

This document is for the attention of the holders of infrastructure shares of 1p each (“the Infrastructure Shares”) in the capital of Foresight VCT plc (“the Company”).

This document is important and requires your immediate attention. If you are in any doubt to any aspect of this document or as to any action you should take, you are recommended to seek financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”).

If you have sold or otherwise transferred all of your Infrastructure Shares, please pass this document to the purchaser or transferee, or to the person who arranged the sale or transfer so that they can pass the document on to the person who now owns such shares.

28 April 2017

Dear Shareholder,

### **Request for expression of wishes relating to Infrastructure Shares**

#### **Background**

18 July 2017 will be the fifth anniversary of the final closing of the original public offer for subscription for the Infrastructure Share class of the Company. As referred to in the original prospectus, it is intended to provide the opportunity to realise your holdings of Infrastructure Shares.

As explained in the annual report and accounts accompanying this letter, Foresight Group LLP (“Foresight Group”) has been looking into the best way to enable you to realise your holdings of Infrastructure Shares. The Board and Foresight Group believe that the most advantageous means of achieving this is to seek offers for the entire Infrastructure Shares fund portfolio to maximise the value obtained for you.

It was originally anticipated that you would be given the option of either realising your investment or continuing with your holding of Infrastructure Shares. The Board does not, however, believe that it would be attractive to continue with a reduced Infrastructure Share class following a realisation of the entire portfolio. This is partly because changes in regulations preclude most infrastructure assets from being VCT qualifying and also because the fixed expenses of the Infrastructure Shares fund would be spread over a smaller fund. As a result, the Board is considering providing an opportunity for those who wish to remain invested to convert holdings of Infrastructure Shares into the Company’s class of ordinary shares of 1p each (“Ordinary Shares”) if there is sufficient interest in this option being available. The conversion of Infrastructure Shares into Ordinary Shares would be based on the relative net asset values of each class.

I am, therefore, writing to ask you to let us know whether your preference would be to realise your holding of Infrastructure Shares or to convert it into Ordinary Shares. You will find attached to this letter a response form for you to complete and indicate your preference. I would be grateful if you could complete the form, sign it and return it to Foresight Group in the enclosed pre-paid envelope.

This is not a binding commitment, but an expression of your wishes to allow the Board to consider what options to offer against the associated costs of doing so. At the appropriate point in the next few months following progress in realising the Infrastructure Shares fund portfolio, and taking into account expression of wishes received, you will receive a further communication in the form of a shareholder circular setting out the options available, timetable, pricing and expected taxation consequences, as well as seeking relevant shareholder approvals for implementation.

Please note that we cannot, at this point, guarantee the ability to sell all or part of the Infrastructure Shares fund portfolio or predict the precise timing or price of the opportunity to realise your holding. Your total return will depend on the ongoing performance of the infrastructure assets within the portfolio, the prices achieved on the sale of such assets, the costs in relation to winding down the Infrastructure Shares fund and exit option costs (“Exit Costs”). Foresight Group, will, however continue to work hard to maximise the value of the portfolio.

If you are in any doubt about what you should do we strongly recommend that you contact your financial adviser.

### **Expression of Wishes**

Please provide us with your preference as to whether you would like to realise your holding of Infrastructure Shares or to convert it into Ordinary Shares using the enclosed form.

We anticipate that your opportunity to realise your holding of Infrastructure Shares will occur between July and September 2017. Please note the following points which you may wish to take into account:

#### ***Realisation of Infrastructure Shares:***

We currently anticipate that Infrastructure Shares will be bought back by the Company at a price between £0.82 and £0.87 per Infrastructure Share. Total dividends paid per Infrastructure Share to date are 22.0p. This would, therefore, represent a total return since the original investment in the range of £1.04 to £1.09, not taking into account any tax relief. Please refer to the annual report and accounts for an explanation of the main factors behind our most recent forecast of the net return; and

- Shares will be acquired at net asset value (less Exit Costs).
- For the avoidance of doubt, this is likely to be the only opportunity to sell your Infrastructure Shares at close to net asset value.
- If you wish to reinvest the realisation proceeds in new Ordinary Shares in the Company you will have to wait six months in order to qualify for VCT income tax relief.

#### ***Conversion of Infrastructure Shares into Ordinary Shares:***

- The Ordinary Shares fund is a £136 million generalist fund and, as at 31 December 2016, comprised investments in 29 investee companies across a number of sectors including Technology, Media & Telecommunications, Business Services and Consumer & Leisure;
- The fund's investments are currently valued at £73 million plus cash of £63 million following a successful fundraising in February and March 2017;
- Annual dividends over the last five years have totalled 40.5p per Ordinary Share and the most recent dividend was 5.0p per Ordinary Share paid on 3 April 2017;
- It is expected that the Infrastructure Shares will be converted into Ordinary Shares based on the latest published net asset value of each share class adjusted, at the Board's discretion, for any material changes that have occurred since the publication of the net asset values and Exit Costs.
- It is expected (subject to HMRC confirmations to be obtained if the conversion option is offered) that VCT tax reliefs obtained by holders of Infrastructure Shares will not be prejudiced and the replacement holding in Ordinary Shares will continue to be a qualifying VCT holding for such holders. The replacement holding in Ordinary Shares will not, however, be a new investment on which further up-front VCT tax reliefs would be available.
- Further details relating to the Ordinary Shares fund is contained in the annual report and accounts.
- Investments in Ordinary Shares, and the income derived from them, can go up and down and shareholders may not get back the amount they invested. Past performance is not a guide or commitment to future performance and there is no guarantee that the objectives of the Ordinary Shares fund will be achieved or that the Company will maintain VCT status. An investment in the Ordinary Shares should be considered long term in nature. The Ordinary Shares fund invests in unquoted companies requiring development and growth capital which, by its nature, is likely to be riskier than investments in infrastructure assets.

## Action Points

### Please:

- Tick one box on the form overleaf to indicate your preference;
- Print your name, sign and date the form; and
- Return the completed form in the addressed pre-paid envelope provided by 30 June 2017.

Should you have any queries please do not hesitate to contact the Foresight Group Investor Relations team on 020 3667 8159 or at [InvestorRelations@foresightgroup.eu](mailto:InvestorRelations@foresightgroup.eu) but please note neither the Board nor Foresight Group are able to give any investment, financial, legal or tax advice.

Yours faithfully,



**John Gregory**  
Chairman

## IMPORTANT NOTICES

This document has not been approved by a person authorised under FSMA. Accordingly, this document is directed solely at holders of Infrastructure Shares in the Company and any persons who have professional experience in matters relating to investments being persons who fall within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (as amended). It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event and under no circumstances should persons of any other description rely on or act upon its contents. It must not be reproduced by, further distributed or published (in whole or part) by you or any other person.

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The statements in this document should not be regarded as a profit or performance forecast and nor should they be regarded as forward looking statements. There is no guarantee that a sale of all or part of the assets within the Infrastructure Shares fund portfolio will be achieved and/or at any specified value. Returns on the Infrastructure Shares will depend on the ongoing performance of the assets within the portfolio, the prices achieved on the sale of such assets, the costs in relation to winding down the Infrastructure Shares fund and exit option costs.

The statements in this document relating to expected tax implications are based on the Company's understanding of the current tax reliefs may change during the time shares in the Company are held and can be retrospective. In particular, the availability of VCT tax relief depends on an investor's personal circumstances and maintenance of VCT status by the Company.

