

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

THIS DOCUMENT CONSTITUTES A REGISTRATION DOCUMENT ISSUED BY FORESIGHT VCT PLC ("FORESIGHT 1") AND FORESIGHT 2 VCT PLC ("FORESIGHT 2") (TOGETHER "THE COMPANIES" AND EACH A "COMPANY") DATED 7 OCTOBER 2011 ("THE REGISTRATION DOCUMENT").

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UKLA AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND. ADDITIONAL INFORMATION RELATING TO THE COMPANIES IS CONTAINED IN A SECURITIES NOTE ISSUED BY THE COMPANIES DATED 7 OCTOBER 2011 ("THE SECURITIES NOTE"). A BRIEF SUMMARY WRITTEN IN NON-TECHNICAL LANGUAGE CONVEYING THE ESSENTIAL CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE COMPANIES AND THE INFRASTRUCTURE ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF FORESIGHT 1 ("FORESIGHT 1 INFRASTRUCTURE SHARES") AND THE INFRASTRUCTURE ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF FORESIGHT 2 ("FORESIGHT 2 INFRASTRUCTURE SHARES") WHICH ARE BEING OFFERED FOR SUBSCRIPTION ("INFRASTRUCTURE SHARES") ("THE OFFER") IS CONTAINED IN A SUMMARY ISSUED BY THE COMPANIES DATED 7 OCTOBER 2011 ("THE SUMMARY").

THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY TOGETHER COMPRISE A PROSPECTUS ISSUED BY THE COMPANIES DATED 7 OCTOBER 2011 ("THE PROSPECTUS"), WHICH HAS BEEN PREPARED IN ACCORDANCE WITH THE PROSPECTUS RULES MADE UNDER FSMA AND HAS BEEN APPROVED BY THE FINANCIAL SERVICES AUTHORITY ("FSA") IN ACCORDANCE WITH FSMA. THE PROSPECTUS HAS BEEN FILED WITH THE FSA IN ACCORDANCE WITH THE PROSPECTUS RULES AND YOU ARE ADVISED TO READ THE PROSPECTUS IN FULL.

The Companies and the Directors (whose names are set out on page 6) accept responsibility for the information contained in this document. To the best of the knowledge of the Companies and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Linked offer for subscription to raise, in aggregate,
up to £30 million by way of an issue of
Foresight VCT plc and Foresight 2 VCT plc Infrastructure Shares**

Foresight VCT plc

Foresight 2 VCT plc

Registered in England and Wales under number 03421340

Registered in England and Wales under number 05200494

In connection with the Offer, BDO LLP ("BDO") is acting for the Companies and no-one else and will not be responsible to anyone other than the Companies 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.

In connection with the Offer, Foresight Group LLP ("Foresight Group") is acting for the Companies and no-one else and will not be responsible to anyone other than the Companies for providing the protections afforded to customers of Foresight Group, nor for providing advice in relation to the Offer. Foresight Group is authorised and regulated in the United Kingdom by the FSA.

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

Copies of this Registration Document, the Securities Note and the Summary (and any supplementary prospectus published by the Companies) are available free of charge from the offices of the Companies' investment manager, Foresight Group, ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU and the sponsor, BDO, 125 Colmore Row, Birmingham B3 3SD.

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 3 TO 5.

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RISK FACTORS

Existing and prospective investors 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 Companies' businesses, financial condition, result of operations or on the value of the Infrastructure Shares. The risks and uncertainties described below are not the only ones the Companies, the Directors or investors in the Infrastructure Shares will face. Additional risks not currently known to the Companies or the Directors, or that the Companies or the Directors currently believe are not material, may also adversely affect the Companies' businesses, financial condition and result of operations. The value of the Infrastructure Shares could decline due to any of the risk factors described below, and investors could lose part or all of their investment. Investors who are in doubt should consult an independent financial adviser authorised under FSMA.

- The Offer is conditional on receiving applications for Infrastructure Shares for, in aggregate, a minimum of £3 million per Company (which would result in the Minimum Net Proceeds per Company being raised). If less than £3 million per Company is applied for by the closing date (which may be extended) the Offer will lapse.
- The value of Infrastructure Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Infrastructure Shares will fully reflect the underlying net asset value nor that dividends will be paid. Shareholders should not rely upon any share buy-back policy to offer any certainty of selling their Infrastructure Shares at prices that reflect the underlying NAV.
- The net asset value of the Infrastructure 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.
- The past performance of the Companies or other funds managed by Foresight Group, the investment manager to the Companies, and Foresight Group itself is no indication of the future performance of the Companies. The return received by investors will be dependent on the performance of the underlying investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.
- The existing Shares issued by the Companies have been (and it is anticipated that Infrastructure Shares to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and are (or will be) traded on the London Stock Exchange market for listed securities. However, the secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV) and investors may find it difficult to realise their investment. Investment in the Companies should be seen as a long term investment.
- The Companies are seeking to raise a minimum of £6 million (£3 million per Company) under the Offer. Should applications for only the minimum level of £6 million be received (which would result in the Minimum Net Proceeds per Company being raised) or to the extent that a relatively small amount of funds is raised for a Company, the portfolio of the Infrastructure Shares fund of the relevant Company will be less diversified than it would have been had the maximum amount sought under the Offer for that Company been raised. Potential investors should be aware that, in these circumstances, the fixed costs attributable to the Infrastructure Shares fund of the relevant Company would be proportionately higher and, therefore, a lower proportion of the applicant's monies would be available to be invested in accordance with the stated investment policy as set out in Part Four of this document.
- There is no guarantee that either of the Companies will meet its objective or that suitable investment opportunities will be identified to enable a Company to meet its objective.

- The target tax-free return to investors in Infrastructure Shares is not guaranteed, nor is the level and timing of distributions to Shareholders. The level of returns from the Infrastructure Shares may be less than expected if there is a delay in the investment programme, such that a Company's proceeds of the Offer are held in cash or near cash investments for longer than expected.
- While it is the intention of each Board that its Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that a Company's status will be maintained. A failure to meet the qualifying requirements could result in Qualifying Investors losing the tax reliefs available for VCT shares, resulting in adverse tax consequences, including, if the holding has not been held for the relevant holding period, a requirement to repay the income tax relief obtained. Furthermore, should a Company lose its VCT status, dividends and gains arising on the disposal of Infrastructure Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Companies and/or the rates of tax, or other statutory provisions to which the Companies are subject, may change during the life of the Companies and such changes could be retrospective.
- If a Qualifying Investor who subscribes for Infrastructure Shares under the Offer disposes of those shares within five years, the Qualifying Investor will be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Changes in legislation concerning VCTs (pursuant to the consultation document published by HM Treasury on 6 July 2011 or otherwise), in particular, in relation to qualifying holdings and qualifying trades, may limit the number of qualifying investment opportunities and/or reduce the level of returns which might otherwise have been achievable.
- Investment in unquoted companies (including AIM-traded and PLUS market-traded companies) by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties and may be more susceptible to political, exchange rate, taxation and regulatory changes. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisations of investments by the need to maintain the VCT status of a Company which may restrict that Company's ability to obtain maximum value from its investments.
- Although the Companies may receive conventional venture capital rights in connection with their investments, as minority investors they may not be in a position fully to protect their interests.
- Any change of governmental, economic, fiscal, monetary or political policy and, in particular any spending cuts or material increases in interest rates, could materially affect, directly or indirectly, the operation of the Companies and/or the performance of the Companies and the value of and returns from Shares and/or their ability to achieve or maintain VCT status.
- Where more than one of the companies (or the relevant fund attributable to a Share class) managed or advised by Foresight Group wishes to participate in an investment opportunity, allocations will be made in accordance with the allocation policy agreed as at the date of allocation. The policy provides that allocations are made firstly to any company (or the relevant fund attributable to a share class) with an existing investment in the relevant company, secondly to any company (or the relevant fund attributable to a share class) whose investment strategy is

specifically focused on the business of the relevant company and thirdly to all other companies (or the relevant fund attributable to a share class) whose investment strategy is generally consistent with the investment in business of the relevant company. Within each stage, allocations are made pro rata to the net funds raised by each company (or the relevant fund attributable to a share class), except where there is an existing investment, in which case allocation is pro rata to such existing investment. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCT's portfolio in Qualifying Investments. This may mean that a greater or lesser allocation is received than would otherwise be the case.

- Where a Company invests the proceeds of the Offer in companies in which other funds managed or advised by Foresight Group (including in respect of the other classes of Shares in the relevant Company) have invested or are investing, conflicts of interest may arise and the Board of the relevant Company will exercise its judgment in managing such conflicts.
- Although each of the Companies' existing share classes will be managed separately and benefit from fixed costs being spread across a larger asset base, they will, however, continue to be subject to the overall financial position and performance of that Company as a number of accounting, company law and VCT tests are applied at Company level. In addition, if, on liquidation, in the unlikely event there was a deficit in relation to one share class, such deficit would be borne by the other share classes of that Company.

CORPORATE INFORMATION FOR BOTH COMPANIES

Directors (Non-executive)

Foresight 1

John Howard Gregory (Chairman)
Peter Frederick Dicks
Gordon James Humphries

Foresight 2

Jocelin Montague St John Harris (Chairman)
Peter Frederick Dicks
David William Quysner

Registered Office and Head Office

ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU

Telephone Number

01732 471 800

Company Registration Numbers

Foresight 1 - 03421340
Foresight 2 - 05200494

Website

www.foresightgroup.eu

Company Secretary and Administrator

Foresight Fund Managers Limited
ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU

Registrars

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

Investment Manager and Promoter

Foresight Group LLP
ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU

Receiving Agent

The City Partnership (UK) Limited
Thistle House
21 Thistle Street
Edinburgh
EH2 1DF

Solicitors and VCT Status Adviser

Martineau
No. 1 Colmore Square
Birmingham
B4 6AA

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

Auditors

KPMG Audit plc
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

DEFINITIONS

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

“AIM”	the Alternative Investment Market
“Articles”	the articles of association of Foresight 1 and/or Foresight 2, as the context permits
“BDO”	BDO LLP a UKLA registered sponsor authorised and regulated by the Financial Services Authority
“Boards”	the boards of directors of the Companies (and each “a Board”, as the context permits)
“Business Days”	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
“CA 1985”	Companies Act 1985 (as amended)
“CA 2006”	Companies Act 2006 (as amended)
“Companies”	Foresight 1 and Foresight 2 (and each “a Company”, as the context permits)
“Directors”	the directors of a Company or the Companies from time to time (and each a “Director”, as the context permits)
“Distributions”	amounts paid by way of dividends, tender offers, share buy-backs relating to an exit opportunity, proceeds on a sale or liquidation of the relevant Company and any other proceeds or value received, or deemed to be received, by Shareholders in the relevant Company in respect of Infrastructure Shares, excluding any income tax relief on subscription
“Existing Foresight 1 and Foresight 2 Shareholders”	Shareholders of one or both of the Companies
“Foresight 1”	Foresight VCT plc
“Foresight 1 Annual Reports”	the annual report and financial statements for the years ended 31 December 2008, 2009 and 2010 of Foresight 1
“Foresight 1 Half Yearly Report”	the half yearly report and financial statements for the six month period ended 30 June 2011 of Foresight 1
“Foresight 1 Shares”	Foresight 1 Ordinary Shares and/or Foresight 1 Planned Exit Shares and/or Foresight 1 Infrastructure Shares (and each a “Foresight 1 Share”, as the context permits)
“Foresight 2”	Foresight 2 VCT plc
“Foresight 2 Annual Reports”	the annual report and financial statements for the years ended 30 September 2008, 2009 and 2010 of Foresight 2
“Foresight 2 C Shares”	C ordinary shares of 1p each in the capital of Foresight 2 (and each a “Foresight 2 C Share”)
“Foresight 2 C Shares fund”	the assets and liabilities of Foresight 2 attributable to the holders of Foresight 2 C Shares
“Foresight 2 Half Yearly Report”	the half yearly report and financial statements for the six month period ended 31 March 2011 of Foresight 2
“Foresight 2 Shares”	Foresight 2 Ordinary Shares and/or Foresight 2 C Shares and/or Foresight 2 Planned Exit Shares and/or Foresight 2 Infrastructure Shares (and each a “Foresight 2 Share”, as the context permits)
“Foresight Group”	Foresight Group LLP, which is authorised and regulated by the FSA

“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	Foresight Group and Foresight Group CI Limited
“HMRC”	HM Revenue & Customs
“Infrastructure Shareholders”	the holders of Infrastructure Shares in Foresight 1 and/or Foresight 2 (and each an “Infrastructure Shareholder”, as the context permits)
“Infrastructure Shares”	Infrastructure Shares in Foresight 1 and/or Foresight 2 being offered for subscription pursuant to the Prospectus
“Infrastructure Shares fund”	the assets and liabilities of the relevant Company attributable to the holders of Infrastructure Shares in that Company
“IPEVC Valuation Guidelines”	the International Private Equity and Venture Capital Valuation Guidelines
“Listing Rules”	the Listing Rules of the UK Listing Authority
“London Stock Exchange”	London Stock Exchange plc
“Memorandum”	the memorandum of association of Foresight 1 or Foresight 2, as the context permits (together “the Memoranda”)
“Minimum Net Proceeds”	the minimum net proceeds of the Offer, this being £5.67 million (£2.835 million per Company)
“Money Market Funds”	money market funds, government securities or other liquid assets
“NAV” or “net asset value”	the net asset value of a company calculated in accordance with that company’s normal accounting policies
“New Investors”	successful applicants under the Offer who are not Existing Foresight 1 and Foresight 2 Shareholders
“Offer”	the joint offer for subscription of Infrastructure Shares as described in the Prospectus
“Offer Price”	the price at which the Infrastructure Shares will be allotted in each Company pursuant to the Offer, this being 100p per share
“Official List”	the official list of the UK Listing Authority
“Ordinary Shareholders”	the holders of Ordinary Shares in Foresight 1 and/or Foresight 2 (and each an “Ordinary Shareholder”, as the context permits)
“Ordinary Shares”	the ordinary shares of 1p each in the capital of Foresight 1 and/or 2 (and each an “Ordinary Share”, as the context permits)
“Ordinary Shares fund”	the assets and liabilities of the relevant Company attributable to the holders of Ordinary Shares in that Company
“Planned Exit Shareholders”	the holders of Planned Exit Shares in Foresight 1 and/or Foresight 2 (and each a “Planned Exit Shareholder”, as the context permits)
“Planned Exit Shares”	the planned exit ordinary shares of 1p each in the capital of Foresight 1 and/or 2 (and each a “Planned Exit Share”, as the context permits)
“Planned Exit Shares fund”	the assets and liabilities of the relevant Company attributable to the holders of Planned Exit Shares in that Company
“Prospectus”	together the Registration Document, the Securities Note and the Summary
“Prospectus Rules”	the prospectus rules of the UK Listing Authority
“Qualifying Company”	an unquoted (including an AIM-listed) company which satisfies the

	requirements of Part 4 of Chapter 6 of the Tax Act
“Qualifying Investments”	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 to the Tax Act
“Qualifying Investor”	an individual aged 18 or over who satisfies the conditions of eligibility for tax relief to investors in a VCT
“Registration Document”	this document
“Securities Note”	the securities note issued by the Company dated 7 October 2011 in connection with the Offer
“Shareholders”	holders of Shares in one or both of the Companies (and each a “Shareholder”, as the context permits)
“Shares”	Foresight 1 Shares and/or Foresight 2 Shares (and each a “Share”, as the context permits)
“Summary”	the summary issued by the Company dated 7 October 2011 in connection with the Offer
“The Tax Act”	the Income Tax Act 2007 (as amended)
“UKLA” or “UK Listing Authority”	the FSA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its states, territories and possessions (including the District of Columbia)
“VCT Value”	the value of an investment calculated in accordance with section 278 of the Tax Act
“Venture Capital Trust” or “VCT”	a venture capital trust as defined in section 259 of the Tax Act

THE DIRECTORS AND FORESIGHT GROUP

The Board of each Company comprises non-executive directors, all of whom are independent (except Peter Dicks) and have substantial experience of quoted and unquoted companies, as well as expertise in investment management. Each Board has overall responsibility for its Company's affairs, including determining the investment policy and approving the valuation of investments in that Company and its net asset value.

Each Board has delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the relevant Board to make investment decisions).

(A) THE DIRECTORS

Foresight 1 Directors

John Gregory (Chairman)

John Gregory is a chartered accountant with a broad experience of banking, corporate finance and fund management and was an executive director of Noble Fund Managers Limited until 2004. Currently, he is a non-executive director or Chairman of a number of private companies. His earlier career was in the City of London and included posts as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.

Gordon 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 Maven Income and Growth VCT 5 plc.

Foresight 2 Directors

Jocelin Harris (Chairman)

Jocelin Harris is a qualified solicitor and since 1986 has run Durrington Corporation which provides finance and advice for small businesses. Before this he was a director of private bank Rea Brothers for 7 years. He has personally invested in over 40 development stage companies over the last 25 years and is currently Chairman or Non-Executive Director of a number of them in the UK and the USA. He is also a Director of Unicorn AIM VCT plc and Vice Chairman of the Governing Body of Queen Mary University of London.

David Quysner CBE

David Quysner has more than 40 years' experience of venture capital and SME finance. He spent 13 years with 3i before joining the venture capital firm Abingworth in 1982, becoming its Managing Director in 1994 and its Chairman in 2001. He is also Chairman of Capital for Enterprise Limited, which manages and delivers HM Government schemes that provide financial support for SMEs and Chairman of RCM Technology Trust plc. He is a Director of ANGLE plc, Private Equity Investor plc and Medical Research Council Technology Limited. He was Chairman of the British Venture Capital Association in 1996/97.

Director of both Foresight 1 and Foresight 2

Peter Dicks

Peter Dicks was a founder director of Abingworth plc in 1973, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Sportingbet plc and Private Equity Investor plc where he is chairman, Polar Capital Technology Trust plc, Graphite Enterprise Trust plc and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been a director of Foresight 1 and Foresight 2 since their launch in 1997 and 2004 respectively and is a director of Foresight 3 VCT plc, Foresight 4 VCT plc, Foresight 5 VCT plc and Foresight Clearwater VCT plc. He is also chairman of Unicorn AIM VCT plc.

Current and past directorships, memberships and positions of management or supervision

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

	Current	Past Five Years
John Gregory	Epic VCT plc Foresight VCT plc Meaujo Bell Limited Tixal Limited	Bluehone AIM VCT plc Enterprise VCT plc Foresight 3 VCT plc IS Pharma Limited Local Allotments plc Meaujo Tug Limited Sinclair IS Pharma plc The 1855 Club plc The Centre for Accessible Environments
Gordon Humphries	Foresight VCT plc Maven Income & Growth VCT 5 plc	
Jocelin Harris	Brandbank Limited Durrington Corporation Limited Foresight 2 VCT plc Halkin Secretaries Limited Millennium Mats Limited Queen Mary, University of London Foundation Roil Foods Limited Roilvest Limited Serres Limited The St Peter's College Foundation Tudor Roof Tile Co. Limited Unicorn AIM VCT plc Unipower Solutions Europe Limited (in administration)	Alembic Foods Limited Alembic Products Limited Automat International Limited Food trak Limited M-Box Limited Performance Brands Limited Speed to Market Limited Teviot Holdings Limited Teviotdale Windows& Doors Limited (in liquidation) The Webb Partnership Limited Unipower Group Limited Unipower Solutions Europe (EBT) Limited Unipower Systems Limited
David Quysner	Abingworth Management Limited Abingworth Management Holdings Limited Angle plc Capital for Enterprise Limited Capital for Enterprise Fund Managers Limited ETF Management LLP Foresight 2 VCT plc Medical Research Council Technology Private Equity Investor plc RCM Technology Trust plc	Abingworth Executives Limited Abingworth Trustee Limited Abingworth Ventures (G.P.) Limited Prelude Trust plc (in liquidation) White Cross Systems Group Limited
Peter Dicks	Committed Capital VCT plc Daniel Stewart Securities plc Enterprise Capital Trust plc (in liquidation) Foresight VCT plc Foresight 2 VCT plc Foresight 3 VCT plc Foresight 4 VCT plc	Boostcareer Limited CM Group Holdings Limited East European Frontiers Fund ISEC Securities Limited Lebanon Holdings (Luxembourg) London Trust Productions Limited The East German Investment Trust plc (in liquidation)

Foresight 5 VCT plc
 Foresight Clearwater VCT plc
 Gartmore Fledgling Trust plc
 GFT Dealing Limited
 Graphite Enterprise Trust plc
 Henderson Fledgling Trust plc
 Interactive Investor plc
 Mears Group Plc
 Mercia Fund 1 General Partner
 Limited
 PCT Finance Limited
 Polar Capital Technology Trust
 plc
 Private Equity Investor plc
 Second London American Trust
 plc (in liquidation)
 Sportingbet plc
 Standard Microsystems
 Corporation (USA)
 SVM UK Emerging Fund plc
 Unicorn AIM VCT plc

United Industries Public Limited
 Company
 Vencap International plc
 Waterline Group plc

(B) FORESIGHT GROUP

The Boards believe that the success of any VCT is dependent on the judgement, experience and skills of the investment manager.

Foresight Group is an alternative asset manager with a 26 year track record and specific expertise in infrastructure and private equity. The team has over 200 years' of collective investment experience and combines investors' capital and its own hands-on expertise with the intention of creating long-term value and generating attractive returns for shareholders. Foresight Group offers both private and institutional investors access to a range of investment opportunities and a comprehensive management service in its chosen areas of specialisation.

Members of the Foresight Group team take non-executive positions on the boards of investee companies where this is appropriate. Foresight Group expects to be central to decision-making by the investee companies in the following areas:

- definition and review of strategy and its implementation
- recruitment and incentivisation of key management and board members
- fundraising from banks and other external sources
- mergers, acquisitions and exits

Foresight Group has taken a lead or sole investor role in the majority of its VCT investments and intends to continue this approach in making investments for the Companies.

Investment Team and Committee

Foresight Group's investment committee for the Infrastructure Shares fund comprises the following individuals:

Bernard Fairman is the chairman of the Group and is responsible for group business development, strategy and administration, as well as having final responsibility for all significant investment decisions made on behalf of funds managed by the Group. Over the past 25 years he has led the Group's development into a business that now manages over £400 million with 38 staff in the UK, Italy and Spain. For ten years he was a director of smartcard innovator Gemplus, involved in its growth from start-up to over \$1 billion annual revenues.

David Hughes is responsible for Foresight Group's private equity investment activities and portfolio management. David has 37 years experience of unquoted investment management, initially with 3i and subsequently through establishing fund management operations for Framlington Investment Management Ltd, Baltic plc and Bank Austria AG, London. He has been involved in VCT management since 2004.

Andrew Page spent nine years in operational management roles in industry before starting his career in private equity management in 2000. He has worked at Unilever, Dow Chemical and Ascot and was a chief engineer with responsibility for large chemical plants. His operational experience includes manufacturing process management and engineering procurement, and allows Andrew to contribute a unique insight to selection and management of project-based investments.

Nigel Aitchison has a deep understanding of project management and engineering in the environmental infrastructure sector. As managing director of Shanks PFI Investments, Nigel successfully established two major infrastructure projects, taking responsibility for complex contractual arrangements and helping to raise over £150 million in bank financing.

Jamie Richards has led Foresight Group's solar infrastructure team since inception in 2007. He has played a key role in creating Foresight Group's network of lenders, advisers, installation contractors and asset owners, and has been directly involved in financing 29 megawatts of solar assets. Jamie is a chartered accountant with 17 years experience across fund management, banking and asset financing and has worked at PricewaterhouseCoopers, Citigroup and Macquarie.

David Conlon has invested over £100 million of equity in PFI assets whilst at the Land Securities Trillium Infrastructure Fund. His role involved origination, structuring, negotiation and due diligence. His sector exposure includes renewable energy and conventional infrastructure assets.

Adrienne Bloch has 16 years experience in Public Private Partnerships infrastructure projects (PPP) including schools, hospitals and other public sector projects. Her experience covers banking and structured finance as well as public sector accounting and risk transfer. She is a winner of the Ambassador for London Award for PPP innovation and is a qualified town planner. Adrienne has held senior roles within Lend Lease Corporation, Amey plc and John Laing plc.

Foresight Group is a limited liability partnership registered in England and Wales under number OC300878 pursuant to the Limited Liability Partnerships Act 2000 and was formed on 25 October 2001 (telephone number 01732 471800). Foresight Group is authorised and regulated by the Financial Services Authority to advise on investments, arrange deals in investments and to make arrangements with a view to transactions in investments.

Foresight Group CI Limited

Foresight Group has recently been subject to a restructuring of its membership when Bernard Fairman transferred his holding in Foresight Group to Foresight Group CI Limited (a company incorporated and registered in Guernsey on 12 February 2010, with registered number 51471) of which he is the sole shareholder. Foresight Group CI Limited has, therefore, become the controlling member of Foresight Group. Bernard Fairman now provides his services to, Foresight Group through Foresight Group CI Limited so there has been no material change in the manner in which Foresight Group provides services to the Companies.

MEMORANDA AND ARTICLES

Each Company's Memorandum provides that the principal objects of that Company are to carry on business as a venture capital trust or as an investment company. The objects of each Company are set out in clause 4 of its Memorandum (now deemed to be part of the Articles of the relevant Company under CA 2006).

The material provisions of each of the Company's Articles are as detailed below. The provisions set out below apply, mutatis mutandis, to each Company unless otherwise stated. References in this section to "the Company" mean the relevant Company and references to "Directors" mean the directors of the relevant Company from time to time.

Articles

1. Rights attaching to shares

In addition to the following general powers relating to Shares, the following specific provisions apply in respect of each class of Share:

(a) ***Voting rights***

The Ordinary Shares, Foresight 2 C Shares, Planned Exit Shares and Infrastructure Shares shall rank equally in all respects as to rights to attend and vote at any general meeting of the Company.

(b) ***Dividends***

The rights of members to receive dividends are as follows:

- (i) The holders of Ordinary Shares shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the Ordinary Shares;
- (ii) The holders of Planned Exit Shares shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the Planned Exit Shares;
- (iii) The holders of Infrastructure Shares shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the Infrastructure Shares; and
- (iv) In respect of Foresight 2 only, the holders of Foresight 2 C Shares shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the Foresight 2 C Shares.

(c) ***Distribution of assets on liquidation***

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

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

- (iii) The net assets attributable to the Infrastructure Shares (less such proportion of liabilities as shall reasonably be allocated to such shares) shall be divided amongst the holders of Infrastructure Shares pro rata according to their holdings of Infrastructure Shares; and
 - (iv) In respect of Foresight 2 only, the net assets attributable to the Foresight 2 C Shares (less such proportion of liabilities as shall reasonably be allocated to such shares) shall be divided amongst the holders of Foresight 2 C Shares pro rata according to their holdings of Foresight 2 C Shares.
- (d) ***Class consents and variation of rights***
- The holders of each class of share in the Company shall be required to approve and, accordingly, without such approval, the special rights attached to each class of shares shall be varied, *inter alia*, by:
- (i) any alteration to the Memorandum or Articles;
 - (ii) any consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued share capital;
 - (iii) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital in the Company other than pursuant to the exercise of subscription rights in accordance with the terms of the share options granted or to be granted to Foresight Group; and
 - (iv) the selection of any accounting reference date other than 31 December (in the case of Foresight 1) or 30 September (in the case of Foresight 2).

2. General meetings

- (a) An annual general meeting and any general meeting at which it is proposed to pass a special resolution or (except as provided by CA 2006) a resolution of which special notice has been given to the Company, must be called by at least 21 days notice in writing and any other general meeting by at least 14 days notice in writing. The period of notice must in each case be exclusive of the day in which the notice is served or deemed to be served and of the day in which the meeting is to be held provided that a general meeting shall, notwithstanding that it may have been called by a shorter notice than that specified above, be deemed to have been duly called if it is so agreed in accordance with CA 2006; provided also that the accidental omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any general meeting.
- (b) Every notice calling a general meeting shall specify the place and the day and hour of the meeting and the general nature of the business to be transacted. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a member. In the case of an annual general meeting, the notice shall also specify the meeting as such.
- (c) Each member is entitled to attend and vote and to appoint one or more proxies to attend and vote, in the case of all Companies, on a poll vote. A proxy need not be a member.
- (d) The accidental omission to give or send a notice of any meeting, or in cases where it is intended that it be sent out with the notice, an instrument of proxy, to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

- (e) No business shall be transacted at any general meeting unless a quorum is present. Two members present in person (or by representative) or by proxy and entitled to vote shall be a quorum.
- (f) If a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case shall stand adjourned to such day and to such time and place as may be determined by the chairman (which, in the case of the Companies must be not less than 10 clear days thereafter). At such adjourned meeting a quorum shall be two members present in person or by proxy and entitled to vote. If a quorum is not present within half an hour from the time fixed for holding the adjourned meeting or if during the adjourned meeting a quorum ceases to be present, the meeting shall be dissolved. The Company shall give at least seven clear days' notice in writing of any meeting adjourned.
- (g) The Directors shall on the requisition of members in accordance with the CA 2006 but subject as therein provided: (a) give to the members who would, if an annual general meeting were then to be held, be entitled to receive notice thereof notice of any resolution which may properly be moved and is intended to be moved at the meeting so requisitioned; and (b) circulate to such members any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution for the business to be dealt with at that meeting.
- (h) Pursuant to section 303 of the CA 2006, the Directors must, on a members' requisition, forthwith proceed duly to convene a general meeting of the Company. A members' requisition is a requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the Company as at that date carries the right of voting at general meetings of the Company. For these purposes the Company's paid up capital held as treasury shares would be disregarded. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form, each signed by one or more requisitionists. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a meeting but any meeting so convened must not be held after the expiration of three months from that date. A meeting convened under this section by requisitionists must be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

3. Voting rights

- (a) 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 only in each company. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.
- (b) Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of each company in respect of the holding.
- (c) A member will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to section 793 of the CA 2006 (which requires the

member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of 14 days.

4. Pre-emption rights

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

5. Right to share in profits

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

6. Variation of class rights

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

7. Alteration of share capital

- (a) The Company may from time to time, by ordinary resolution, consolidate or subdivide its share capital.
- (b) The Company may also by resolution or as required by law reduce share capital or any capital redemption reserve or share premium or other undistributable reserve in any manner which is in accordance with and subject to any method and/or consent authorised or required by law.

8. Issue of shares

Subject to the provisions of the CA 2006 relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit.

9. Transfer of shares

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

Board may also refuse to recognise a transfer of uncertificated shares in such circumstances as may be permitted by the Uncertificated Securities Regulations 2001.

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

10. Dividends

- (a) The Directors shall, so far as it is prudent to do so, distribute to members all the accumulated and realised revenue and capital profits of the Company as soon as practicable rather than reinvesting the profits in further venture capital investments.
- (b) The Company may by ordinary resolution and subject to the provisions of the CA 2006 and of their Articles declare dividends to be paid to members according to their respective rights and interest in the profit of the Company, provided that no dividend shall exceed the amount recommended by the Directors.
- (c) The Directors may pay interim dividends and also any fixed rate if it appears to them that they are justified in so doing by the profits of the Company available for distribution.
- (d) 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).
- (e) If any dividend remains unclaimed after a period of twelve years from the date of the declaration of that dividend, it shall be forfeited and shall cease to remain owing by the Company.
- (f) The Directors may with the prior authority of an ordinary resolution of the Company, subject to such terms and conditions as the Directors may determine, offer to holders of shares the right to elect to receive shares credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.

11. Borrowing power

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (b) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries and subsidiary undertakings so as to secure (but as regards subsidiaries and subsidiary undertakings only insofar as by the exercise of such rights or powers of the Directors can secure) that the aggregate principal amount at any one time outstanding of all monies borrowed or secured by the Company and/or any of its subsidiaries or subsidiary undertakings shall not at any time without the previous sanction of the Company in general meeting exceed an amount equal to the Adjusted Capital and Reserves (as defined in 11(c) below) provided that prior to the publication of an audited balance sheet of the Company such aggregate principal amount shall be limited to 90 per cent of the amount paid up or credited as paid up (whether in respect of nominal value or premium) on the allotted or issued share capital of the Company.

- (c) The expression “Adjusted Capital and Reserves” means, as shown by a consolidation of the then latest audited balance sheets of the Company and its subsidiaries and subsidiary undertakings but subject to deductions and adjustments set out in the articles of association of the Company, a sum equal to the aggregate of (a) the amount paid up on the issued share capital of the Company; and (b) the amount standing to the credit of the reserves (including without limitation any share premium account, capital redemption reserve, tax equalisation account and credit balance on profit and loss account and any unappropriated balance of investment grants) of the Company and their subsidiaries and subsidiary undertakings.

12. Directors’ and other interests

- (a) A Director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested provided that he declares the nature of his interest at a meeting of the Directors.
- (b) A Director shall not vote or be counted in the quorum in relation to any resolution concerning any contracts, arrangements, transactions or any other proposal whatsoever to which the Company is to be a party and in which he has an interest which is, to his knowledge, a material interest unless the resolution concerns any of the following matters:
- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of their subsidiary undertakings;
 - (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or any underwriting or sub-writing of which he is to participate;
 - (iv) any proposal concerning any other body corporate in which he is interested directly, or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he does not hold an interest (as the term is used in Part VI of the CA 2006) representing 1% or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;
 - (v) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include the Directors.
- (c) Provided that a Director has disclosed to the Directors the nature and extent of any material interest (i) he may be party to or otherwise interested in any transaction or arrangement with the Company (or in which the Company has invested), (ii) he may be a member or director or other officer of, or employed by or a party to any transaction with, any company in which the Company is interested, (iii) he shall not be accountable to the Company for any benefit which he derives from any such transaction, arrangement, office, employment or interest and (v) he may by himself or his firm act in a professional

capacity for the Company for which he or his firm shall be entitled to receive remuneration.

- (d) The Board may authorise, to the fullest extent permitted by law, and on such terms and conditions as it thinks fit:
- (i) any matter which would or might otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest;
 - (ii) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with either before or at the time the conflict of interest exists;

provided that the authorisation is passed at a meeting where such is effective without the Director in question and any other interested Director being counted in the quorum or voting at the meeting at which the conflict of interest is authorised.

Where any such matter is authorised by the Board, the Director shall not be required to disclose any confidential information relating to such other office, employment or position and shall not be accountable to the Company for any benefit which he derives from such matter.

- (e) There shall be no less than two and not more than seven Directors in the Company.
- (f) The Directors shall not be required to hold any shares in the Company by way of qualification.
- (g) At each annual general meeting of the Company at least one third of the Directors (or, in the case of each Company if their number is not a multiple of three, then the nearest number to but not exceeding one third) shall retire from office by rotation. Subject to the provisions of the CA 2006, the Directors to retire in each case shall be those who have been longest in office since their last election, provided that no Director holding office as an executive director as provided for in the articles of association of the Company will be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. Where two or more people were last reappointed on the same day, those who retire shall, unless they otherwise agree among themselves, be determined by lot. Any Director appointed by the Directors shall hold office only until the next annual general meeting, when he shall be eligible for re-election, but shall not be taken into account in determining the Directors to retire by rotation at the meeting.
- (h) The Directors shall be entitled (other than alternative directors) to receive by way of fees for their services as Directors such sum as the Remuneration Committee appointed from time to time by the Directors, shall in their discretion determine. The Directors are entitled to be repaid all such reasonable expenses as they may incur in attending or returning from any meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the discharge of their duties as Directors.
- (i) The Directors may purchase and maintain insurance for, or for the benefit of, any persons who are or were Directors, officers or employees of the Company or of any other company which is a subsidiary or subsidiary undertaking of the Company or in which the Company has an interest, whether direct or indirect including without limitation insurance in relation to duties, power or offices in relation to any pension fund or employees share scheme.

13. Untraced Shareholders

- (a) The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission if and provided that:
 - (i) during a period of 12 years at least three dividends (whether interim or final) have been paid in relation to such shares and no such dividends have been claimed and no cheque, order or warrant in respect of such shares has been cashed or claimed;
 - (ii) the Company has on or before the expiry of the said period of 12 years inserted advertisements in a national newspaper and a local newspaper circulated in the area of the member or former member's last known address giving notice of its intention to sell the shares; and
 - (iii) during the same period of 12 years and the period of 3 months following the publication of such advertisements the Company has received no communication from such member or person.
- (b) The net proceeds of sale will belong to the Company which shall account to the former member or other person entitled to the proceeds for the amount received. However, no trust shall be created in respect of the debt, no interest is payable on the amount of the debt and the Company shall not be required to account for any money earned on the net proceeds.

14. Non-United Kingdom Shareholders

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

15. Capitalisation of profits and reserves

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

16. Distribution of realised profits

As long as the Company has given notice in the prescribed form to the Registrar of Companies of its intention to carry on business as investment company ("a relevant period") the Company shall be prohibited from distributing any capital profits (within the meaning of section 833 of the CA 2006, otherwise than by way of the redemption or purchase of any of the Company's own shares. The Directors will establish a reserve to be called the capital reserve and during a relevant period all surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment of or other dealing with any capital asset in excess of the book value of that asset and all other monies which are considered by the Directors to be in the nature of the accretion of capital shall be credited to the capital reserves. Subject to the CA 2006, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital, or partly one way and partly the other. During a relevant period, any loss realised on the realisation or other dealing with any investments or other capital asset and subject to the CA 2006 any expenses, liability, loss or provision therefor which the Directors consider to relate to a capital item or which they otherwise consider appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a relevant period, all sums carried and standing to the credit of the capital

reserve may be applied for any of the purposes for which sums standing to the credit of any revenue reserves are applicable except that no part of the capital reserve or any other money in the nature of a creditor of capital shall be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends on any shares of the Company. In any other period other than a relevant period any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution or be applied in paying dividends of any shares of the Company.

17. Winding-up

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

18. Notifiable interests

Obligations of Members to disclose to the Company notifiable interests in its shares are stated in Part 22 of the CA 2006, sections 89A to 89L of the FSMA and the Disclosure & Transparency Rules. In accordance with the Articles, failure by any Member to provide the Company with the information as requested by any notice served in accordance with section 793 of CA 2006 may result in the Member being restricted in respect of his shareholdings (as detailed in paragraph 3(c) and 10(b) above) and, *inter alia*, the withholding of any dividends payable to him.

PART ONE - FORESIGHT 1

(A) GENERAL INFORMATION

1. Incorporation and registered office

- 1.1 The legal and commercial name of Foresight 1 is Foresight VCT plc.
- 1.2 Foresight 1 was incorporated and registered in England and Wales as a public company with limited liability on 19 August 1997 with registered number 03421340, under the name Backsight Technology VCT plc. The company name was changed to Foresight Technology VCT plc on 20 August 1997 and its name was subsequently changed to Foresight VCT plc on 16 January 2007. Foresight 1 was issued with a trading certificate under section 117 of the CA 1985 on 23 September 1997.
- 1.3 The principal legislation under which Foresight 1 operates is the CA 2006 and regulations made thereunder. Foresight 1's principal object, as set out in its Memorandum, is to carry on the business of a venture capital trust.
- 1.4 Foresight 1's registered office and principal place of business is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU. Foresight 1 is domiciled in England. Foresight 1 does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.5 HM Revenue & Customs has granted approval of Foresight 1 as a VCT under section 274 of the Tax Act. The business of Foresight 1 has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.6 In order for the future of Foresight 1 to be considered by the members, the Foresight 1 Directors shall procure that a resolution will be proposed at the tenth annual general meeting from incorporation (and thereafter at five yearly intervals) to the effect that Foresight 1 shall continue as a venture capital trust. If, at such meeting, the resolution is not passed, the Foresight 1 Directors shall, within nine months of the meeting, convene a general meeting to propose a special resolution for the re-organisation or reconstruction of Foresight 1 and a resolution to wind up Foresight 1 voluntarily. If the resolution to wind up Foresight 1 is not passed Foresight 1 shall continue as a venture capital trust.
- 1.7 Foresight 1 revoked status as an investment company under section 266 of the CA 1985 (now section 833 of CA 2006) on 30 March 2000 for the purposes of paying a capital dividend and does not intend to re-apply for such status. Foresight 1 is not authorised and/or regulated by the FSA or an equivalent overseas regulator. Foresight 1 is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. Foresight 1 is not otherwise regulated.
- 1.8 Foresight 1 Shares are/will be admitted to the Official List of the UK Listing Authority.

2. Share capital

- 2.1 The authorised share capital of Foresight 1 on incorporation was £350,000, divided into 30 million Foresight 1 ordinary shares of 1p each and 5 million redeemable non voting shares of 1p each. On incorporation, 20 Foresight 1 ordinary shares of 1p each were issued nil paid by Foresight 1 to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable Foresight 1 to obtain a certificate under section 117 of the CA 1985 (now section 761 of CA 2006), on 19 August 1997, 5 million Foresight 1 redeemable shares of 1p each were allotted by Foresight 1 at par for cash, paid up as to one quarter of their nominal value. Such Foresight 1 redeemable shares of 1p each were paid up in full and redeemed in full out of the proceeds of the original offer for subscription on 17 November 1997. The authorised but unissued shares so arising were automatically redesignated as Foresight 1 ordinary shares of 1p each and Foresight 1's Articles were amended by the deletion of all references

to the redeemable shares and the rights attaching to them pursuant to a special resolution passed on 29 September 1997.

- 2.2 By resolution passed by Foresight 1 on 9 August 1999, the authorised share capital of Foresight 1 was increased to £700,000 by the creation of 35 million Foresight 1 ordinary shares of 1p each.
- 2.3 By resolution passed by Foresight 1 on 8 October 1999, Foresight 1 completed a restructuring of its share capital whereby 5 million authorised but unissued Foresight 1 ordinary shares of 1p each were redesignated as Foresight 1 C ordinary shares of 1p each.
- 2.4 On 31 January 2001, Foresight 1 passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £10 million standing to the credit of the share premium account of Foresight 1 (such cancellation being subsequently confirmed by the High Court on 7 March 2001 and registered at Companies House on 13 March 2001).
- 2.5 On 23 September 2002, Foresight 1 passed a resolution approving, subject to the sanction of the High Court, the cancellation of the balance of the share premium account of Foresight 1 in respect of the Foresight 1 C ordinary shares of 1p each (such cancellation being subsequently confirmed by the High Court on 30 October 2002 and registered at Companies House on 7 November 2002).
- 2.6 On 16 January 2007 Foresight 1 passed a resolution to merge the funds attributable to the Foresight 1 ordinary shares of 1p each and Foresight 1 C ordinary shares of 1p each and 14,791,348 Foresight 1 ordinary shares of 1p each were redesignated as 10,177,029 Foresight 1 C ordinary shares of 1p each and 4,614,319 Foresight 1 ordinary shares of 1p each were redesignated as deferred shares of 1p each. All such deferred shares created were repurchased by Foresight 1 for an aggregate of 1p and the unissued shares so arising were redesignated as Foresight 1 Ordinary Shares. All of the resulting Foresight 1 C Shares were then redesignated as Foresight 1 Ordinary Shares.
- 2.7 On 28 February 2011, following Foresight 1 Shareholder approval, the assets of Keydata VCT 1 plc and Keydata Income VCT 2 plc (approximately £3.6 million) were acquired by Foresight 1 with a total of 6,463,504 Foresight 1 Ordinary Shares issued as consideration to the shareholders of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc. Pursuant to the terms of the merger, as set out in a prospectus issued by Foresight 1 to its shareholders dated 27 January 2011, Foresight 1 may, after 30 September 2013, be required to issue additional Foresight 1 Ordinary Shares to those Foresight 1 Shareholders who were shareholders of Keydata Income VCT 1 plc and/or Keydata Income VCT 2 plc. The number of Foresight 1 Ordinary Shares to be issued (if any) will be based on the amount by which the fair value of the ownership interests in the 3.0MW biomass-fuelled electricity station project in Derby, being undertaken by Foresight 1, exceeds the net asset value of the shares in each of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc as such shares were calculated and on the basis of which Foresight 1 Ordinary Shares were issued to the then shareholders of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc at the time of the Merger (subject to a maximum total value of £2.6 million).
- 2.8 On 1 March 2011, the Foresight 1 Ordinary Shares underwent a reconstruction such that the underlying NAV of each Foresight 1 Ordinary Share was rebased to 100.0p. This reconstruction resulted in the Foresight 1 Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Foresight 1 Ordinary Share held at the close of business on 1 March 2011 and resulted in 29,941,281 Foresight 1 Ordinary Shares being in issue, the remaining balance being redesignated as deferred shares of 1p each and purchased by Foresight 1 for an aggregate nominal sum of 1p.
- 2.9 As at 30 June 2011, the date to which the Foresight 1 Half Yearly Report has been prepared, the issued share capital of Foresight 1 was 28,694,271 Foresight 1 Ordinary Shares (£286,942.71) and 6,179,833 Foresight 1 Planned Exit Shares (£61,798.33).
- 2.10 Foresight 1 has not, since 30 June 2011, issued or bought back any Foresight 1 Shares.

2.11 At the date of this document, the issued share capital of Foresight 1 was 28,694,271 Foresight 1 Ordinary Shares (£286,942.71) and 6,179,833 Foresight 1 Planned Exit Shares (£61,798.33).

2.12 The following resolutions of Foresight 1 were passed at the annual general meeting held on 26 May 2011 and, as required, at separate class meetings of the holders of Foresight 1 Ordinary Shares and Foresight 1 Planned Exit Shares held on 27 May 2011:

- (a) that, in substitution for existing authorities, the Foresight 1 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of Foresight 1 to allot shares in Foresight 1 and to grant rights to subscribe for, or to convert any security into, shares in Foresight 1 ("Rights") up to an aggregate nominal amount of £500,000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that Foresight 1 shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Foresight 1 Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired;
- (b) that, in substitution for existing authorities, the Foresight 1 Directors were empowered pursuant to section 570 and section 573 of the CA 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
 - (i) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Foresight 1 Ordinary Shares and/or £100,000 by way of an issue of Foresight 1 Planned Exit Shares, in each case pursuant to offer(s) for subscription;
 - (ii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Foresight 1 Ordinary Share capital from time to time pursuant to dividend investment schemes operated by Foresight 1;
 - (iii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Foresight 1 Ordinary Shares and/or £100,000 by way of an issue of Foresight 1 Planned Exit Shares, in each case pursuant to performance incentive arrangements with Foresight Group, such shares to be issued at nominal value; and
 - (iv) the allotment (otherwise than pursuant to paragraphs 2.12(b)(i) to (iii) above) to any person or persons of equity securities up to an aggregate nominal amount of not exceeding an amount equal to 10% of the issued Foresight 1 Ordinary Share capital and/or 10% of the issued Foresight 1 Planned Exit Share capital from time to time

in each case where the proceeds may be used in whole or in part to purchase shares in the capital of Foresight 1 and shall expire on the conclusion of the annual general meeting of Foresight 1 to be held in the year 2012, save that Foresight 1 shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Foresight 2 Directors shall be entitled to allot equity securities pursuant to any such offer or agreements as if the power conferred hereby had not expired; and

- (c) that, in substitution for existing authorities, Foresight 1 was empowered to make market purchases (within the meaning of section 693(4) of the CA 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 4,505,257 Foresight 1 Ordinary Shares and/or 926,356 Foresight 1 Planned Exit Shares;
 - (ii) the minimum price which may be paid for a share is 1 pence;
 - (iii) the maximum price which may be paid for Foresight 1 Ordinary Shares or Foresight 1 Planned Exit Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
 - (iv) the authority conferred shall expire on the conclusion of the annual general meeting of Foresight 1 to be held in the year 2012 unless such authority is renewed prior to such time; and
 - (v) Foresight 1 may make a contract to purchase Foresight 1 Ordinary Shares or Foresight 1 Planned Exit Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract; and
- (d) that the amount standing to the credit of the share premium account of Foresight 1, at the date an order is made confirming such cancellation by the court, be and hereby is cancelled.

2.13 The following special resolutions of Foresight 1 were passed at the general meeting held on 30 September 2011 and at separate class meetings of the holders of Foresight 1 Ordinary Shares and Foresight 1 Planned Exit Shares held on 3 October 2011:

- (a) that;
 - (i) in addition to existing authorities, the Foresight 1 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of Foresight 1 to allot Foresight 1 Infrastructure Shares and to grant rights to subscribe for or to convert any security into Infrastructure Shares ("Rights") up to an aggregate nominal amount of £180,000, provided that the authority conferred shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by Foresight 1 in a general meeting), save that Foresight 1 shall be entitled to make offers or agreements before the expiry of this authority which would or might require Foresight 1 Infrastructure Shares to be allotted or Rights to be granted after such expiry and the Foresight 1 Directors shall be entitled to allot Infrastructure Shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired;
 - (ii) in addition to existing authorities, the Foresight 1 Directors were empowered pursuant to sections 570 and 573 of the CA 2006 to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the CA 2006) for cash pursuant to the authority detailed at paragraph 2.13(a)(i) above or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to such allotment, provided that the power conferred shall expire on the conclusion of the annual general meeting of Foresight 1 to be held in 2012 (save that Foresight 1 shall be entitled to make offers or agreements before the expiry of such power which would or might require shares to be allotted and issued after such expiry and the Foresight 1 Directors shall be entitled to allot shares pursuant to any such offer or agreement as if this power had not expired) and provided further that this power shall be limited to:

- (1) the allotment and issue of Foresight 1 Infrastructure Shares with an aggregate nominal value of up to £150,000 in connection with an offer for subscription;
- (2) the allotment and issue of Foresight 1 Infrastructure Shares at an issue price of 1p per share with an aggregate nominal value of up to 10% of the issued Foresight 1 Infrastructure Share capital from time to time to Foresight Group LLP in connection with performance incentive arrangements with the Company; and
- (3) the allotment and issue of Infrastructure Shares with an aggregate nominal value of up to 10% of the issued Foresight 1 Infrastructure Share capital from time to time

in each case where the proceeds may, in whole or part, be used to purchase Foresight 1 Infrastructure Shares;

- (iii) in addition to existing authorities, Foresight 1 was empowered to make one or more market purchases within the meaning of section 693(4) of the CA 2006 of its own Foresight 1 Infrastructure Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

- (1) the aggregate number of Foresight 1 Infrastructure Shares which may be purchased shall not exceed 2,248,500;
- (2) the minimum price which may be paid per Foresight 1 Infrastructure Share is 1p, the nominal value thereof;
- (3) the maximum price which may be paid per Foresight 1 Infrastructure Share is an amount equal to the most recently published net asset value per Infrastructure Share prior to the date of purchase (less transaction costs);
- (4) the authority so conferred shall expire on the conclusion of the annual general meeting of Foresight 1 to be held in 2012, unless such authority is renewed prior to such time; and
- (5) Foresight 1 may make a contract to purchase Foresight 1 Infrastructure Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such share; and

- (iv) the amount standing to the credit of the share premium account of Foresight 1 attributable to the issue of Foresight 1 Infrastructure Shares, at the date an order is made confirming such cancellation by the Court, be cancelled.

- (b) That, in addition to the existing authorities and the authorities conferred by the resolution above:

- (i) the Foresight 1 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all powers of Foresight 1 to allot Foresight 1 Ordinary Shares up to an aggregate nominal amount of £28,694.27;
- (ii) the Foresight 1 Directors were are empowered pursuant to section 570 and section 573 of the CA 2006 to allot equity securities (within the meaning of section 560 of the CA 2006) for cash pursuant to the authority conferred as if section 561(1) of the CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of Foresight 1 Ordinary Shares at a price per share equal to the latest published net asset value of an existing

Foresight 1 Ordinary Share prior to the date of allotment divided by 0.97 (rounded up to the nearest £0.01 per share pursuant to, or in contemplation of, an enhanced buyback scheme to be offered to all the holders of Foresight 1 Ordinary Shares; and

- (iii) Foresight 1 was empowered to make market purchases (within the meaning of section 693(4) of the CA 2006) of its own Foresight 1 Ordinary Shares by means of a tender offer to purchase up to 2,869,427 shares at a fixed price equal to the latest published net asset value per Foresight 1 Ordinary Share prior to the date of purchase multiplied by 0.97 (rounded down to the nearest £0.01 per share), which fixed price shall, for the purposes of section 701(3)(b) of the CA 2006 constitute both the maximum and minimum price that may be paid for the shares purchased

and the authority and powers conferred shall expire on the conclusion of the annual general meeting of Foresight 1 to be held in 2012, save that Foresight 1 may, before such expiry, make offers or agreements which would or might require Foresight 1 Ordinary Shares to be allotted and purchased and the directors may allot and purchase Foresight 1 Ordinary Shares in pursuance of such offer or agreement notwithstanding that the authority conferred has expired.

- 2.14 Foresight 1 will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of Foresight 1 which is not subject to the disapplication referred to in paragraphs 2.12 and 2.13 above.
- 2.15 Following the issue of Foresight 1 Infrastructure Shares pursuant to the Offer (assuming full subscription pursuant to the Offer), the issued share capital of Foresight 1 is expected to be as follows:

	Issued	
	Number	£
Foresight 1 Ordinary Shares	28,694,271	286,942.71
Foresight 1 Planned Exit Shares	6,179,833	61,798.33
Foresight 1 Infrastructure Shares	15,000,000	150,000.00

- 2.16 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by Foresight 1 in the future, the holders of fully paid Foresight 1 Infrastructure Shares will be entitled *pari passu* amongst themselves in proportion to the number of Foresight 1 Shares held by them to share in the whole of the profits of Foresight 1 attributable to the Foresight 1 Infrastructure Shares which are paid out as dividends and in the whole of any surplus attributable to the Foresight 1 Infrastructure Shares in the event of a liquidation of Foresight 1.
- 2.17 The Foresight 1 Infrastructure Shares will be in registered form and no temporary documents of title will be issued. Foresight 1 will have its Infrastructure Shares admitted to CREST, a paperless settlement system and those Shareholders who wish to hold their Foresight 1 Infrastructure Shares in electronic form may do so.
- 2.18 Except as disclosed in paragraphs 2.12 to 2.13 above and paragraph 5 below and except for commission payable to authorised financial intermediaries in connection with the Offer, no share or loan capital of Foresight 1 has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage or other special terms have been granted by Foresight 1 in connection with the issue or sale of any share or loan capital and no share or loan capital of Foresight 1 is under option or is agreed conditionally or unconditionally to be put under option.

- 2.19 There are no persons who directly or indirectly hold an interest of 3% or more of the capital of Foresight 1 or who, directly or indirectly, jointly or severally, exercise or could exercise control over Foresight 1.

3. Directors' and other interests

- 3.1 The Foresight 1 Board comprises non-executive directors, all of whom (except Peter Dicks) are independent. The Foresight 1 Board has substantial experience of quoted and unquoted companies, as well as expertise in investment management. The Foresight 1 Board has overall responsibility for Foresight 1's affairs, including determining the investment policy of Foresight 1 and approving net asset values. The Foresight 1 Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Foresight 1 Directors to make investment decisions).

- 3.2 Foresight 1 Directors' interests in the Foresight 1 Share capital as at the date of this document is as follows:

	Foresight 1 Ordinary Shares	Foresight 1 Planned Exit Shares
John Gregory	-	-
Peter Dicks	50,248	-
Gordon Humphries	3,439	-

- 3.3 Biographical details for each of the Foresight 1 Directors are set out on page 10.
- 3.4 Save as set out above, no Foresight 1 Director, family member or any person connected with any Foresight 1 Director (within the meaning of section 252 of the CA 2006) has any interest in the capital of Foresight 1 which is or would, immediately following the Offer, be required to be notified pursuant to section 809 of the CA 2006 or which is or would be required to be entered in the register maintained under section 809 of the CA 2006.
- 3.5 Peter Dicks was appointed as a Foresight 1 Director on 22 August 1997, with Gordon Humphries being appointed as a Foresight 1 Director on 9 March 2007 and John Gregory being appointed as a Foresight 1 Director on 30 July 2010. None of the Foresight 1 Directors has a service contract. The appointments are subject to 12 months' notice and all Foresight 1 Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. From 1 January 2011, the total annual remuneration receivable by John Gregory as Chairman of Foresight 1 is £25,000 (plus, if applicable, VAT and employers National Insurance Contributions), while the annual remuneration receivable by Peter Dicks and Gordon Humphries is £18,500 each (plus, if applicable, VAT and employers National Insurance Contributions). The office of non-executive director is also not pensionable. Aggregate Foresight 1 Directors' emoluments for the period ended 31 December 2010 amounted to £70,563 (plus applicable VAT and employers National Insurance Contributions). Aggregate emoluments for the current year are expected to be £69,863 (including fees paid to former director Anthony Diment of £7,862.90) (plus applicable VAT and employers National Insurance Contributions).
- 3.7 Save for in respect of Peter Dicks, who is a director of a number of VCTs managed by Foresight Group and Foresight Group CI Limited, there are no potential conflicts of interest between the duties of any Foresight 1 Director and their private interests and/or duties.
- 3.8 Other than disclosed in this paragraph 3, no Foresight 1 Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of Foresight 1 and which was effected by Foresight 1 in the years ended 31 December 2008, 2009 and 2010 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.
- 3.9 No loan or guarantee has been granted or provided by Foresight 1 to or for the benefit of any of the Foresight 1 Directors.

- 3.10 Foresight 1 has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.11 The Foresight 1 Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 11 and 12.
- 3.12 No Foresight 1 Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.13 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Foresight 1 Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous five years:
- (a) John Gregory was a director of Enterprise VCT plc and Bluehone AIM VCT plc which were both placed in solvent members' voluntary liquidation pursuant to schemes of reconstruction and subsequently dissolved in March 2010 and July 2010 respectively. John Gregory was also a director of Local Allotments plc and 1855 Club plc which were both voluntarily struck off the Register of Companies and dissolved in July 2010 and February 2011 respectively.
 - (b) Peter Dicks is a director of Second London American Trust Plc and Enterprise Capital Trust plc which were placed into members' voluntary liquidation on 30 August 2006 and 7 February 2008, respectively. Peter Dicks was also, until this year, a director of The East German Investment Trust plc, which was placed into members' voluntary liquidation in November 2008. Peter Dicks was also director of CM Group Holdings Limited, which was placed into members' voluntary liquidation prior to being dissolved in May 2008. In addition, Peter Dicks was also a director of Boostcareer Limited and GEI Group Limited which were voluntarily struck off the Register of Companies and dissolved in August 2009 and November 2010 respectively. Peter Dicks was also director of United Industries Public Limited Company which was placed into administration in April 2006. Under the administration of the company all secured creditors were paid in full. Total non-preferential unsecured creditors as detailed on the directors' statement of affairs as at 5 April 2006 amounted to £33,611,202. There were insufficient funds to enable a distribution to non-preferential unsecured creditors leaving an estimated final deficiency as regards non-preferential unsecured creditors of £33,611,202. There were no known preferential creditor claims.
- 3.14 There has been no official public incrimination and/or sanction of any Foresight 1 Director by statutory or regulatory authorities (including designated professional bodies) and no Foresight 1 Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

4. Management and administration

- 4.1 The Foresight 1 Directors are responsible for the determination of investment policy and have overall responsibility for its affairs. The Foresight 1 Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of Foresight 1. The Foresight 1 Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Foresight 1 Directors to make investment decisions) on the terms set out at paragraph 5.1 below.
- 4.2 As is customary in the VCT industry, Foresight Group may retain for its own benefit and without liability to account to Foresight 1, subject to full disclosure having been made to the Directors, arrangement fees which it receives in connection with any unquoted investment made by Foresight 1. It may also receive all monitoring fees or directors' fees charged to

investee companies. The total aggregate arrangement and monitoring fees paid to Foresight Group pursuant to investments made by Foresight 1 during the year ended 31 December 2010 was £82,737 (arrangement fees) and £152,249 (monitoring fees). Costs incurred on abortive investment proposals will be the responsibility of Foresight Group.

- 4.3 All unquoted investments will be valued in accordance with IPEVC Valuation Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. Foresight 1's net asset value will be calculated quarterly and published on an appropriate regulatory information service. In the event of any suspension of listing valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 4.4 Foresight 1 has, under an agreement with Foresight Group, appointed Foresight Fund Managers Limited to provide company secretarial, accountancy and custodian services. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of Foresight 1.
- 4.5 Foresight 1 has and will continue to have custody of its own assets:
- Foresight 1's monetary assets will be held in bank accounts and/or money market accounts in the Company's own names; and
 - Foresight 1's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in the Company's own names.
- 4.6 A maximum of 75% of Foresight 1's management expenses will be charged against capital with the balance to be met from income.
- 4.7 The members of the audit committee of Foresight 1 are Gordon Humphries (chairman), John Gregory and Peter Dicks. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:
- monitoring the integrity of the financial statements of Foresight 1;
 - reviewing Foresight 1's internal control & risk management systems;
 - making recommendations to the Foresight 1 Directors in relation to the appointment of the external auditor;
 - reviewing and monitoring the external auditor's independence; and
 - implementing and reviewing Foresight 1's policies on the engagement of the external auditor to supply non-audit services.
- 4.8 The members of the remuneration committee of Foresight 1 are Gordon Humphries (chairman), John Gregory and Peter Dicks. The remuneration committee members (who have responsibility for reviewing the remuneration of the Foresight 1 directors) will meet at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. Each committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards. The members of the nomination committee of Foresight 1 are Gordon Humphries (chairman), John Gregory and Peter Dicks. The nomination committee meets annually to consider the composition and balance of skills, knowledge and experience of the Foresight 1 Directors and would make nominations to the Foresight 1 Directors in the event of a vacancy. New Foresight 1 Directors are required to resign at the Annual General Meeting following

appointment and then thereafter every three years. There is no formal induction programme for Foresight 1 Directors.

4.9 Foresight 1 complies with the UK Corporate Governance Code save as follows:

- Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that 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); and
- in light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited, Martineau and the Company Secretary, Foresight 1 has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to Foresight 1.

5 Material contracts

5.1 Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by Foresight 1 in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which Foresight 1 has an obligation or entitlement which is material to Foresight 1 as at the date of the document.

5.1.1 An investment adviser's agreement dated 11 October 1999 between Foresight 1 (1) and VCF Partners (novated to Foresight Group pursuant to a novation agreement dated 1 April 2002) (2) (as amended by supplemental agreements dated 17 October 2003, 28 January 2010 and 6 October 2011) pursuant to which Foresight Group has been appointed as the investment manager to Foresight 1.

In respect of the Foresight 1 Ordinary Shares fund and Infrastructure Shares fund, the appointment is terminable on not less than one years' notice in writing. In respect of the Foresight 1 Planned Exit Shares fund, the appointment is terminable on not less than one years' notice in writing at any time after 30 June 2012 (this being the second anniversary after the closing date of the Foresight 1 Planned Exit Shares offer). The appointment may also be terminated in circumstances of material breach by either party and, in any event, Foresight 1 may appoint other parties in substitution for Foresight Group as investment manager in respect of the whole or part of Foresight 1's investment portfolio if it believes that this is necessary to preserve the status of Foresight 1 as a VCT.

In respect of the Foresight 1 Ordinary Shares fund, Foresight Group receives an annual management fee of an amount equivalent to 2.0% of the net assets of the Foresight 1 Ordinary Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

In respect of the Foresight 1 Planned Exit Shares fund, Foresight Group receives an annual management fee of an amount equivalent to 1.0% of the net assets of the Foresight 1 Planned Exit Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

In respect of the Foresight 1 Infrastructure Shares fund, Foresight Group will receive an annual management fee of an amount equivalent to 1.75% of the net assets of the Foresight 1 Infrastructure Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

The agreement contains usual provisions indemnifying Foresight Group against any liability not due to its default, gross negligence, fraud or breach of FSMA.

5.1.2 An oral agreement made on 7 March 2005 between Foresight 1 (1) and Foresight Fund

Managers Limited (2) pursuant to which Foresight Fund Managers Limited has been appointed as the secretary, administrator and custodian to Foresight 1. The services to be provided will include all necessary secretarial, accounting, bookkeeping and custodian services required in connection with the business and operation of Foresight 1. 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 will receive an annual fee from Foresight 1 of £100,000 plus VAT payable quarterly in advance.

- 5.1.3 A carried interest agreement dated 16 January 2007 between Foresight 1 (1) and Foresight Group (2) pursuant to which Foresight 1 has granted to Foresight Group the entitlement to subscribe at par for such number of Foresight 1 Ordinary Shares as represents 15% (at the then prevailing net asset value per Foresight 1 Ordinary Share adjusted to take into account the relevant dividend to be paid) of the aggregate of each (revenue or capital) distribution paid to the holders of Foresight 1 Ordinary Shares. Foresight 1 Ordinary Shares will only be issued if the Total Return per Foresight 1 Ordinary Share amounts to at least 180.4p (rebased to reflect the share restructuring referred to at paragraph 2.7 above) per Foresight 1 Ordinary Share immediately before the relevant dividend is paid and after the issue of such Foresight 1 Ordinary Shares. For these purposes "Total Return" shall mean the aggregate of (i) the then NAV of Foresight 1 Ordinary Shares and (ii) an amount equal to 19.4p (rebased to reflect the share restructuring referred to at paragraph 2.7 above) (these being the distributions as at 16 January 2007 per Foresight 1 C Share) and (iii) all distributions following that date per Foresight 1 Ordinary Share. Any such performance fee will be calculated each time a distribution is declared and any Foresight 1 Ordinary Shares to be allotted will be issued on the date the distribution is made to Shareholders (or as soon as practicable thereafter). Foresight Group's entitlement shall cease or be reduced on a sliding scale depending on the nature of a termination or resignation of Foresight Group's appointment.
- 5.1.4 A carried interest agreement between Foresight 1 (1) and Foresight Group (2) dated 28 January 2010 pursuant to which Foresight Group are entitled, once the holders of Foresight 1 Planned Exit Shares have received 110p of distributions per Foresight 1 Planned Exit Shares, to the next 15p of distributions per Foresight 1 Planned Exit Share, and to 20% of all further distributions per Planned Exit Share. This entitlement can be satisfied at the discretion of the Foresight 1 Board wholly or partly in cash and wholly or partly by the issue of a number of Foresight 1 Planned Exit Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Foresight 1 Planned Exit Share in the relevant Company) equal to the amount to be satisfied through the issue of such shares.
- 5.1.5 A carried interest agreement between Foresight 1 (1) and Foresight Group (2) dated 6 October 2011 pursuant to which Foresight Group will be entitled, once the holders of Foresight 1 Infrastructure Shares have received 100p of distributions per Foresight 1 Infrastructure Share, to an amount equal in value to 15% of distributions made to the holders of Foresight 1 Infrastructure Shares. This entitlement can be satisfied at the discretion of the Foresight 1 Board wholly or partly in cash and wholly or partly by the issue of a number of Foresight 1 Infrastructure Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Foresight 1 Infrastructure Share) equal to the amount to be satisfied through the issue of such shares.
- 5.1.6 A sponsor and promoter agreement dated 28 January 2010 between Foresight 1 (1), Foresight 2 (2), the directors of Foresight 1 (3), the directors of Foresight 2 (4), Foresight Group (5) and BDO LLP (6), pursuant to which Foresight Group agreed to act as promoter in connection with the offer of the Foresight 1 Planned Exit Shares and equivalent class of shares in Foresight 2. The agreement contained warranties given by Foresight 1 to Foresight Group. Foresight Group received a fee of 5.5% of the gross amount raised pursuant to this offer.
- 5.1.7 A transfer agreement dated 18 February 2011 between Foresight 1 (1) and Keydata Income VCT 1 plc and Keydata Income VCT 2 plc (2) pursuant to which all of the assets and liabilities of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc were transferred to Foresight 1 in consideration for new Foresight 1 Ordinary Shares as part of the merger of Foresight 1 with

Keydata Income VCT 1 plc and Keydata Income VCT 2 plc. The liquidators of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc agreed under this agreement that all sale proceeds and/or dividends in respect of the underlying assets of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc will be transferred on receipt to Foresight 1.

- 5.1.8 An indemnity dated 18 February 2011 from Foresight 1 to the liquidators of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc for expenses and costs incurred by them in connection the merger of Foresight 1 with Keydata Income VCT 1 plc and Keydata Income VCT 2 plc and completion of the liquidation of Keydata Income VCT 1 plc and Keydata Income VCT 2 plc.
- 5.1.9 A promoter's agreement dated 6 October 2011 between the Companies (1), the Directors (2) and Foresight Group (3) whereby Foresight Group has agreed to act as promoter in connection with the Offer. The agreement contains warranties given by the Companies and the Directors to Foresight Group. The Companies will pay to Foresight Group a commission of 5.5% of the gross amount subscribed under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of BDO, save that the Companies shall, pursuant to the terms of the Offer pay annual trail commission in respect of the Infrastructure Shares issued in each of them.
- 5.1.10 A letter of engagement dated 27 July 2011 from BDO pursuant to which BDO have been appointed as sponsor to the Companies' in connection with the Offer. All fees and disbursements payable will be split equally between the Companies. The Companies have agreed to indemnify BDO for any loss suffered in respect of its role as sponsor to the Offer (save for when such loss has arisen out of BDO's breach, wilful default, misconduct or gross negligence). The Companies liability under this indemnity is unlimited. This engagement may be terminated at any time.

6 Investment objective and policy

Investment objectives

Ordinary Shares

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

Planned Exit Shares

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

Infrastructure Shares

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

Investment policy

Foresight 1 will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

Investment securities

Foresight 1 invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM listed securities, cash is primarily held in interest-bearing money market open ended investment companies (OEICs) as well as in a range of non-qualifying companies. Non Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

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

Asset mix

Foresight 1 aims to be significantly invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by Foresight 1 will ultimately be invested in VCT qualifying investments.

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

Foresight 1 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 Foresight 1 and the amount standing to the credit of its reserves). Whilst Foresight 1 does not currently borrow, its policy allows it to do so.

- 6.1 Foresight 1's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HM Revenue and Customs.
- 6.2 It is the intention of the Foresight 1 Directors that Foresight 1 will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.3 Foresight 1 is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Six of the Securities Note, and in the Listing Rules which specify that (i) Foresight 1 must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6; (ii) Foresight 1 must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) Foresight 1 may not invest more than 10%, in aggregate, of the value of the total assets of Foresight 1 at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of Foresight 1 will require the approval of Foresight 1 Shareholders pursuant to the Listing Rules. Foresight 1 intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:

- (a) Foresight 1's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
 - (b) Foresight 1 will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
 - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of Foresight 1's investments; and
 - (d) not more than 20% of Foresight 1's gross assets will at any time be invested in the securities of property companies.
- 6.4 Foresight Group has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type that Foresight 1 proposes to make. The Foresight 1 Directors will ensure any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.5 In the event of a breach of the investment restrictions which apply to Foresight 1 as described in paragraph 6.3 above, Shareholders will be informed by means of the interim and/or the annual report or through a public announcement.
- 6.6 The Foresight 1 Directors act and will continue to act independently of Foresight Group. No majority of the Foresight 1 Directors will be directors or employees of, or former directors or employees of, or professional advisers to Foresight Group or any other company in the same group as Foresight Group.
- 6.7 The investment policy set out here, will, in the absence of unforeseen circumstances, be adhered to by Foresight 1 for at least three years following the date of close of the Offer. Any material change to Foresight 1's investment policy in any event will only be made with the approval of the Shareholders of Foresight 1 by ordinary resolution.

7 Related party disclosures

- 7.1 Foresight Group is regarded as a related party insofar as it will receive commission of 5.5% of the gross amount subscribed under the Offer acting as promoter in connection with the Offer as described in paragraph 5.3 above. Foresight Group (and its wholly owned subsidiary Foresight Fund Managers Limited) are also related parties in respect of their appointment as an investment manager and administrator of a closed ended investment company as detailed in paragraph 5.1 above.
- 7.2 Save for the fees paid to Foresight Group and Foresight Fund Managers Limited under the arrangements set out at paragraph 5.1 above, the fees paid to the Foresight 1 Directors as detailed in paragraph 3.5 above, fees paid to Foresight Group of £120,106 (2008), £62,981 (2009), £334,214 (2010) and £10,000 (current year) in respect of promotion fees for fundraisings (out of which all costs and expenses relating to such fundraisings were paid) there were no related party transactions or fees paid by Foresight 1 during the years ended 31 December 2008, 2009 and 2010 or to the date of this document in the current financial year.
- 7.3 The transactions referred to in paragraphs 7.1 to 7.2 above are (or were) conducted on an arm's length basis. There are no other arrangements into which Foresight 1 has entered with a related party.

8 Overseas investors

- 8.1 No person receiving a copy of the Prospectus or accompanying application form in any territory other than the UK may treat it as constituting an offer or invitation to him to subscribe for or purchase Infrastructure Shares in Foresight 1.

- 8.2 No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom where such action is required to be taken. All applicants under the Offer will be required to warrant that they are not a US person within the following definition:

“US person” means any person or entity defined as such in Rule 902(o) under the US Securities Act of 1933 and (without limiting the generality of the foregoing) includes a natural person resident in the US, a corporation or partnership organised or incorporated under the laws of the US (including any State thereof) and an estate or trust if any executor, administrator or trustee is a US person but shall not include a branch or agency of a US person located outside the US if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

9 Taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and HM Revenue & Customs practice, summarise advice received by the Foresight 1 Directors as to the position of shareholders who hold Foresight 1 Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by Foresight 1 when they pay a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - Foresight 1 has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Foresight 1 Shares. Foresight 1 has been advised that the transfer of Foresight 1 Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 0.5% (or part thereof) of the consideration paid.
- 9.3 Close company - the Foresight 1 Directors believe that Foresight 1 is not, and expect that following completion of the Offer will not be, a close company within the meaning of the Tax Act. If Foresight 1 was a close company in any accounting period, approval as a venture capital trust would be withdrawn.

10 Miscellaneous

- 10.1 There has been no significant change in the financial or trading position of Foresight 1 since 30 June 2011, the date to which Foresight 1 Half Yearly Report has been published.
- 10.2 The Foresight 1 Board believes that the Offer will result in a significant change to Foresight 1, including an increase in its earnings and in the net assets of an amount equivalent to the net proceeds received under the Offer, expected to be £14.175 million assuming full subscription.
- 10.3 Foresight Group is the promoter of the Offer and, save as disclosed in paragraph 5.1.9 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.4 There have been no important events so far as Foresight 1 and the Foresight 1 Directors are aware relating to the development of Foresight 1 or its business.
- 10.5 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which Foresight 1 is aware) during the period from the incorporation of Foresight 1 which may have or had in the recent past significant effects on Foresight 1's financial position or profitability.
- 10.6 There have been no significant factors, whether governmental, economic, fiscal, monetary, political, including unusual or infrequent events or new developments nor any known trends,

uncertainties, demands, commitments or events that are reasonably likely to have an effect on Foresight 1's prospects or which have materially affected Foresight 1's income from operations so far as Foresight 1 and the Foresight 1 Directors are aware.

- 10.7 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Foresight 1's prospects for at least the current financial year, so far as Foresight 1 and the Foresight 1 Directors are aware.
- 10.8 The issue costs payable by Foresight 1 under the Offer (including irrecoverable VAT and sales commissions) have been fixed by the Directors at 5.5% of total funds subscribed (but excluding annual trail commission) in respect of Foresight 1 Infrastructure Shares. Foresight Group has agreed to indemnify Foresight 1 in respect of any excess over 5.5% of the gross proceeds of the issue of Foresight 1 Infrastructure Shares under the Offer. The net proceeds for Foresight 1 from the Offer, assuming full subscription, will therefore amount to approximately £14.175 million.
- 10.9 Foresight 1 has paid dividends amounting to 310.5p per Foresight 1 Ordinary Share (restated) and 3.0p per Foresight 1 Planned Exit Share in the period from incorporation.
- 10.10 Foresight 1's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.11 Foresight 1 does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the Foresight 1 Directors, Foresight 1 is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of Foresight 1.
- 10.12 Foresight 1 and its Shareholders are subject to the provisions of the Takeover Code and the CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.13 The typical investor for whom investment in Foresight 1 is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.
- 10.14 Foresight Group is responsible for the determination and calculation of Foresight 1's net assets value, which will be prepared quarterly for approval by the Foresight 1 Directors.
- 10.15 KPMG Audit plc (a member of the Institute of Chartered Accountants in England and Wales) has been auditors to Foresight 1 since December 2010. Prior to this, Ernst & Young LLP (a member of the Institute of Chartered Accountants in England and Wales) was auditor of Foresight 1. The reason for the change was that Foresight 1 put its audit work out to tender. Ernst & Young LLP confirmed on resignation that there were no matters which they felt should be brought to the attention of Foresight 1 Shareholders.
- 10.16 BDO has given and not withdrawn its written consent to the issue of this document and to the inclusion herein of its name in the form and context in which it is included.

(B) FINANCIAL INFORMATION

Foresight 1 has produced statutory accounts for the three financial years ended 31 December 2008, 2009 and 2010 and unaudited information in the half-yearly report for the six month period ended 30 June 2011. Ernst & Young LLP, Registered Auditor, of 1 More London Place, London SE1 2AF has, on the financial statements for the financial years ended 31 December 2008 and 2009 reported without qualification and without statements under section 498(2) or (3) of the CA 2006. KPMG Audit plc, Registered Auditor, of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG have, on the financial statements for the financial year ended 31 December 2010 reported without qualification and without statements under section 498(2) or (3) of the CA 2006.

The audited financial statements for the three years ended 31 December 2008, 2009 and 2010, and the unaudited information in the half-yearly report for the six month period ended 30 June 2011, were prepared in accordance with UK generally accepted accounting practice (GAAP) and the fair value rules of the CA 2006.

The audited financial statements for the three years ended 31 December 2008, 2009 and 2010, and the unaudited information in the half-yearly report for the six month period ended 30 June 2011, include the information set out below on the pages specified in the tables below, which are being incorporated into the document by reference and can be accessed at the following website:

www.foresightgroup.eu

and are also available for inspection at the national storage mechanism accessed at the following website:

www.hemscott.com/nsm.do

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

Description	2008 Annual Report	2009 Annual Report	2010 Annual Report	2011 Half-Yearly Report
Balance Sheet	Page 25	Page 24	Page 31	Page 12
Income Statement (or equivalent)	Page 23	Page 22	Page 29	Page 11
Statement showing all changes in equity (or equivalent note)	Page 24	Page 23	Page 30	Page 12
Cash Flow Statement	Page 26	Page 25	Page 32	Page 13
Accounting Policies and Notes	Pages 27-37	Pages 26-37	Pages 33-47	Pages 14-16
Auditor's Report	Page 22	Page 21	Page 28	N/A

Such information also includes operating/financial reviews as follows:

Description	2008 Annual Report	2009 Annual Report	2010 Annual Report	2011 Half-Yearly Report
Objective	Inside front cover	Inside front cover	Inside front cover	Inside front cover
Financial Highlights	Page 1	Page 1	Page 1	Inside front cover
Results & Dividend	Page 4	Page 2	Page 2	Page 1
Portfolio	Pages 2 - 2	Pages 2-3	Pages 4-5	Pages 2-3
Valuation Policy	Page 4	Page 4	Page 2	Page 1
Outlook	Page 4	Page 4	Page 3	Page 1
Investment Summary	Pages 5-10	Pages 5-9	Pages 6-13	Pages 4-7

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

Certain financial information of Foresight 1 is also set out below:

	Year ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2010	Six month period ended 30 June 2011
Investment income	£490,000	£441,000	£665,000	£296,000
Profit on ordinary activities before taxation	£(6,490,000)	£(717,000)	£7,519,000	£3,898,000

Earnings per Foresight 1 Ordinary Share	(14.1)p (7.8)p (restated)*	(1.5)p (0.8)p (restated)*	15.6p (8.6)p (restated)*	10.7p
Earnings per Foresight 1 Planned Exit Share	N/A	N/A	1.0p	1.1p
Dividends per Foresight 1 Ordinary Share	5.0p 2.8p (restated)*	1.0p 0.6p (restated)*	0p 0p (restated)*	5.0p
Dividends per Foresight 1 Planned Exit Share	N/A	N/A	0p	3.0p
Total assets	£19,570,000	£19,180,000	£32,292,000	£37,005,000
NAV per Foresight 1 Ordinary Share	42.2p 76.1p (restated)*	39.8p 71.8p (restated)*	55.5p 100.1p (restated)*	108.8p
NAV per Foresight 1 Planned Exit Share	N/A	N/A	95.5p	93.7p

*restated for the reconstruction of share capital which resulted in the Foresight 1 Ordinary Shareholders' holdings being adjusted by a ratio of 0.554417986 per Foresight 1 Ordinary Share held as at the close of business on 1 March 2011

The unaudited NAV as at 30 June 2011 was 108.8p per Foresight 1 Ordinary Share and 93.7p per Foresight 1 Planned Exit Share (these being the most recent published NAVs prior to the date of this document).

Effect of the Offer

As at 30 June 2011, the date to which the Foresight 1 Half Yearly Report has been published, Foresight 1 had net assets of £37,005,000. Foresight 1 is now seeking to raise up to £15 million through the Offer for which the associated expenses will be 5.5% of the gross proceeds. The impact of the Offer on Foresight 1's earnings should be accretive to the extent, if any, that interest earned on the proceeds will exceed expenses. The assets of Foresight 1 will be increased by 50% of the net proceeds of the Offer.

PART TWO - FORESIGHT 2

(A) GENERAL INFORMATION

1 Incorporation and registered office

- 1.1 The legal and commercial name of Foresight 2 is Foresight 2 VCT plc.
- 1.2 Foresight 2 was incorporated and registered in England and Wales as a public company with limited liability on 9 August 2004 registered number 05200494 under the name Foresight 2 VCT plc. Foresight 2 was issued with a trading certificate under section 117 of the CA 1985 on 10 September 2004.
- 1.3 The principal legislation under which Foresight 2 operates is the CA 2006 and regulations made thereunder. Foresight 2's principal object, as set out in its Memorandum, is to carry on the business of a venture capital trust.
- 1.4 Foresight 2's registered office and principal place of business is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU. Foresight 2 is domiciled in England. Foresight 2 does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.5 HM Revenue & Customs has granted approval of Foresight 2 as a VCT under section 274 of the Tax Act. The business of Foresight 2 has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full VCT approval.
- 1.6 In order for the future of Foresight 2 to be considered by the members, the Foresight 2 Directors shall procure that a resolution will be proposed at the tenth annual general meeting from incorporation (and thereafter at five yearly intervals) to the effect that Foresight 2 shall continue as a venture capital trust. If, at such meeting, the resolution is not passed, the Foresight 2 Directors shall, within nine months of the meeting, convene a general meeting to propose a special resolution for the re-organisation or reconstruction of Foresight 2 and a resolution to wind up Foresight 2 voluntarily. If the resolution to wind up Foresight 2 is not passed Foresight 2 shall continue as a venture capital trust.
- 1.7 Foresight 2 revoked status as an investment company under section 266 of the CA 1985 (now section 833 of the CA 2006) on 20 March 2008 for the purposes of paying a capital dividend and does not intend to re-apply for such status. Foresight 2 is not authorised and/or regulated by the FSA or an equivalent overseas regulator. Foresight 2 is subject to the requirements of VCTs and, as an entity listed on the main market of the London Stock Exchange, will be subject to the rules and regulations issued by the UK Listing Authority from time to time. Foresight 2 is not otherwise regulated.
- 1.8 Foresight 2 Shares are/will be admitted to the Official list of the UK Listing Authority.

2. Share capital

- 2.1 The authorised share capital of Foresight 2 on incorporation was £600,000, divided into 55 million Foresight 2 Ordinary Shares and 5 million redeemable non voting shares of 1p each. On incorporation, 20 Foresight 2 Ordinary Shares were issued nil paid by Foresight 2 to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable Foresight 2 to obtain a certificate under section 117 of the CA 1985 (now section 761 of the CA 2006), on 6 September 2004, 5 million redeemable shares of 1p each were allotted by Foresight 2 at par for cash, paid up as to one quarter of their nominal value. Such redeemable shares were paid up in full and redeemed in full out of the proceeds of the original offer for subscription on 23 September 2004. The authorised but unissued shares so arising were automatically redesignated as Foresight 2 Ordinary Shares and Foresight 2's Articles were amended by the deletion of all references to the redeemable shares and the rights attaching to them pursuant to a special resolution passed on 6 September 2004.

- 2.3 The authorised share capital of Foresight 2 was increased from £600,000 to £750,000 by the creation of 15 million Foresight 2 Ordinary Shares on 14 September 2004.
- 2.4 On 2 February 2006, Foresight 2 passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £18,208,837 standing to the credit of the share premium account (such cancellation being subsequently confirmed by the High Court on 23 August 2006 and registered at Companies House on 14 September 2006).
- 2.5 The authorised share capital of Foresight 2 was increased from £750,000 to £1,150,000 by the creation of 40 million Foresight 2 C Shares on 20 November 2006.
- 2.6 On 20 November 2006, Foresight 2 passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £22,858,741 standing to the credit of the share premium account of Foresight 2 attributable to the Foresight 2 C Shares (such cancellation being subsequently confirmed by the High Court on 22 July 2009 and registered at Companies House on 22 July 2009).
- 2.7 As at 31 March 2011, the date to which the Foresight 2 Half Yearly Report was published, the issued share capital of Foresight 2 was 21,050,663 Foresight 2 Ordinary Shares (£210,506.63), 24,325,808 Foresight 2 C Shares (£243,258.08) and 6,179,833 Foresight 2 Planned Exit Shares (£61,798.33).
- 2.8 Foresight 2 has issued and bought back the following Foresight 2 Shares since 31 March 2011:

Date	Issue/Purchase & Class	Number
5 April 2011	Issue – Ordinary Share	147,292
5 April 2011	Issue – C Share	182,678
9 May 2011	Issue – C Share	72,633
17 June 2011	Issue – C Share	101,771
30 June 2011	Issue – Ordinary Share	19,393
30 June 2011	Issue – C Share	16,550
31 August 2011	Purchase – Ordinary Share	129,000

- 2.9 Foresight 2 has not, since 31 August 2011, issued or bought back any Foresight 2 Shares.
- 2.10 At the date of this document, the issued share capital of Foresight 2 was 21,088,348 Foresight 2 Ordinary Shares (£210,883.48), 24,699,440 Foresight 2 C Shares (£246,994.40) and 6,179,833 Foresight 2 Planned Exit Shares (£61,798.33).
- 2.11 The following resolutions of Foresight 2 were passed at the annual general meeting held on 14 February 2011 and, as required, at separate class meetings of the holders of Foresight 2 Ordinary Shares, Foresight 2 C Shares and Foresight 2 Planned Exit Shares held on 15 February 2011:
- (a) that, in substitution for existing authorities, the Foresight 2 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of Foresight 2 to allot shares in Foresight 2 and to grant rights to subscribe for, or to convert any security into, shares in Foresight 2 (“Rights”) up to an aggregate nominal amount of £500,000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that Foresight 2 shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Foresight 2 Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired;
 - (b) that, in substitution for existing authorities, the Foresight 2 Directors were empowered pursuant to section 570 and section 573 of the CA 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority

conferred or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Foresight 2 Ordinary Shares and/or £100,000 by way of an issue of Foresight 2 C Shares and/or £100,000 by way of an issue of Foresight 2 Planned Exit Shares, in each case pursuant to offer(s) for subscription;
- (ii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Foresight 2 Ordinary Share capital from time to time and/or 10% of the issued Foresight 2 C Share capital from time to time, in each case pursuant to dividend investment schemes operated by Foresight 2;
- (iii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Foresight 2 Ordinary Shares and/or £100,000 by way of an issue of Foresight 2 C Shares and/or £100,000 by way of an issue of Foresight 2 Planned Exit Shares, in each case pursuant to performance incentive arrangements with Foresight Group; and
- (iv) the allotment (otherwise than pursuant to paragraphs 2.12(b)(i) to (iii) above) to any person or persons of equity securities up to an aggregate nominal amount of not exceeding an amount equal to 10% of the issued Foresight 2 Ordinary Share capital and/or 10% of the issued Foresight 2 C Share capital and/or 10% of the issued Foresight 2 Planned Exit Share capital from time to time

in each case where the proceeds may be used in whole or in part to purchase shares in the capital of Foresight 2 and shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in the year 2012, save that Foresight 2 shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Foresight 2 Directors shall be entitled to allot equity securities pursuant to any such offer or agreements as if the power conferred hereby had not expired; and

- (c) that, in substitution for existing authorities, Foresight 2 was empowered to make market purchases (within the meaning of section 693(4) of the CA 2006) of its own shares provided that:
 - (i) the aggregate number of shares to be purchased shall not exceed 3,155,494 Foresight 2 Ordinary Shares and/or 3,667,841 Foresight 2 C Shares and/or 926,356 Foresight 2 Planned Exit Shares;
 - (ii) the minimum price which may be paid for a share is 1 pence;
 - (iii) the maximum price which may be paid for Foresight 2 Ordinary Shares, Foresight 2 C Shares or Foresight 2 Planned Exit Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
 - (iv) the authority conferred shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in the year 2012 unless such authority is renewed prior to such time; and
 - (v) Foresight 2 may make a contract to purchase Foresight 2 Ordinary Shares, Foresight 2 C Shares or Foresight 2 Planned Exit Shares under the authority conferred prior to the expiry of such authority which will or may be executed

wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract; and

- (c) that the amount standing to the credit of the share premium account of Foresight 2, at the date an order is made confirming such cancellation by the court, be and hereby is cancelled.

2.12 The following special resolutions of Foresight 2 were passed at the general meeting held on 30 September 2011 and at separate class meetings of the holders of Foresight 2 Ordinary Shares, Foresight 2 C Shares and Foresight 2 Planned Exit Shares held on 3 October 2011:

(a) that;

- (i) in addition to existing authorities, the Foresight 2 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all powers of Foresight 2 to allot Foresight 2 Infrastructure Shares and to grant rights to subscribe for or to convert any security into Foresight 2 Infrastructure Shares ("Rights") up to an aggregate nominal amount of £180,000 provided that the authority so conferred shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by Foresight 2 in a general meeting), save that Foresight 2 shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if the authority had not expired;
- (ii) in addition to existing authorities, the Foresight 2 Directors were empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560(1) of the CA 2006) for cash pursuant to existing authorities or by way of a sale of treasury shares, as if section 561(1) of the CA 2006 did not apply to such allotment or sale, provided that the authority so conferred shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in 2012 (save that Foresight 2 shall be entitled to make offers or agreements before the expiry of such power which would or might require shares to be allotted and issued after such expiry and the directors shall be entitled to allot shares pursuant to any such offer or agreement as if this power had not expired) and provided further that this power shall be limited to;
 - (1) the allotment and issue of Foresight 2 Infrastructure Shares with an aggregate nominal value of up to £150,000 in connection with an offer for subscription;
 - (2) the allotment and issue of Foresight 2 Infrastructure Shares at an issue price of 1p per share with an aggregate nominal value of up to 10% of the issued Foresight 2 Infrastructure Share capital from time to time to Foresight Group in connection with performance incentive arrangements with Foresight 2; and
 - (3) the allotment and issue of Foresight 2 Infrastructure Shares with an aggregate nominal value of up to 10% of the issued Foresight 2 Infrastructure Share capital from time to time

in each case where the proceeds may in whole or part be used to purchase shares;

- (iii) in addition to existing authorities, Foresight 2 was empowered to make one or more market purchases within the meaning of section 693(4) of the CA 2006 of its own Foresight 2 Ordinary Shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:

- (1) the aggregate number of Foresight 2 Infrastructure Shares which may be purchased shall not exceed 2,248,500;
 - (2) the minimum price which may be paid per Foresight 2 Infrastructure Share is 1p, the nominal value thereof;
 - (3) the maximum price which may be paid per Foresight 2 Infrastructure Share is an amount equal to the most recent published net asset value per Foresight 2 Infrastructure Share prior to the date of purchase (less transaction costs);
 - (4) the authority conferred shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in 2012 unless such authority is renewed prior to such time; and
 - (5) Foresight 2 may make a contract to purchase Infrastructure Shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares; and
- (iv) the amount standing to the credit of the share premium account of Foresight 2 attributable to the issue of Infrastructure Shares, at the date an order is made confirming such cancellation by the Court, be cancelled.
- (b) that, in addition to existing authorities;
- (i) the Foresight 2 Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of Foresight 2 to allot Foresight 2 Ordinary Shares up to an aggregate nominal amount of £21,088.34;
 - (ii) the Foresight 2 Directors were empowered pursuant to section 570 and section 573 of CA 2006 to allot equity securities (within the meaning of section 560 of CA 2006) for cash pursuant to the authority conferred as if section 561(1) of CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of Foresight 2 Ordinary Shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment rounded up to the nearest £0.01 per share pursuant to, or in contemplation of, an enhanced buyback scheme to be offered to all the holders of Foresight 2 Ordinary Shares; and
 - (iii) Foresight 2 was empowered to make market purchases (within the meaning of section 693(4) of CA 2006) of its own Foresight 2 Ordinary Shares by means of a tender offer to purchase up to 2,108,834 shares at a fixed price equal to the latest published net asset value per Foresight 2 Ordinary Share prior to the date of purchase and rounded down to the nearest £0.01 per share multiplied by 0.97 (rounded down to the nearest £0.01), which fixed price shall, for the purposes of section 701(3)(b) of CA 2006 constitute both the maximum and minimum price that may be paid for the shares purchased and the authority and powers conferred shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in 2012, save that Foresight 2 may, before such expiry, make offers or agreements which would or might require Foresight 2 Ordinary Shares to be allotted and purchased and the Foresight 2 Directors may allot and purchase Foresight 2 Ordinary Shares in pursuance of such offer or agreement notwithstanding that the authority conferred has expired.
- (c) That, in addition to existing authorities and the authorities conferred by the resolutions above;

- (i) the Foresight 2 Directors were generally and unconditionally authorised in accordance with section 551 of CA 2006 to exercise all powers of Foresight 2 to allot and issue Foresight 2 C Shares up to an aggregate nominal amount of £24,699.44;
- (ii) the Foresight 2 Directors were empowered pursuant to section 570 and section 573 of CA 2006 to allot equity securities (within the meaning of section 560 of CA 2006) for cash pursuant to the authority conferred as if section 561(1) of CA 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of Foresight 2 C Shares at a price per share equal to the latest published net asset value of an existing share prior to the date of allotment rounded up to the nearest £0.01 per share pursuant to, or in contemplation of, an enhanced buyback scheme to be offered to all the holders of Foresight 2 C Shares; and
- (iii) Foresight 2 was empowered to make market purchases (within the meaning of section 693(4) of CA 2006) of its own Foresight 2 C Shares by means of a tender offer to purchase up to 2,469,944 shares at a fixed price equal to the latest published net asset value per Foresight 2 C Share prior to the date of purchase and rounded down to the nearest £0.01 per share multiplied by 0.97 (rounded down to the nearest £0.01), which fixed price shall, for the purposes of section 701(3)(b) of CA 2006 constitute both the maximum and minimum price that may be paid for the shares purchased

and the authority and powers conferred shall expire on the conclusion of the annual general meeting of Foresight 2 to be held in 2012, save that Foresight 2 may, before such expiry, make offers or agreements which would or might require Foresight 2 C Shares to be allotted and purchased and the directors may allot and purchase Foresight 2 C Shares in pursuance of such offer or agreement notwithstanding that the authority conferred has expired.

2.13 Foresight 2 will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the CA 2006 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the authorised but unissued share capital of Foresight 2 which is not subject to the disapplication referred to in paragraph 2.11 and 2.12.

2.14 Following the issue of Foresight 2 Infrastructure Shares pursuant to the Offer (assuming full subscription pursuant to the Offer), the issued share capital of Foresight 2 is expected to be as follows:

	Issued	
	Number	£
Foresight 2 Ordinary Shares	21,088,348	210,883.48
Foresight 2 C Shares	24,699,440	246,994.40
Foresight 2 Planned Exit Shares	6,179,833	61,798.33
Foresight 2 Infrastructure Shares	15,000,000	150,000.00

2.15 Subject to any special rights or restrictions attaching to any shares or any class of shares issued by Foresight 2 in the future, the holders of fully paid Foresight 2 Infrastructure Shares will be entitled *pari passu* amongst themselves in proportion to the number of Foresight 2 Infrastructure Shares held by them to share in the whole of the profits of Foresight 2 attributable to the Foresight 2 Infrastructure Shares which are paid out as dividends and in the whole of any surplus attributable to the Foresight 2 Infrastructure Shares in the event of a liquidation of Foresight 2.

2.16 The Foresight 2 Infrastructure Shares will be in registered form and no temporary documents of title will be issued. Foresight 2 will have its Infrastructure Shares admitted to CREST, a

paperless settlement system and those Shareholders who wish to hold their Foresight 2 Infrastructure Shares in electronic form may do so.

- 2.17 Except as disclosed in paragraphs 2.11 and 2.12 above and paragraph 5 below and except for commission payable to authorised financial intermediaries in connection with the Offer no share or loan capital of Foresight 2 has been issued for cash or for a consideration other than cash, no such share or loan capital is proposed to be issued, no commission, discount, brokerage or other special terms have been granted by Foresight 2 in connection with the issue or sale of any share or loan capital and no share or loan capital of Foresight 2 is under option or is agreed conditionally or unconditionally to be put under option.
- 2.18 There are no persons who directly or indirectly hold an interest of 3% or more of the capital of Foresight 2 or who, directly or indirectly, jointly or severally, exercise or could exercise control over Foresight 2.

3. Directors' and other interests

- 3.1 The Foresight 2 Board comprises non-executive directors, all of whom (except Peter Dicks) are independent. The Foresight 2 Board has substantial experience of quoted and unquoted companies, as well as expertise in investment management. The Foresight 2 Directors have overall responsibility for Foresight 2's affairs, including determining the investment policy of Foresight 2 and approving net asset values. The Foresight 2 Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Foresight 2 Directors to make investment decisions).
- 3.2 Foresight 2 Directors' interests in the Foresight 2 Share capital as at the date of this document was as follows:

	Foresight 2 Ordinary Shares	Foresight 2 C Shares	Foresight 2 Planned Exit Shares
Jocelin Harris	14,729	-	-
Peter Dicks	41,100	25,750	-
David Quysner	25,562	25,500	-

- 3.3 Biographical details for each of the Foresight 2 Directors are set out on page 10.
- 3.4 Save as set out above, no Foresight 2 Director, family member or any person connected with any Foresight 2 Director (within the meaning of section 252 of the CA 2006) has any interest in the capital of Foresight 2 which is or would, immediately following the Offer, be required to be notified pursuant to section 809 of the CA 2006 or which is or would be required to be entered in the register maintained under section 809 of the CA 2006.
- 3.5 Jocelin Harris was appointed as a Foresight 2 Director on 5 December 2008, and Peter Dicks and David Quysner were appointed as Foresight 2 Directors on 14 September 2004. None of the Foresight 2 Directors has a service contract and their appointments are not subject to a notice period. All Foresight 2 Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. The annual remuneration receivable by Jocelin Harris as Chairman of Foresight 2 is £22,500 (plus, if applicable, VAT and employers National Insurance Contributions), while the annual remuneration receivable by David Quysner and Peter Dicks is £17,500 each (plus, if applicable, VAT and employers National Insurance Contributions). The office of non-executive director is not pensionable. Aggregate Foresight 2 Directors' emoluments for the year ended 30 September 2010 amounted to £50,000 (plus, if applicable, VAT and employers National Insurance Contributions). Aggregate emoluments for the current year are expected to be £57,500 (plus, if applicable, VAT and employers National Insurance Contributions).
- 3.6 Save for in respect of Peter Dicks, who is a director of a number of VCTs managed by Foresight Group and Foresight Group CI Limited, there are no potential conflicts of interest between the duties of any Foresight 2 Director and their private interests and/or other duties.

- 3.7 Other than as disclosed in this paragraph 3, no Foresight 2 Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of Foresight 2 and which was effected by Foresight 2 in the years ended 30 September 2008, 2009 and 2010 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.
- 3.8 No loan or guarantee has been granted or provided by Foresight 2 to or for the benefit of any of the Foresight 2 Directors.
- 3.9 Foresight 2 has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.
- 3.10 The Foresight 2 Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on pages 11 and 12.
- 3.11 No Foresight 2 Director has any convictions in relation to fraudulent offences during the previous five years.
- 3.12 Save as disclosed in this paragraph, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Foresight 2 Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager, during the previous five years.
- (a) Jocelin Harris was a director of Food Trak Limited and Automat international Limited when they were dissolved in January 2009 and May 2009 respectively and both of which were voluntarily struck off the register of companies. Jocelin Harris is a director of Unipower Solutions Europe Limited which was placed in administration on 14 June 2011 and as at 2 June 2011 (the date to which the estimated statement of affairs was drawn up) there was an estimated deficit of £172,085 in respect of its unsecured creditors and an estimated deficit of £948,813 in respect of its members. Jocelin Harris was a director of Teviotdale Windows & Doors limited until October 2009. This company has subsequently been placed into liquidation in October 2010 pursuant to a Court approved winding-up order and as at 5 November 2010 no creditors' petition had been filed at Court.
- (b) David Quysner was a director of Prelude Trust plc, which was placed into members' voluntary liquidation on 12 June 2008. He was also a director of Abingworth Ventures (GP) Limited which was placed in members' voluntary liquidation on 19 October 2010. Each involved the planned liquidation of a solvent company.
- (c) Peter Dicks is a director of Second London American Trust Plc and Enterprise Capital Trust plc which were placed into members' voluntary liquidation on 30 August 2006 and 7 February 2008, respectively. Peter Dicks was also, until this year, a director of The East German Investment Trust plc, which was placed into members' voluntary liquidation in November 2008. Peter Dicks was also director of CM Group Holdings Limited, which was placed into members' voluntary liquidation prior to being dissolved in May 2008. In addition, Peter Dicks was also a director of Boostcareer Limited and GEI Group Limited which were voluntarily struck off the Register of Companies and dissolved in August 2009 and November 2010 respectively. Peter Dicks was also director of United Industries plc which was placed into administration in April 2006. Under the administration of the company all secured creditors were paid in full. Total non-preferential unsecured creditors as detailed on the directors' statement of affairs as at 5 April 2006 amounted to £33,611,202. There were insufficient funds to enable a distribution to non-preferential unsecured creditors leaving an estimated final deficiency as regards non-preferential unsecured creditors of £33,611,202. There were no known preferential creditor claims.

- 3.13 There has been no official public incrimination and/or sanction of any Foresight 2 Director by statutory or regulatory authorities (including designated professional bodies) and no Foresight 2 Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

4. **Management and administration**

- 4.1 The Foresight 2 Directors are responsible for the determination of investment policy and have overall responsibility for its affairs. The Foresight 2 Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of Foresight 2. The Foresight 2 Directors have delegated investment decisions to Foresight Group (save for where conflicts of interest and/or regulatory requirements require the Foresight 2 Directors to make investment decisions) on the terms set out at paragraph 5.1 below.
- 4.2 As is customary in the VCT industry, Foresight Group may retain for its own benefit and without liability to account to Foresight 2, subject to full disclosure having been made to the Directors, arrangement fees which it receives in connection with any unquoted investment made by Foresight 2. It may also receive all monitoring fees or directors' fees charged to investee companies. The total arrangement and monitoring fees paid to Foresight Group pursuant to investments made by Foresight 2 during the year ended 30 September 2010 was £203,000 (arrangement fees) and £218,421 (monitoring fees). Costs incurred on abortive investment proposals will be the responsibility of Foresight Group.
- 4.3 All unquoted investments will be valued in accordance with IPEVC Valuation Guidelines under which investments are not normally re-valued above cost within twelve months of acquisition and thereafter at fair value. Any AIM or other quoted investment will be valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. Foresight 2's net asset value will be calculated quarterly and published on an appropriate regulatory information service. In the event of any suspension of listing valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers.
- 4.4 Foresight 2 has, under an agreement with Foresight Group, appointed Foresight Fund Managers Limited to provide company secretarial, accountancy and custodian services. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of Foresight 2.
- 4.5 Foresight 2 has and will continue to have custody of its own assets:
- Foresight 2's monetary assets will be held in bank accounts and/or money market accounts in Foresight 2's own name; and
 - Foresight 2's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in Foresight 2's own name.
- 4.6 A maximum of 75% of Foresight 2's management expenses will be charged against capital with the balance to be met from income.
- 4.7 Annual expenses for Foresight 2 are capped at 3.6% of Foresight 2's net asset value. Any excess over 3.6% in respect of Foresight 2 will be borne by Foresight Group. This figure covers the annual expenses incurred by Foresight 2 in the ordinary course of its business and includes Foresight Group's investment advisory and administration fees, directors' remuneration, normal fees payable to the registrars, stockbroker, auditor, solicitors and VCT status advisers and any annual trail commission payable to financial advisers. It excludes any irrecoverable VAT and does not include the performance related incentive fees set out in paragraph 5 below. Foresight Group has agreed (subject to the issue of Foresight 2 Infrastructure Shares) that the annual cap on normal running costs in respect of Foresight 2

will be reduced from an amount equivalent to 3.6% of the net assets of Foresight 2 to 3.0% for the duration of the existence of Foresight 2 Infrastructure Shares and, thereafter, 3.3%.

4.8 The members of the audit committee of Foresight 2 are David Quysner (chairman), Jocelin Harris and Peter Dicks. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:

- monitoring the integrity of the financial statements of Foresight 2;
- reviewing Foresight 2's internal control & risk management systems;
- making recommendations to the Foresight 2 Directors in relation to the appointment of the external auditor;
- reviewing and monitoring the external auditor's independence; and
- implementing and reviewing Foresight 2's policies on the engagement of the external auditor to supply non-audit services.

4.9 The members of the remuneration committee of Foresight 2 are Jocelin Harris (chairman), David Quysner and Peter Dicks. The remuneration committee members (who have responsibility for reviewing the remuneration of the Foresight 2 directors) will meet at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. Each committee will also undertake comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards. The members of the nomination committee of Foresight 2 are David Quysner (chairman), Jocelin Harris and Peter Dicks. The nomination committee meets annually to consider the composition and balance of skills, knowledge and experience of the Foresight 2 Directors and would make nominations to the Foresight 2 Directors in the event of a vacancy. New Foresight 2 Directors are required to resign at the Annual General Meeting following appointment and then thereafter every three years. There is no formal induction programme for Foresight 2 Directors.

4.10 Foresight 2 complies with the UK Corporate Governance Code save as follows:

- Directors are not appointed for a specified term (in view of its non-executive nature and the requirements of the Articles that 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);
- the Directors undertake a formal evaluation of the Board's performance and that of its committees. There is no formal evaluation of individual Directors as recommended by the Code; and
- in light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited, Martineau and the Company Secretary, Foresight 2 has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director and the provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to Foresight 2.

5 Material contracts

5.1 Set out below is a summary of all contracts (not being contracts entered into in the ordinary course of business) entered into by Foresight 2 in the last two years that are material and all other contracts (not being contracts entered into in the ordinary course of business) that contain any provision under which Foresight 2 has an obligation or entitlement which is material to Foresight 2 as at the date of the document.

- 5.1.1 An agreement dated 23 September 2004 between Foresight 2 (1) and Foresight Group (2) (as amended by supplemental agreements dated 27 October 2006, 28 January 2010 and 6 October 2011) pursuant to which Foresight Group has been appointed as the investment manager to Foresight 2.

In respect of the Foresight 2 Ordinary Shares fund, the Foresight 2 C Shares fund and Foresight 2 Infrastructure Shares fund, the appointment is terminable on not less than one years' notice in writing. In respect of the Foresight 2 Planned Exit Shares fund, the appointment is terminable on not less than one years' notice in writing at any time after 30 June 2012 (this being the second anniversary after the closing date of the Foresight 2 Planned Exit Shares offer).. The appointment may also be terminated in circumstances of material breach by either party and, in any event, Foresight 2 may appoint other parties in substitution for Foresight Group as investment manager in respect of the whole or part of Foresight 2's investment portfolio if it believes that this is necessary to preserve the status of Foresight 2 as a VCT.

In respect of the Foresight 2 Ordinary Shares fund and the Foresight 2 C Shares fund, Foresight Group receives an annual management fee of an amount equivalent to 2.0% of the net assets of the Foresight 2 Ordinary Shares fund and the Foresight 2 C Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

In respect of the Foresight 2 Planned Exit Shares fund, Foresight Group receives an annual management fee of an amount equivalent to 1.0% of the net assets of the Foresight 2 Planned Exit Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

In respect of the Foresight 2 Infrastructure Shares fund, Foresight Group will receive an annual management fee of an amount equivalent to 1.75% of the net assets of the Foresight 2 Infrastructure Shares fund, calculated and payable quarterly in advance, together with any applicable VAT thereon.

Annual expenses for Foresight 2 are capped at 3.6% of Foresight 2's net asset value. Any excess over 3.6% in respect of Foresight 2 will be borne by Foresight Group. This figure covers the annual expenses incurred by Foresight 2 in the ordinary course of its business and includes Foresight Group's investment advisory and administration fees, directors' remuneration, normal fees payable to the registrars, stockbroker, auditor, solicitors and VCT status advisers and any annual trail commission payable to financial advisers. It excludes any irrecoverable VAT and performance incentive fees as set out in paragraphs 5.1.3 to 5.1.5 below. Foresight Group has agreed (subject to the issue of Foresight 2 Infrastructure Shares) that the annual cap on normal running costs in respect of Foresight 2 will be reduced from an amount equivalent to 3.6% of the net assets of Foresight 2 to 3.0% for the duration of the existence of Foresight 2 Infrastructure Shares and, thereafter, 3.3%.

The agreement contains usual provisions indemnifying Foresight Group against any liability not due to its default, gross negligence, fraud or breach of FSMA.

- 5.1.2 An agreement dated 23 September 2004 between Foresight 2 (1) and Foresight Fund Managers Limited (2) pursuant to which Foresight Fund Managers Limited has been appointed as the secretary, administrator and custodian to Foresight 2. The services to be provided will include all necessary secretarial, accounting, bookkeeping and custodian services required in connection with the business and operation of Foresight 2. 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 will receive an annual fee from Foresight 2 (payable quarterly in advance together with any applicable VAT) calculated on a quarterly basis as the greater of 0.075% of the gross proceeds raised by Foresight 2 capped at £100,000 (but annually uplifted for RPI) at the previous quarter end.
- 5.1.3 A carried interest agreement dated 23 September 2004 between Foresight 2 (1) and Foresight Group (2) pursuant to which Foresight 2 has granted to Foresight Group an option

to subscribe for 3,906,866 Foresight 2 Ordinary Shares at par if all distributions (whether in cash or otherwise) paid or declared by Foresight 2 pro rata to all holders of Foresight 2 Ordinary Shares is not less than 60p per share prior to 23 September 2011 or 90p per share thereafter, and the net asset value attributable to the Foresight 2 Ordinary Shares issued is not less than the total amount subscribed (including by way of premium, less issue costs for Foresight 2 Ordinary Shares), less the total amount paid (including by way of premium) by Foresight 2 in purchasing its own Foresight 2 Ordinary Shares. This agreement further provides that if Foresight 2 issues shares otherwise than pursuant to the above option at a time when the option remains outstanding and unexercised, the agreement shall be amended to such extent as may be necessary to ensure that the benefit of the option after that further issue of shares is equal to the benefit existing prior to that further issue of shares.

- 5.1.4 A carried interest agreement dated 10 December 2007 between Foresight 2 (1) and Foresight Group (2) pursuant to which Foresight Group is entitled to be issued with such number of Foresight 2 C Shares each at a subscription price of par value as represents 15% (at the then prevailing net asset value per Foresight 2 C Share adjusted to take into account the relevant distribution) of each revenue or capital distribution paid to the holders of Foresight 2 C Shares. Such Foresight 2 C Shares will only be issued to Foresight Group if the aggregate value of an investment or collection of investments comprising net asset value plus the aggregate amount of all distributions (both revenue and capital) made ("Total Return") exceeds, both immediately before and immediately after the issue of Foresight 2 C Shares, the Foresight 2 C Shares' original subscription price of £1. By way of example Foresight 2 C Shares will need to show a base NAV Total Return of 100p or more before Foresight Group will be entitled to receive 15% of any distributions made by Foresight 2 to holders of Foresight 2 C Shares following such issue. The base NAV Total Return will increase after each performance incentive payment by an amount based on the dividend payment to shareholders.
- 5.1.5 A carried interest agreement between Foresight 2 (1) and Foresight Group (2) dated 28 January 2010 pursuant to which Foresight Group are entitled, once the holders of Foresight 2 Planned Exit Shares have received 110p of distributions per Foresight 2 Planned Exit Share, to the next 15p of distributions per Foresight 2 Planned Exit Share, and to 20% of all further distributions per Planned Exit Share. This entitlement can be satisfied at the discretion of the Foresight 2 Board wholly or partly in cash and wholly or partly by the issue of a number of Foresight 2 Planned Exit Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Foresight 2 Planned Exit Share) equal to the amount to be satisfied through the issue of such shares.
- 5.1.6 A sponsor and promoter agreement dated 28 January 2010 between Foresight 1 (1), Foresight 2 (2), the directors of Foresight 1 (3), the directors of Foresight 2 VCT plc (4), Foresight Group (5) and BDO LLP (6), pursuant to which Foresight Group agreed to act as promoter in connection with the offer of the Foresight 2 Planned Exit Shares and equivalent class of shares in Foresight 1. The agreement contained warranties given by Foresight 2 to Foresight Group. Foresight Group received a fee of 5.5% of the gross amount raised pursuant to this offer.
- 5.1.7 A carried interest agreement between Foresight 2 (1) and Foresight Group (2) dated 6 October 2011 pursuant to which Foresight Group will be entitled, once the holders of Foresight 2 Infrastructure Shares have received 100p of distributions per Foresight 2 Infrastructure Share, to an amount equal in value to 15% of distributions made to the holders of Foresight 2 Infrastructure Shares. This entitlement can be satisfied at the discretion of the Foresight 2 Board wholly or partly in cash and wholly or partly by the issue of a number of Foresight 2 Infrastructure Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Foresight 2 Infrastructure Share) equal to the amount to be satisfied through the issue of such shares.
- 5.1.8 A promoter's agreement dated 6 October 2011 between the Companies (1), the Directors (2) and Foresight Group (3) whereby Foresight Group has agreed to act as promoter in connection with the Offer. The agreement contains warranties given by the Companies and the Directors to Foresight Group. The Companies will pay to Foresight Group a commission

of 5.5% of the gross amount subscribed under the Offer out of which will be paid all costs, charges and expenses of or incidental to the Offer including the fees of BDO, save that the Companies shall, pursuant to the terms of the Offer pay annual trail commission in respect of the Infrastructure Shares issued in each of them.

- 5.1.9 A letter of engagement dated 27 July 2011 from BDO pursuant to which BDO have been appointed as sponsor to the Companies' in connection with the Offer. All fees and disbursements payable will be split equally between the Companies. The Companies have agreed to indemnify BDO for any loss suffered in respect of its role as sponsor to the Offer (save for when such loss has arisen out of BDOs breach, wilful default, misconduct or gross negligence). The Companies liability under this indemnity is unlimited. This engagement may be terminated at any time.

6 Investment objective and policy

Investment objectives

Ordinary Shares

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

C Shares

The investment objective of the Foresight 2 C Shares fund is to provide investors with attractive returns from Qualifying Investments in companies that are already profitable or are expected to become so in the near term.

Planned Exit Shares

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

Infrastructure Shares

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

Investment policy

Foresight 2 will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

Investment securities

Foresight 2 invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM listed securities, cash is primarily held in interest-bearing money market open ended investment companies (OEICs) as well as in a range of non-qualifying companies. Non Qualifying Investments may include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products and other assets where Foresight

Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

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

Asset mix

Foresight 2 aims to be significantly invested in growth businesses, subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by Foresight 2 will ultimately be invested in VCT qualifying investments.

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

Foresight 2 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 Foresight 2 and the amount standing to the credit of its reserves). Whilst Foresight 2 does not currently borrow, its policy allows it to do so.

- 6.1 Foresight 2's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HM Revenue and Customs.
- 6.2 It is the intention of the Foresight 2 Directors that Foresight 2 will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.3 Foresight 2 is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part Six of the Securities Note, and in the Listing Rules which specify that (i) Foresight 2 must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6; (ii) Foresight 2 must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) Foresight 2 may not invest more than 10%, in aggregate, of the value of the total assets of Foresight 2 at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of Foresight 2 will require the approval of Foresight 2 Shareholders pursuant to the Listing Rules. Foresight 2 intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
 - (a) Foresight 2's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
 - (b) Foresight 2 will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
 - (c) none of the investments at the time of acquisition will represent more than 15% by VCT Value of Foresight 2's investments; and

- (d) not more than 20% of Foresight 2's gross assets will at any time be invested in the securities of property companies.
- 6.4 Foresight Group has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type that Foresight 2 proposes to make. The Foresight 2 Directors will ensure that any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.5 In the event of a breach of the investment restrictions which apply to Foresight 2 as described in paragraph 6.3 above, shareholders will be informed by means of the interim and/or the annual report or through a public announcement.
- 6.6 The Foresight 2 Directors act and will continue to act independently of Foresight Group. No majority of the Foresight 2 Directors will be directors or employees of, or former directors or employees of, or professional advisers to Foresight Group or any other company in the same group as Foresight Group.
- 6.7 The investment policy set out here, will, in the absence of unforeseen circumstances, be adhered to by Foresight 2 for at least three years following the date of close of the Offer. Any material change to Foresight 2's investment policy in any event will only be made with the approval of the Shareholders of Foresight 2 by ordinary resolution.

7 Related party disclosures

- 7.1 Foresight Group is regarded as a related party insofar as it will receive commission of 5.5% of the gross amount subscribed under the Offer acting as promoter in connection with the Offer as described in paragraph 5.3 above. Foresight Group (and its wholly owned subsidiary Foresight Fund Managers Limited) are also related parties in respect of their appointment as an investment manager and administrator of a closed ended investment company as detailed in paragraph 5.1 above.
- 7.2 Save for the fees paid to Foresight Group and Foresight Fund Managers Limited, under the arrangements set out in paragraph 5.1 above, the fees paid to Foresight 2 Directors as detailed in paragraph 3.5 above, fees paid to Foresight Group of £541,867 (2008), £190,624 (2009), £334,214 (2010) and £31,835 (current year) in respect of promotion fees for fundraisings (out of which all costs and expenses relating to such fundraisings were paid), there were no related party transactions or fees paid by Foresight 2 during the years ended 30 September 2008, 2009 and 2010 or to the date of this document in the current financial year.
- 7.3 The transactions referred to in paragraphs 7.1 to 7.2 are (or were) conducted on an arm's length basis. There are no other arrangements into which Foresight 2 has entered with a related party.

8 Overseas investors

- 8.1 No person receiving a copy of the Prospectus or accompanying application form in any territory other than the UK may treat it as constituting an offer or invitation to him to subscribe for or purchase Infrastructure Shares in Foresight 2.
- 8.2 No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom where such action is required to be taken. All applicants under the Offer will be required to warrant that they are not a US person within the following definition:

"US person" means any person or entity defined as such in Rule 902(o) under the US Securities Act of 1933 and (without limiting the generality of the foregoing) includes a natural person resident in the US, a corporation or partnership organised or incorporated under the laws of the US (including any State thereof) and an estate or trust if any executor, administrator or trustee is a US person but shall not include a branch or agency of a US person located outside the US if such agency or branch operates for valid business reasons

and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

9 Taxation

The following paragraphs, which are intended as a general guide only and are based on current legislation and HM Revenue & Customs practice, summarise advice received by the Foresight 2 Directors as to the position of the Companies' Shareholders who hold Foresight 2 Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or is subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by Foresight 2 when they pay a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - Foresight 2 has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. Foresight 2 has been advised that the transfer of Foresight 2 Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 0.5% (or part thereof) of the consideration paid.
- 9.3 Close company - the Foresight 2 Directors believe that Foresight 2 is not, and expect that following completion of the Offer will not be, a close company within the meaning of the Tax Act. If Foresight 2 was a close company in any accounting period, approval as a venture capital trust would be withdrawn.

10 Miscellaneous

- 10.1 There has been no significant change in the financial or trading position of Foresight 2 since 31 March 2011, the date to which the Foresight 2 Half Yearly Report has been published.
- 10.2 The Foresight 2 Board believes that the Offer will result in a significant change to Foresight 2, including an increase in its earnings and in the net assets of an amount equivalent to the net proceeds received under the Offer, expected to be £14.175 million assuming full subscription.
- 10.3 Foresight Group is the promoter of the Offer and, save as disclosed in paragraph 5.1.7 above, no amount of cash, securities or benefits has been paid, issued or given to the promoter and none is intended to be paid, issued or given.
- 10.4 There have been no important events so far as Foresight 2 and the Foresight 2 Directors are aware relating to the development of Foresight 2 or its business.
- 10.5 There are no governmental, legal or arbitration proceedings (including any such proceedings which are or were pending or threatened of which Foresight 2 is aware) during the period from the incorporation of Foresight 2 which may have or had in the recent past significant effects on Foresight 2's financial position or profitability.
- 10.6 There have been no significant factors, whether governmental, economic, fiscal, monetary, political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on Foresight 2's prospects or which have materially affected Foresight 2's income from operations so far as Foresight 2 and the Foresight 2 Directors are aware.
- 10.7 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Foresight 2's prospects for at least the current financial year, so far as Foresight 2 and the Foresight 2 Directors are aware.
- 10.8 The issue costs payable by Foresight 2 under the Offer (including irrecoverable VAT and sales commissions) have been fixed by the Directors at 5.5% of total funds subscribed (but

excluding annual trail commission) in respect of Foresight 2 Infrastructure Shares. Foresight Group has agreed to indemnify Foresight 2 in respect of any excess over 5.5% of the gross proceeds of the issue of Foresight 2 Infrastructure Shares under the Offer. The net proceeds for Foresight 2 from the Offer, assuming full subscription, will therefore amount to approximately £14.175 million.

- 10.9 Foresight 2 has paid dividends amounting to 9.1p per Foresight 2 Ordinary Share, 9.0p per Foresight 2 C Share and 3.0p per Foresight 2 Planned Exit Share in the period from incorporation.
- 10.10 Foresight 2's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.11 Foresight 2 does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the Foresight 2 Directors, Foresight 2 is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of Foresight 2.
- 10.12 Foresight 2 and its Shareholders are subject to the provisions of the Takeover Code and the CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.13 The typical investor for whom investment in Foresight 2 is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.
- 10.14 The Foresight Group is responsible for the determination and calculation of Foresight 2's net assets value, which will be prepared quarterly for approval by the Foresight 2 Directors.
- 10.15 KPMG Audit plc (a member of the Institute of Chartered Accountants in England and Wales) have been auditors to Foresight 2 since December 2010. Prior to this, Ernst & Young LLP (a member of the Institute of Chartered Accountants in England and Wales) was auditor of Foresight 2. The reason for the change was that Foresight 2 put its audit work out to tender. Ernst & Young LLP confirmed on resignation that there were no matters which they felt should be brought to the attention of Foresight 2 Shareholders.
- 10.16 BDO has given and not withdrawn its written consent to the issue of this document and to the inclusion herein of its name in the form and context in which it is included.

(B) FINANCIAL INFORMATION

Foresight 2 has produced statutory accounts for the three financial years ended 30 September 2008, 2009 and 2010 and unaudited information in the half-yearly report for the six month period ended 31 March 2011. Ernst & Young LLP, Registered Auditor, of 1 More London Place, London SE1 2AF have, on the financial statement for the three financial years ended 30 September 2008, 2009 and 2010, reported without qualification and without statements under section 498(2) or (3) of the CA 2006.

The audited financial statements for the three years ended 30 September 2008, 2009 and 2010, and the unaudited information in the half-yearly report for the six month period ended 31 March 2011, were prepared in accordance with UK generally accepted accounting practice (GAAP) and the fair value rules of the CA 2006.

The audited financial statements for the three years ended 30 September 2008, 2009 and 2010, and the unaudited information in the half-yearly report for the six month period ended 31 March 2011, include the information set out below on the pages specified in the tables below, which are being incorporated into the document by reference and can be accessed at the following website:

www.foresightgroup.eu

and are also available for inspection at the national storage mechanism accessed at the following

website:

www.hemscott.com/nsm.do

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

Description	2008 Annual Report	2009 Annual Report	2010 Annual Report	2011 Half-Yearly Report
Balance Sheet	Page 28	Page 30	Page 32	Page 17
Income Statement (or equivalent)	Page 27	Page 28	Page 30	Page 16
Statement showing all changes in equity (or equivalent note)	Page 27	Page 29	Page 31	Page 17
Cash Flow Statement	Page 29	Page 31	Page 33	Page 18
Accounting Policies and Notes	Pages 30 to 43	Pages 32 to 46	Pages 34 to 51	Pages 19 to 21
Auditor's Report	Page 26	Page 27	Page 29	N/A

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

Such information also includes operating/financial reviews as follows:

Description	2008 Annual Report	2009 Annual Report	2010 Annual Report	2011 Half-Yearly Report
Objective	Inside front cover	Inside front cover	Inside front cover	Inside front cover
Financial Highlights	Page 1	Page 1	Page 1	Inside front cover
Results & Dividend	Page 3	Page 2	Page 2	Page 1
Portfolio	Pages 3 to 4	Pages 2 to 4	Pages 3 to 4	Pages 2 to 4
Valuation Policy	Page 4	Page 4	Page 2	Page 1
Outlook	Page 5	Page 5	Page 2	Page 1
Investment Summary	Pages 7 to 14	Pages 6 to 14	Pages 5 to 14	Pages 5 to 12

Certain financial information of Foresight 2 is also set out below:

	Year ended 30 September 2008	Year ended 30 September 2009	Year ended 30 September 2010	Six month period ended 31 March 2011
Investment income	£1,543,000	£1,358,000	£1,752,000	£1,119,000
Profit on ordinary activities before taxation	£(749,000)	£(1,268,000)	£4,274,000	£2,889,000
Earnings per Foresight 2 Ordinary Share	(15.1)p	(7.2)p	12.8p	4.9p
Earnings per Foresight 2 C Share	12.4p	1.1p	5.7p	7.0p
Earnings per Foresight 2 Planned Exit Share	N/A	N/A	0.5p	0.6p
Dividends per Foresight 2 Ordinary Share	0.5p	2.0p	1.0 p	-
Dividends per Foresight 2 C Share	3.0p	3.0p	3.0p	-

Dividends per Foresight 2 Planned Exit Share	N/A	N/A	-	-
Total assets	£40,933,000	£41,498,000	£50,172,000	£52,800,00
NAV per Foresight 2 Ordinary Share	86.2p	76.7p	88.5p	93.3p
NAV per Foresight 2 C Share	104.6p	102.5p	105.0p	112.0p
NAV per Foresight 2 Planned Exit Share	N/A	N/A	95.0p	95.6p

As at 30 June 2011, the unaudited net assets of Foresight 2 were £53,118,000 and the unaudited NAV was 94.4p per Foresight 2 Ordinary Share, 110.6p per Foresight 2 C Share and 93.6p per Foresight 2 Planned Exit Share (these being the most recent published NAVs prior to the date of this document).

Effect of the Offer

As at 31 March 2011, the date to which the Foresight 2 Half Yearly Report has been published, Foresight 2 had net assets of £52,800,000. Foresight 2 is now seeking to raise up to £15 million through the Offer for which the associated expenses will be 5.5% of the gross proceeds. The impact of the Offer on Foresight 2's earnings should be accretive to the extent, if any, that interest earned on the proceeds will exceed expenses. The assets of Foresight 2 will be increased by 50% of the net proceeds of the Offer.

PART THREE - PORTFOLIOS

Set out below are the largest investments held by each Company with a value of greater than 5% of their respective gross assets and an aggregate value greater than 50% of each Company's portfolio, as at the date of this document. The amount of uninvested cash and investments in money funds is £6,466,543 in respect of Foresight 1 (18.1% of the Foresight 1 investment portfolio) and £2,817,729 in respect of Foresight 2 (5.6% of the Foresight 2 investment portfolio).

Investment and portfolio information in this Part Three has been extracted from the Companies' accounting records (taken from the Foresight 1 Half Yearly Report and Foresight 2's unaudited management accounts to 30 June 2011). In respect of the information on investee companies' sales, profits and losses and net assets, these have been taken from the latest financial year end accounts published (unless stated otherwise) by those investee companies as referred to in this Part Three ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this Part Three since 30 June 2011 in respect of either Company. The Third Party Information has been accurately reproduced and, as far as the Companies (acting jointly) are aware and are able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

FORESIGHT 1

App DNA Limited <i>Based in London, Chicago and Paris, developing software which enables enterprises to automate the evaluation of the compatibility of their software estate for changes of operating system or for virtualisation.</i>		Year ended	31 March 2011
			(£'000)
Amount invested	£173,712	Sales	7,854
Valuation	£4,554,321	Profit/loss before tax	613
Equity/voting rights	14.2%	Retained profit/loss	539
Valuation methodology	Revenue multiple	Net assets/liabilities	629
Percentage of investment portfolio	12.7%		

Clarke Power Services Limited <i>Based in Derby, generating electricity from waste wood sourced from local suppliers and being developed in conjunction with O-Gen UK Limited.</i>			No audited accounts have been prepared since incorporation
			(£'000)
Amount invested	£12,828,102	Sales	n/a
Valuation	£4,335,936	Profit/loss before tax	n/a
Equity/voting rights	41.2%	Retained profit/loss	n/a
Valuation methodology	Asset basis	Net assets/liabilities	n/a
Percentage of investment portfolio	12.1%		

Autologic Diagnostics Limited <i>Based in Oxfordshire, developing and selling sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles.</i>		Year ended	31 December 2010
			(£'000)
Amount invested	£750,000	Sales	9,266
Valuation	£3,068,256	Profit before tax	1,943
Equity/voting rights	9.0%	Retained profit	1,574
Valuation methodology	Discounted earnings multiple	Net assets	3,371
Percentage of investment portfolio	8.6%		

Aquasium Technology Limited <i>Based in Cambridge, principally engaged in the design, manufacture, sales and servicing of electron beam welding and vacuum furnace equipment.</i>		Year ended	31 December 2010
			(£'000)
Amount invested	£1,930,000	Sales	12,734
Valuation	£2,573,127	Loss before tax	(163)
Equity/voting rights	33.3%	Retained loss	(326)
Valuation methodology	Discounted earnings multiple	Net assets	106
Percentage of investment portfolio	7.2%		

DCG Group Limited <i>Based in Surrey, providing data storage and back-up solutions to corporates either remotely as a managed service or at customers' premises.</i>		Year ended	31 March 2011
			(£'000)
Amount invested	£999,970	Sales	5,918
Valuation	£2,472,410	Loss before tax	(497)
Equity/voting rights	34.8%	Retained loss	(454)
Valuation methodology	Discounted revenue multiple	Net liabilities	(1,647)
Percentage of investment portfolio	6.9%		

Closed Loop Recycling Limited <i>Based in Dagenham, is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material.</i>		Year ended	30 June 2010
			(£'000)
Amount invested	£2,122,917	Sales	6,727
Valuation	£2,072,917	Loss before tax	(6,491)
Equity/voting rights	4.9%	Retained loss	(6,491)
Valuation methodology	Price of recent funding round	Net liabilities	(11,418)
Percentage of investment portfolio	5.8%		

Alaric Systems Limited <i>Based in London, developing payment system software, principally credit card authorisation and card fraud detection software, which is sold to major financial institutions, card processors and, increasingly, major retailers worldwide.</i>		Year ended	31 March 2011
			(£'000)
Amount invested	£1,473,372	Sales	5535
Valuation	£2,033,016	Profit before tax	419
Equity/voting rights	15.2%	Retained profit	407
Valuation methodology	Discounted revenue multiple	Net liabilities	(1,138)
Percentage of investment portfolio	5.7%		

Trilogy Communications Limited <i>Based in Hampshire, supplying audio communications to the defence, emergency management, industrial and broadcast sectors.</i>		Year ended	28 February 2011
			(£'000)
Amount invested	£825,000	Sales	8,624
Valuation	£1,855,989	Profit before tax	864
Equity/voting rights	12.2%	Retained profit	877
Valuation methodology	Discounted earnings multiple	Net liabilities	(1,320)
Percentage of investment portfolio	5.2%		

Insight Sterling Liquidity Fund	
Amount invested	£1,701,250
Valuation	£1,701,250
Equity/voting rights	n/a
Valuation methodology	Cost
Percentage of investment portfolio	4.8%

FORESIGHT 2

Closed Loop Recycling Limited <i>Based in Dagenham, is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material.</i>		Year ended	30 June 2010
			(£'000)
Amount invested	£5,423,334	Sales	6,727
Valuation	£5,373,335	Loss before tax	(6,491)
Equity/voting rights	13.1%	Retained loss	(6,491)
Valuation methodology	Price of recent funding round	Net liabilities	(11,418)
Percentage of investment portfolio	10.7%		

Datapath Holdings Limited Based in Derbyshire, manufacturing PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology.		Year ended	31 March 2011
			(£'000)
Amount invested	£100,000	Sales	10,286
Valuation	£4,564,161	Profit before tax	2,963
Equity/voting rights	12.5%	Retained profit	2,208
Valuation methodology	Discounted earnings multiple	Net assets	6,155
Percentage of investment portfolio	9.1%		

Autologic Diagnostics Limited <i>Based in Oxfordshire, developing and selling sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles.</i>		Year ended	31 December 2010
			(£'000)
Amount invested	£1,000,000	Sales	9,266
Valuation	£3,881,561	Profit before tax	1,943
Equity/voting rights	12%	Retained profit	1,574
Valuation methodology	Discounted earnings multiple	Net assets	3,371
Percentage of investment portfolio	7.8%		

Trilogy Communications Limited <i>Based in Hampshire, supplying audio communications to the defence, emergency management, industrial and broadcast sectors.</i>		Year ended	28 February 2011
			(£'000)
Amount invested	£1,650,000	Sales	8,624
Valuation	£3,351,826	Profit before tax	864
Equity/voting rights	24.4%	Retained profit	877
Valuation methodology	Discounted earnings multiple	Net liabilities	(1,320)
Percentage of investment portfolio	6.7%		

TFC Europe Limited <i>Based in East Sussex, suppliers of injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals.</i>		Year ended	31 March 2010
			(£'000)
Amount invested	£939,092	Sales	10,110
Valuation	£2,863,763	Profit before tax	452
Equity/voting rights	21.4%	Retained profit	201
Valuation methodology	Discounted earnings multiple	Net assets	1,027
Percentage of investment portfolio	5.7%		

Vertal Limited Based in Mitcham, South East London, converting food waste into fertilizer and fuel products for use in agriculture and energy production.		Year ended	30 November 2010
			(£'000)
Amount invested	£3,550,501	Sales	805
Valuation	£2,662,876	Loss before tax	(2,763)
Equity/voting rights	19.1%	Retained loss	(2,763)
Valuation methodology	Cost less impairment	Net liabilities	(692)
Percentage of investment portfolio	5.3%		

The Bunker Secure Hosting Limited <i>Based in Ash, Kent and Greenham Common, Berkshire, providing ultra secure IT data centres and managed services to companies from owned and leased facilities totalling 41,500 square feet in bunkers previously constructed for military use at.</i>		Year ended	31 December 2010
			(£'000)
Amount invested	£1,112,521	Sales	6,177
Valuation	£2,325,153	Profit before tax	425
Equity/voting rights	6.7%	Retained profit	425
Valuation methodology	Discounted revenue multiple	Net assets	1,646
Percentage of investment portfolio	4.6%		

Land Energy Limited Based in Yorkshire, generating renewable power from virgin wood, and exploiting the growing demand for wood pellets as a renewable fuel and animal bedding. The company also operate a facility in Bridgend and Goole (owned by Silvigen Limited).		Year ended	31 December 2009
			(£'000)
Amount invested	£2,022,206	Sales	1,770
Valuation	£2,022,206	Loss before tax	(1,277)
Equity/voting rights	13.2%	Retained loss	(1,322)
Valuation methodology	Price of recent funding round	Net assets	458
Percentage of investment portfolio	4.0%		

PART FOUR - DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on weekdays, Saturday's and public holidays for the life of the Prospectus, at the registered office of the Companies and at the offices of Martineau, 35 New Bridge Street, London EC4V 6BW:

- the Memoranda and Articles of each of the Companies;
- the material contracts referred to in paragraphs 5 of Parts One and Two;
- the consents referred to in paragraphs 10.16 of Parts One and Two;
- the audited financial statements for Foresight 1 for the years ended 31 December 2008, 2009 and 2010 and the Foresight 1 Half-Yearly Report for the six month period to 30 June 2011;
- the audited financial statements for Foresight 2 for the years ended 30 September 2008, 2009 and 2010 and the Foresight 2 Half-Yearly Report for the six month period to 31 March 2011; and
- the Prospectus.