbacher.

Peter Frederick Dicks

As co-founder and a director of Abingworth plc, Peter Dicks was a pioneer of the European venture capital industry and involved in investments in many successful companies such as Apple Computer, Silicon Graphics and 3COM. He is currently a director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is chairman, Polar Capital Technology Trust plc, Graphite Enterprise Trust plc, Sportingbet plc and Standard Microsystems Inc, a US-NASDAQ quoted company. He was chairman of the Company and Foresight 2 VCT plc since their launch respectively in 1996 and 2004 and was also chairman of Foresight 3 VCT plc, Foresight 4 VCT plc and Unicorn AIM VCT PLC.

Antony Richard Diment

Antony Diment has many years' experience at senior levels within the unquoted investment sector. At 3i Ventures he was responsible for investment in the information technology sector, and as an executive director of Gresham Trust plc he was responsible for a portfolio of 15 unquoted companies. He was managing director of Cambridge Research & Innovation Ltd ("CRIL") which having become fully invested made arrangements for the tax efficient distribution of assets to shareholders in February 2004. He is a non-executive director of Cascade Fund Management Ltd and Mercia Technology Seed Fund.

Gordon James Humphries

Gordon Humphries qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 20 years experience. He is currently head of investment companies at Standard Life Investments and before that he was deputy head of investment trusts at F&C Asset Management plc. Gordon is a non-executive director of Bluehone AIM VCT2 plc.

Administration

The Company has appointed Foresight Fund Managers Limited to provide company secretarial and custodian services. The services provided include all necessary secretarial and custodian services required in connection with the business and operation of the Company. The appointment may be terminated by not less than one year's notice in writing. The appointment may also be terminated in circumstances of material breach by either party. Foresight Fund Managers Limited receives an annual fee from Foresight of £100,000 plus VAT payable quarterly in advance.

Corporate Governance and Board Committees

Foresight complies with the UK Corporate Governance Code (the Code) with the exception of the following:

In view of its non-executive nature and the requirements of the Articles that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years' service and annually after serving on the Board for more than nine years.

The Board undertakes a formal annual evaluation of its own performance and that of its committees. There is no formal annual evaluation of individual Directors as recommended by the Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation the Chairman will take appropriate action to address any issues arising from the process. The independent Directors evaluate the Chairman's performance following similar procedures.

The members of the audit committee of Foresight are Antony Diment (chairman), John Gregory, Peter Dicks and Gordon Humphries. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following: monitoring the integrity of the financial statements of Foresight; reviewing the Company's internal control & risk management systems; making recommendations to the Company Directors in relation to the appointment of the external auditor; reviewing and monitoring the external auditor's independence; and implementing and reviewing the Company's policies on the engagement of the external auditor to supply non-audit services.

The members of the remuneration committee of Foresight are Antony Diment (chairman) and John Gregory. The remuneration committee members (who have responsibility for reviewing the remuneration of the Foresight Directors) will meet at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. Each committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards.

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, and Foresight Fund Managers Limited, the Company has not appointed a chief executive officer or a senior independent non-executive director as recommended by the Code. There is no deputy chairman. The provisions of the Combined Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

CREST

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

Share rights

The following provisions apply to the Company.

Class rights

The New Shares and Additional New Shares are part of the class of Ordinary Shares and are completely separate from the Company's other existing share class, Planned Exit Shares.

All investments and cash attributable to Planned Exit Shares are kept separate from the investments and assets attributable to the Ordinary Shares. Accordingly, holders of New Shares and Additional New Shares will not have any exposure to the investment gains or losses of Planned Exit Shares.

Along with the existing Shareholders, the holders of New Shares and Additional New Shares will have the exclusive right to Distributions from the assets attributable to Ordinary Shares but not from assets attributable to Planned Exit Shares. Equally, the holders of Planned Exit Shares will continue to have the exclusive right to Distributions from assets attributable to Planned Exit Shares but not from assets attributable to Ordinary Shares.

Holders of New Shares and Additional New Shares will be entitled to vote at meetings of the Company in the same way as existing Shareholders.

No change may be made to the rights attaching to the Shares without the approval of the holders of Shares.

Dividends and assets on a winding up

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

The Directors may pay interim dividends if it appears to them that they are justified in so doing by the profits of the relevant class of Shares available for distribution.

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

If any dividend remains unclaimed after a period of twelve years from the date of the declaration of that dividend, it shall be forfeited and shall cease to remain owing by the respective class of Shares.

The Directors may, with the prior authority of an ordinary resolution of the Company, subject to the provisions of the Articles of the Company, offer to holders of any class of Shares the right to elect to receive shares credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution. Under current law, no tax will be withheld by the Company when they pay a dividend.

The capital and assets of the Company shall on a winding up or other return of capital be applied pro rata to the Company's Shareholders, save as otherwise provided for any class of Share in the Company.

Voting rights

Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person, including any corporation present by its duly authorised representative, or by proxy, at a general meeting of the Company shall, on a show of hands, have one vote. On a poll every member present in person or by proxy shall have one vote for each Share of which he is a holder.

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

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

Variation of class rights

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

Issue of Shares

Subject to the provisions of the Companies Acts relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all Shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

Transfer of Shares

A Shareholder may transfer any or all of his Shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the Share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, either generally or in respect of any class of Shares provided that the register shall not be closed for more than thirty days in any year.

The Directors may in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares where the shares in question are not fully paid up in respect of which the Company has a lien where such refusal does not restrict dealings on an open and proper basis. The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is (a) in respect of only one class of Share; (b) is in favour of not more than four transferees; and (c) is lodged at the transfer office accompanied by the relevant share certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

No transfer will be registered if a member, or any other person appearing to be interested in the shares held by him, has been served with a notice under section 212 of the CA 1985 and, at the end of the prescribed period of fourteen days, is in default in supplying the information thereby required provided that those shares represent at least 0.25 per cent. (calculated exclusively of treasury shares) in nominal value of the issued shares of any class and subject to the exceptions specified in the Articles relating to the

disclosure of interests. Restrictions on transfers do not apply to a sale to a bona fide, unconnected, third party.

Significant change

There has been no significant change in the financial or trading position of Foresight since 30 June 2010, the date of the latest unaudited interim financial statement of Foresight.

Investment Policy

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

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in qualifying unquoted and AIM-traded securities, cash will be held in interest bearing money market open ended investment companies (OEICs) as well as a range of non-qualifying investments.

Investments are primarily made in companies which are based in the UK, although many will trade overseas. The companies in which investments are made must have no more than £7 million of gross assets at the time of investment (or £15 million if the funds being invested were raised before 5 April 2006) to be classed as a VCT qualifying holding.

The Company aims to be at least significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority of any funds raised by the Company will be invested in VCT qualifying investments.

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to 15 per cent. of the portfolio at the time of investment.

Investments are selected in the expectation that the application of private equity disciplines including an active management style for unquoted companies through the placement of an Investor Director on the investee company boards will enhance value.

Borrowing powers

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

Non-Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products and other assets where Foresight believes that the risk/return profile is consistent with the overall investment objectives of the portfolio.

PART 3

FINANCIAL INFORMATION ON THE COMPANY, KEYDATA 1 AND KEYDATA 2

Financial information on Foresight

1. Financial Information

The audited financial statements for the three years ended 31 December 2008 and the unaudited interim statements to 30 June 2008 and 2009 were incorporated by reference in the Registration Document dated 28 January 2010. Since this date the Company has released its audited financial statements for the year ended 31 December 2009 and unaudited interim statement to 30 June 2010 which include, on the pages specified in the tables below (and which are being incorporated into this document by reference) the information set out below.

The following is extracted from the unaudited interim statement for the six month period to 30 June 2010 released on 31 August 2010:

“the net asset value of the Ordinary Shares increased to 47.3p per share at 30 June 2010 from 39.8p per share at 31 December 2009, representing an uplift of 19 per cent. The current performance of several of the unquoted investments within the portfolio both in terms of revenues and profits generated has improved over the six months under review, a significant amount of which can be attributed to export driven growth principally to the US and Europe. Furthermore, the order books of several portfolio companies give the Manager cause for optimism for the latter half of the current year and that the recent positive portfolio performance can be maintained.

Notwithstanding these positive signs, stock market sentiment is fragile, significant macroeconomic uncertainties remain, and trading and credit conditions continue to be difficult in many sectors of the economy. Against this background Foresight Group continues to adopt a cautious approach to managing the portfolio.”

	2009	2010
Description	Unaudited Interim Report	Unaudited Interim Report
Interim Unaudited Balance Sheet	Page 8	Page 11
Interim Unaudited Income Statement (or equivalent)	Page 7	Page 10
Interim statement showing all changes in equity (or equivalent)	Page 9	Page 11
Cash Flow Statement	Page 9	Page 12

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

	2008	2009
Description	Annual Report	Annual Report
Balance Sheet	Page 25	Page 24
Income Statement (or equivalent)	Page 23	Page 22
Statement showing all changes in equity (or equivalent)	Page 24	Page 23
Cash Flow Statement	Page 26	Page 25
Accounting Policies and Notes	Page 27-37	Page 26-37
Auditor's Report	Page 22	Page 21

Such information also includes operating/financial reviews as follows:

Description	2008 Annual Report	2009 Annual Report	2009 Unaudited Interim Report	2010 Unaudited Interim Report
			Inside Front	Inside Front
Financial Highlights	Page 1	Page 1	Cover	Cover
Results & Dividend	Page 2-4	Page 2-4	Page 1-2	Pages 1-2
Portfolio	Page 2-4	Page 5-9	Page 1-2	Pages 1-2
Valuation Policy	Page 4	Page 4	Page 2	Page 2
Outlook	Page 4	Page 4	Page 2	Page 2
Investment Summary	Page 5-10	Page 5-9	Page 3-5	Pages 3-6

Certain financial information on Foresight is also set out below:

	Year ended 31 December 2008	Year ended 31 December 2009	Six months to 30 June 2009 (unaudited)	Six months to 30 June 2010 (unaudited)
Investment income	£490,000	£441,000	£181,000	£303,000
Profit before taxation	£(6,490,000)	£(717,000)	£(994,000)	£3,561,000
Revenue return per Foresight Ordinary Share	0.4p	0.0p	(0.1)p	0.1p
Capital return per Foresight Ordinary Share	(14.5)p	(1.5)p	(2.0)p	7.3p
Total return per Foresight Ordinary Share	(14.1)p	(1.5)p	(2.1)p	7.4p
Dividends per Foresight Ordinary Share	1.0p	0.0p	0.0p	0.0p
Revenue return per Foresight Planned Exit Share	N/A	N/A	N/A	0.7p
Capital return per Foresight Planned Exit Share	N/A	N/A	N/A	(0.1)p
Total return per Foresight Planned Exit Share	N/A	N/A	N/A	0.6p
Dividends per Foresight Planned Exit Share	N/A	N/A	N/A	0.0p
Total assets	£19,570,000	£19,180,000	£19,107,000	£24,458,000
NAV per Foresight Ordinary Share	42.2p	39.8p	39.2p	47.3p
NAV per Foresight Planned Exit Share	N/A	N/A	N/A	95.0p

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

2. Working capital

The working capital available to the Company is sufficient for its present requirements, being at least 12 months from the date of this document.

3. Net assets

The Scheme will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds acquired from Keydata 1 and Keydata 2 and is expected to have a positive impact on earnings.

4. Capitalisation and indebtedness

Capitalisation and indebtedness of the Company

The following table shows the capitalisation of the Company as at 30 June 2010, the most recent date in respect of which unaudited financial information of the Company has been published.

	£'000
Shareholders' equity	539
Legal reserve	17,715
Other reserves	27
Profit and loss reserve (or equivalent)	10,177

On 28 January 2010 the Company published an offer for subscription to raise up to £10,000,000 by the issue of Planned Exit Shares. The offer closed on 30 June 2010 having raised £6,179,833 pursuant to this offer.

There has been no other material change to the capitalisation of the Company since 30 June 2010.

The following table shows the Company's audited gross indebtedness as at 31 October 2010 (extracted without material adjustment from internal accounting records).

	£'000
Total current debt	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
Total non-current debt	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0

As at 31 October 2010, the Company had (unaudited) net liquid assets (excluding its investment portfolio) of £20 million as summarised below (extracted without material adjustment from internal accounting records).

	£'000
Cash	859
Cash equivalent	3,228
Trading securities	0
Liquidity	4,087
Current financial receivables	1,403
Current bank debt	0
Current portion of non current debt	0
Other current financial debt	0
Current financial debt	0
Net current assets	5,490
Non current bank loans	0
Bonds issued	0
Current financial payables	(103)
Other non current loans	0
Net current assets less non current financial indebtedness	5,387

As at 26 January 2011, the Company had no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptance or acceptance credits, mortgages, charges, convertible debt securities, debt securities with warrants attached or guarantees or other contingent liabilities.

Financial information on Keydata 1 and Keydata 2

5. Financial Information

The unaudited interim financial statements for Keydata 1 and Keydata 2 for the six months ended 31 August 2009 which include, on the pages specified in the tables below (and which are being incorporated into this document by reference) the information set out below.

Keydata 1

	2009	2008
	Unaudited	Unaudited
Description	Interim	Interim
	Report	Report
Chairman's statement	Page 2	Page 1
Investment summary	Page 4	Page 1
Interim Unaudited Balance Sheet	Page 7	Page 2
Interim Unaudited Income Statement (or equivalent)	Page 6	Page 2
Interim statement showing all changes in equity (or equivalent)	Page 7	Page 2
Cash Flow Statement	Page 8	Page 2

This information has been prepared in a form consistent with that which will be adopted in Keydata 1's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Certain financial information on Keydata 1 is also set out below:

	Six months to	Six months to
	31 August	31 August
	2009	2008
	(unaudited)	(unaudited)
Investment income	3,000	279,000
Loss before taxation	(52,000)	(73,000)
Revenue return per Keydata Ordinary Share	(1.4)p	2.2p
Capital return per Keydata Ordinary Share	0.7p	0.0p
Total return per Keydata Ordinary Share	(0.7)p	2.2p
Dividends per Keydata Ordinary Share	n/a	n/a
Net assets	3,709,000	7,104,000
NAV per Keydata Ordinary Share	50.8p	97.2p

Keydata 2

	2009	2008
	Unaudited	Unaudited
Description	Interim	Interim
	Report	Report
Chairman's statement	Page 2	Page 1
Investment summary	Page 4	Page 1
Interim Unaudited Balance Sheet	Page 7	Page 2
Interim Unaudited Income Statement (or equivalent)	Page 6	Page 2
Interim statement showing all changes in equity (or equivalent)	Page 7	Page 2
Cash Flow Statement	Page 8	Page 2

This information has been prepared in a form consistent with that which will be adopted in Keydata 2's next published annual financial statements having regard to accounting standards and policies and legislation applicable to those financial statements.

Certain financial information on Keydata 2 is also set out below:

	Six months to	Six months to
	31 August	31 August
	2009	2008
	(unaudited)	(unaudited)
Investment income	3,000	279,000
Loss before taxation	(52,000)	(73,000)
Revenue return per Keydata Ordinary Share	(1.4)p	2.2p
Capital return per Keydata Ordinary Share	0.7p	0.0p
Total return per Keydata Ordinary Share	(0.7)p	2.2p
Dividends per Keydata Ordinary Share	n/a	n/a
Net assets	3,709,000	7,104,000
NAV per Keydata Ordinary Share	50.8p	97.2p

PART 4

INVESTMENT PORTFOLIOS OF THE COMPANY, KEYDATA 1 AND KEYDATA 2 AND THE PRINCIPAL INVESTMENTS OF THE COMPANY

The following unaudited information represents the principal investments of the Company as at the date of this document, which are shown at the valuation as at 30 June 2010 included in the respective unaudited accounting records of the Company at the latest practicable date. There has been no material change in the figures set out in Part 5 since 30 June 2010.

	Value £	% of Enlarged Portfolio Net Assets
Foresight VCT		
Camwood Limited	2,242,150	6.9
DCG Group Limited	1,975,428	6.1
Aquasium Technology Limited	1,936,488	6.0
Alaric Systems Limited	1,903,476	5.9
smartFOCUS Group plc	1,903,464	5.9
Diagnos Holdings Limited	1,902,749	5.9
Closed Loop Recycling Limited	1,856,250	5.7
Actimax plc	1,725,286	5.3
Trilogy Communications Limited	1,140,250	3.5
Foresight Luxembourg Solar 2 S.a.r.l.	953,019	3.0

The following unaudited information represents the total value of all the investments of Keydata 1 and Keydata 2 as at 26 January 2011, this being the latest practicable date prior to the publication of this document. This value incorporates an adjustment to reflect a reduced valuation of the Equipment assumed by the Board.

	Value £	% of Enlarged Portfolio Net Assets
Keydata 1	1,980,339	6.3

	Value £	% of Enlarged Portfolio Net Assets
Keydata 2	1,980,339	6.3

Investments of the Portfolio

Set out below are investments with a value of greater than 5 per cent. of the Company's portfolio gross assets and an aggregate value greater than 50 per cent. of the Company's portfolio, including at least the ten largest investments. This unaudited investment portfolio is at the date of this document, and was last revalued as at 30 June 2010.

Camwood Limited

Camwood Limited is the UK's leading application migration and change specialist. The company provides software, consultancy and implementation services to support Microsoft Windows application migration, as well as providing ongoing application management. Camwood's AppDNA software division, the market-leader in automated application compatibility for virtualisation, desktop and server operating system projects, is enjoying a period of rapid sales growth and improved profitability.

Dates of investment: September 2003, May 2005

Form of investment: Equity shares and debt

DCG Group Limited

DCG Group Limited is a provider of data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises. The demand for Datapoint's services is driven by greater compliance requirements for retention and retrieval of data and the ever growing volume of electronic data produced by organisations. The company continues to build its managed service customer base and its recurring revenues. A new mid-range service has been launched for re-sale by channel partners.

Dates of investment: March 2004, September 2005

Form of investment: Equity shares and debt

Aquasium Technology Limited

Aquasium Technology Limited is principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment. The group also provides component manufacturing and processing services utilising electron beam welding, laser machining, heat treating, abrasive water jet cutting, conventional welding and machining.

Dates of investment: October 2001, April 2003, August 2005, October 2008

Form of investment: Equity shares and debt

Alaric Systems Limited

Alaric Systems Limited develops payment system software, principally credit card authorisation ("Authentic") and card fraud detection ("Fractals") software, which is sold to major financial institutions, card processors and, increasingly, major retailers Worldwide. Alaric is enjoying strong growth and is continuing to win major new contracts. During the year to 31 March 2010, orders were won from 15 new customers, resulting in total sales for that year of some £4 million. Capacity to satisfy these orders is being met principally through expanding the office in Kuala Lumpur. Alaric is developing a growing sales pipeline and profile in the Far East, Mexico and the USA. An important relationship has been established with Oracle to serve the card authorisation switch market Worldwide. An Oracle/Sun benchmark test of the Authentic system demonstrated the capability of 10,500 transactions per second. This performance substantially exceeds the capability of competing systems and is an important element in the Oracle sales teams' marketing. The budget for the current year shows substantial growth on sales achieved in 2010 and current trading is currently well ahead of this budget.

Dates of investment: February 2002, October 2002, December 2002, June 2004, September 2004, June 2005, May 2008, September 2008

Form of investment: Equity shares and debt

smartFOCUS Group plc (AIM listed)

smartFOCUS Group plc has 124 staff in offices in Bristol, Paris, Boston, Amsterdam and Singapore and over 800 customers. The company provides multichannel marketing software and services that enable direct marketers to improve efficiency and productivity (including planning, targeting, executing and subsequent analysis) of direct marketing campaigns. The company provides an integrated suite of products at a lower cost than comparable alternative offerings, without sacrificing effective performance speeds or analysis functionality. The business model has successfully changed from unpredictable, lumpy perpetual licence sales to a software as a service ("SaaS") model which generates recurring revenues and improves the quality and visibility of revenues. This broadens the market by lowering investment hurdles and reducing operational costs while mitigating the long sales cycles and seasonality associated with large perpetual licence contracts. Outside the UK, the company operates through a worldwide network of partners, such as marketing services businesses, systems integrators and agencies. Having rapidly transitioned to the SaaS model, the annual results for the year to 31 December 2009 showed a profit of £490,000 on sales up 15 per cent. to £11.9 million (compared to a loss of £1.7 million on sales of £10.4 million for the previous year) with cash at that date of £2.4 million. Recurring revenues increased to 66 per cent. of total revenues, up from 50 per cent. with a renewal rate of over 90 per cent.. Over 80 new customer and partner contracts were won in 2009, including Rank, Carnival Group, Liverpool Victoria and Hachette. The board of smartFOCUS expects results of the first half of the current year to be ahead of its expectations reflecting positive trading.

Dates of investment: December 2001, October 2004, July 2007, May 2009, June 2009

Form of investment: Equity shares

Diagnos Holdings Limited

Autologic Diagnostics was founded in 1999 and develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Diagnos supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.

Date of investment: February 2009

Form of investment: Equity shares and debt

Closed Loop Recycling Limited

Closed Loop Recycling Limited is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. Following a series of private and public funding issues, the 35,000 tonne capacity plant in Dagenham (East London) is now fully operational. The company is enjoying strong market demand and has now announced its second UK plant in North Wales. The company is processing 100 tonnes per day and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles.

Dates of investment: August 2008, September 2008, December 2009, February 2010

Form of investment: Equity shares and debt

Actimax plc

Actimax plc sells, installs and maintains converged voice and data solutions to small and medium sized businesses. Its revenues have grown strongly over the past three years particularly as a result of specialising in multisite companies that require functions such as remote working, unified messaging and call centre technology. Now over 70 per cent. of the revenues are from ongoing contracts with the balance from new system sales and as a result profits for the six months to June 2010 were 40 per cent. up compared to a year ago. Actimax have recently supplied Wimbledon All England Lawn Tennis and Croquet club with a large converged solution for 1,000 users. Other Actimax customers include the Restaurant Group with 320 nationwide sites linked on a wide area network and The Historic Royal Palaces including Hampton Court and the Tower of London.

Dates of investment: November 1998, March 2000, June 2003

Form of investment: Equity shares

Trilogy Communications Limited

Trilogy Communications Limited is a world class supplier of audio communications systems to the defence, emergency management, industrial and broadcast sectors. Trilogy counts some of the world's best known names in broadcast and defence among its customer base including the BBC, Sony, Radio France, Raytheon, Northrop Grumman and BAE. Trilogy's Mercury IP system continues to make good progress in the US defence market. During 2009, Trilogy won the Queen's Award for Enterprise in International Trade.

Dates of investment: September 2005, April 2007, March 2010

Form of investment: Equity shares and debt

Foresight Luxembourg Solar 2 S.a.r.l.

Foresight Luxembourg Solar 2 S.a.r.l. is the holding vehicle for an operating Spanish solar photovoltaic plant. Foresight funds, together with the Italian family office GWM, are co-owners of the plant which has been operating since September 2008 and producing electricity that is supplied to the electricity grid. It benefits from an attractive feed-in tariff which is no longer available to new projects and generates reliable and consistent distributable cash flows. Foresight arranged a project finance facility alongside the equity to finance the acquisition of the plant in March 2010.

Date of investment: March 2010

Form of investment: Equity shares

PART 5

TAX POSITION OF SHAREHOLDERS

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

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

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

The Company

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

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

Receipt by Keydata Shareholders of New Shares under the Scheme

HMRC have confirmed that the effective exchange of existing Keydata 1 Shares and Keydata 2 Shares for New Shares and Additional New Shares will not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of Ordinary Shares will be treated as having been acquired at the same time and at the same cost as the existing Keydata 1 Shares and Keydata 2 Shares from which they are derived.

For Keydata Shareholders holding (together with their associates) more than 5 per cent. in either of the Keydata 1 Shares and Keydata 2 Shares in issue, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5 per cent. of the Keydata 1 Shares and Keydata 2 Shares in issue will also apply to them.

Shareholders of the Company

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

1. Income Tax

1.1 Dividend relief

An investor who acquires in any tax year VCT shares having a value of up to the annual limit (from 6 April 2004 a maximum of £200,000, previously £100,000) will not be liable to income tax on dividends paid on those shares.

1.2 Purchasers in the market

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

1.3 Withdrawal of relief

Relief from income tax on a subscription for VCT shares will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue (or three years if issued after 5 April 2000 but before 6 April 2006) or if the VCT loses its approval within this period. Dividend relief ceases to be available once the investor ceases to own the VCT shares in respect of which it has been given.

2. Capital Gains Tax

2.1 Relief from capital gains tax on the disposal of VCT shares.

A disposal by a shareholder of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the annual limit (£200,000 from 6 April 2004, previously £100,000) for any tax year.

Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 2.1 above).

Withdrawal of Approval

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval as a VCT, approval may be withdrawn or treated as never having been given. In these circumstances, reliefs from income tax on the initial investment are repayable unless loss of approval occurs more than five years after the issue (three years if issued after 5 April 2000 but before 6 April 2006) of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in an accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

Shareholders not resident in the UK

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

PART 6

TAX POSITION OF THE COMPANY

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

Qualification as a VCT

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

- not be a close company;
- have each class of its ordinary share capital quoted on the Official List;
- derive its income wholly or mainly from shares or securities;
- from April 2011, have at least 70 per cent. by VCT Value of its investments in shares or securities in qualifying holdings, of which 70 per cent. by VCT Value must be in eligible shares, which may be defined as carrying a preferential right to a dividend, expressed as a fixed or variable rate of the amount invested, but which might not be entitled to a preferential return of assets on a winding-up nor have rights to be redeemed;
- have at least 10 per cent. by VCT Value of each qualifying holding in eligible shares;
- not have more than 15 per cent. by VCT Value of its investments in a single company or group at the time of investment (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- not retain more than 15 per cent. of its income derived from shares and securities in any accounting period.

Qualifying Holdings

A qualifying holding consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions set out in Parts 3 and 4 of Chapter 6 of ITA 2007 and for which no more than £1 million was subscribed in any one tax year (nor more than £1 million in, broadly, any period of six months straddling two tax years). The conditions are detailed but include that the company must be a qualifying company, that it has gross assets not exceeding £7 million immediately before and not exceeding £8 million immediately after the investment (or £15 million immediately before and £16 million immediately after the investment for funds raised before 6 April 2006), applies the money raised for the purposes of a qualifying trade within certain time periods and that it is not controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

Qualifying Companies

A qualifying company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and the PLUS-traded or PLUS-quoted markets) and must carry on a qualifying trade. For this purpose certain activities are excluded such as dealing in land or shares or providing financial services. The qualifying trade must be carried on by, or be intended to be carried on by, the qualifying company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). From April 2011, a qualifying company must have a permanent establishment in the UK from which it must carry on activities which are more than a “preparatory or auxiliary character”. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

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

For the investment of funds raised after 5 April 2007 a qualifying company is one with less than 50 full-time (equivalent) employees and which has not received more than £2 million of VCT funds raised after 5 April 2007 (together with funds under the Enterprise Incentive Scheme and the Corporation Venturing Scheme) in any rolling 12 month period.

Approval as a VCT

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

Withdrawal of Approval

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

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

Proposed changes in VCT legislation

The VCT Rules received approval from the European Commission as State Aids on 29 April 2009. That approval was subject to a number of changes being made. Finance (No. 3) Act 2010 implements these changes.

In particular, the new legislation which, in these respects, is expected to come into effect from April 2011: applies a new requirement that to qualify under VCT Rules, an investee company must not be in difficulty; replaces the requirement that to qualify under VCT rules a company must carry on its qualifying trade wholly or mainly in the UK, with one that the company must have a permanent establishment in the UK; removes the requirement that a VCT's shares must be included in the UK's Official List, replacing it with one that VCT shares must be traded on an EU regulated market; and increases the proportion of a VCT's qualifying investments that must be held as eligible shares from 30 per cent. to 70 per cent. and would take effect from such day as the Treasury may by order made by statutory instrument appoint. The new legislation also proposes an amendment to the definition of eligible shares so that shares are not prevented from being eligible shares if they carry a present or future preferential right to dividends provided (a) that the amount of any dividends payable pursuant to the right or the date or dates on which they are payable does not depend to any extent on a decision of the company, the holder of the shares or any other person; and (b) that the amount of any dividends that become payable at any time pursuant to the right does not include any amount that has become payable at any earlier time pursuant to the right but has not been paid (i.e. the preferential right cannot be cumulative).

PART 7

ADDITIONAL INFORMATION

1. Expenses of the Scheme

The total expenses of the Scheme for the Company amount to £ nil.

2. Share Capital

As at 26 January 2011 (this being the latest practicable date prior to the publication of this document), the authorised and issued Share capital of the Company was as follows:

	Authorised		Issued and fully paid	
	No. of shares	£	No. of shares	£
Ordinary Shares	70,000,000	700,000	47,541,385	475,413.85
Planned Exit Shares	10,000,000	100,000	6,179,833	61,798.33

On 24 November 2010 the Company purchased for cancellation 200,000 Ordinary Shares at a price of 42.57p per Share.

3. Since 28 January 2010, the date of the Registration Document, the Company has issued 6,179,833 Planned Exit Shares.

4. Effect of the Scheme on the Company's financial position

Had the Scheme been implemented on 30 June 2010, the Company's investments would have increased by £3,960,000 (such amount being the agreed value of the Keydata Portfolio Companies). Cash would have increased by £424,000 and creditors would have increased by £558,000 as per the unaudited management accounts of Keydata 1 and Keydata 2 at 30 June 2010. Taking this into account the net assets of the Company would have increased by £3,826,000.

5. The paragraph headed "Significant Change" on page 28 of Part 2 of this document, the financial information set out in Part 3 of this document, the information in Part 4 of this document showing the investment portfolios, the NAV as at 31 December 2009 detailed on page 24 of this document, the NAV as at 30 June 2010 detailed on page 30 of this document, the above information in paragraphs 2 and 3 and the items numbered 2, 3, 5, 6, 7 and 8 in the Documents available for inspection below, are all updated information from the Registration Document issued by the Company on 28 January 2010.

In addition, Peter Dicks stepped down as chairman of Foresight on 30 July 2010 and John Gregory was appointed chairman and a director of Foresight on the same date. Peter Dicks is also now a director of Foresight Clearwater VCT plc and Committed Capital VCT plc. John Gregory is currently or has been within the last 5 years a member of the administrative management or supervisory bodies or partners of the following companies and partnerships:

Current

EPIC VCT plc
IS Pharma Plc
Meaujo Tug Limited
The 1855 Club plc
Tixal Limited

Past 5 years

Avionic Services plc
The Centre for Accessible Environments
Bluehone AIM VCT plc
Enterprise VCT plc
Foresight 3 VCT plc
Local Allotments plc

6. Overseas Shareholders

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

- 6.1.1 none of the New Shares and Additional New Shares to be issued pursuant to the Scheme have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and

will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;

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

6.1.3 no offer is being made, directly, under the merger, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares pursuant to the Scheme, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

7. 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 R W Blears LLP at 125 Old Broad Street London EC2N 1AR and also at the registered office of the Company:

1. the memorandum and articles of association of the Company;
2. the audited report and accounts of the Company for the financial years ended 31 December 2007, 2008 and 2009 and the unaudited interim accounts of the Company to 30 June 2010;
3. the audited report and accounts of Keydata 1 and Keydata 2 for respectively the three financial years ended 28 February 2007, 2008 and 2009 and the unaudited interim report of both Keydata 1 and Keydata 2 for the six month period ended 31 August 2009;
4. the material contracts referred to in paragraph 5 of Part 1 of the Registration Document being contracts entered into otherwise than in the ordinary course of business to which the Company is a party;
5. a draft (subject to non-material updating and amendment) of the Transfer Agreement;
6. the Acquisition Circular to Shareholders dated 27 January 2011;
7. the Keydata Circular to Keydata Shareholders dated 27 January 2011; and
8. this document.

27 January 2011

