

**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.**

This document constitutes a registration document (the “**Registration Document**”) dated 2 February 2017 issued by Foresight VCT plc (the “**Company**”), prepared in accordance with the prospectus rules made under Section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and has been approved by the Financial Conduct Authority (“**FCA**”) in accordance with FSMA. Additional information relating to the Company is contained in a securities note (the “**Securities Note**”) issued by the Company of even date herewith. A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the Ordinary Shares of one penny each in the capital of the Company (the “**Offer Shares**”) which are being offered for subscription (the “**Offer**”) is contained in a summary issued by the Company of even date herewith (the “**Summary**”). The Summary, Securities Note and this Registration Document together comprise a prospectus (the “**Prospectus**”) which has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full.

The Company and the Directors (whose names are set out on page 9) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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**Offer for Subscription  
to raise up to  
£20,000,000  
by issues of  
Ordinary Shares of one penny each by  
FORESIGHT VCT PLC**

*Registered in England and Wales under company number 03421340  
Sponsored by BDO LLP*

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

In connection with the Offer, Foresight Group LLP (the “**Promoter**”) and Foresight Group CI Limited (the “**Manager**”), the promoter of the Offer and manager of the Company respectively, are acting for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to their customers nor for providing advice in relation to the Offer. The Promoter is authorised and regulated in the United Kingdom by the FCA and the Manager is licensed by the Guernsey Financial Services Commission.

Applications will be made to the UK Listing Authority for the Ordinary Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the UK Listing Authority. Application will also be made to the London Stock Exchange for such Offer Shares to be admitted to trading on its main market for listed securities. It is expected that admission will become effective and that trading in the Offer Shares will commence three Business Days following allotment. The Company’s existing issued Ordinary Shares are traded on the London Stock Exchange’s market for listed securities.

The Offer is conditional upon the approval of the Shareholders of the Company at the general meeting of the Company to be held on 8 March 2017.

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

**Your attention is drawn to the Risk Factors on pages 3-4. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that might result from such investment.**

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## RISK FACTORS

Although the tax benefits available to investors in Offer Shares are significant, there are a number of risks which investors should consider carefully in addition to the other information presented in the Prospectus as a whole. The risks related specifically to the Offer Shares, as opposed to the Company more generally, are set out in the Securities Note.

If any of the risks described below were to materialise, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or investors in the Company will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in any doubt should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks.

- The past performance of the Company or other funds managed by Foresight Group CI Limited, the manager of the Company, and/or Foresight Group LLP is no indication of the future performance of the Company. 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 Finance (No. 2) Act 2015 introduced a number of changes to the VCT Rules, which took effect from 18 November 2015 which restrict the investments which can be made by VCTs and the use of the invested funds by investee companies. Companies whose first commercial sale was more than seven years ago are no longer eligible for VCT investment save where they received a State aided investment in their first seven years of trading or where the invested amount is greater than 50% of average of the company's turnover for the previous five years and the company is entering a new product or geographical market. To be a qualifying VCT holding, investee companies must employ monies received from a VCT for the purposes of promoting growth and development. The prohibition on employing VCT money on the purchase of shares was also extended to include business acquisitions structured as purchases of assets or goodwill. Non-qualifying investments by VCTs are also now restricted to a narrower range of investment categories intended to facilitate liquidity management. Furthermore, the Finance (No. 2) Act 2015 introduced a lifetime limit on the amount of State aided investment a single company can receive of £12 million (£20 million for 'knowledge intensive' companies). These changes will restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow on investments in certain portfolio companies. They will also affect the profile of the Company's new investments, increasing the focus on earlier stage growth capital deals which have a higher risk profile than older, better established businesses. The Company is likely to face greater competition for a smaller number of available investments going forward as a result of these legislative changes.
- Investee companies may incur unplanned costs and delays as a result of statutory and regulatory requirements, including those imposed by environmental, safety, labour and other regulatory and political authorities, or where construction operations do not proceed as planned, or where insurance is not adequate or as to which adequate reserves had not been established, risks arising out of the presence of certain construction materials, force majeure acts, terrorist events or other operating risks.
- Macroeconomic and political factors, including Britain's exit from the European Union, may adversely affect the Company and the companies in which it invests leading to falls in the value of the Company's Shares.
- An investor who subscribes for Offer Shares and disposes of those shares within five years will be subject to clawback by HMRC of any income tax relief obtained on subscription.
- Interest income received by the Company can only be sheltered from corporation tax to the extent that the total interest income received by the Company does not exceed total revenue expenditure available for offset in the calculation of its tax liabilities. If total interest income exceeds total revenue expenditure the Company will be liable to pay corporation tax.
- While it is the intention of the Directors that the Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that this status will be maintained. A failure to

meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains and its ability to pay tax free dividends to qualifying investors.

- Where cash or near cash investments are held, the bank or counterparty could become insolvent or otherwise default and this could materially impact the Company where it holds significant cash reserves pending investment as is currently the case.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.
- Although the Company may receive conventional venture capital rights in connection with its investments, as a minority investor it will not be in a position fully to protect its interests.
- Investment in smaller and unquoted companies is likely to involve a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies may not be regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies. Full information for determining the value of the Company's underlying investments may not always be available. Confidential or inside information which might have a bearing on the prospects of a particular investment may exist from time to time but may not yet be in the public domain. In such circumstances an individual valuation may have to be based on historic information not incorporating full disclosure which might otherwise have enabled a more precise valuation.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of the Company which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of Distributions.
- The Finance Act 2014 amends the VCT rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.
- Where more than one Foresight Fund wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment where the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as portfolio diversity and the requirement to achieve or maintain a minimum of 70% of the Company's portfolio in Qualifying Companies. This may mean that the Company may receive a greater or lesser allocation than would otherwise be the case under the normal allocation policy.
- Where the Company invests in companies in which other Foresight Funds have invested or subsequently invest, conflicts of interest may arise. In such a scenario, the Manager will apply its conflicts policy in order to reconcile the conflict in the first instance and thereafter, if required, the Directors will exercise their independent judgement, so far as they are able, to protect the interest of Shareholders.
- There are two principal areas where the implementation of Brexit could impact the Company:

*Investee Companies* - there has been much debate on the possible impact on trade between the European Union and the UK following the Brexit vote and how this will impact UK businesses. It is too early to estimate the impact and the Board is not in a position to anticipate what this might be.

*Regulation* - many parts of the current VCT legislation have resulted from EU State Aid Directives, but the Board does not believe that post Brexit the amending of VCT legislation will be a priority for the UK Government.

## CORPORATE INFORMATION

### **Directors (Non-executive)**

John Gregory (Chairman)  
Peter Dicks  
Jocelin Harris  
Gordon Humphries

### **Manager**

Foresight Group CI Limited  
PO Box 156  
Dorey Court  
St Peter Port  
Guernsey GY1 4EU

### **Company Secretary and Administrator**

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

### **VCT Status Monitor**

Shakespeare Martineau LLP  
60 Gracechurch Street  
London EC3V 0HR

### **Solicitors**

RW Blears LLP  
29 Lincoln's Inn Fields  
London WC2A 3EG

### **Sponsor**

BDO LLP  
55 Baker Street  
London W1U 7EU

### **Bankers**

Lloyds Bank plc  
25 Gresham Street  
London EC2V 7HN

### **Registered Office and Head Office**

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

### **Company Registration Number**

03421340

### **Website**

[www.foresightgroup.eu](http://www.foresightgroup.eu)

### **Telephone Number**

020 3667 8159

### **Registrars**

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

### **Promoter**

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

### **Broker**

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

### **Receiving Agent**

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

### **Auditors**

KPMG LLP  
15 Canada Square  
London E14 5GL

## DEFINITIONS

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

<b>AIM</b>	the Alternative Investment Market
<b>Articles</b>	the current articles of association of the Company
<b>BDO</b>	BDO LLP, which is authorised and regulated by the FCA as a UKLA registered sponsor
<b>Board or Directors</b>	the board of directors of the Company
<b>Business Days</b>	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
<b>CA 1985</b>	the Companies Act 1985 (as amended)
<b>CA 2006 or the Act</b>	the Companies Act 2006 (as amended)
<b>Circular</b>	the circular to Shareholders of the Company to be dispatched on or around the date of the Prospectus in order to, inter alia, convene the General Meeting
<b>Company or Foresight VCT</b>	Foresight VCT plc
<b>Distributions</b>	amounts paid by way of dividends, tender offers, share buy-backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Shareholders in the Company in respect of Shares, excluding any income tax relief on subscription
<b>Execution-Only (Investor)</b>	a transaction which is executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation (and "Execution Only Investor" shall mean an investor who subscribes for Offer Shares in such manner)
<b>FCA</b>	the Financial Conduct Authority
<b>Foresight Funds</b>	funds managed or advised by Foresight Group
<b>Foresight Group</b>	the Manager and/or the Promoter (as the context dictates)
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	the meeting of the members of the Company to be convened in accordance with the notice to be set out in the Circular
<b>Infrastructure Share fund</b>	the aggregate of the capital raised by subscriptions for Infrastructure Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto
<b>Infrastructure Shares</b>	the infrastructure shares of one penny each in the capital of the Company
<b>Listing Rules</b>	the listing rules of the UK Listing Authority
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Manager</b>	Foresight Group CI Limited, the Company's manager, which is licensed by the Guernsey Financial Services Commission

<b>Merger</b>	the merger of Foresight VCT 2 plc with the Company effected by means of placing Foresight VCT 2 plc into members voluntary liquidation pursuant to Section 110 of the Insolvency Act 1986, the acquisition by the Company of all of Foresight 2 VCT's assets and liabilities and the issue of new Shares in the Company to the shareholders of Foresight VCT 2 plc
<b>NAV or Net Asset Value</b>	the net asset value attributable to the Shares calculated in accordance with the Company's normal accounting policies in force at the date of calculation
<b>Net Asset Base Value</b>	means the NAV attributable to the Ordinary Shares as determined from the audited annual accounts to the end of preceding financial year
<b>Offer</b>	the offer for subscription to raise in aggregate up to £20 million by issues of Ordinary Shares, pursuant to the Prospectus published on 2 February 2017, of which this Registration Document forms part, prepared in accordance with the Prospectus Rules made under Section 84 of FSMA and approved by the FCA in accordance with FSMA
<b>Offer Shares</b>	the new Ordinary Shares being made available for subscription pursuant to the Offer
<b>Official List</b>	the official list of the UK Listing Authority maintained in accordance with section 74(1) of FSMA
<b>Ordinary Share fund</b>	the aggregate of the capital raised by subscriptions for Ordinary Shares issued by the Company, (including under the Offer) all income and assets derived therefrom and all expenses and liabilities attributable thereto
<b>Ordinary Shares</b>	ordinary shares of one penny each in the capital of the Company
<b>Planned Exit Shares</b>	the planned exit shares of one penny each in the capital of the Company
<b>Planned Exit Share fund</b>	the aggregate of the capital raised by subscriptions for Planned Exit Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto
<b>Professional Client Investor</b>	an investor who is provided with advice or guidance as to the merits of making an investment in the Company by an independent financial intermediary, where that independent financial adviser classifies the investor as a professional client for the purposes of the FCA Rules
<b>Prohibited Period</b>	any Close Period or any period when there exists any matter which constitutes Inside Information in relation to the Company
<b>Promoter</b>	Foresight Group LLP, the promoter of the Offer, which is authorised and regulated by the FCA
<b>Prospectus</b>	together this Registration Document, the Securities Note and the Summary
<b>Prospectus Rules</b>	the prospectus rules of the UK Listing Authority made under section 84 of FSMA
<b>Qualifying Company</b>	an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act

<b>Qualifying Investments</b>	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 of the Tax Act
<b>Receiving Agent</b>	The City Partnership (UK) Limited
<b>Registrar</b>	Computershare Investor Services plc
<b>Registration Document</b>	this document
<b>Retail Client Investor</b>	an investor who is provided with advice or guidance as to the merits of making an investment in the Company by an independent financial adviser, where that independent financial adviser classifies the investor as a retail client for the purposes of the FCA Rules
<b>Securities Note</b>	the securities note issued by the Company dated 2 February 2017 in connection with the Offer and which forms part of the Prospectus
<b>Shareholder</b>	a holder of Shares in the Company
<b>Shares</b>	Ordinary Shares and/or Planned Exit Shares and/or Infrastructure Shares as the context dictates
<b>Summary</b>	the summary issued by the Company dated 31 January 2017, which forms part of the Prospectus
<b>Tax Act</b>	the Income Tax Act 2007 (as amended from time to time)
<b>UK Listing Authority or UKLA</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>VCT Rules</b>	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts
<b>VCT Value</b>	the value of an investment calculated in accordance with Section 278 of the Tax Act
<b>Venture Capital Trust or VCT</b>	a venture capital trust as defined in Section 259 of the Tax Act
<b>Tax Act</b>	the Income Tax Act 2007 (as amended)
<b>UK Listing Authority or UKLA</b>	the FCA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>UK</b>	the United Kingdom
<b>VCT Rules</b>	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts
<b>VCT Value</b>	the value of an investment calculated in accordance with Section 278 of the Tax Act
<b>Venture Capital Trust or VCT</b>	a venture capital trust as defined in Section 259 of the Tax Act



## THE DIRECTORS AND FORESIGHT

As required by the Listing Rules, the Directors are independent of Foresight except for Peter Dicks who is considered non-independent by virtue of the fact that he is a director of several other funds managed by Foresight.

### (A) THE DIRECTORS

#### 1. Directors of Foresight VCT plc

##### **John Gregory** (68) (Chairman)

John Gregory was appointed to the Board on 30 July 2010. John is a chartered accountant with a broad experience of banking, corporate finance and fund management. He was an executive director of Noble Fund Managers Limited until 2004. Currently, he is senior independent director of Sphere Medical Holding plc, an AIM listed medical devices company, non-executive Chairman of Social Impact VCT and a non-executive director or Chairman of a number of private companies. His earlier career was in the City of London and included positions as an executive director of Singer & Friedlander Holdings Limited and, before that, managing director of Henry Ansbacher & Co Limited.

##### **Peter Dicks** (74)

Peter Dicks was appointed to the Board on 22 August 1997. Peter was a founder director of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Miton UK MicroCap Trust plc and ICG Enterprise Trust plc. In addition, he has been a director of the Company since its launch in 1997 and is a director of Foresight 3 VCT plc and Foresight 4 VCT plc. He is also chairman of Unicorn AIM VCT plc.

##### **Jocelin Harris** (71)

Jocelin Harris was appointed to the Board on 18 December 2015. Jocelin is a qualified solicitor and since 1986 has run Durrington Corporation which provides finance and advice for small businesses. Before this he was at private bank Rea Brothers for 13 years where he was a director. He has personally invested in over 40 development stage companies over the last 35 years and is currently chairman or non-executive director of a number of them in the UK and USA. He is also a director of Unicorn AIM VCT plc, a director of Foresight 2 VCT plc (in liquidation) and a governor of St Paul's Way Trust School in London.

##### **Gordon Humphries** (55)

Gordon Humphries was appointed to the Board on 20 February 2007. Gordon qualified as a chartered accountant with PricewaterhouseCoopers before moving into financial services, where he has over 30 years' experience. He was until recently head of investment companies at Standard Life investments and before that he was joint head of investment trusts at F&C Asset Management plc. Gordon is a non-executive director of Maven Income and Growth VCT 5 plc and a former director of R&H Fund Services Limited.

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

## 2. Current and Past Directorships

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

<b>John Gregory</b>	<b>Current</b>	<b>Past 5 Years</b>
	The Company Arctic Solar Limited Javelin Solar Limited Resilient Solar Limited Meaujo Bell Limited Tixal Limited Sphere Medical Holding plc Social Impact VCT plc DP Leisure GB Ltd DP Associates GB limited	Epic VCT plc (dissolved) Meaujo Tug Limited Sinclair IS Pharma plc IS Pharma plc
<b>Peter Dicks</b>	<b>Current</b>	<b>Past 5 Years</b>
	The Company Foresight 2 VCT plc (in liquidation) Foresight 3 VCT plc Foresight 4 VCT plc Foresight Solar Fund Limited ICG Enterprise Trust plc Interactive Investor plc Mears Group plc Mercia Fund 1 General Partner Limited Miton UK Microcap Trust plc SVM UK Emerging Fund plc Unicorn AIM VCT plc	Committed Capital VCT plc (dissolved) Daniel Stewart Securities plc Enterprise Capital Trust plc (dissolved) Foresight 5 VCT plc (dissolved) Foresight Clearwater VCT plc (dissolved) GFT Dealing Limited (dissolved) Miton Income Opportunities Trust plc (in liquidation) PCT Finance Limited (dissolved) Polar Capital Technology Trust plc Private Equity Investor plc Second London American Trust plc (dissolved) Sportingbet plc Standard Microsystems Corporation (USA)
<b>Gordon Humphries</b>	<b>Current</b>	<b>Past 5 Years</b>
	The Company Maven Income & Growth VCT 5 plc	R&H Fund Services Limited
<b>Jocelin Harris</b>	<b>Current</b>	<b>Past 5 Years</b>
	The Company 8 Stafford Terrace (Freehold) Limited Durrington Corporation Limited Foresight 2 VCT plc (in liquidation) Halkin Secretaries Limited Hip and Healthy Limited Lightfoot Solutions Group Limited Lightfoot Solutions UK Limited Millennium Mats Limited Mintec Limited Obillex Limited Roil Foods Limited Roilvest Limited Serres Limited Tudor Roof Tile Co. Limited The St. Peter's College Foundation Unicorn AIM VCT plc	Brandbank Limited Relish Networks plc Obillex UK Ltd Queen Mary, University of London Foundation Speed to Market Limited (dissolved) The Webb Partnership Limited 8 Stafford Terrace (Management) Limited Unipower Solutions Europe Limited

## **(B) FORESIGHT GROUP LLP AND FORESIGHT GROUP CI LIMITED**

The manager to the Company is Foresight Group CI Limited (the “**Manager**”). The Manager is appointed as manager to the Company and also provides secretarial, administration and custodian services to the Company. The Manager is a private company registered in Guernsey with number 51471 and was incorporated on 12 February 2010. The Manager is licensed by the Guernsey Financial Services Commission with GFSC reference number 2006518.

The Manager has, as is permitted and as approved by the Board, under the same agreement, appointed Foresight Group LLP to provide investment advisory services to the Manager for the purposes of fulfilment of the provision of management obligations to the Company under the agreement and has sub-contracted the provision of administration services to Foresight Group LLP. Foresight Group LLP has delegated the provision of administration services to Foresight Fund Managers Limited, which is also the appointed company secretary to the Company. Foresight Fund Managers Limited is a wholly owned subsidiary of Foresight Group LLP, which is a subsidiary undertaking of Foresight. Foresight Group LLP is registered in England and Wales as a limited liability partnership with registered number OC300878 and was incorporated 25 October 2001. Foresight Group LLP is authorised and regulated by the Financial Conduct Authority with registration number 198020.

## MEMORANDUM AND ARTICLES OF ASSOCIATION

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

The material provisions of the Articles are as detailed below.

### 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, 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; and
- (iii) The holders of Infrastructure Shares shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Infrastructure Shares.

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

#### (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; and
- (iv) the selection of any accounting reference date other than 31 December.

## **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. 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) Provided it is considered both prudent and in the best interests of Shareholder so to do, the Board will distribute to members the realised profits of the Company.
- (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 an 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 9(b) above) and, inter alia, the withholding of any dividends payable to them.

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<sup>1</sup> The Company revoked its investment company status are noted at paragraph 1.7 on page 19.

## PART TWO

### FORESIGHT VCT PLC

#### (A) GENERAL INFORMATION

##### 1 Incorporation and registered office

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

##### 2. Share capital

- 2.1 On 9 November 2012, the Company passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £15,460,072 standing to the credit of the share premium account (such cancellation being subsequently confirmed by the High Court on 28 November 2012 and registered at Companies House on 28 November 2012).
- 2.2 On 30 October 2013, in relation to an offer for subscription for up to £20 million published in a prospectus dated 26 September 2013, the Company passed an ordinary resolution approving the allotment of Ordinary Shares up to a maximum nominal value of £250,000, a special resolution approving the disapplication of pre-emption rights in respect of such allotment and a further special resolution approving the reduction of the Company's share premium account subject to the sanction of the High Court.

2.3 On 8 December 2014, in relation to an offer for subscription for up to £20 million published in a prospectus dated 31 October 2014, the Company passed an ordinary resolution approving the allotment of Ordinary Shares up to a maximum nominal value of £275,000 (£250,000 in connection with the offer for subscription and £25,000 in connection with a dividend reinvestment scheme implemented by the Directors), a special resolution approving the disapplication of pre-emption rights in respect of such allotment and a further special resolution approving the reduction of the Company's share premium account subject to the sanction of the High Court.

2.4 The following resolution was passed at the general meeting of the Company held on 10 December 2015:

That, subject to the Scheme becoming unconditional:

- i. the acquisition of the assets and liabilities of Foresight 2 VCT plc on the terms set out in the circular dated 13 November 2015 be and are hereby approved;
- (ii) the directors of the Company be and hereby are generally authorised in accordance with section 551 of the Companies Act 2006 to exercise all of the powers of the Company to allot Shares in the capital of the Company up to an aggregate nominal value of £620,000 in connection with the Scheme provided that the authority conferred by this paragraph 2.7(ii) shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, varied or revoked by the Company in a general meeting.

2.5 On 18 December 2015, pursuant to the resolution noted at 2.4 above, the Company merged with Foresight 2 VCT plc ("**F2**") by acquiring F2's assets and liabilities in exchange for the issue of shares in the Company to the shareholders of F2. Pursuant to the Merger, the Company issue share capital increased as set out in the table below.

<b>Shares Issued Pursuant to the Merger</b>	
Ordinary Shares	28,590,057
Planned Exit Shares	5,535,509
Infrastructure Shares	15,975,510

2.6 On 15 March 2016, in relation to an offer for subscription for up to £30 million with increase of £10 million subject to the Directors' discretion published in a prospectus dated 18 January 2016, the Company passed an ordinary resolution approving the allotment of Ordinary Shares up to a maximum nominal value of £445,000 (£400,000 in connection with the offer for subscription and £45,000 in connection with a dividend reinvestment scheme implemented by the Directors), a special resolution approving the disapplication of pre-emption rights in respect of such allotment and a further special resolution approving the reduction of the Company's share premium account subject to the sanction of the High Court.

2.7 The following resolutions, inter alia, were passed at the annual general meeting held on 24 May 2016 and, as required, at separate adjourned class meetings of the holders of Ordinary Shares, Planned Exit Shares and Infrastructure Shares held on 25 May 2016:

- (a) that, in substitution for existing authorities, the Directors were generally and unconditionally authorised in accordance with section 551 of the CA 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights"):
  - (i) in respect of the Ordinary Shares, up to an aggregate nominal amount of £105,000;
  - (ii) in respect of the Planned Exit Shares, up to an aggregate nominal amount of £12,000;
  - (iii) in respect of the Infrastructure Shares, up to an aggregate nominal amount of £33,000;

in each case provided that this authority shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired;

- (b) that, in substitution for existing authorities, the 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 the resolution noted at (a) above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (i) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £200,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to offer(s) for subscription;
  - (ii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital from time to time pursuant to dividend investment schemes operated by the Company;
  - (iii) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of an issue of Ordinary Shares and/or £100,000 by way of an issue of Planned Exit Shares and/or £100,000 by way of an issue of Infrastructure Shares, in each case pursuant to performance incentive arrangements with Foresight, such shares to be issued at nominal value; and
  - (iv) the allotment (otherwise than pursuant to paragraphs 2.3(b)(i) to (iii) above) to any person or persons of equity securities up to an aggregate nominal amount not exceeding an amount equal to 10% of the issued Ordinary Share capital and/or 10% of the issued Planned Exit Share capital from time to time and/or 10% of the issued Infrastructure Share capital from time to time,

in each case where the proceeds may be used in whole or in part to purchase shares in the capital of the Company and shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreements as if the power conferred hereby had not expired; and

- (c) that, in substitution for existing authorities, the Company was empowered to make market purchases (within the meaning of section 693(4) of the CA 2006) of its own shares provided that:
- (i) the aggregate number of shares to be purchased shall not exceed 12,980,409 Ordinary Shares or if lower such number of Ordinary Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Ordinary Shares in issue at the date of the passing of this resolution;
  - (ii) the aggregate number of shares to be purchased shall not exceed 1,727,910 Planned Exit Shares or if lower such number of Planned Exit Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Planned Exit Shares in issue at the date of the passing of this resolution;
  - (iii) the aggregate number of shares to be purchased shall not exceed 4,873,283 Infrastructure Shares or if lower such number of Infrastructure Shares (rounded down to the nearest whole share) as shall equal 14.99% of the Infrastructure Shares in issue at the date of the passing of this resolution;
  - (iv) the minimum price which may be paid for a share is 1 penny (the nominal value thereof);
  - (v) the maximum price which may be paid for Ordinary Shares, Planned Exit Shares or Infrastructure Shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;

- (vi) the authority conferred shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2017 unless such authority is renewed prior to such time; and
  - (vii) the Company may make a contract to purchase Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares, Planned Exit Shares or Infrastructure Shares (as the case may be) pursuant to such contract.
- 2.8 As at 30 June 2016, the Company had allotted 948,272 Ordinary Shares under the Company's dividend reinvestment scheme. As at 30 June 2016, the Company had allotted 27,548,344 Ordinary Shares based on an average net asset value of 83.0p per share pursuant to the prospectus offer on 18 January 2016. Since 30 June 2016, the Company has allotted a further 14,217,566 Ordinary Shares pursuant to that prospectus offer.
- 2.9 Since 30 June 2016, the Company has repurchased its own Shares for cancellation in the following amounts and classes:

Share Class	Shares bought back since 30 June 2016
Ordinary Shares	627,275
Planned Exit Shares	50,000
Infrastructure Shares	Nil

- 2.10 The Company will be subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of CA 2006 (which, confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to the balance of the share capital of the Company which is not subject to the disapplication referred to in paragraph 2.4(b) above or pursuant to the Resolutions to be proposed at the General Meeting.
- 2.11 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.
- 2.12 The Directors are not aware of any person who directly or indirectly is interested in 3% or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 2.13 As at 1 February 2017, the last practicable date prior to the publication of this document, the issued share capital of the Company was 127,985,288 Ordinary Shares, 11,404,314 Planned Exit Shares and 32,495,246 Infrastructure Shares.
- 2.14 As at 30 September 2016, the net asset values of the Company's share classes were 83.3p per Ordinary Shares, 41.1p per Planned Exit Share and 80.6p per Infrastructure Share.

### 3. Directors' and other interests

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



3.2 The Directors' interests in the share capital of the Company as at the date of this document is as follows:

	<b>Ordinary Shares</b>	<b>Planned Exit Shares</b>	<b>Infrastructure Shares</b>
John Gregory	24,756	-	-
Peter Dicks	115,145	-	-
Jocelin Harris	50,000	-	10,362
Gordon Humphries	12,633	-	-

3.3 Biographical details for each of the Directors are set out on page 9.

3.4 Save as set out above, no Director, family member or any person connected with any Director (within the meaning of section 252 of the CA 2006) has any interest in the capital of the Company which is or would, immediately following the 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 Director on 22 August 1997, with Gordon Humphries being appointed as a Director on 20 February 2007 and John Gregory being appointed as a Director on 30 July 2010. Jocelin Harris was appointed as a Director pursuant to the Merger on 18 December 2015. None of the Directors has a service contract. The appointments may be terminated on written notice and all Directors are subject to retirement by rotation. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be directors. For the year ended 31 December 2016, the total annual remuneration expected to be receivable by John Gregory as Chairman of the Company is £29,562.50; Peter Dicks is £22,125; Jocelin Harris is £22,125 and Gordon Humphries is £24,500, (plus in each case, if applicable, VAT and employers National Insurance Contributions), totalling £98,312.50, following an increase in the Directors' remuneration effective from 1 July 2016. The office of non-executive director is also not pensionable. Aggregate Directors' emoluments for the year ended 31 December 2015 amounted to £72,977 (plus any applicable VAT and employers National Insurance Contributions). Aggregate emoluments for the current year are each expected to be £100,000 (plus any 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 the Manager, there are no potential conflicts of interest between the duties of any Director and their private interests and/or duties.

3.8 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 31 December 2014, 2015 and 2016 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 the Company to or for the benefit of any of the Directors.

3.10 The Company has taken out directors' and officers' liability insurance for the benefit of its directors, which is renewable on an annual basis.

3.11 The Directors are currently or have been within the last five years, a member of the administrative, management or supervisory bodies or partners of the companies and partnerships as set out on page 10.

3.12 No Director has any convictions in relation to fraudulent offences during the previous five years.

3.13 Save for Jocelin Harris who was a director of Unipower Solutions Europe Limited which was placed into administration on 14 June 2011, into liquidation on 31 October 2013 and dissolved on 28 December 2016 and 8 Stafford Terrace Limited which was voluntary struck off the register of companies and dissolved on 17 January 2017, in the five years prior to the publication of this document, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years nor (iv) a senior manager during the previous five years.

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

#### **4. Management and administration**

4.1 The Directors are responsible for the determination of investment policy and have overall responsibility for its affairs. The Directors also retain responsibility for approving both the valuations of the portfolio and the net asset value of the Company. The Directors have delegated investment decisions to the Manager (save for where conflicts of interest and/or regulatory requirements require the Directors to make investment decisions) pursuant to the agreement described at paragraph 5.1.1 below.

4.2 As is customary in the VCT industry, the Manager may retain for its own benefit and without liability to account to the Company, subject to full disclosure having been made to the Directors, arrangement fees which it receives in connection with any unquoted investment made by the Company. It may also receive all directors' fees charged to investee companies. The total aggregate arrangement fees paid to Foresight Group pursuant to investments made by the Company during the year ended 31 December 2015 was £500,000 and £168,000 was paid to VCF Partners by underlying portfolio companies in respect of investment director's fees. Costs incurred on abortive investment proposals will be the responsibility of the Manager.

4.3 All unquoted investments are 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 investments are valued at the bid price of its shares as derived from the Daily Official List of the London Stock Exchange, in accordance with general accepted accounting practice. The Company's net asset value will be calculated quarterly and published on an appropriate regulatory information service. In the event of any suspension of listing valuations are held at the suspended price and the view is taken with consideration to best market practice and information from advisers. The Directors do not anticipate any circumstances arising under which the calculation of the net asset value may be suspended. Should the determination of the net asset value differ from that set out above then this will be communicated to investors in the Company through a Regulatory Information Service provider.

4.4 The Company has appointed the Manager to provide company secretarial, accountancy and custodian services. The services to be provided will include all necessary secretarial, bookkeeping, accounting and custodian services required in connection with the business and operation of the Company.

4.5 While under the "custodian services" referred to in paragraph 4.4 above, Foresight Fund Managers Limited has physical custody of documents of title relating to the Company's unquoted investments, the Company has and will continue to have custody of its own assets, in that:

- The Company's monetary assets will be held in bank accounts and/or money market accounts in the Company's own name which are operated by the Manager; and
- The Company's investments in both quoted and unquoted investments and the corresponding share certificates will also be held in the Company's own name by Foresight Fund Managers Limited.

4.6 A maximum of 75% of the Company's management expenses will be charged against capital with the balance to be met from income.

4.7 The members of the audit committee of the Company are Gordon Humphries (chairman), John Gregory, Peter Dicks and Jocelin Harris. The audit committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:

- monitoring the integrity of the financial statements of the Company;
- reviewing the Company's internal control & risk management systems;
- making recommendations to the Board in relation to the appointment of the external auditor including reviewing and approving the audit plan;



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

## **5 Material contracts**

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

- 5.1.1 An investment management agreement made on 21 June 2012 between the Company (1), the Manager (2) and Foresight Group LLP (3) pursuant to which the Manager manages the investments of the Company and also provides secretarial, administration and custodian services to the Company. The appointment may be terminated by not less than one year's notice in writing by either party. The appointment may also be terminated in circumstances of material breach by the Company or the Manager or if the Manager is no longer authorised by the Guernsey Financial Services Commission to provide such services.

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

The Manager receives (A) 2% of the NAV attributable to the Ordinary Shares, (B) 1% of the NAV attributable to the Planned Exit Shares and (C) 1% of the NAV attributable to the Infrastructure Shares and (D) an administration fee from the Company of £110,000 (subject to RPI uplift capped at £130,000). Such fees are payable quarterly in arrears and for the year ended 31 December 2015 totalled £1,277,000 in respect of (A) - (C), plus an administration fee of £100,000. In respect of cash amounts held in the Ordinary Shares fund over £20 million, the Manager will receive a reduced management fee of 1% following the launch of the Offer. This reduced rate will be reviewed by the Board on an annual basis.

The normal annual expenses of the Company under the agreement dated 21 June 2012 are capped at an amount equivalent to 3.0% of the Company's net assets for the duration of the existence of the Infrastructure Shares fund and 3.3% thereafter with any excess over this amount is borne by the Manager. Pursuant to a variation of this agreement, this cap was reduced to 2.4%.

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

- 5.1.2 A carried interest agreement between the Company (1) and the Manager (2) dated 28 January 2010 pursuant to which the Manager is entitled, once the holders of Planned Exit Shares have received 110p of distributions per Planned Exit Shares, to the next 15p of distributions per Planned Exit Share, and to 20% of all further distributions per Planned Exit Share. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash and wholly or partly by the issue of a number of Planned Exit Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Planned Exit Share in the relevant Company) equal to the amount to be satisfied through the issue of such shares.
- 5.1.3 A carried interest agreement between the Company (1) and the Manager (2) dated 6 October 2011 pursuant to which the Manager will be entitled, once the holders of Infrastructure Shares have received 100p of distributions per Infrastructure Share, to an amount equal in value to 15% of distributions made to the holders of Infrastructure Shares. This entitlement can be satisfied at the discretion of the Board wholly or partly in cash and wholly or partly by the issue of a number of Infrastructure Shares which, on issue, will have an aggregate net asset value (using the most recently published net asset value per Infrastructure Share) equal to the amount to be satisfied through the issue of such shares.
- 5.1.4 A sponsor and promoter's agreement dated 14 January 2016 between the Company (1), the Directors (2) the Promoter (3) and BDO (4) whereby the Promoter agreed to act as promoter in connection with an offer for subscription of Ordinary Shares (the "2016 Offer") and BDO agreed to act as sponsor. The agreement contains warranties given by the Company and the Directors to the Promoter and BDO. The Company will pay to the Promoter a promoter's fee of (i) 2.5% of the amount subscribed under the 2016 Offer by Execution-Only Investors, Professional Client Investors and Retail Client Investors and (ii) 5.5% of the amount subscribed under the 2016 Offer by Investors who apply direct (subject to a maximum aggregate payment of £1.65 million unless the 2016 Offer is increased). The Company shall also be responsible for paying 0.5% per annum (subject to an overall cap of 3%) of the net asset value of the offered shares to the independent financial intermediaries of Professional Client Investors and Execution-Only Investors.
- 5.1.5 A sponsor and promoter's agreement dated 23 January 2017 between the Company (1), the Directors (2) the Promoter (3) and BDO (4) whereby the Promoter has agreed to act as promoter in connection with the Offer and BDO has agreed to act as sponsor. The agreement contains warranties given by the Company and the Directors to the Promoter and BDO. The Company will pay to the Promoter a promoter's fee of (i) 2.5% of the amount subscribed under the Offer by Execution-Only Investors, Professional Client Investors and Retail Client Investors and (ii) 5.5% of the amount subscribed under the Offer by Investors who apply direct (subject to a maximum aggregate payment of £1.1 million unless the Offer is increased). The Company shall also be responsible for paying 0.5% per annum (subject to an overall cap of 3%) of the net asset value of the Offer Shares to the independent financial intermediaries of Professional Client Investors and Execution-Only Investors.

- 5.1.6 A co-investment and performance incentive agreement between the Company (1) and the Manager (2) to be entered into subject to Shareholders' approval at the General Meeting, pursuant to which the Manager and certain members of its private equity team will co-invest alongside the Company's Ordinary Shares fund in respect of new investments and will separately be entitled to performance incentive payments in respect of the performance of investments to be made by the Ordinary Shares fund subject to the achievement of certain hurdles.

## **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 flotation.

#### **Planned Exit Shares**

The investment objective of the Planned Exit Shares fund is to combine greater security of capital than is normal within a VCT with the enhancement of investor returns achievable through the VCT tax benefits – income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains. The key objective of the Planned Exit Shares 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, the Manager, acting as the Company's investment manager, 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**

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

### **Investment securities**

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and other 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 has historically been held primarily in a range of interest-bearing money market accounts as well as in a range of non-qualifying investments. Historic Non Qualifying Investments include holdings in money-market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to investee companies and other assets where the Manager believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio. Non Qualifying Investments made after 18 November 2015 will consist of those specifically allowed by the VCT Regulations and will typically be cash deposits and investments in quoted shares, investment trusts or OEICs.

### **UK companies**

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 to be classed as VCT qualifying holdings.

### **Asset mix**

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

### **Risk diversification and maximum exposures**

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

### **Investment style**

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

### **Borrowing powers**

The Company has a borrowing limit of an amount not exceeding to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, and the Directors have no intention to do so, its policy allows it to do so.

### **Venture capital trust status**

- 6.1 The Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HM Revenue and Customs.
- 6.2 It is the intention of the Directors that the Company will pay dividends or make distributions from revenue profits and profits realised from the sale of investments.
- 6.3 The Company is subject to the investment restrictions relating to a venture capital trust in the Tax Act, as more particularly detailed in Part 4 of the Securities Note, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in this paragraph 6; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the Company at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
  - (a) the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings;
  - (b) the Company will not make any investments in a single company or group which, at the time of investment, represent more than 15% by VCT Value of the Company's investments; and
  - (c) not more than 20% of the Company's gross assets will at any time be invested in the securities of property companies at the end of any financial year.
- 6.4 The Manager has and will have sufficient and satisfactory relevant experience in advising on investments of the size and type that the Company proposes to make. The Directors will ensure any additional or replacement investment advisers have and will have sufficient and satisfactory experience in advising on such investments.
- 6.5 In the event of a breach of the investment restrictions which apply to the Company as described in paragraph 6.3 above, Shareholders will be informed by means of the interim and/or the annual report or through a public announcement.
- 6.6 The Directors act and will continue to act independently of the Manager. No majority of the Directors will be directors or employees of, or former directors or employees of, or professional advisers to the Manager or any other company in the same group as the Manager.

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

## **7 Related party disclosures**

- 7.1 The Promoter, Foresight Group LLP, is regarded as a related party insofar as it is an associate of the Manager and it will receive fees of 2.5% or 5.5% (depending on the Investor) of the gross amount subscribed under the Offer for acting as promoter in connection with the Offer as described in paragraph 5.1.4 above.
- 7.2 In June 2014, September 2015 and March 2016, in order to tidy up its portfolio, the Company sold certain assets of nil value to a related party, Foresight Solar LLP, for an aggregate consideration of less than £10 in each instance.
- 7.3 Save for the fees paid to Foresight Group CI Limited, Foresight Group LLP and Foresight Fund Managers Limited under the arrangements set out at paragraph 5.1 above, the fees paid to the Directors as detailed in paragraph 3.5 above and fees paid to Foresight Group LLP of £141,000 (2013), £326,000 (2014), £260,000 (2015) and £755,000 (2016) in respect of promotion fees for fundraisings (out of which all costs and expenses relating to such fundraisings were paid), and as set out at 7.2 above, there were no related party transactions or fees paid by the Company during the years ended 31 December 2013, 2014, 2015 and 2016 or to the date of this document in the current financial year.
- 7.4 The transactions referred to in paragraphs 7.1 to 7.3 above are (or were) conducted on an arm's length basis. There are no other arrangements into which the Company has entered with a related party.

## **8 Overseas investors**

- 8.1 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 the Company.
- 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 Directors as to the position of shareholders who hold Shares other than for trading purposes. Any shareholders or potential investors who are in any doubt as to their taxation position or are subject to taxation in any jurisdiction other than the United Kingdom should consult their professional advisers.

- 9.1 Taxation of dividends - under current law, no tax will be withheld by the Company when it pays a dividend.
- 9.2 Stamp duty and stamp duty reserve tax - the Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the Shares. The Company has been advised that the transfer of Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 0.5% (or part thereof) of the consideration paid.



- 9.3 Close company - the Directors believe that the Company is not, and expect that following completion of the Offer will not be, a close company within the meaning of the Tax Act. If the Company was a close company in any accounting period, approval as a venture capital trust would be withdrawn.

## **10 Miscellaneous**

- 10.1 Dividends of 12p per Infrastructure Share and 14p per Planned Exit Share were paid on 23 September 2016 and 14 October 2016 respectively and a further 14,217,566 Ordinary Shares were issued pursuant to the offer for subscription launched on 18 January 2016 which closed on 23 December 2016. The Company's net asset value per share as at 30 September 2016 were 83.3p per Ordinary Share, 41.1p per Planned Exit Share and 80.6p per Infrastructure Share.

Save as set out above, in the period between 30 June 2016 and the date of publication of the Prospectus, there has been no significant change to the Company's financial or trading position.

- 10.2 The Board believes that the Offer will result in a significant change to the Company, including an increase in its net assets of an amount equivalent to the net proceeds received under the Offer, expected to be approximately £18.9 million, assuming full subscription, no increase to the amount of the Offer and offer costs of 5.5%. The short term impact of the Offer on earnings will be dilutive as the additional costs will currently be greater than any interest earned on cash balances raised. Once the net funds raised have been successfully invested, the impact of the Offer should in due course be accretive to earnings and net assets per share.
- 10.3 Foresight Group LLP is the promoter of the Offer and, save as disclosed in paragraph 5.1.4 above, no amount of cash, securities or benefits has been paid, issued or given to the Promoter in relation to the Offer and none is intended to be paid, issued or given.
- 10.4 There have been no important events so far as the Directors are aware relating to the development of the Company 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 the Company is aware) during the period from the incorporation of the Company which may have or had in the recent past significant effects on the Company's financial position or profitability.
- 10.6 Other than the recent Brexit vote and on-going revisions to the rules governing VCTs, there have been no significant factors, whether governmental, economic, fiscal, monetary, political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Company's prospects or which have materially affected the Company's income from operations so far as the Directors are aware.
- 10.7 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, so far as the Directors are aware.
- 10.8 The issue costs payable by the Company under the Offer (including irrecoverable VAT and sales commissions) are estimated to be 5.5% of the funds subscribed (but excluding annual trail commission) in respect of the Offer Shares. The Promoter has agreed to indemnify the Company in respect of any excess over 5.5% of the gross proceeds of the issue of Offer Shares. The net proceeds for the Company from the Offer, assuming full subscription from Professional Client Investors and/or Execution-Only Investors, will therefore amount to approximately £28.35 million.
- 10.9 The Company has paid dividends amounting to 184.8p per Ordinary Share (restated), 57.0p per Planned Exit Share and 22.0p per Infrastructure Share in the period from incorporation.
- 10.10 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies described in paragraph 6 above.
- 10.11 The Company does not have any major Shareholders and no Shareholders have different voting rights. To the best of the knowledge and belief of the Directors, the Company is not directly controlled by any other party and at the date of the Prospectus, there are no arrangements in place that may, at a subsequent date, result in a change of control of the Company.

- 10.12 The Company and its Shareholders are subject to the provisions of the Takeover Code and the CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.13 The typical investor for whom investment in the Company 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 Manager is responsible for the determination and calculation of the Company's net asset value, which will be prepared quarterly for approval by the Directors.
- 10.15 KPMG LLP (a member of the Institute of Chartered Accountants in England and Wales) has been auditor to the Company since 29 May 2015. The previously appointed auditor was KPMG Audit plc.
- 10.16 The Manager and the Promoter have each given and not withdrawn their written consent to the issue of this document and to the inclusion herein of their names in the form and context in which they are included.

## (B) ANALYSIS OF THE INVESTMENT PORTFOLIO

Set out below are the largest ten investments by value held by the Company as at the date of this document which, save for the investment in Simulity Labs Limited made in October 2016 and which is valued at cost, are shown at the valuation included in the latest available financial statements of the Company, being the unaudited management accounts of the Company dated 30 September 2016. Together these represent 48.6% of the Company's investment portfolio by current valuation across all Share classes. The amount of uninvested cash and investments in money funds as at 30 January 2017, being the latest practicable date before the publication of the Prospectus, was £44.2 million (approximately 31.9% of the Company's net assets).

The investment and portfolio information in this section has been extracted, save for in the case of the investment made in Simulity Labs Limited, from the Company's unaudited management accounts for the 9 months to 30 September 2016. 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 and these constitute third party information ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this section. The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

<b>Datapath Group Limited</b> <i>A UK manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology. Established in 1982, it has provided solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.</i> <b>Fund: Ordinary</b>		<b>Year ended:</b>	<b>31 March 2016</b>
<b>Amount invested*</b>	£7,563,365	<b>Revenue</b>	£21,214,700
<b>Valuation</b>	£9,351,876	<b>Profit before tax</b>	£4,995,266
<b>Equity/voting rights</b>	12.9%		
<b>Valuation methodology</b>	Discounted earnings	<b>Net assets</b>	£16,349,995
<b>Percentage of investment portfolio</b>	9.9%		

\*F2 merger value

<b>Criterion Healthcare Holdings Limited</b> <i>Criterion Healthcare operates a secondary PFI investment in an acute hospital project near Darlington with approximately 16 years remaining in the concession.</i> <b>Fund: Infrastructure</b>		<b>Year ended:</b>	<b>30 April 2016</b>
<b>Amount invested</b>	£4,005,616	<b>Revenue</b>	£7,180,000
<b>Valuation</b>	£4,828,747	<b>Profit before tax</b>	£2,162,000
<b>Equity/voting rights</b>	20.0%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net assets</b>	£2,543,000
<b>Percentage of investment portfolio</b>	5.1%		

<b>FS Hayford Farm Limited</b> <i>FS Hayford Farm owns a 9.8MW ground mounted solar power project which earns revenues through a combination of Renewable Obligation Certificates and power sales.</i> <b>Fund: Infrastructure</b>		<b>Year ended:</b>	<b>31 July 2015</b>
<b>Amount invested</b>	£4,049,018	<b>Revenue</b>	£700,000
<b>Valuation</b>	£4,384,474	<b>Loss before tax</b>	(£448,000)
<b>Equity/voting rights</b>	49.9%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net liabilities</b>	(£448,000)
<b>Percentage of investment portfolio</b>	4.6%		

<b>Drumglass Holdco Limited</b> <i>A company which has invested in the Drumglass High School PFI project to finance and maintain a secondary school in Northern Ireland.</i> <b>Fund: Infrastructure</b>		<b>Year ended:</b>	<b>31 March 2016</b>
<b>Amount invested</b>	£3,888,160	<b>Revenue</b>	£671,221
<b>Valuation</b>	£4,382,860	<b>Profit before tax</b>	£196,401
<b>Equity/voting rights</b>	49.9%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net assets</b>	£214,245
<b>Percentage of investment portfolio</b>	4.6%		



<b>FS Tope Limited (formerly KRK Solar Limited)</b> <i>FS Tope operates a 3.3MW ground mounted solar project near Totnes in Devon.</i> <b>Fund: Infrastructure</b>		<b>Year ended:</b>	<b>30 September 2015</b>
<b>Amount invested</b>	£4,053,091	<b>Revenue</b>	£339,000
<b>Valuation</b>	£4,242,970	<b>Loss before tax</b>	£(256,000)
<b>Equity/voting rights</b>	49.9%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net liabilities</b>	£(256,000)
<b>Percentage of investment portfolio</b>	4.5%		

<b>Blackstar Amplification Holdings Limited</b> <i>Based in Northampton, Blackstar designs and manufactures guitar amplifiers and associated products for the UK and international instrument market. Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.</i> <b>Fund: Ordinary</b>		<b>Year ended:</b>	<b>30 April 2016</b>
<b>Amount invested</b>	£2,500,000	<b>Revenue</b>	£8,211,000
<b>Valuation</b>	£4,027,970	<b>Loss before tax</b>	£(605,000)
<b>Equity/voting rights</b>	28.7%		
<b>Valuation methodology</b>	Discounted earnings	<b>Net assets</b>	£545,830
<b>Percentage of investment portfolio</b>	4.3%		

<b>Simulity Labs Limited</b> <i>Simulity is a specialist technology business, powering the future of connected devices and the Internet of Things through its embedded communications software for SIM, eSIM and next generation connected products.</i> <b>Fund: Ordinary</b>		<b>Year ended:</b>	<b>31 May 2015</b>
<b>Amount invested</b>	£4,000,000	<b>Revenue</b>	£9,260,535
<b>Valuation</b>	£4,000,000	<b>Loss before tax</b>	£(233,135)
<b>Equity/voting rights</b>	25.9%		
<b>Valuation methodology</b>	Cost	<b>Net assets</b>	£64,761
<b>Percentage of investment portfolio</b>	4.2%		

<b>Protean Software Limited</b> <i>Protean develops and sells business management and field service management software, together with related support and maintenance services, to organisations involved in the supply, installation and maintenance of equipment, across a number of sectors including facilities management, HVAC and elevator installation.</i> <b>Fund: Ordinary</b>		<b>Year ended:</b>	<b>31 March 2016</b>
<b>Amount invested</b>	£2,500,000	<b>Revenue</b>	£3,270,000
<b>Valuation</b>	£3,801,496	<b>Profit before tax</b>	£810,000
<b>Equity/voting rights</b>	39.7%		
<b>Valuation methodology</b>	Discounted revenue	<b>Net assets</b>	£3,837,478
<b>Percentage of investment portfolio</b>	4.0%		

<b>FS Ford Farm Limited (formerly Rovinj Solar Limited)</b> <i>A company which has a minority interest in the operation of the Ford Farm Solar Project, a 5.4MW ground mounted solar power project in Cornwall.</i> <b>Fund: Infrastructure</b>		<b>Year ended:</b>	<b>30 September 2015</b>
<b>Amount invested</b>	£3,952,524	<b>Revenue</b>	£573,000
<b>Valuation</b>	£3,623,206	<b>Loss before tax</b>	£(1,021,000)
<b>Equity/voting rights</b>	49.9%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net liabilities</b>	£(925,000)
<b>Percentage of investment portfolio</b>	3.8%		

<b>Industrial Efficiency II Limited</b> <i>Industrial Efficiency II provides energy efficiency fuel switching services, enabling customers to make significant cost savings and reduce emissions and the company effectively receives a percentage of these savings.</i> <b>Fund: Ordinary</b>		<b>Year ended:</b>	<b>30 June 2016</b>
<b>Amount invested</b>	£2,603,260	<b>Revenue</b>	£1,186,772
<b>Valuation</b>	£3,349,029	<b>Profit before tax</b>	£42,002
<b>Equity/voting rights</b>	18.8%		
<b>Valuation methodology</b>	Discounted cash flow	<b>Net liabilities</b>	£(164,910)
<b>Percentage of investment portfolio</b>	3.5%		

As at 1 February 2017, being the latest practicable date before the publication of the Prospectus, the Company held investments in 29 other investee companies across a range of industries, representing in aggregate 48.5% of the Company's investments (other than cash).

### **(C) FINANCIAL INFORMATION**

The Company has produced statutory accounts for the three financial years ended 31 December 2013, 2014 and 2015 (together, the "**Audited Financial Statements**"). KPMG LLP, Registered Auditor, of 15 Canada Square, London E14 5GL have reported on the Audited Financial Statements without qualification and without statements under section 498(2) or (3) of the CA 2006. The Company has subsequently published interim financial statements for the 6 months to 30 June 2016 (the "**Interim Financial Statements**").

The Company confirms that the annual financial statements of the Company for the years ended 31 December 2013 and 31 December 2014 were prepared under UK GAAP and the annual financial statements for 31 December 2015 and the Interim Financial Statements for 30 June 2016 were prepared under the new UK GAAP reflecting the adoption of FRS 102. The Company confirms that these Audited Financial Statements and Interim Financial Statements have been presented and prepared in a form which is consistent with that which will be adopted in the next annual financial statements to be published (which will be prepared under the new UK GAAP reflecting the adoption of FRS 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements, in so far as there are no material differences between the financial statements for this year prepared under these two accounting frameworks.

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

The information in the Audited Financial Statements and the Interim Financial Statements not incorporated by reference is either covered elsewhere in this Prospectus or is not relevant for the purposes of prospective investors considering an investment in new Ordinary Shares to be issued pursuant to the Offer.

Where the Audited Financial Statements and the Interim Financial Statements make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus.

<b>Description</b>	<b>2013 Annual Report</b>	<b>2014 Annual Report</b>	<b>2015 Annual Report</b>	<b>2015 Unaudited Interim Report</b>	<b>2016 Unaudited Interim Report</b>
Balance Sheet	Page 50	Page 51	Page 57	Page 27	Page 28
Income Statement (or equivalent)	Page 48	Page 49	Page 55	Page 26	Page 27
Statement showing all changes in equity (or equivalent note)	Page 49	Page 50	Page 56	Page 27	Page 28
Cash Flow Statement	Page 51	Page 52	Page 58	Page 28	Page 29
Accounting Policies and Notes	Pages 52-69	Pages 53-69	Pages 59-76	Page 29-30	Page 30-31
Auditor's Report	Page 46-47	Pages 47-48	Pages 53-54	n/a	n/a

Such information also includes operating/financial reviews as follows:

<b>Description</b>	<b>2013 Annual Report</b>	<b>2014 Annual Report</b>	<b>2015 Annual Report</b>	<b>2015 Unaudited Interim Report</b>	<b>2016 Unaudited Interim Report</b>
Objective	Page 7	Page 7	Page 8	Page 1	Page 1
Financial Highlights	Page 1	Page 1	Page 1	Page 2	Page 2
Performance & Dividends	Page 2	Page 2	Page 2	pages 3-5	pages 3-6
Portfolio Review	Pages 13-19	Pages 13-20	Pages 15-27	Pages 7-15	Pages 7-16
Valuation Policy	Page 12	Page 12	Page 14	N/A	N/A
Outlook	Page 6	Page 6	Pages 4-7	Page 6	Pages 4-6
Investment Summary	Page 20-29	Page 21-30	Page 28-36	Pages 16-22	Pages 17-23

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

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

	<b>Year ended 31 December 2013</b>	<b>Year ended 31 December 2014</b>	<b>Year ended 31 December 2015</b>	<b>Period ended 30 June 2015</b>	<b>Period ended 30 June 2016</b>
Investment income	£1,341,000	£2,215,000	£1,561,000	£759,000	£1,769,000
Profit/(loss) on ordinary activities before taxation	(£1,954,000)	£3,600,000	(£3,798,000)	£(589,000)	£3,708,000
Earnings per Ordinary Share	(5.1p)	9.3p	(6.7p)	(2.2p)	2.2p
Earnings per Planned Exit Share	(12.0p)	(9.4p)	(7.5p)	2.5p	8.8p
Earnings per Infrastructure Share	1.1p	3.8p	2.9p	2.3p	1.5p
Dividends per Ordinary Share	5.0p	10.0p	6.0p	6.0p	7.0p
Dividends per Planned Exit Share	5.0p	7.5p	22.5p	15.0p	-
Dividends per Infrastructure Share	2.5p	2.5p	2.5p	2.5p	2.5p
Total net assets	£51,404,000	£63,455,000	£110,078,000	£72,622,000	£129,346,000
NAV per Ordinary Share	101.0p	99.4p	87.5p	91.7p	82.6p
NAV per Planned Exit Share	82.5p	65.0p	36.8p	52.4p	45.6p
NAV per Infrastructure Share	91.5p	92.4p	92.4p	92.0p	91.1p

The unaudited NAV as at 30 September 2016 was 83.3p per Ordinary Share, 41.1p per Planned Exit Share and 80.6p per Infrastructure Share (these being the most recent published NAVs prior to the date of this document).

### **Effect of the Offer**

As at 30 June 2016, the date to which the most recent unaudited interim financial statements have been published, the Company had net assets of £129,346,000. The Company is now seeking to raise up to £20 million through the Offer (unless increased at the discretion of the Directors) for which the associated expenses will be approximately 5.5% of the gross proceeds (and will be capped at this level), assuming offer costs of 5.5%. The short term impact of the Offer on earnings will be dilutive as the additional costs will currently be greater than any interest earned on cash balances raised. Once the net funds raised have been successfully invested, the impact of the Offer should in due course be accretive to earnings and net assets per share. The assets of the Company will be increased by approximately 15% if the Offer is fully subscribed (assuming Offer costs of 5.5%).

## **PART THREE**

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays being excepted) at the offices of Foresight VCT plc, The Shard, 32 London Bridge Street, London SE1 9SG whilst the Offer is open:

- the Memorandum and Articles of the Company;
- the material contracts referred to in paragraph 5 of Section (A) of Part Two;
- the annual accounts and reports of the Company for the financial periods ended 31 December 2014 and 2015;
- the unaudited interim financial report of the Company for the 6 months ended 30 June 2016;
- this Registration Document;
- the Securities Note;
- the Summary;
- the Circular; and
- the letters of consent from the Manager and Promoter to the issue of the Prospectus.

**2 February 2017**







