

## SUMMARY

### Foresight<sub>3</sub> Foresight<sub>4</sub>

This Summary, which is dated 7 January 2011, should be read as an introduction to the Prospectus which comprises this document, the Securities Note and the Registration Document. Any decision to invest in the offer ("Offer") for ordinary shares in Foresight 3 VCT plc ("Foresight 3") and Foresight 4 VCT plc ("Foresight 4") ("Offer Shares") should be based on a consideration of the Prospectus as a whole by the investor.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches to those persons who are responsible for the Summary including any translation of the Summary, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

#### The Offer

Indicative Offer timetable	
Offer opens	7 January 2011
Offer closes	12 noon on 30 June 2011
Allotment	monthly or as required
Effective date for the listing of the Offer Shares and commencement of dealings	within three Business Days following allotment
Offer 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.	

The typical investor for whom investment in the Companies is designed is a retail investor who is an individual higher rate tax payer aged 18 or over and who is resident in the United Kingdom.

<b>Offer statistics</b>	
Maximum amount to be raised for each Company	£10,000,000
Minimum investor's investment (to be split equally between Foresight 3 and Foresight 4)	£5,000
Latest unaudited and restated NAV per Foresight 3 Ordinary Share (as at 30 September 2010)	99.6p
Latest unaudited NAV per Foresight 4 Ordinary Share (as at 31 August 2010)	104.1p
Estimated Offer Price per Foresight 3 Ordinary Share (based on above unaudited NAV per Foresight 3 Ordinary Share )	106.0p
Estimated Offer Price per Foresight 4 Ordinary Share (based on above unaudited NAV per Foresight 4 Ordinary Share)	111.0p
<b>Costs and commissions relating to the Offer</b>	
Offer costs as a percentage of the gross proceeds (excluding annual trail commission)	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)	1.0%
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%

### **Offer Price**

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 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.**

### **Foresight Shareholder commission**

Existing Shareholders of the Companies will 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 (rounded down to the nearest whole number of Offer Shares). No further fees or commission will be due in respect of shares issued pursuant to Shareholder commissions.

### **Reasons for the Offer**

The Boards and Foresight Group believe there are a number of reasons why investors should give

strong consideration to this Offer:

1. Tax benefits - 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 an 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
2. Track record - The respective performances since Foresight Group's appointment as investment manager of the Companies are, on a Total Return basis (including distributions), an increase of 24.4 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.
3. Award winning Investment manager- 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, while Foresight 3 was voted VCT of the Year for 2010 at the recent Investor Allstars Awards.
4. Advantageous time in the economic cycle - 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.
5. Strong 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 in for the last few years.
6. Established portfolios - Foresight 3 and Foresight 4 both have established and diversified portfolios, each containing more than 50 companies combined and the Boards believe that the current portfolios are progressing well.

### **Admission of Offer Shares**

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 for the admission of such Offer Shares to trading on its market for listed securities.

### **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

### **Summary of the Investment Policies**

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.

### **Foresight 3**

Foresight 3 was launched in November 1995 and is an established VCT. The Foresight 3 Ordinary Shares have a net asset value (unaudited) as at 30 September 2010 of approximately £46.16 million, of which approximately £8.75 million is held in cash and cash equivalents (derived from Foresight 3's unaudited internal accounting records). Foresight 3 has paid dividends of 23.7p per Foresight 3 Share (restated) since December 2006.

### **Foresight 4**

Foresight 4 was launched in February 1998 and is an established VCT. The Foresight 4 Ordinary Shares have a net asset value (unaudited) as at 31 August 2010 of approximately £33.38 million, of which approximately £8.95 million is held in cash and cash equivalents (derived from Foresight 4's unaudited internal accounting records). Foresight 4 has paid dividends of 22.5p per Foresight 4 Share since December 2005.

### **The Boards**

The Board of each Company comprises three non-executive directors:

- Foresight 3: Graham Ross Russell (Chairman), Tom Maxwell and Peter Dicks; and
- Foresight 4: Philip Stephens (Chairman), Roger Brooke and Peter Dicks.

All of the Directors (except Peter Dicks) are independent. The Boards have substantial experience of venture capital businesses and overall responsibility for their Company's affairs.

### **Foresight Group**

Foresight Group is the investment manager to Foresight 3 and Foresight 4. Their appointment may be terminated in respect of each Company by not less than twelve months' notice (after the initial appointment term to 31 March 2011 has elapsed for Foresight 3).

### **Share capital**

At the date of this document, 46,173,769 Foresight 3 Shares (£461,737.69 nominal share capital) and 31,962,295 Foresight 4 Shares (£319,622.65 nominal share capital) were in issue.

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 31,962,295 Foresight 4 Shares would represent 78 per cent. of the enlarged issued Foresight 4 Share capital.

### **Financial review**

There has been no significant change in the financial or trading position of Foresight 3 since 31 March 2010, the date of the last audited financial statements for Foresight 3 have been published.

There has been no significant change in the financial or trading position of Foresight 4 since 28 February 2010, the date of the last audited financial statements for Foresight 4 have been published.

## Risk factors

An investment in the Companies is subject to a number of risks (the material risks being set out below) which could materially and adversely affect its value. The value of the Shares could decline due to any of these risk factors, and investors could lose part or all of their investment.

- The value of Shares and the income from them can fluctuate and investors may not get back the amount they invested. There is no certainty that the market price of the Shares will fully reflect the underlying net asset value or that dividends will be paid. Investment in the Companies should be seen as a long term investment.
- 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 is not necessarily an indication of the future performance of the Companies and there is no guarantee that either Company will meet its objective.
- 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 traded on the London Stock Exchange's market for listed securities, it is possible that 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 investments.
- While it is the intention of the Boards that the Companies will be managed so as to continue to qualify as venture capital trusts, there can be no guarantee that each Company's status will be maintained. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained.
- The information, including tax rules, is based on existing legislation but these may change during the life of the Companies and such changes could be retrospective.
- If an investor who subscribes for Offer Shares under the Offer disposes of those shares within five years, the investor is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Investment in unquoted companies, AIM-traded and PLUS Markets-traded companies by its nature involves a higher degree of risk than investment in companies traded on the main market of the London Stock Exchange and there may be difficulties in valuing and disposing of investments in such companies. In addition, such companies and smaller companies generally may have limited product lines, markets or financial resources and may be more dependent on their management or key individuals than larger companies.
- 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.