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LINKED OFFER

SECURITIES NOTE WITH
APPLICATION FORM FOR SHARES
IN FORESIGHT 3 VCT PLC
& FORESIGHT 4 VCT PLC

Foresight Foresight





Linked offer for subscription to raise up to £20 million
Securities Note with Application Form

Promoted by Foresight Group LLP
Sponsored by BDO LLP

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

THIS DOCUMENT CONSTITUTES A SECURITIES NOTE ("THE SECURITIES NOTE") ISSUED BY FORESIGHT 3 VCT PLC ("FORESIGHT 3") AND FORESIGHT 4 VCT PLC ("FORESIGHT 4") (TOGETHER "THE COMPANIES" AND EACH A "COMPANY") DATED 7 JANUARY 2011.

THIS DOCUMENT HAS BEEN PREPARED FOR THE PURPOSES OF COMPLYING WITH THE PROSPECTUS DIRECTIVE, ENGLISH LAW AND THE RULES OF THE UKLA AND THE INFORMATION DISCLOSED MAY NOT BE THE SAME AS THAT WHICH WOULD BE DISCLOSED IF THIS DOCUMENT HAD BEEN PREPARED IN ACCORDANCE WITH THE LAWS OF A JURISDICTION OUTSIDE ENGLAND. ADDITIONAL INFORMATION RELATING TO THE COMPANIES IS CONTAINED IN A REGISTRATION DOCUMENT ISSUED BY THE COMPANIES ("THE REGISTRATION DOCUMENT"). A BRIEF SUMMARY WRITTEN IN NON-TECHNICAL LANGUAGE CONVEYING THE ESSENTIAL CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE COMPANIES AND THE ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF FORESIGHT 3 ("FORESIGHT 3 SHARES") AND ORDINARY SHARES OF 1 PENCE EACH IN THE CAPITAL OF FORESIGHT 4 ("FORESIGHT 4 SHARES") (FORESIGHT 3 AND FORESIGHT 4 SHARES TOGETHER "SHARES") WHICH ARE BEING OFFERED FOR SUBSCRIPTION ("OFFER SHARES") ("THE OFFER") IS CONTAINED IN A SUMMARY ISSUED BY THE COMPANIES ("THE SUMMARY").

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

The Companies and the Directors (whose names are set out on page 19) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Companies and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Linked Offer for Subscription to raise in aggregate up to £20,000,000 by way of an issue of Offer Shares



Registered in England and Wales
under number 03121772



Registered in England and Wales
under number 03506579

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

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

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

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

The procedure for, and the terms and conditions of, application under this Offer are set out at the end of this document together with an Application Form. Completed Application Forms must be posted or delivered by hand to the Receiving Agent, Foresight VCTs Offer, The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF. The Offer opens on 7 January 2011 and will close not later than 30 June 2011 or as soon as the Offer is fully subscribed or otherwise at the Boards' discretion. The Boards, in their absolute discretion, may decide to extend or increase the Offer (such increase to be completed by, and subject to, the issue of a supplementary prospectus).

YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 6 to 7.



TFC EUROPE LTD, IN WHICH FORESIGHT 3 AND FORESIGHT 4 VCTS ARE AN INVESTOR, IS ONE OF EUROPE'S LEADING SUPPLIERS OF TECHNICAL FASTENERS

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Risk Factors

Existing and prospective investors should consider carefully the following risk factors in addition to the other information presented in this document and the Prospectus as a whole. If any of the risks described below were to occur, it could have a material effect on the Companies' businesses, financial condition, result of operations or on the value of the Shares. The risks and uncertainties described below are not the only ones the Companies, the Directors or investors in the Shares will face. Additional risks not currently known to the Companies or the Directors, or that the Companies or the Directors currently believe are not material, may also adversely affect the Companies' businesses, financial condition and result of operations. The value of the Shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors who are in doubt should consult an independent financial adviser authorised under FSMA.

- The Offer is conditional on the approval of Shareholders of the Resolutions to be proposed at the Extraordinary General Meetings. If such Resolutions are not approved, the Offer will lapse.
- The value of Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying net asset value nor that dividends will be paid. Shareholders should not rely upon any Share buy-back policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV.
- The net asset value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall.
- The past performance of the Companies or other funds managed by Foresight Group, the investment manager to the Companies, and Foresight Group itself is no indication of the future performance of the Companies. The return received by investors will be dependent on the performance of the underlying investments. The value of such investments, and interest income and dividends therefrom, may rise or fall.
- Although the existing Shares issued by the Companies have been (and it is anticipated that the Offer Shares in the Companies to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and (or will be) traded on the London Stock Exchange market for listed securities. The secondary market for VCT shares is generally illiquid and, therefore, there may not be a liquid market (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to NAV) and investors may find it difficult to realise their investment. Investment in the Companies should be seen as a long term investment.
- While it is the intention of each Board that their Company will be managed so as to continue to qualify as a Venture Capital Trust, there can be no guarantee that a Company's status will be maintained. A failure to meet the qualifying requirements could result in Qualifying Investors losing the tax reliefs available for VCT shares, resulting in adverse tax consequences, including, if the holding has not been held for the relevant holding period, a requirement to repay any income tax relief obtained. Furthermore, should a Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.
- There is no guarantee that either of the Companies will meet its objective or that suitable investment opportunities will be identified to meet a Company's objective.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Companies and/or the rates of tax, or other statutory provisions to which the Companies are subject, may change during the life of the Companies and such changes could be retrospective.
- If a Qualifying Investor who subscribes for Offer Shares under the Offer disposes of those shares within five years (three years in respect of Shares issued by a Company on or between 6 April 2000 and 5 April 2006), the Qualifying Investor is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Changes in legislation concerning VCTs in general and qualifying holdings and qualifying trades in particular, may limit the number of new qualifying investment opportunities and/or reduce the level of returns which would otherwise have been achievable.

- To be qualifying holdings, VCT funds raised after 5 April 2006 must be invested in smaller companies with gross assets of not more than £7 million prior to the investment and £8 million post investment. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period. These restrictions may reduce the investment opportunities available to the Companies.
- Investment in unquoted companies (including AIM-traded and PLUS Markets-traded companies) by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, small companies often have limited product lines, markets or financial resources and may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.
- Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisations of investments in order to maintain the VCT status of a Company which may restrict that Company's ability to obtain maximum value from its investments.
- Although the Companies may receive conventional venture capital rights in connection with their investments, as a minority investor they may not be in a position fully to protect their interests.
- In general, investment in environmental and technology companies can carry a greater degree of risk than investing in non-technology companies. In particular, the technology may not be able to be developed within the timescale required by the market, at an acceptable cost, or at all and alternative or competing technologies may emerge before full commercial exploitation of the products or services of such companies has taken place.
- Any change of governmental, economic, fiscal, monetary or political policy could materially affect, directly or indirectly, the operation of the Companies and/or the performance of the Companies and the value of and returns from Shares and/or their ability to achieve or maintain final VCT status.
- Funds raised by the Companies from time to time will initially be held in cash or near cash investments. Each Company's policy is to retain, where possible, approximately 15 per cent. of its assets in cash or near cash assets generally for the purposes of costs and follow-on investments. The returns from such investments may be less than the returns achieved from investments in trading or preparing to trade companies, which could dilute returns made by the Companies on existing investments.
- Where more than one of the funds managed or advised by Foresight Group wishes to participate in an investment opportunity, allocations will generally be made in proportion to the total net cash raised and allocated by Foresight Group for each fund. Unless where investments are proposed to be made in a company where a fund has a pre-existing investment, the incumbent investor will have priority. When one of the funds managed or advised by Foresight Group is in its fund raising period, its net funds raised, for the purpose of allocation, will be assumed to be the value of shares allotted at the time the allocation calculation is made. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70 per cent. of a particular VCT's portfolio in Qualifying Companies. This may mean that a Company may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.



Offer Timetable, Statistics & Costs

Indicative Offer timetable

Offer opens	7 January 2011
Shareholder priority and commission period	to 28 February 2011
Closing Date for 2010/2011 tax year	5 April 2011
Offer closes	12 noon 30 June 2011
Allotments	monthly or as required
Effective date for the listing of Offer Shares and commencement of dealings	within three Business Days following allotment
Share certificates and tax certificates to be despatched	within ten Business Days of allotment

The Boards reserve the right to extend the closing date of the Offer or increase the size of the Offer at their discretion (such increase to be completed by, and subject to, the issue of a supplementary prospectus). The Boards also reserve the right to allot Offer Shares at any time whilst the Offer is open. The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion. The Offer is conditional on the approval of Shareholders of the Resolutions to be proposed at the Extraordinary General Meetings. If such Resolutions are not approved, the Offer will lapse.

Offer statistics

Maximum amount to be raised for each Company	£10,000,000
Minimum investor's investment	£5,000
Latest unaudited NAV per Foresight 3 Share (as at 30 September 2010)	99.6p
Latest unaudited NAV per Foresight 4 Share (as at 31 August 2010)	104.1p
Estimated Offer Price per Foresight 3 Share (based on the above unaudited NAV per Foresight 3 Share)	106.0p
Estimated Offer Price per Foresight 4 Share (based on the above unaudited NAV per Foresight 4 Share)	111.0p
Estimated number of Foresight 3 Shares to be issued*	9,433,962
Estimated number of Foresight 4 Shares to be issued*	9,009,009

* (assuming full subscription at the estimated Offer Price for the Offer Shares set out above and no Shareholder commission being issued)

Costs and commissions relating to the Offer

Offer costs as a percentage of the gross proceeds**	5.5%
Shareholder commission (to be reinvested by subscribing for additional Offer Shares) (until 28 February 2011 only and included in the 5.5% Offer costs)	1%
Initial commission to intermediaries (included in the 5.5% Offer costs)	2.25%
Annual commission to intermediaries (subject to a maximum cumulative payment of 2.25%)	0.375%

** (excluding annual trail commission)

Letter from the Chairmen of the Companies

7 January 2011



Dear Investor,

We are pleased to invite you to subscribe for new shares in Foresight 3 and Foresight 4 pursuant to the Offer to raise in aggregate, up to £20 million (before expenses).

The Companies launched a linked offer in October 2009 which raised £17.0 million (before expenses) in aggregate (£8.5 million for each Company). The Boards believe there is further appetite for investment in the Companies this year. VCTs continue to be an attractive investment product, in particular in light of recent changes to the tax treatment of alternative tax efficient products, such as pensions as well as increased income tax rates. The Boards also believe this to be an advantageous time in the economic cycle to be making investments in unquoted companies. Interested investors may, therefore, wish to apply early to be sure of full allocation.

Established portfolio

1. Advantageous time in the economic cycle

Foresight Group continues to experience general investor interest and strong dealflow in the growth capital and management buyout areas of its business and further funds are sought to enable investments in the attractive opportunities arising. The Boards, therefore, believe that this continues to be an advantageous time in the UK economic cycle to be making venture capital investments in smaller companies. Prices of assets are expected to be lower and, historically, some of the best private equity and venture capital returns have been made following a recession.

VCTs should continue to play an important role in backing small British businesses. This comes at a time when financial support is needed more than ever, filling an important funding gap for small businesses when banks are unwilling or unable to do so. Historically, small companies have been at the forefront in recovering from a recession. Funding provided by VCTs is, therefore, expected to continue to be part of the recovery of the UK economy from the recent recession.

The Boards are, therefore, seeking to increase the size of the Companies through this Offer to take advantage of opportunities being seen by Foresight Group. The additional funds will also enable the Companies to spread their annual costs over a larger asset base, as well as enhance the Companies' ability to maximise the investment and re-investment of funds raised prior to April 2006, which are subject to less restrictive investment rules.

2. Strong investment policies

In accordance with the Companies' respective investment policies, the proceeds of the Offer will principally be invested in growth capital investments, which are predominantly focused on environmental infrastructure dealflow, an area in which Foresight Group has specialised for the last few years. Management buyouts will also continue to be considered across a broad range of sectors including environmental infrastructure, manufacturing, and business and consumer services.

3. Tax benefits

Qualifying Investors can enjoy income tax relief of up to 30 per cent. on the amount subscribed (subject to a maximum investment in VCTs of £200,000 in any one tax year and a Qualifying Investor's income tax liability only being reduced to nil), tax free dividends (subject to the annual investment limits) and capital gains exemption on any gains on disposal.

In addition, because the Offer is open until 30 June 2011 (subject to the Boards' discretion), Offer Shares (and, therefore, tax reliefs) can be applied for in respect of either or both of the 2010/11 or 2011/2012 tax years.

4. Established portfolios

Foresight 3 and Foresight 4 both have established and diversified portfolios, containing more than 50 companies combined. As at the last half-yearly periods, the breakdown of investments by sector across the Companies was Biotech (4.4%), Business Services (21.2%), Consumer (4.3%), Electronic & Engineering (27.2%), Software (7.3%) and Sustainable (35.6%). The Boards believe that the current portfolios are progressing well. The Boards expect, but cannot guarantee, realisations from the existing portfolios to materialise earlier than could be produced from investments in new companies alone, which, alongside any income they generate, will underpin future dividends for Shareholders. Investors in the Offer will participate in the performance of these portfolios from the outset.

5. Track record

Foresight 3 and Foresight 4 were created as a result of Foresight Group assuming the management contracts for Advent VCT plc and Advent 2 VCT plc on 30 July 2004. Foresight 3 subsequently completed a merger with Enterprise VCT plc in September 2008.

The respective performances since Foresight Group's appointment are, on a Total Return basis (including distributions), an increase of 24.5 per cent. for Foresight 3 (to 30 September 2010) and an increase of 39.0 per cent. for Foresight 4 (to 31 August 2010), excluding any form of VCT tax relief.

Foresight 3 and Foresight 4 were ranked second and sixth for performance by Tax Efficient Review as at 6 January 2011 out of the 58 funds raised in the 2005/2006 tax year, this being the first fundraising by the Companies following the appointment of Foresight Group.

Each Company has a stated dividend objective of paying a minimum of 5p per Share per annum. The Boards will seek to maintain these policies, however, the level of dividends paid from year to year cannot be guaranteed as they depend on a combination of income received on investments and realised capital gains arising from trade sales, which are subject to fluctuation.

Both Foresight 3 and Foresight 4 will be paying 5.0p dividends per Share on 4 February 2011 to Shareholders on the registers on 28 January 2011.

6. Award winning investment manager

Foresight Group has one of the larger and more experienced teams in the VCT industry and has been involved in managing VCTs since 1997. As at 1 November 2010, Foresight Group managed approximately £172 million for the four Foresight VCTs, Foresight Solar VCT and the two Keydata VCTs, making it one of the top five VCT managers by assets under management.

Foresight Group's achievements in the environmental infrastructure sector were recognised when it received the Renewable Energy Investor of the Year Award in 2009 and Venture Capital House of the Year 2009. Additionally, at the recent Investor Allstars Awards, Foresight 3 was voted VCT of the Year for 2010.

The Offer

The Boards are seeking to raise, in aggregate, £20 million (£10 million for each Company) through the Offer.

Under the Offer each investor's investment will be split into two equal monetary amounts and used to purchase such number of Offer Shares in each Company at the Offer Price using the following Pricing Formula:

Most recently published NAV of the Shares at the time of allotment in the relevant Company divided by 0.945 (to allow for issue costs of 5.5 per cent.), rounded up to the nearest whole pence per Offer Share.

Existing Shareholders in the Companies will be given the opportunity to invest under the Offer in priority to other investors by way of a Shareholder priority period to 28 February 2011.

Existing Shareholders will also be paid a 1 per cent. commission on the amount invested on successful applications to 28 February 2011, such amount being reinvested to purchase additional Offer Shares at the same Offer Price.

The Offer is conditional on the approval of Shareholders of the Resolutions to be proposed at the Extraordinary General Meetings. If such Resolutions are not approved, the Offer will lapse.

Application

The minimum investment under the Offer is £5,000 and you will find the Application Form on page 49.

If you have any queries about the Offer please contact Foresight Group:

Tel: 01732 471812;
e-mail: info@foresightgroup.eu

Please note that Foresight Group is not able to provide you with investment, financial or tax advice. Your attention is also drawn to the risk factors on pages 6 and 7.

We very much hope that existing Shareholders will be adding to their holding and also look forward to welcoming new investors to the Foresight group of VCTs.

Yours faithfully,

Graham Ross Russell
Chairman of Foresight 3

Philip Stephens
Chairman of Foresight 4

Registered Office: ECA Court, 24-26 South Park,
Sevenoaks, Kent TN13 1DU

Foresight 3's Company Number 03121772
Foresight 4's Company Number 03506579

Part One - The Offer

The Companies are seeking to raise up to £20 million (before expenses) in aggregate through the Offer (subject to a maximum of 12,500,000 Offer Shares being issued in each Company), unless increased. The Boards believe that it is an advantageous time in the economic cycle to be making venture capital investments in smaller companies. Subscribers to the Offer will also benefit from being able to invest in two VCTs which have established and diversified portfolios.

Foresight Group, the Companies' investment manager, is currently experiencing general investor interest and robust dealflow in the growth capital and management buyout areas of its business. The growth capital investments it seeks are predominantly focused on Foresight Group's environmental infrastructure dealflow, an area where Foresight Group's achievements were recognised when it recently received the Renewable Energy Investor of the Year Award 2009. Management buyouts will be considered across a broad range of sectors but will include, amongst others, environmental infrastructure, manufacturing and business and consumer services.

The additional funds raised under the Offer should enable the Companies to take advantage of such opportunities over the coming months. Foresight 3 and Foresight 4 raised a substantial amount of their VCT funds prior to 5 April 2006 and so can continue to invest in VCT qualifying companies with gross assets of up to £15 million prior to investment (post 5 April 2006 it became £7 million). As a result, this fund raising should also enhance each Company's ability to invest in companies which qualify for VCT investment under these less restrictive rules. The funds raised should also maintain liquidity and enable the payment of dividends and costs maximising the amount available for investment. Additionally, these funds should enable the Companies to spread their cost base over a larger asset base, to the benefit of all Shareholders.

The Boards believe that new offers by VCTs continue to offer attractive tax incentives for private investors when compared to other types of tax efficient investment. The Boards of the Companies are proposing to each raise up to £10 million through the issue of Offer Shares pursuant to the Offer to release the available existing funds to take advantage of strong dealflow currently being seen, which, in addition to being invested in appropriate investments where applicable, may also be applied against expenses, dividend payments and Shares bought back for cancellation.

Reasons for the Offer

- Timing - the Boards believe that it is an advantageous time in the economic cycle, when prices of assets are expected to be lower, to raise further capital to enable the Companies to continue making investments in accordance with their investment strategies.
- Diversification - the Offer should enable the Companies to maintain their portfolio diversification and maximise the investment of existing funds raised in VCT qualifying investments with gross assets of up to £15 million prior to investment.
- Annual running costs - the fixed running costs for the Companies will be spread over a larger asset base, thereby reducing costs as a percentage of the Companies' assets.

Terms of the Offer

The Offer opens on 7 January 2011 and will close on 30 June 2011 (unless fully subscribed earlier or otherwise at the Boards' discretion). The Offer is conditional on the approval of Shareholders of the Resolutions to be proposed at the Extraordinary General Meetings. If such Resolutions are not approved, the Offer will lapse and subscription monies will be returned.

An investor's subscription amount will be divided equally between each of the Companies. The number of Offer Shares to be allotted will be determined by dividing the amount invested by the Offer Price per Offer Share in each Company calculated on the basis of the following formula (Pricing Formula):

Most recently published NAV of the Shares at the time of allotment in the relevant Company divided by 0.945 (to allow for issue costs of 5.5 per cent.), rounded up to the nearest whole pence per Offer Share.

Fractions of Offer Shares will not be issued and Offer Shares to be allotted in each Company will be rounded down to the nearest whole number of shares.

Subscription monies greater than £1 and not used to acquire Offer Shares will be refunded. No interest shall accrue or be payable on any amounts refunded. The Offer is not underwritten and there is no minimum subscription level so investors can be sure that the Offer will proceed, subject to the passing of the Resolutions at the Extraordinary General Meetings.

The Pricing Formula allows new investors to subscribe for Offer Shares at the current net asset value plus costs thereby preventing any material dilution to existing Shareholders. The application of the Pricing Formula also avoids the necessity to repeatedly announce the price of the Offer Shares during the Offer period and makes explicit the basis on which the price of the Offer Shares will be determined. The Offer Price on each allotment date will, however, be announced, via a regulatory information service.

Investors' Offer Shares will rank *pari passu* with the existing Shares in issue in respect of dividends declared from the date of issue of the relevant Offer Shares. Qualifying Investors will also benefit from 30 per cent. income tax relief on their subscription for Offer Shares, which would not be available if Shares were purchased from a third party in the market.

An illustration of the application of the Pricing Formula is set out below, based on the most recently published unaudited NAVs for each of the Companies.

Foresight 3

The unaudited NAV per Foresight 3 Shares was 99.6p per share as at 30 September 2010.

This would give an Offer Price per Foresight 3 Offer Share of 106.0p per share ($99.6p \div 0.945$) rounded up to the nearest whole pence per share.

Foresight 4

The unaudited NAV per Foresight 4 Shares was 104.1p per share as at 31 August 2010.

This would give an Offer Price per Foresight 4 Offer Share of 111.0p per share ($104.1p \div 0.945$) rounded up to the nearest whole pence per share.

Consequently, an investor who invested £20,000 under the Offer would receive:

Foresight 3: $\pounds 10,000 \div 106.0p = 9,433$ Foresight 3 Shares

Foresight 4: $\pounds 10,000 \div 111.0p = 9,009$ Foresight 4 Shares

The Offer will be suspended at any time when any Company is unable to issue Offer Shares pursuant to the Offer under any statutory provision and other regulation applicable to the Companies or otherwise at the Boards' discretion.

Existing Shareholders in the Companies will be given the opportunity to invest under the Offer in priority to other investors by way of a Shareholder priority period to 28 February 2011. Applications will, otherwise, be accepted (in whole or part) at the discretion of the Boards, but the Boards intend to meet applications on a 'first come, first served' basis.

Use of proceeds

It is intended that the proceeds of the Offer will be used by each Company in accordance with its investment policy, a summary of which is set out on page 20.

Offer costs

The Offer costs will be 5.5 per cent. of funds subscribed under the Offer (excluding annual trail commission) amounting to a maximum of £1,100,000 (£550,000 per Company). Costs above this will be met by Foresight Group.

The net proceeds of this Offer will, assuming full subscription, therefore amount to approximately £9,450,000 for each Company.

Shareholder commission

Existing Shareholders in either of the Companies will be paid commission of 1 per cent. on successful applications under the Offer to 28 February 2011. Such commission will be used to purchase additional Offer Shares in the Companies at the same Offer Price in each Company (rounded down to the nearest whole number of Offer Shares). For illustration using the example above, a Shareholder who invests £20,000 under the Offer would receive:

Foresight 3: $\pounds 100$ (1% of £10,000) $\div 106.0p = 94$ Foresight 3 Shares

Foresight 4: $\pounds 100$ (1% of £10,000) $\div 111.0p = 90$ Foresight 4 Shares

No further fees or commission will be due in respect of additional Offer Shares issued pursuant to Shareholder commissions.

Adviser commission

Authorised financial intermediaries will normally be paid commission of 2.25 per cent. of the value of the relevant investment on successful applications under the Offer.

In addition, provided that they continue to act for their client and the client continues to hold his or her Offer Shares, financial advisers will normally be paid an annual trail commission of 0.375 per cent. of the net asset base value for each such Share. For this purpose, 'net asset base value' means the net assets attributable to such Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year.

The annual trail commission will be paid shortly after the later of the annual general meeting of the relevant Company and, where applicable, the date of payment of the final dividend in each year.

The Companies shall be entitled to rely on a notification from a Shareholder that he or she has changed his or her adviser. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 2.25 per cent. of the Offer Price of the Offer Share in question.

Part Two - Track Record

Foresight 3

Foresight Group assumed the management of Foresight 3 (formerly Advent VCT plc) on 30 July 2004. Following the first valuation thereafter on 30 September 2004, the unaudited net asset value was the equivalent of 99.1p per Old Foresight 3 Share. The unaudited NAV as at 30 September 2010 was 99.6p per Foresight 3 Share (this being the most recent published NAV prior to the date of this document). In addition, Foresight Group resumed distributions to Shareholders, and 23.7p per Foresight 3 Ordinary Share (the restated dividends per Old Foresight 3 Ordinary Share being 21.6p per share to reflect the merger of the Old Foresight 3 Ordinary Shares and Foresight 3 C Shares) has been paid and declared in dividends bringing the Total Return up to 123.3p from 99.1p (an increase of 24.4 per cent). The first of these dividends, paid in December 2006, was the first paid by the fund in over seven years.

When Foresight Group took over the fund it had £9.3 million in investments and assets. Between July 2004 and 30 September 2010, Foresight Group realised £13.0 million in cash from the sale of investments, leaving £1 million remaining from the original portfolio. This represents a return of 50 per cent. on the original assets of the fund since Foresight Group took over as investment manager. A further £23 million of new monies has been raised since July 2004 to enable Foresight 3 to make new investments.

Foresight Group acquired the management contract for Enterprise VCT plc in July 2008 and then Foresight 3 completed a merger with Enterprise VCT plc in September 2008. The merger was completed by the transfer of the assets and liabilities of Enterprise VCT plc to Foresight 3 in consideration for Foresight 3 C Shares being issued to the shareholders of Enterprise VCT plc. The terms of the merger provided for the Foresight 3 C Shares to be subsequently converted into the Foresight 3 Shares on a relative NAV basis which was completed in July 2009.

Foresight 3 was voted VCT of the Year for 2010 at the recent Investor Allstars awards.

Foresight 4

Foresight Group assumed the management of Foresight 4 (formerly Advent 2 VCT plc) on 30 July 2004.

Following the first valuation thereafter on 31 August 2004, the unaudited net asset value was the equivalent of 91.2p per Foresight 4 Share. The unaudited NAV as at 31 August 2010 was 104.1p per Foresight 4 Share (this being the most recent published NAV prior to the date of this document). In addition Foresight Group resumed distributions to Shareholders, so that 22.5p per Foresight 4 share has been paid and declared in dividends bringing the return up to 126.6p from 91.1p (an increase of 39.0 per cent). The first of these dividends, paid in December 2005, was the first paid by the fund in over five years.

When Foresight Group took over the fund it had £10.9 million in investments and assets. Between July 2004 and 31 August 2010, Foresight Group realised £14.5 million in cash from the sale of these investments, leaving £2 million remaining from the original portfolio. This represents a return of over 50 per cent. on the original assets of the fund since Foresight Group took over as investment manager. A further £24 million of new monies has been raised since July 2004 to enable Foresight 4 to make new investments.

The investment performance of the Companies, since Foresight Group's appointment as investment manager to the Companies on 30 July 2004, has been calculated using NAV Total Return, which combines the change in net asset value per share and aggregate dividends paid. In respect of Foresight 3, this has been an increase of 24.4 per cent. to 30 September 2010 (restated to reflect the restructuring of the Old Foresight 3 Ordinary Shares at the merger of the Foresight 3 Shares and the Foresight 3 C Shares) and an increase of 39.0 per cent. for Foresight 4 to 31 August 2010, excluding for both Companies any form of VCT tax relief.

Dividends paid to Shareholders

As a result of the profitable realisations made from the maturing portfolios of Foresight 3 and Foresight 4, following Foresight Group's appointment in 2004, the Boards have been able to declare significant dividends for each fund. VCT dividends paid to Shareholders are ordinarily tax-free.

The Companies have a policy of a target minimum dividend of 5.0p per annum per Share.

The record of dividends paid and declared per Share in each Company, since Foresight Group's appointment, is shown below:

Year to 31 March	Foresight 3 (p)	Year to 28 February	Foresight 4 (p)
2006	N/A	2006	5.0
2007	2.2	2007	2.5
2008	11.0*	2008	5.0
2009	5.5*	2009	5.0
2010	5.0	2010	5.0
2011**	5.0	2011**	5.0

*no dividends were paid per Foresight 3 C Share

**dividends declared to date in the current year

The information contained in this Part Two 'Track Record' has been sourced from the internal records of Foresight 3 and Foresight 4.

Part Three - Foresight Group

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

Foresight Group is a UK limited liability partnership owned by its partners. It was founded in 1984 by Bernard Fairman and Peter English and has now grown to a team of 33 people with over 200 years' investing experience between them. Members of the Foresight Group team take non-executive positions on the boards of investee companies where this is appropriate. Foresight Group expects to be central to decision-making in the following areas:

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

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

Foresight Group's objective is to diversify investments across a variety of sectors within a fund's investment strategy. In part this is to reduce the risks associated with any one area, but it also acknowledges an element of cyclicity, since valuations and the business outlook for a sector change through time. Managing successful exits from investments is also important and Foresight Group has demonstrated its ability to achieve this through several economic cycles. Exits are normally planned for three to five years after the initial investment and Foresight Group will review strategic opportunities and market cycles to determine the right time to exit.

Foresight Group was, as at 30 November 2010, the fourth largest VCT manager by funds under management and currently manager of the best performing VCT from 2000 to 2007 as ranked by Tax Efficient Review in respect of Foresight VCT plc.

Foresight Group has recently been subject to a restructuring of its membership resulting in Bernard Fairman ceasing to be a member of, and Foresight Group CI Limited becoming a member of, Foresight Group on 24 February 2010. Foresight Group CI Limited is a company incorporated and registered in Guernsey on 12 February 2010, with registered number 51471. Whilst Bernard Fairman is no longer a member of Foresight Group, he is the sole shareholder of, and provides services to, Foresight Group CI Limited, which has a majority of the voting rights in Foresight Group.

The investment management agreement between each Company and Foresight Group is intended (subject to the approval of the relevant Board) to be transferred to Foresight Group CI Limited once it has received

authorisation from the Guernsey Financial Services Commission to provide investment management services. Foresight Group will provide services to Foresight Group CI Limited as required and agreed with the relevant Board to fulfil its obligations under the transferred investment management agreement such that the provision of services to the Company will not be practically affected. The performance incentive arrangements in respect of each Company (existing or, in the case of Foresight 4, those to be approved by Shareholders at the Foresight 4 Extraordinary General Meeting) will remain with Foresight Group for commercial reasons.

The Team

Bernard Fairman (61)

Was the co-founder of Foresight Group. He studied economics at Nottingham University before joining Panmure Gordon in 1970 as an oil analyst. In 1973 he joined Edward Bates, a specialist investment bank. On leaving in 1976 he gained investment experience at various small oil and electronics companies. He joined 3i Ventures in 1981 and co-founded Foresight Group in 1984. He is a former director of both the Companies, as well as Foresight VCT plc and Foresight 2 VCT plc.

Peter English (69)

Has worked in a variety of engineering and marketing management roles in the UK and USA. His experience includes telecommunications (Nortel) and semiconductors (GEC Semiconductors). He joined 3i Ventures in 1982 and co-founded Foresight Group in 1984, where he continues to work part-time.

David Hughes (58)

Joined 3i as an investment executive in 1974. While there, he qualified as a certified accountant and became a director of 3i Corporate Finance. He joined Framlington Group in 1993 to establish and manage an investment trust investing in smaller quoted companies and in 1997 was recruited by Bank Austria AG to develop its private equity activities. He joined Advent's VCT team in September 2001 and, following Foresight Group's acquisition of Advent Fund Managers Limited, he was appointed a partner of Foresight Group in July 2004.

Donald MacIennan (59)

Joined Foresight Group as a partner in April 2001. He is a member of the Investment Committee and leads Foresight Group's management buy-out and growth capital activity. Donald is a chartered accountant and has more than 30 years of private equity experience. He has worked with 3i, NatWest Equity Partners (now Bridgepoint Capital) and Close Ventures (now Albion Ventures).

Andrew Page (41)

Studied engineering at Nottingham University before joining Unilever's management programme in 1991. He joined Ascot plc in 1996 and held a management role within a £25 million turnover chemical manufacturing subsidiary before joining 3i in August 2000. He joined Advent's VCT team in September 2003. He joined Foresight Group in July 2004 as an investment manager, following Foresight Group's acquisition of Advent Fund Managers Limited and was appointed a partner in September 2005.

Matt Taylor (47)

Has a classics degree from Oxford University and has 14 years' experience in private equity, including nine years with 3i. He gained European experience during a three year period with IKB Deutsche Industriebank AG in Dusseldorf. He joined Foresight Group in May 2000 and was appointed a partner in April 2001.

Gary Fraser (39)

Is a chartered accountant and a member of the Securities Institute. He worked with Ernst & Young between 1993 and 1999, predominantly in the audit and risk assurance and corporate finance areas. He joined ISIS Asset Management plc in 1999 and was responsible for the provision of company secretarial services for several investment companies including two of the Baronsmead VCTs. He joined Foresight Group in September 2004 as Group Finance Director and was appointed a partner in September 2005.

Nigel Aitchison (42)

Joined Foresight Group in 2008 as a partner. He is a member of the Investment Committee and is responsible for market opportunity analysis and customer and supplier contracting. Prior to joining Foresight Group, Nigel was a board director of both Shanks Waste Management Ltd, with annual turnover in excess of £130 million and employing over 800 people, and Shanks PFI Investments Limited, where he was until January 2008 responsible for all operational and business development functions related to projects financed under the Private Finance Initiative (PFI) for public procurement.

Russell Healey (40)

Has three years' experience of private equity and corporate finance. He spent ten years in technology and marketing management positions, including four years with Thomson Financial. He has a classics degree from Exeter University and an MBA from London Business School. He joined Foresight Group in October 2007.

James Livingston (30)

Joined Foresight Group in 2007 from Deloitte's Strategy Consulting team where he advised businesses in the healthcare and technology sectors. Prior to joining Deloitte James spent a year as a professional athlete rowing for Great Britain. He has a first class degree in Natural Sciences and Management from Cambridge University and holds the CIMA Advanced Diploma in Management Accounting.

Giles Whitman (31)

Joined Foresight Group in 2007. He has five years' experience in financial analysis and due diligence reporting. Prior to joining Foresight Group, he was a member of Ernst & Young's Transaction Advisory Services team, performing both corporate recovery and financial due diligence work. In the latter role, he worked primarily for Spice plc, assessing potential acquisitions in the energy consultancy and utility infrastructure sectors. Giles has also worked as an equity research analyst for HSBC Investment Bank, where he was responsible for researching and valuing large European engineering companies, including major wind-turbine manufacturers. Giles is a Chartered Accountant and an Economics and Economic History graduate from Bristol University.

Tom Thorp (33)

Joined Foresight Group in 2008. Tom has over five years' experience in financial analysis and due diligence reporting with KPMG's Transaction Services and Restructuring teams both in London and Munich. He has advised on a wide range of industries, performing acquisition and vendor due diligence as well as advising on company refinancings and working capital exercises for demergers and AIM listings. Tom is a Chartered Accountant and graduated from Edinburgh University with a degree in Business Studies and Accountancy.

James Samworth (34)

Joined Foresight Group earlier this year. James has a first class degree from Cambridge in natural sciences with an MBA from London Business School. He spent ten years at Corus in operations management and leading key commercial accounts supplying steel construction and manufactured goods to customers. He has investment experience within banking and private equity in the environmental, natural resources and industrial sectors, gained at Deutsche Bank, Lyceum Capital Partners and Next Wave Ventures.

Part Four - The Boards

The Board of each Company comprises non-executive directors, all of whom (except Peter Dicks) are independent. The Boards have substantial experience of venture capital businesses and overall responsibility for their Company's affairs, including determining the investment policy of each Company and approving net asset values.

Foresight Group has been appointed as the Companies' investment manager (on a discretionary basis).

(A) The Directors

1. Independent Directors of Foresight 3:

Graham Ross Russell (78) (Chairman)

Is the Chairman of UK Business Incubation, which was initiated by HM Treasury to encourage the growth of early stage companies, and was formerly a trustee for the National Endowment for Science, Technology and the Arts (NESTA), chairman of F&C Capital & Income Trust plc and chairman of the Securities Institute. He was a partner in, and from 1988 to 1990 chairman of, the stockbroking firm Laurence Prust, specialising in corporate finance for smaller and medium sized companies. He was a council member of the London Stock Exchange from 1973 to 1991 and a deputy chairman from 1984 to 1988. He has served on the boards of several UK companies and was chairman of EMAP plc from 1990 to 1994.

Tom Maxwell (63)

Is a member of the Chartered Institute of Bankers in Scotland and a member of the Society of Investment Professionals. He has considerable fund management and investment trust experience and is a non-executive director of Spirent Communications plc. He has held previous directorships with, among others, Martin Currie Investment Management Limited and Ivory & Sime Investment Management plc.

2. Independent Directors of Foresight 4:

Philip Stephens (68) (Chairman)

Retired from Williams de Broë plc in 2002 where he was joint head of corporate finance. He was previously a managing director at UBS which he joined in 1989. He was involved in corporate finance and corporate broking for over thirty-five years. He is currently non-executive chairman of Egdon Resources PLC and Neptune-Calculus Income & Growth VCT plc.

Roger Brooke (79)

Was, until May 1999, chairman of Candover Investments plc, an investment trust investing mainly in buy-outs of unquoted companies, having been chief executive of that company since its formation in 1980. From 1969 to 1971 he was managing director of Scientia SA, which was involved in investing in small and medium-sized advanced technology companies in Europe. He was a director of the Pearson Group for eight years and in 1979 became group managing director of EMI until its merger with Thorn in 1980. He is a former non-executive director of Foresight 3 VCT plc. He is a director of IP Group plc as well as several unquoted companies.

3. Non-Independent Director of both Companies:

Peter Dicks (68)

Was a founder director of Abingworth PLC in 1973, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including, Private Equity Investor plc where he is chairman, Polar Capital Technology Trust PLC, Graphite Enterprise Trust Plc and Standard Microsystems inc, a US NASDAQ quoted company. In addition, he is also chairman of Unicorn AIM VCT plc. He stepped down as Chairman of Foresight VCT plc, Foresight 2 VCT plc and the Companies earlier in the year but remains as a director of all companies. He is also a director of Foresight Clearwater VCT plc. As a result of being a director on more than one VCT managed by Foresight Group, he is not deemed to be an independent director of the Companies pursuant to the Listing Rules.

Part Five - Investment Objectives & Policies



The investment objectives and investment policies for both Companies are materially the same. A summary of the investment objectives and investment policies is set out below. The full investment objectives and investment policies for each of the Companies are set out in the Registration Document.

Investment objective

The investment objective of the Companies is to provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies predominantly in the environmental infrastructure and management buyout sectors in the UK.

A proportion of realised gains will normally be retained for reinvestment and to meet future costs. Subject to this, the Companies will endeavour to maintain a regular dividend payment of the order of 5p per share although a greater or lesser sum may be paid in any year. It is the intention to maximise tax-free income available to investors from a combination of income received on investments and the distribution of realised capital gains arising from trade sales or flotations.

Investment policy

Foresight Group, the Companies' investment manager, will target UK unquoted companies which depend to a significant extent on the application of scientific and technological skills or knowledge as a major source of competitive advantage.

The Companies invest in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-traded securities, cash is primarily held in an interest bearing money market open ended investment company (OEIC).

The Companies' investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must have no more than £15 million of gross assets at the time of the investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as a VCT qualifying holding. The Companies aim 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 interest bearing securities. It is intended that the significant majority of any funds raised by the Companies will be invested in VCT qualifying investments.

Growth capital - environmental infrastructure opportunity

It is expected the UK will require investment of over £30 billion over the next 5-15 years in infrastructure for generating renewable energy and recycling waste. The Boards believe that the UK presents a particularly attractive investment opportunity, partly because it has been so dependent on landfill and is now seeking to catch up with practices used in other European countries, and partly due to recent improvements in the legislative framework for renewable energy and recycling. The target markets are immature and fragmented, offering potential opportunities to achieve rapid growth and strong returns on capital and to establish market leadership positions.

The Companies will invest to support companies developing local power stations and recycling facilities, each typically dealing with the power or waste disposal needs of an urban centre. This distributed model, dealing with waste where it arises and generating power where it is needed, is believed to be more sustainable and economic than a centralised model.

Each power station or recycling facility is expected to produce predictable cashflows after a 12-24 month construction and commissioning phase. The Companies will seek preferential returns from these cashflows, supporting early return of capital to investors in advance of a sale of the investment. Most investments will be structured as a combination of loans and equity to facilitate this preferential return.

Management buyout (MBO) opportunity

As a result of Foresight Group's development of its management buyout business over the last two years, it has started to receive a steady flow of attractive and profitable MBO opportunities. These opportunities cover a wide range of sectors and provide a regular income stream for investors and provide diversity for the portfolio by sector as well as by investment stage (MBO being later stage and growth capital being earlier stage).

Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions or strategic partners with similar investment criteria.

The overriding objective of each Company is to make investments in unquoted companies that have the potential to grow and to achieve a profitable realisation by way of a trade sale or stock market flotation.



Liquid investments

Each Company's liquid investments will primarily be maintained in Money Market Funds with the objective of generating income whilst maintaining the fund's capital pending investment in Venture Capital Investments.

Money Market Funds invest their assets in money market instruments (i.e. cash and near cash, such as bank deposits, very short term fixed interest securities or floating rate notes). The main objective will be the protection of capital so that priority will be given to the credit rating of the funds used rather than the rate of interest offered.

Valuation Policy

Unquoted investments will be valued at fair value in accordance with IPEVC Valuation Guidelines.

Investments in AIM and PLUS Markets-traded companies will be valued at the prevailing bid price.

Co-investment policy

Each Company expects to co-invest alongside each other and other funds managed or advised by Foresight Group. This will enable each Company to invest in a wider range and a larger size of transactions than it might otherwise be able to access.

Where more than one of the funds managed or advised by Foresight Group wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each fund, other than where investments are proposed to be made in a company where a fund has a pre-existing investment. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70 per cent. of a particular VCT's portfolio in Qualifying Companies.

Any variation from this co-investment policy insofar as it affects either Company may only be made with the prior approval of the independent Directors of that Company.

Part Six - Management, Expenses & Administration

Investment manager

Foresight Group was appointed as investment manager to the Companies on 30 July 2004.

Foresight Group's appointment to each Company is terminable by not less than one year's notice (after the initial appointment term to 31 March 2011 has elapsed for Foresight 3).

Annual fees

Foresight Group receives an annual management fee of 2.5 per cent. of the net asset value of each Company. These fees are calculated and payable quarterly in advance, together with any applicable VAT.

Foresight Group may retain for its own benefit and without liability to account to the Companies (subject to full disclosure having been made to the relevant Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any unquoted investments made by the Companies. Foresight Group will be liable for legal, accounting and any other fees incurred on potential investments by the Companies which do not proceed to completion.

Foresight Fund Managers Limited, a wholly owned subsidiary of Foresight Group, has been appointed as company secretary and accountant to both Companies under the investment management agreement and hence is terminable by not less than one year's notice (after the initial appointment term to 31 March 2011 has elapsed for Foresight 3).

Foresight Fund Managers Limited receives annual fees in respect of this appointment as follows:

- Foresight 3 - 0.3 per cent. of net funds raised and net assets acquired (subject to an annual cap of £100,000).
- Foresight 4 - 0.3 per cent. of net funds raised (subject to an annual cap of £100,000).

These fees are calculated and payable quarterly in arrears and subject to VAT and annual increases by not less than the percentage increase in the Retail Prices Index. The fees currently paid to Foresight 3 and Foresight 4 are, therefore, currently £114,839 and £72,919 per annum plus VAT, respectively.

A maximum of 75 per cent. of each Company's management expenses is capable of being charged against capital, with the balance to be met from income.

Annual expenses cap

Annual expenses for each Company are capped at:

- Foresight 3 - 3.5 per cent. of net assets (including irrecoverable VAT).
- Foresight 4 - 3.5 per cent. of net assets (excluding irrecoverable VAT).

Any excess over this amount will be borne by Foresight Group. Annual expenses include expenses incurred by the relevant Company in the ordinary course of its business and includes in respect of the relevant Company, management and administration fees, Directors' remuneration, fees payable to the registrar, stockbroker, auditor, solicitors and VCT status advisers. Annual expenses do not include exceptional items, performance incentive fees, annual trail commission and, as set out above, irrecoverable VAT in respect of Foresight 4 only.

Performance related incentive fees

As is customary in the private equity industry, Foresight Group is also entitled to earn a performance related incentive fee in respect of the management of the Companies.

Foresight 3

Foresight Group is entitled to a performance related incentive fee of 15 per cent. of dividends paid to Foresight 3 Shareholders provided that certain performance conditions are achieved.

A performance related incentive fee will only be paid to Foresight Group, if, initially, the total return (comprising net asset value plus cumulative dividends paid) exceeds 100p per Foresight 3 Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to Foresight 3 Shareholders where a performance incentive fee is paid to Foresight Group, the High Watermark required to be achieved to trigger a further performance related incentive fee will be amended to take account of the dividend (net of the performance fee payments made to Foresight Group) paid.

The performance incentive fee may be satisfied by either a cash payment or the issue of Foresight 3 Shares (or by a combination of both) ultimately at the Foresight 3 Board's discretion. Any new Foresight 3 Shares to be issued to Foresight Group would be calculated by dividing the amount to be satisfied by the issue of the Foresight 3 Shares by the latest net asset value per Foresight 3 Share after taking into account the dividend paid.

This performance related fee will automatically extend to the new funds received under the Offer.

Foresight 4 existing arrangements

Foresight Group is currently entitled to performance incentive fees as follows:

In respect of funds raised prior to the offer for subscription launched in 2005 by Foresight 4 ("Foresight 4 2005 Offer"), Foresight 4 has granted to Foresight Group the right to subscribe at par for 2,109,574 Foresight 4 Shares if the return per Foresight 4 Share then in issue is not less than 270p prior to 1 August 2011 or 360p thereafter. Return for these purposes is the aggregate amount of all distributions (whether in cash or otherwise) paid or declared by Foresight 4 pro rata to all holders of Foresight 4 Shares from time to time since incorporation plus the NAV per Foresight 4 Share.

Foresight 4 has also granted to Foresight Group an option to subscribe at par for a number of Foresight 4 Shares which, after issue, would represent 16.67 per cent. of the Foresight 4 Shares capital issued pursuant to the Foresight 4 2005 Offer (and remaining in issue) plus the Foresight 4 Shares to be issued pursuant to the option if:

- (a) a Return of not less than 60p per Foresight 4 Share is achieved by the seventh anniversary of the close of the 2005 Foresight 4 Offer; or
- (b) a Return of not less than 90p per Foresight 4 Share is achieved after the seventh anniversary of the close of the 2005 Foresight 4 Offer but before the End Date;

provided that the NAV per Foresight 4 Share in issue when the Return is achieved is achieved or becomes not less than the Net Average Subscription Price before the End Date.

For these purposes the "End Date" is the earlier of any resolution of Foresight 4 Shareholders for the winding up or unitisation of Foresight 4 or the twelfth anniversary of the 2005 Foresight 4 Offer, "Return" means the cumulative dividends paid per Foresight 4 Share following the close of the 2005 Foresight 4 Offer plus the increase in the NAV per Foresight 4 Share above the Net Average Subscription Price and "Net Average Subscription Price" means the net proceeds of the 2005 Foresight 4 Offer divided by the number of Foresight 4 Ordinary Shares issued pursuant to that offer.

In respect of the funds raised from the offer for subscription launched by Foresight 4 in January 2008 ("Foresight 4 2008 Offer"), Foresight Group has been granted an option to subscribe at par for a number of Foresight 4 Shares which, after issue, would represent 16.67 per cent. of the Foresight 4 Shares capital issued pursuant to the Foresight 4 2008 Offer (and remaining in issue) plus the Foresight 4 Shares to be issued

pursuant to the option if:

- (a) a Return of not less than 70p per Foresight 4 Share issued pursuant to the Foresight 4 2008 Offer and remaining in issue is achieved by the seventh anniversary of the close of the Foresight 4 2008 Offer; or
- (b) a Return of not less than 100p per Foresight 4 Share issued pursuant to the Foresight 4 2008 Offer and remaining in issue is achieved after the seventh anniversary of the close of the Foresight 4 2008 Offer but before the Second End Date;

provided that the NAV per Foresight 4 Share in issue when the Return is achieved is achieved or becomes not less than the Net Average Subscription Price before the Second End Date.

For these purposes the "Second End Date" is the earlier of any resolution of Foresight 4 Shareholders for the winding up or unitisation of Foresight 4 or the twelfth anniversary of the Foresight 4 2008 Offer, "Return" means the cumulative dividends paid per Foresight 4 Share following the close of the Foresight 4 2008 Offer plus the increase in the NAV per Foresight 4 Share above the Net Average Subscription Price and "Net Average Subscription Price" means the net proceeds of the Foresight 4 2008 Offer divided by the number of Foresight 4 Shares issued pursuant to that offer.

The exercise of this performance incentive fee is restricted to the extent payment would breach 5 per cent. of the market capitalisation or the gross assets of Foresight 4 at the time of payment.

The existing performance incentive arrangements will not, unlike the management arrangements, automatically extend to the new funds raised by Foresight 4 pursuant to the Offer.

Foresight 4 proposed arrangements

The above arrangements are either materially as they were when transferred across to Foresight Group at the time they took over the management of Foresight 4 from Advent or based on a cumulative dividend hurdle. The Foresight 4 Board believes that the existing arrangements do not incentivise Foresight Group or reflect its performance over the last few years. It is, therefore, proposed to replace the existing arrangements (subject to the approval of Foresight 4 Shareholders at the Foresight 4 Extraordinary General Meeting) with a new performance incentive arrangement to more appropriately incentivise Foresight Group and better align the performance interests of the investment manager with those of the Foresight 4 Shareholders.

The revised arrangements would entitle Foresight Group to a payment equal to 15 per cent. of dividends paid to Foresight 4 Shareholders subject to the net asset value plus cumulative dividends paid per Foresight 4 Share following the Foresight 4 Extraordinary General Meeting exceeding 100.0p per Foresight 4 Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to Foresight 4 Shareholders where a performance incentive fee is paid to Foresight Group, the High Watermark required to be achieved by Foresight 4 to trigger a further performance incentive fee will be amended to take account of the dividend (net of the performance incentive fee payment made to Foresight Group) paid.

The revised arrangements will allow performance incentive fees to be satisfied by either a cash payment or the issue of Foresight 4 Shares (or by a combination of both) ultimately at the Foresight 4 Board's discretion. Any new Foresight 4 Shares to be issued to Foresight Group would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per Foresight 4 Share after adding the cumulative dividends to be paid.

The revised performance related fees will, if approved, automatically extend to the new funds received under the Offer. If the revised arrangements are not approved, the existing arrangements will continue and Foresight 4 and Foresight Group have agreed not to enter into any additional arrangements to cover such funds at this stage and the Foresight 4 Board will consider whether further proposals should be put to Foresight 4 Shareholders.

VCT status monitoring

Martineau is the Companies' VCT status adviser. It carries out reviews of the Companies' investment portfolios to ensure continuing compliance and, when requested to do so by the Boards or Foresight Group, reviews prospective investments to ensure that they are qualifying Venture Capital Investments.

Dividend policy

The dividend policy for each Company is to maximise distributions to their Shareholders through a steady flow of dividends from income and realised capital gains. The stated annual dividend objective for each company is to pay 5p per Share. In the early years of a Company, the relevant Board anticipates that any dividend will be paid from the income on that Company's initial liquid investments and from the income on any Venture Capital Investments in loan stock or preference shares. In the medium term, dividends should be funded also by successful realisations of Venture Capital Investments.

A privileged feature of a VCT, not available to an investment trust, is the ability to distribute net realised capital profits tax-free to investors. The Companies intend to take full advantage of this by paying out gains arising from successful realisations of investments.

Buy-back policy

The Directors are aware that in the past it has often been difficult for investors to sell VCT shares at or close to net asset value. Each Board intends to pursue a policy of buying back Shares in the Company of which they are Directors in the market at a discount to the NAV of such Shares, thereby seeking, inter alia, to manage the level of discount to net asset value at which Shares may trade in normal markets.

In pursuing this policy, each Board's priority will be to ensure that they are acting prudently and in the interests of remaining Shareholders of the relevant Company. Share buy-backs will be entirely at each Board's discretion and will be subject to the relevant Company having sufficient Shareholders' authority, distributable reserves and funds available for such a purpose. Share buy-backs will also be subject to the Listing Rules and any applicable law at the relevant time. Shares bought back in the market will ordinarily be cancelled.

Investor communications

The Directors recognise the importance of maintaining regular communications with Shareholders. In addition to the announcement and publication of the annual report and accounts and the interim results for the Companies as detailed below, the Companies also publish and circulate to their Shareholders quarterly statements of net asset value. Foresight Group will also publish information on new investments and the progress of companies within the Companies' portfolio from time to time.

Reporting Dates	Foresight 3	Foresight 4
Year End	31 March	28 February
Announcement and publication of annual report and accounts to Shareholders	July	June
Announcement and publication of interim results	November	October

*Foresight 4 intends to change its year end to 31 March in 2011 before the year end, which will bring the reporting dates into line with Foresight 3.



@FUTSAL LTD, IN WHICH FORESIGHT 3 AND FORESIGHT 4 VCTS ARE AN INVESTOR, IS A FACILITIES MANAGEMENT COMPANY THAT OPERATES SPORTS ARENAS FOR FUTSAL, A FORM OF SMALL SIDED FOOTBALL. PHOTO COURTESY OF SM2 STUDIO LTD

Part Seven - Portfolios



Set out below are the largest investments held by each Company with a value of greater than 5 per cent. of their respective gross assets and an aggregate value greater than 50 per cent. of each Company's portfolio, as at the date of this document. The amount of uninvested cash and investments in money funds is £8,757,831 in respect of Foresight 3 (24.40% of the Foresight 3 investment portfolio) and £8,950,061 in respect of Foresight 4 (28.56% of the Foresight 4 investment portfolio).

Note: Investment and portfolio information in this Part Seven has been extracted from the Companies' accounting records (taken from the unaudited half-yearly reports to 30 September 2010 in respect of Foresight 3 and 31 August 2010 in respect of Foresight 4). 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 by those investee companies as referred to in this Part Seven ("Third Party Information"). As at the date of this document, there has been no material change in the valuations set out in this Part Seven since 30 September 2010 in respect of Foresight 3 and 31 August 2010 in respect of Foresight 4. The Third Party Information has been accurately reproduced and, as far as the Companies (acting jointly) are aware and are able to ascertain from information provided, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Foresight 3

Closed Loop Recycling Limited

is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. Following a £15 million private and public sector funding issue led by Foresight Group, the 35,000 tonne capacity plant in Dagenham (East London) is now ramping up volumes following commissioning. The company is enjoying strong market demand and has announced its second UK plant in North Wales. The company is processing 100 tonnes per day and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles. The company may require further funding in the short to medium term from its existing shareholders.

		Year ended	30 June 2009 (£'000)
Amount invested	£4,700,000	Sales	1,533
Valuation	£4,600,000	Profit/loss after tax	(7,315)
Equity/voting rights	18.1%	Retained profit/loss	(7,315)
Valuation methodology	Price of recent funding round	Net liabilities	(4,926)
Percentage of investment portfolio	10.3%		

Diagnos Holdings Limited

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

		Year ended	20 February 2009 to 31 December 2009 (£'000)
Amount invested	£1,000,000	Sales	5,491
Valuation	£2,741,717	Profit/loss before tax	806
Equity/voting rights	11.9%	Retained profit/loss	704
Valuation methodology	Discounted price/earnings multiple	Net assets	1,797
Percentage of investment portfolio	6.2%		



O-Gen Acme Trek Limited

is based in Staffordshire and develops, builds, owns and operates biomass to energy and combined heat and power ('CHP') plants. The market is driven by government regulation and incentives. Specifically, landfill tax, driving waste operators towards cheaper and more efficient methods of waste disposal such that gate fees will be received by O-Gen from the biomass suppliers. The electricity generated will be sold to the National Grid and attracts Renewable Obligation Certificates ('ROCs') which generate further revenue. The first plant has been completed and is being commissioned. Planning approval has been achieved for three other plants.

		Year ended	31 December 2009 (£'000)
Amount invested	£2,576,052	Sales	£2,685,219
Valuation	£2,685,219	Profit/loss before tax	(485)
Equity/voting rights	22.8%	Retained profit/loss	(485)
Valuation methodology	Price of recent funding round	Net assets	(1,049)
Percentage of investment portfolio	6.0%		

Datapath Holdings Limited

is a UK manufacturer of PC based multi-screen computer graphics and video capture hardware, specialising in video wall and data wall technology. Established in 1982 and based in Derbyshire, it provides solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.

		Year ended	31 March 2010 (£'000)
Amount invested	£100,000	Sales	7,580
Valuation	£2,368,307	Profit/loss after tax	1,153
Equity/voting rights	13.3%	Retained profit/loss	908
Valuation methodology	Discounted price/earnings multiple	Net assets	3,947
Percentage of investment portfolio	5.3%		

The Bunker Secure Hosting Limited

provides ultra secure IT data centre and managed services to companies and public bodies from owned and leased facilities totaling 41,500 square feet in ex-military bunkers at Ash, near Sandwich in Kent, and New Greenham Park in Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses that are concerned with data security and have outsourced their mission critical IT systems. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues. In the year to December 2009, sales increased by 34% to £5.2 million and the company is now generating substantial profits. In order to cope with growing demand, a major capital investment programme is currently being implemented. The Bunker was confirmed as one of the UK's fastest growing technology companies in the Sunday Times Microsoft Tech Track 100 in September 2010.

		Year ended	31 December 2009 (£'000)
Amount invested	£827,528	Sales	5,243
Valuation	£2,158,068	Profit/loss after tax	50
Equity/voting rights	7.9%	Retained profit/loss	50
Valuation methodology	Discounted revenue multiple	Net assets	611
Percentage of investment portfolio	4.8%		

ZOO Digital Group plc (AIM Listed)

supplies authoring software and services to film studios and post-production films and to publishers and developers of interactive games on DVD. Authoring is the process of transferring video and audio content to DVD and adding menus and links to allow consumers to navigate the content. In August 2007, ZOO acquired the authoring business of Scope Seven, providing the group with a base near its key customers in California and broader service offering, whilst its head office remained in Sheffield. The company achieved an important milestone for the year ended 31 March 2009 in making a pre-tax profit of £0.2 million compared to a £2.1 million loss in 2008.

		Year ended	31 March 2010 (£'000)
Amount invested	£1,444,625	Sales	15,056
Valuation	£2,134,972	Profit/loss before tax	(868)
Equity/voting rights	9.7%	Retained profit/loss	(872)
Valuation methodology	Bid price	Net assets	1,644
Percentage of investment portfolio	4.8%		



Global Immersion Limited

provides planetariums and immersive theatres with projection equipment, design and installation and maintenance services. Global has completed large-scale international projects and built a strong award-winning brand name, which will support its ongoing growth aspirations.

		Year ended	30 June 2010 (£'000)
Amount invested	£1,133,332	Sales	Not disclosed
Valuation	£2,114,949	Profit/loss before tax	Not disclosed
Equity/voting rights	34.0%	Retained profit/loss	Not disclosed
Valuation methodology	Discounted revenue multiple	Net liabilities	(306)
Percentage of investment portfolio	4.7%		

TFC Europe Limited

is one of Europe's leading technically based suppliers of fixing and fastening products. It supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals, and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company.

		Year ended	31 March 2010 (£'000)
Amount invested	£600,000	Sales	10,110
Valuation	£1,704,529	Profit/loss before tax	452
Equity/voting rights	12.7%	Retained profit/loss	201
Valuation methodology	Discounted price/earnings multiple	Net assets	1,027
Percentage of investment portfolio	3.8%		

BlackRock - ICS International Sterling Liquidity Fund (Heritage)

Amount invested	£2,560,690
Valuation	£2,560,690
Equity/voting rights	n/a
Valuation methodology	Market valuation
Percentage of investment portfolio	5.7%

BlackRock - ICS International Sterling Liquidity Fund (Core)

Amount invested	£2,325,957
Valuation	£2,325,957
Equity/voting rights	n/a
Valuation methodology	Market valuation
Percentage of investment portfolio	5.2%

Foresight 4

Closed Loop Recycling Limited

is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. Following a £15 million private and public sector funding issue led by Foresight Group, the 35,000 tonne capacity plant in Dagenham (East London) is now ramping up volumes following commissioning. The company is enjoying strong market demand and has announced its second UK plant in North Wales. The company is processing 100 tonnes per day and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles. The company may require further funding in the short to medium term from its existing shareholders.

		Year ended	30 June 2009 (£'000)
Amount invested	£2,900,417	Sales	1,533
Valuation	£2,850,417	Profit/loss after tax	(7,315)
Equity/voting rights	13.1%	Retained profit/loss	(7,315)
Valuation methodology	Price of recent funding round	Net liabilities	(4,926)
Percentage of investment portfolio	9.1%		

O-Gen Acme Trek Limited

is based in Staffordshire and develops, builds, owns and operates biomass to energy and combined heat and power ('CHP') plants. The market is driven by government regulation and incentives. Specifically, landfill tax, driving waste operators towards cheaper and more efficient methods of waste disposal such that gate fees will be received by O-Gen from the biomass suppliers. The electricity generated will be sold to the National Grid and attracts Renewable Obligation Certificates ('ROCs') which generate further revenue. The first plant has been completed and is being commissioned. Planning approval has been achieved for three other plants.

		Year ended	31 December 2009 (£'000)
Amount invested	£2,554,999	Sales	17
Valuation	£2,675,657	Profit/loss after tax	(1,751)
Equity/voting rights	25.2%	Retained profit/loss	(1,386)
Valuation methodology	Price of recent funding round	Net assets	(1,049)
Percentage of investment portfolio	8.5%		



The Bunker Secure Hosting Limited

provides ultra secure IT data centre and managed services to companies and public bodies from owned and leased facilities totaling 41,500 square feet in ex-military bunkers at Ash, near Sandwich in Kent, and New Greenham Park in Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses that are concerned with data security and have outsourced their mission critical IT systems. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues. In the year to December 2009, sales increased by 34% to £5.2 million and the company is now generating substantial profits. In order to cope with growing demand, a major capital investment programme is currently being implemented. The Bunker was confirmed as one of the UK's fastest growing technology companies in the Sunday Times Microsoft Tech Track 100 in September 2010.

		Year ended	31 December 2009 (£'000)
Amount invested	£1,018,248	Sales	5,243
Valuation	£2,555,493	Profit/loss after tax	50
Equity/voting rights	9.7%	Retained profit/loss	50
Valuation methodology	Discounted revenue multiple	Net assets	611
Percentage of investment portfolio	8.2%		

Datapath Holdings Limited

is a UK manufacturer of PC based multi-screen computer graphics and video capture hardware, specialising in video wall and data wall technology. Established in 1982 and based in Derbyshire, it provides solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.

		Year ended	31 March 2010 (£'000)
Amount invested	£181,819	Sales	7,580
Valuation	£2,533,806	Profit/loss after tax	1,153
Equity/voting rights	13.3%	Retained profit/loss	908
Valuation methodology	Discounted price/earnings multiple	Net assets	3,947
Percentage of investment portfolio	8.1%		

Diagnos Holdings Limited

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

		Year ended	20 February 2009 to 31 December 2009 (£'000)
Amount invested	£1,000,000	Sales	5,491
Valuation	£2,519,587	Profit/loss before tax	806
Equity/voting rights	11.19%	Retained profit/loss	704
Valuation methodology	Discounted price/ earnings multiple	Net assets	1,797
Percentage of investment portfolio	8.0%		

TFC Europe Limited

is one of Europe's leading technically based suppliers of fixing and fastening products. It supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals, and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company.

		Year ended	31 March 2010 (£'000)
Amount invested	£750,000	Sales	10,110
Valuation	£1,828,323	Profit before tax	452
Equity percentage/voting rights	15.8%	Retained profit/loss	201
Valuation methodology	Discounted price/ earnings multiple	Net assets	1,027
Percentage of investment portfolio	5.8%		

**BlackRock - ICS International Sterling Liquidity Fund (Core)**

Amount invested	£2,222,097
Valuation	£2,222,097
Equity/voting rights	n/a
Valuation methodology	Market valuation
Percentage of investment portfolio	7.1%

BlackRock - ICS International Sterling Liquidity Fund (Heritage)

Amount invested	£1,852,553
Valuation	£1,852,553
Equity/voting rights	n/a
Valuation methodology	Market valuation
Percentage of investment portfolio	5.9%

RBS - Global Treasury Funds plc Sterling Money Fund

Amount invested	£1,785,488
Valuation	£1,785,488
Equity/voting rights	n/a
Valuation methodology	Market valuation
Percentage of investment portfolio	5.7%

Part Eight - Tax Position of Investors

1. Tax reliefs

The following is only a summary of the law concerning the tax position of individual Qualifying Investors in VCTs. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT.

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for Offer Shares under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

(a) Income tax

(i) Relief from income tax on investment

A Qualifying Investor subscribing for Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 in any tax year.

To obtain relief a Qualifying Investor must subscribe on his own behalf although the Shares may subsequently be transferred to a nominee.

The relief is given at the rate of 30 per cent. on the amount subscribed regardless of whether the Qualifying Investor is a higher rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

(ii) Dividend relief

A Qualifying Investor who acquires in any tax year VCT shares (including Shares) having a value of up to a maximum of £200,000 will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

(iii) Purchasers in the market

A Qualifying Investor who purchases existing Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

(iv) Withdrawal of relief

Relief from income tax on a subscription for VCT shares (including Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period as detailed below.

Dividend relief ceases to be available once the Qualifying Investor ceases to own the VCT shares in respect of which it has been given.

(b) Capital gains tax

(i) Relief from capital gains tax on the disposal of Shares

A disposal by a Qualifying Investor of Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

(ii) Purchasers in the market

An individual purchaser of existing Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph b(i) above)

(c) Loss of VCT approval

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

2. Illustration of effect of tax relief for Qualifying Investors

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a Qualifying Investor subscribing for VCT shares to only £7,000:

	Tax relief	Effective cost
Investor unable to claim any tax reliefs	Nil	£10,000
Qualifying investor able to claim full 30 per cent. income tax relief	£3,000	£7,000

The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT. For example, after launch costs of 5.5 per cent. an investment of £10,000 would show an immediate return of 35 per cent. over the base cost of £7,000 after income tax relief. (Income tax relief is only available if the shares are held for the minimum holding period of five years).

The limit for obtaining income tax relief on investments in VCTs is £200,000 in each tax year.

3. Obtaining tax reliefs

The Companies will provide to each Qualifying Investor a certificate which the Qualifying Investor may use to claim income tax relief, either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

4. Investors not resident in the UK

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

Part Nine - Tax Position of the Companies

The Companies each have to satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below.

1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70 per cent. by VCT Value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent. by VCT Value must be in eligible shares;
- (e) have at least 10 per cent. by VCT Value of each Venture Capital Investment in eligible shares;
- (f) not have more than 15 per cent. by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (g) not retain more than 15 per cent. of its income derived from shares and securities in any accounting period.

2. Venture Capital Investments

A Venture Capital Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Parts 3 and 4 of Chapter 6 of the Tax Act and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in any period of six months straddling two tax years). The £1 million limit applies separately to each Company.

The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £7 million immediately before and £8 million immediately after the investment (£15 million and £16 million respectively for funds raised before 6 April 2006), apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding. In addition, to be qualifying holdings, VCT funds raised after 5 April 2007 must invest in companies which have no more than 50 full time (equivalent) employees and do not obtain more than £2 million of investment from VCTs, companies under the corporate venturing scheme and individuals claiming relief under the Enterprise Investment Scheme in any rolling twelve month period.

3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on PLUS Markets and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter). The company's trade must be carried on wholly or mainly in the UK (such requirement to be amended to the company having a permanent establishment in the UK from 6 April 2011), but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 per cent. owned.

4. Approval as a VCT

A VCT must be approved at all times by HM Revenue & Customs. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HM Revenue & Customs is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

Both Companies have each received HM Revenue & Customs approval as a VCT.

5. Withdrawal of approval

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

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



2K MANUFACTURING, IN WHICH FORESIGHT 3 VCT IS AN INVESTOR, IS A PLASTICS RECYCLER PRODUCING SUSTAINABLE AND RECYCLABLE "ECOSHEET", AN ALTERNATIVE TO PLYWOOD BOARD

Part Ten - Other Information

Life of the Companies

It is intended that the Companies should have an unlimited life, but also that Shareholders should have the opportunity to review the future of the Companies at appropriate intervals.

The Articles of each Company contain provisions requiring the relevant Board to put a proposal to its Company's Shareholders for the continuation of the relevant Company following the fifth anniversary of the last allotment of shares in that Company.

A general meeting of the relevant Company will be called to propose resolutions as required by the decision of the Shareholder's of that Company.

CREST

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

Capitalisation and indebtedness

(a) Foresight 3

As at 6 January 2011 (the latest practicable date prior to publication of this document), Foresight 3 had no indebtedness, whether guaranteed, secured, unsecured, due and/or contingent and there is no intention of incurring any such indebtedness for at least the twelve month period from the date of this document.

The following table shows the capitalisation of Foresight 3 as at 30 September 2010, the most recent date in respect of which the unaudited half-yearly report of Foresight 3 has been published.

	£'000
Shareholders' equity	463
Legal reserve	30,552
Other reserves	1,850
Profit and loss reserve (or equivalent)	13,303

There has been no material change to the capitalisation of Foresight 3 since 30 September 2010 and 6 January 2011, the latest practicable date before the publication of this document.

(b) Foresight 4

As at 6 January 2011 (the latest practicable date prior to publication of this document), Foresight 4 had no indebtedness, whether guaranteed, secured, unsecured, due and/or contingent and there is no intention of incurring any such indebtedness for at least the twelve month period from the date of this document.

The following table shows the capitalisation of Foresight 4 as at 31 August 2010, the most recent date in respect of which the unaudited half-yearly report of Foresight 4 has been published.

	£'000
Shareholders' equity	321
Legal reserve	20,411
Other reserves	1,840
Profit and loss reserve (or equivalent)	10,809

There has been no material change to the capitalisation of Foresight 4 since 31 August 2010 and 6 January 2011, the latest practicable date before the date of publication of this document.

Working capital statements

Foresight 3 is of the opinion that its working capital is sufficient for its present requirements, that is for the twelve month period following the date of this document.

Foresight 4 is of the opinion that its working capital is sufficient for its present requirements, that is for the twelve month period following the date of this document.

Shareholder Authorities

Foresight 3

The following special resolutions of Foresight 3 will be proposed at the Foresight 3 Extraordinary General Meeting to be held on 11 January 2011:

- in substitution of existing authorities, the Foresight 3 Directors be and hereby are authorised, in accordance with Section 551 of the CA 2006 to exercise all the powers of Foresight 3 to allot shares in the Foresight 3 and to grant rights to subscribe for or to convert any security into shares in Foresight 3 ("Rights") up to an aggregate nominal amount of £215,000 during the period commencing on the passing of this resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by Foresight 3 in a general meeting) but so that this authority shall allow Foresight 3 to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry;
- in substitution of existing authorities, the Foresight 3 Directors be and hereby are authorised, pursuant to Sections 570 and 573 of the CA 2006 to allot or make offers or agreements to allot equity securities

(which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to paragraph (a) above or by way of a sale of treasury shares, as if Section 561(1) of the CA 2006 did not apply to such allotment, provided that the power provided shall expire on the conclusion of the annual general meeting of Foresight 3 to be held in 2011 and provided further that this power shall be limited to:

- (i) the allotment and issue of equity securities up to an aggregate nominal value representing £125,000 in connection with the Offer;
- (ii) the allotment and issue of equity securities up to an aggregate nominal value representing 5 per cent. of the issued share capital immediately following the final issue of shares in Foresight 3 pursuant to the Offer; and
- (iii) the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital immediately following the final issue of shares in Foresight 3 pursuant to the Offer

in each case, where the proceeds of which may in whole or part be used to purchase shares in the Company; and

- (c) in substitution of existing authorities, Foresight 3 be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the CA 2006 of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - (i) the aggregate number of shares which may be purchased shall not exceed 8,800,000;
 - (ii) the minimum price which may be paid per share is 1p, the nominal value thereof;
 - (iii) the maximum price which may be paid per share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotation per share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased; and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
 - (iv) the authority conferred shall expire on the conclusion of the annual general meeting of Foresight 3 to be held in 2011 unless such authority is renewed prior to such time; and
 - (v) Foresight 3 may make a contract to purchase shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.

Foresight 4

The following special resolutions of Foresight 4 will be passed at the Foresight 4 Extraordinary General Meeting to be held on 11 January 2011:

- (a) in substitution of existing authorities, the Foresight 4 Directors be and hereby are authorised, in accordance with Section 551 of the CA 2006 to exercise all the powers of Foresight 4 to allot shares in Foresight 4 and to grant rights to subscribe for or to convert any security into shares in Foresight 4 ("Rights") up to an aggregate nominal amount of £200,000 during the period commencing on the passing of the resolution and expiring on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by Foresight 4 in a general meeting) but so that this authority shall allow Foresight 4 to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry;
- (b) in substitution of existing authorities, the Foresight 4 Directors be and hereby are authorised, pursuant to Sections 570 and 573 of the CA 2006 to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the CA 2006) for cash pursuant to the authority given pursuant to paragraph (a) above or by way of a sale of treasury shares, as if Section 561(1) of the CA 2006 did not apply to such allotment, provided that the power provided shall expire on the conclusion of the annual general meeting of Foresight 4 to be held in 2011 and provided further that this power shall be limited to:
 - (i) the allotment and issue of equity securities up to an aggregate nominal value representing £125,000 in connection with the Offer;
 - (ii) the allotment and issue of equity securities up to an aggregate nominal value representing 5 per cent. of the issued share capital immediately following the final issue of shares in Foresight 4 pursuant to the Offer; and
 - (iii) the allotment and issue of equity securities up to an aggregate nominal value representing 10 per cent. of the issued share capital immediately following the final issue of shares in Foresight 4 pursuant to the Offer;

in each case, where the proceeds of which may in whole or part be used to purchase shares in Foresight 4; and

- (c) in substitution for existing authorities, Foresight 4 be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the CA 2006 of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
- (i) the aggregate number of shares which may be purchased shall not exceed 6,700,000;
 - (ii) the minimum price which may be paid per share is 1p, the nominal value thereof;
 - (iii) the maximum price which may be paid per share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotation per share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such share is to be purchased; and (b) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
 - (iv) the authority conferred shall expire on the conclusion of the annual general meeting of Foresight 4 to be held in 2011 unless such authority is renewed prior to such time; and
 - (v) Foresight 4 may make a contract to purchase shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of such shares.
- (b) However no such recommendation shall be made or interim dividend paid unless it appears to the directors to be justified by the position of the Company in accordance with the respective rights of the members. The capital and assets of the Company shall on a winding up or other return of capital be applied pro rata to Shareholders, save as otherwise provided for any class of share in the Company.

Voting rights

- (a) Subject to the provisions of the Companies Acts or any special terms as to voting which any shares of the Company may have been given or may for the time being be held, on a show of hands, every member who is present in person or by proxy at any general meeting of the Company shall have one vote and on a poll, every member shall have one vote for every share of which he is the holder. A proxy need not be a member of the Company.
- (b) The appointment of a proxy shall if in the form of an instrument be delivered to the registered office or at such other specified place in the UK or if in an electronic form be received at any specified address not less than 48 hours (during business hours) before the time appointed for holding the meeting.
- (c) In respect of the Company no member shall, unless the Board otherwise determines, be entitled to vote, either personally or by proxy, or to be reckoned in a quorum at any general meeting or separate meeting of the holders of any class of shares in the capital of the Company unless all monies presently payable in respect of the member's share(s) have been paid.
- (d) Subject to the provisions of the Companies Acts or any special terms as to voting which any shares of the Company may have been given or may for the time being be held, no shareholders in the Company will have different voting rights per share than any other Shareholder.

Share rights

The following provisions apply to each of the Companies, mutatis mutandis, unless otherwise stated. References in this section to "the Company" mean the relevant Company, references to the Board mean the relevant Board and references to "Directors" mean the directors of the relevant Company from time to time.

Dividends and assets on a winding up

- (a) The members of the Company may declare a final dividend in accordance with the respective rights of the members by passing an ordinary resolution at a general meeting of the Company. No such dividend may exceed the amount recommended by the directors.

The Directors may at any time and in accordance with the Companies Acts;

- (i) recommend to the shareholders that a final dividend be declared and recommend the amount of any such dividend; and
- (ii) pay a distribution by way of an interim dividend out of the profits of the Company,

Variation of class rights

Unless expressly provided by the rights attached to any share or class of shares, the rights of any class of shares shall be deemed to be varied (if at any time the capital of the Company is divided into different classes of shares), by the reduction of the capital paid up on that share or class of shares (otherwise than by a purchase or redemption by the Company of its own shares). Without prejudice to any other restrictions on the variation of rights, under the CA 2006, rights attached to any share or class of shares in the Company may be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class of the Company, or with the sanction of a special resolution passed at a separate meeting of the holders of such shares.

Issue of Shares

- (a) The Board has general and unconditional authority to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 551 amount, for each prescribed period. The prescribed period means any period for which the authority conferred by the Articles is given by ordinary or special resolution stating the section 551 amount and/or the power conferred by the Articles is given by special resolution stating the section 561 amount. The section 551 amount means, for any prescribed period, the amount stated in the relevant special resolution. The section 561 amount means, for any prescribed period, the amount stated in the relevant special resolution. Under the CA 2006, the authority so given may at any time (subject to the said section 551) be renewed or further renewed for a further period not exceeding five years, revoked or varied by ordinary resolution of the Company in general meeting.
- (b) The Board is empowered for each prescribed period to allot equity securities for cash pursuant to an authority conferred under the Articles as if section 561(1) of the CA 2006 did not apply to any such allotment provided that its power is limited to the allotment of equity securities in connection with a pre-emptive issue or otherwise, by the allotment or deemed allotment of equity securities equal to the section 561 amount.

Transfer of Shares

- (a) Subject to such of the restrictions of the Companies Acts as may be applicable, any member may transfer all or any of his Shares by an instrument of transfer in writing in any usual form or in any other form approved by the Board. Such instruments shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) the transferee.
- (b) The Board may decline to register any transfer unless the instrument of transfer, duly stamped, is lodged with the Company accompanied by the certificate for the Shares to which it relates together with such other evidence as the Board may reasonably require, and the transfer is in respect of only one class of share and, in the case of a transfer to joint holders, the number of joint holders does not exceed four.
- (c) All transfers of shares in certificated form may be effected by a transfer in writing in any usual form or any other form approved by the Board.

The instrument of transfer of any such certificated shares shall be executed by or on behalf of the transferor and, in the case of partly paid shares, by or on behalf of the transferee. The Board may refuse to register any transfer of a partly paid share, provided that such refusal does not prevent dealings taking place on an open and proper basis.

Dilution

If the Offer is fully subscribed (assuming an Offer Price of 106.0p per Foresight 3 Share and assuming no Shareholder commission Offer Shares are issued), the existing 46,173,769 Foresight 3 Shares would represent 83 per cent. of the enlarged issued Foresight 3 Share capital.

If the Offer is fully subscribed (assuming an Offer Price of 111.0p per Foresight 4 Share and assuming no Shareholder commission Offer Shares are issued) the existing 31,962,265 Foresight 4 Shares would represent 78 per cent. of the enlarged issued Foresight 4 Share capital.

Significant change

There has been no significant change in the financial or trading position of Foresight 3 since 30 September 2010, the date to which last unaudited half-yearly report for Foresight 3 has been published.

There has been no significant change in the financial or trading position of Foresight 4 since 31 August 2010, the date to which last unaudited half-yearly report for Foresight 4 has been published.

Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on weekdays, Saturdays and public holidays excepted, at the offices of Martineau, 35 New Bridge Street, London EC4V 6BW whilst the Offer is open.

- the Memoranda and Articles of the Companies;
- the audited financial statements for Foresight 3 for the years ended 31 March 2008, 2009 and 2010 and the half-yearly report for the six month period to 30 September 2010;
- the audited financial statements for Foresight 4 for the years ended 29 February 2008 and 28 February 2009 and 2010 and the half-yearly report for the six month period to 31 August 2010;
- the material contracts referred to in paragraph 5 of Parts I and II of the Registration Document; and
- the Prospectus

Part Eleven - Definitions

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

"Admission"	the date on which Offer Shares allotted pursuant to the Offer are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's market for listed securities
"AIM"	the Alternative Investment Market
"Articles"	the articles of association of Foresight 3 and/or Foresight 4, as the context permits
"BDO"	BDO LLP
"Boards"	the board of directors of Foresight 3 and Foresight 4 (and each "a Board")
"Business Days"	any day (other than a Saturday) on which clearing banks are open for normal banking business in sterling
"CA 1985"	Companies Act 1985 (as amended)
"CA 2006"	Companies Act 2006 (as amended)
"Companies"	Foresight 3 and Foresight 4 (and each "a Company")
"Companies Acts"	CA 1985 and CA 2006
"Directors"	the directors of Foresight 3 and/or Foresight 4 from time to time, as the context permits (and each a "Director")
"Extraordinary General Meetings"	the Foresight 3 Extraordinary General Meeting and the Foresight 4 Extraordinary General Meeting
"Foresight 3"	Foresight 3 VCT plc
"Foresight 3 Annual Reports"	the annual report and financial statements for the years ended 31 March 2008, 2009 and 2010 of Foresight 3
"Foresight 3 C Shares"	C ordinary shares of 1p each in the capital of Foresight 3 allotted to shareholders of Enterprise VCT plc upon its merger with Foresight 3 prior to the subsequent redesignation of this share class to Foresight 3 Shares
"Foresight 3 Extraordinary General Meeting"	the extraordinary general meeting of Foresight 3 convened for 11 January 2011
"Foresight 3 Shares"	ordinary shares of 1p each in the capital of Foresight 3 (ISIN number GB00B3QF3772)
"Foresight 4"	Foresight 4 VCT plc
"Foresight 4 Annual Reports"	the annual report and financial statements for the years ended 29 February 2008 and 28 February 2009 and 2010 of Foresight 4
"Foresight 4 Extraordinary General Meeting"	the extraordinary general meeting of Foresight 4 convened for 11 January 2011
"Foresight 4 Shares"	ordinary shares of 1p each in the capital of Foresight 4 (ISIN number GB00B07YBS95)
"Foresight Group"	Foresight Group LLP, which is authorised and regulated by the FSA
"FSA"	the Financial Services Authority
"IPEVC Valuation Guidelines"	the International Private Equity and Venture Capital Valuation Guidelines
"Listing Rules"	the Listing Rules of the UK Listing Authority
"London Stock Exchange"	London Stock Exchange plc
"Memorandum"	the memorandum of association of Foresight 3 or Foresight 4, as the context permits (together "the Memoranda")
"Money Market Funds"	money market funds, government securities or other liquid assets
"NAV" or "net asset value"	the net asset value of a company calculated in accordance with that company's normal accounting policies

"Offer"	the offer for subscription of Offer Shares as described in the Prospectus
"Offer Price"	the price at which the Offer Shares will be allotted in each Company pursuant to the Pricing Formula of the Offer
"Offer Shares"	Shares in Foresight 3 and Foresight 4 being offered for subscription pursuant to the Prospectus
"Official List"	the official list of the UK Listing Authority
"Old Foresight 3 Ordinary Shares"	ordinary shares of 1p each in the capital of Foresight 3 before the restructuring of the share capital of Foresight 3 on 24 July 2009
"Pricing Formula"	the formula to calculate the Offer Price of the Offer Shares as set out in this Securities Note
"Prospectus"	together the Registration Document, the Securities Note and the Summary
"Prospectus Rules"	the prospectus rules of the UK Listing Authority
"Qualifying Company"	an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
"Qualifying Investor"	an individual aged 18 or over who is resident in the United Kingdom and who invests in the Company
"Receiving Agent"	The City Partnership (UK) Limited
"Registrar"	Computershare Investor Services plc
"Registration Document"	the registration document issued by the Companies dated 7 January 2011 in connection with the Offer
"Regulations"	the Uncertificated Securities Regulations 1995
"Resolutions"	resolution 1 to be proposed at each of the Extraordinary General Meetings
"Securities Note"	this document
"Shareholders"	holders of Shares in one or both of the Companies (as the context permits) (and each a "Shareholder")
"Shares"	Foresight 3 Shares and/or Foresight 4 Shares (as the context permits)
"Summary"	the summary issued by the Companies dated 7 January 2011 in connection with the Offer
"the Tax Act"	the Income Tax Act 2007 (as amended)
"Total Return"	the aggregate value of an investment or collection of investments comprising net asset value, valued where appropriate in accordance with IPEVC Valuation Guidelines, plus the aggregate amount of all distributions (both revenue and capital) made
"UKLA" or "UK Listing Authority"	the FSA in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions (including the District of Columbia)
"VCT Value"	the value of an investment calculated in accordance with Section 278 of the Tax Act
"Venture Capital Investments"	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 to the Tax Act
"Venture Capital Trust" or "VCT"	a venture capital trust as defined in Section 259 of the Tax Act

Part Twelve - Application for Offer Shares

Terms and conditions of application

1. The Offer is conditional on the approval of Shareholders of the Resolutions to be proposed at the Extraordinary General Meetings. If such Resolutions are not approved, the Offer will lapse and subscription monies will be returned without interest.
2. The contract created by the acceptance of applications in the manner herein set out will be conditional on the admission of the Offer Shares of the Companies being issued to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities unless otherwise so resolved by the Board of the relevant Company in which Shares are being issued. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by Foresight 4 (on behalf of the Companies) in a separate account with all other application monies.
3. The Companies reserve the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts. In the meantime, application monies will be retained by Foresight 4 (on behalf of the Companies) in a separate account.
4. By completing and delivering an Application Form, you (as the applicant):
 - a) irrevocably offer to subscribe for the amount of money specified in your Application Form which will be applied to purchase Offer Shares, subject to the provisions of (i) the Prospectus (including any supplementary prospectus issued by the Companies and filed with the FSA), (ii) these terms and conditions and (iii) the Memoranda and Articles;
 - b) authorise the Companies' Registrar to send definitive documents of title for the number of Offer Shares for which your application is accepted and to procure that your name is placed on the registers of members of the Companies in respect of such Offer Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
 - c) in consideration of the Companies agreeing that they will not, prior to the closing date of the Offer, offer any Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Companies which will become binding upon despatch by post or delivery by hand of your Application Form duly completed to the Companies' receiving agent, The City Partnership (UK) Limited;
 - d) agree and warrant that your cheque or banker's draft will be presented for payment on receipt and will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive certificates for the Offer Shares applied for or to enjoy or receive any rights or distributions in respect of such Offer Shares unless and until you make payment in cleared funds for such Offer Shares and such payment is accepted by the Companies (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Companies of such late payment in respect of such Offer Shares, the Companies may (without prejudice to its other rights) treat the agreement to allot such Offer Shares as void and may allot such Offer Shares to some other person in which case you will not be entitled to any refund or payment in respect of such Offer Shares (other than return of such late payment);
 - e) agree that Foresight 4 will hold (on behalf of the Companies) any monies in respect of your application on trust for the payment of the Offer Price in respect of Offer Shares for which you have applied (to the extent that such application is not accepted such monies will be returned to you without interest, which interest will be paid to the Companies);
 - f) agree that any documents of title and any monies returnable to you may be retained by Foresight 4 (on behalf of the Companies) pending clearance of your remittance and that such monies will not bear interest, any monies not used to purchase Offer Shares of an amount less than £1 will not be returnable and will be equally retained by the Companies for use by the Companies for any purpose;

- g) agree that any monies refundable to you may be retained by Foresight 4 (on behalf of the Companies) pending clearance of your remittance and any verification of identity which is, or which the Companies or the Receiving Agent may consider to be, required for the purposes of the Money Laundering Regulations 2007 and that such monies will not bear interest;
 - h) agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - i) agree that, in respect of those Offer Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by notice of acceptance thereof by The City Partnership (UK) Limited;
 - j) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;
 - k) agree that, having had the opportunity to read the Prospectus and any supplementary prospectus issued by the Companies and filed with the FSA, you shall be deemed to have had notice of all information and representations concerning the Companies contained herein and any supplementary prospectus issued by the Companies and filed with the FSA (whether or not so read);
 - l) confirm that in making such application you are not relying on any information or representation in relation to the Companies other than those contained in the Prospectus (including any supplementary prospectus issued by the Companies and filed with the FSA) and you accordingly agree that no person responsible solely or jointly for the Prospectus (including any supplementary prospectus issued by the Companies and filed with the FSA) or involved in the preparation thereof shall have any liability for any such information or representation;
 - m) confirm that you have reviewed the restrictions contained in paragraphs 5 and 6 below and warrant as provided therein;
 - n) warrant that you are not under the age of 18 years;
 - o) agree that such Application Form is addressed to the Companies, BDO LLP and The City Partnership (UK) Limited;
 - p) agree to provide the Companies and/or The City Partnership (UK) Limited with any information which it may request in connection with your application and/or in order to comply with the venture capital trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);
 - q) warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Companies, BDO LLP, The City Partnership (UK) Limited or Foresight Group acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
 - r) agree that BDO LLP and Foresight Group will not regard you as its customer by virtue of your having made an application for Offer Shares or by virtue of such application being accepted; and
 - s) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring Offer Shares and that the Offer Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.
5. No action has been or will be taken in any jurisdiction by, or on behalf of, the Companies which would permit a public offer of Offer Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the UK. No person receiving a copy of this document (the Securities Note), the Registration Document, the Summary (including any supplementary prospectus issued by the Companies and filed with the FSA) or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used

without contravention of any registration or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application for Offer Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Offer Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdictions (the "USA"). In addition, the Companies have not been and will not be registered under the United States Investment Advisers Act of 1940, as amended. No application will be accepted if it bears an address or post mark in the USA.

6. The basis of allocation will be determined by the Companies (after consultation with BDO LLP) in their absolute discretion. Existing Shareholders have a priority period to 28 February 2011. It is intended that applications will otherwise generally be accepted in the order in which they are received. The Offer will be closed at 12.00 noon on 30 June 2011 or as soon as full subscription is reached (unless extended by the Directors in their absolute discretion or closed earlier at their discretion). The Directors may, in their absolute discretion, also decide to increase the Offer (such increase to be completed by, and subject to, the issue of a supplementary prospectus). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted (or if the Offer is withdrawn) will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Application Procedures set out on page 48. In particular, but without limitation, the Companies (after consultation with BDO LLP) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these Terms and Conditions. The Offer is not underwritten. The Offer will be suspended if at any time any of the Companies are prohibited by statute or other regulations from issuing Offer Shares.
7. Save where the context requires otherwise, terms defined in the Prospectus and any supplementary prospectus filed with the FSA bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.
8. Applicants who are existing Shareholders will be paid commission of 1 per cent. of the amount invested in relation to successful applications received by 28 February 2011, which will be used to purchase additional Offer Shares in each Company at the same Offer Price (rounded down to the nearest whole Offer Share). Such applicants accordingly instruct the Companies to retain such commission payable and apply it to purchase such additional Offer Shares on this basis. No further commissions or fees will be payable in respect of the Offer Shares issued pursuant to commissions. The commission payable may not be taken as a cash payment.
9. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp or full address details and FSA number will normally be paid 2.25 per cent. commission on the amount payable by the applicant in respect of the Offer Shares allocated for each such Application Form. In addition, provided that the intermediary continues to act for the client and the client continues to hold or be the beneficial owner of such Offer Shares, they will usually be paid an annual trail commission of 0.375 per cent. of the net asset base value (as determined from the audited annual accounts of the relevant Company) for each such Offer Share held by the applicant. For this purpose, "net asset base value" means the net assets attributable to the Offer Share held by the applicant in question as determined from the audited annual accounts of the relevant Company as at the end of the preceding financial year.

It is expected that annual trail commission will be paid five months after the year end of the relevant Company in each year. The administration of annual trail commission will be managed on behalf of the Companies by Foresight Fund Managers Limited which will maintain a register of intermediaries entitled to trail commission. The Companies shall be entitled to rely on a notification from a client that he has changed his adviser, in which case, the trail commission will cease to be payable to the original adviser and will be payable to the new adviser. No payment of trail commission by the Companies shall be made to the extent that the cumulative trail commission including initial commission would exceed 4.5 per cent. of the Offer Price of each

such Offer Share held by the applicant. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp or full address details to substantiate any claim for selling commission.

The City Partnership (UK) Limited will collate the Application Forms bearing the financial intermediaries' stamps or full address details and calculate the initial commission payable which will be paid monthly.

10. Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived and such amount invested for commission Offer Shares.

Lodging of Application Forms and dealing arrangements

Completed Application Forms with the appropriate remittance must be posted or delivered by hand to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF. The Offer opens on 7 January 2011 and will close on 30 June 2011 (or earlier if fully subscribed or at the discretion of the Boards).

The Boards in their absolute discretion may also decide to increase the Offer. If you post your Application Form, you are recommended to use first class post and to allow at least two Business Days for delivery.

It is expected that dealings in the Offer Shares will commence within three Business Days following allotment and that share certificates will be despatched within seven Business Days of allotment of the Offer Shares. Allotments will be announced on a regulatory information service.

Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

To the extent that any application is not accepted any payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

Application Procedures

Before making any application to acquire Offer Shares you are strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. To fill out the Application Form:

> BOX 1

Insert your full name and address in BLOCK CAPITALS. Individuals can only apply on their own behalf and in their own name. You must be the beneficial owner of the Offer Shares issued to you pursuant to the Offer. You must not use a nominee name, as this will jeopardise your entitlement to tax reliefs. You must also give your own address, full postcode, date of birth and National Insurance Number. Telephone numbers will only be used in case of a query with regard to your application.

> BOX 2

Insert (in figures) the total amount you wish to invest. Your application must be for a minimum of £5,000 and thereafter in multiples of £500.

If you are paying by cheque please make it payable to "Foresight 3 VCT and Foresight 4 VCT Offer".

Cheques must be honoured on first presentation. A separate cheque must accompany each application. No receipt for your payment will be issued. The cheque or banker's draft must be drawn in sterling on an account at a bank branch or building society in the United Kingdom or the Channel Islands and bear a bank sort code number in the top right hand corner. You may, if you wish, use a personal cheque drawn by someone else, in which case your full name and address should be written on the back of the other person's cheque. Additionally, if you use a building society cheque or banker's draft, you should write the name, address and date of birth of the person named in Box 1 of the Application Form on the back of the cheque or banker's draft. Any monies not accepted will be returned by the applicant's cheque or banker's draft or by sending a cheque crossed "Account Payee Only" in favour of the applicant.

> BOX 3

Please tick the related box if you are an existing Shareholder of Foresight 3 and/or Foresight 4 to receive the Shareholder commission payable at 1 per cent. of the amount invested to be reinvested in purchasing additional Offer Shares at the same Offer Price.

> BOX 4

Sign and date the form. If the form is signed on your behalf by an attorney or other agent, that person should state on the form the capacity in which they are signing and the original power(s) of attorney or a copy thereof duly certified by a solicitor must be enclosed for inspection and will be returned in due course.

Money Laundering Notice - Important Procedures for Applications of the Sterling equivalent of €15,000 (£13,000 approx) or more. The verification requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the applicant may be required. Failure to provide the necessary evidence of identity may result in your application being treated as invalid or in a delay of confirmation. If The City Partnership (UK) Limited has previously received the appropriate documents, please indicate this on the form and you will not need to provide them again.

If the application is for the Sterling equivalent of €15,000 or more (or is one of a series of linked applications the value of which exceeds that amount):

A Verification of the investor's identity may be provided by means of a "Letter of Introduction", from an intermediary or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EC financial institution (such as a bank). The City Partnership (UK) Limited will supply specimen wording on request;

or

B If an application is made direct (not through an intermediary), you must ensure that the following documents are enclosed with the Application Form:

1. either a certified copy of your passport or driving licence; and
2. a recent (no more than three months old) original bank or building society statement, or utility bill, or recent tax bill, in your name.

Copies should be certified by a solicitor or bank. Original documents will be returned by post at your risk. If a cheque is drawn by a third party, the above will also be required from that third party.

Application Form

FORESIGHT 3 VCT PLC & FORESIGHT 4 VCT PLC ("the Companies")

This Application Form should be completed in full and sent by post or by hand addressed to: Foresight VCTs Offer, The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF. This Application Form should be returned as soon as possible, but in any case so as to be received no later than **12.00 noon on 5 April 2011** for applications for the 2010/2011 tax year.

Before completing this Application Form you should read the Terms and Conditions of Application on pages 44 to 47 and the Application Procedures on page 48.

The application list will open on 7 January 2011 and will be closed at any time thereafter (provided the Offer is fully subscribed or otherwise at the Directors' discretion).

> BOX 1

Title: Mr/Mrs/Miss/Dr/Other

Forenames

Surname(s)

Address

Post Code

Telephone (work)

Telephone (home)

Date of Birth

National Insurance Number

I offer to subscribe for the following amount in the Companies for Offer Shares on the Terms and Conditions of Application as set out in the Securities Note dated 7 January 2011, the Prospectus and subject to the Memoranda and Articles of the Companies. Definitions used in the Securities Note apply herein. Applications must be for a minimum of £5,000 and thereafter in multiples of £500.

> BOX 2

Total	Tax year 2010/11	2011/12
£	£	£

I enclose a cheque or banker's draft drawn on a UK clearing bank, made payable to "Foresight 3 VCT and Foresight 4 VCT Offer".

> BOX 3

I am an existing Shareholder in Foresight 3 ☐ Foresight 4 ☐

(please tick if applicable to receive Shareholder commission Offer Shares)

> BOX 4

Signature of Applicant

Date

Intermediaries to complete (FSA No. must be quoted)

Name of Financial Adviser

FSA No.

Title Mr/Mrs/Miss

Forenames

Surname

Email address

Telephone

Name of Administrator/Support Staff

Title Mr/Mrs/Miss

Forenames

Surname

If commission is to be paid to a network or head office, please give details:

Insert the amount of the commission (up to a maximum of 2.25 per cent.) that you wish to be waived and invested in additional Shares for your client:

Intermediary Bank Details

Account Name

Bank / Building Society

Sort Code

Account Number

Data protection Foresight Group LLP and The City Partnership (UK) Limited will use the information you give for administration, research and statistical purposes. Information provided by you will be held in confidence by Foresight Group LLP and The City Partnership (UK) Limited and will not be passed on to any other product or service companies. Your details may be used by Foresight Group LLP and The City Partnership (UK) Limited to send you information on other products and services they offer. If you would prefer not to receive such information, please tick this box. ☐

Corporate Information for the Companies

Directors (Non-executive)

Foresight 3

Graham Ross Russell (Chairman)
Peter Frederick Dicks
Thomas James Maxwell

Foresight 4

Philip Henry Peter Stephens (Chairman)
Christopher Roger Ettrick Brooke
Peter Frederick Dicks

Registered Office and Head Office

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

Telephone Number

01732 471800

Company Registration Numbers

Foresight 3 - 03121772
Foresight 4 - 03506579

Website

www.foresightgroup.eu

Company Secretary and Accountant

Foresight Fund Managers Limited

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

Investment Manager and Promoter

Foresight Group LLP

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

Solicitors and VCT Status Adviser

Martineau

No. 1 Colmore Square
Birmingham B4 6AA

Sponsor

BDO LLP

125 Colmore Row
Birmingham B3 3SD

Auditors

KPMG Audit plc

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Registrars

Computershare Investor Services PLC

P.O. Box 859
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Receiving Agent

The City Partnership (UK) Limited

Thistle House
21 Thistle Street
Edinburgh EH2 1DF

Broker

Singer Capital Markets Limited

1 Hanover Street
London W15 1YZ

Bankers

Barclays Bank plc

54 Lombard Street
London EC3P 3AH