

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Shares in Foresight 4 VCT plc (the Company), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Application has been made to the UKLA for the New Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Shares to be admitted to trading on its main market for listed securities. The New Shares will rank *pari passu* with the existing issued Shares from the date of issue.

SGH Martineau LLP, which is regulated in the United Kingdom by the Solicitors Regulation Authority, is acting as legal adviser to the Company, Foresight 5 VCT plc, Acuity VCT 3 plc and Foresight Clearwater VCT plc and no-one else and will not be responsible to any other person for providing advice in connection with any matters referred to in this document.

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

Recommended proposals to:

- **change the investment policy**
- **acquire the assets and liabilities of:**
 - **Foresight 5 VCT plc**
 - **Acuity VCT 3 plc**
 - **Foresight Clearwater VCT plc**
- **create and authorise the issue of C Shares and authorise the issue of Ordinary Shares**
- **renew and increase the authority to issue and repurchase shares**
- **cancel the share premium account and capital redemption reserve**

Your attention is drawn to the letter from the Chairman of the Company set out in Part III of this document which contains a recommendation to vote in favour of the resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the risk factors set out in Part II of this document.

You will find set out at the end of this document notice of a General Meeting to be held at 10.00 a.m. on 26 January 2012 at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG to approve resolutions to effect the proposals contained herein.

To be valid, the form of proxy attached to this document should be returned not less than 48 hours before the meeting, either by post or by hand (during normal business hours only) to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. For further information on the meeting or the completion and return of a form of proxy, please telephone Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 703 6385 or, if telephoning from outside the UK, on +44 870 703 6385. Calls to Computershare Investor Services PLC helpline (0870 703 6385) are charged at national rates. Further details will be available from your service provider. Calls to Computershare Investor Services PLC from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

For further information, Shareholders are recommended to read the Prospectus issued by the Company dated 22 December 2011 which accompanies this document.

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EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR THE COMPANY

Latest time for receipt of forms of proxy for the General Meeting	10.00 a.m. on 24 January 2012
General Meeting	10.00 a.m. on 26 January 2012
Calculation Date	after 5.00 p.m. on 3 February 2012
Effective Date for the transfer of the assets and liabilities of Foresight 5, Acuity 3 and Foresight Clearwater to the Company and the issue of New Shares pursuant to the Schemes*	6 February 2012
Announcement of the results of the Schemes	6 February 2012
Admission of and dealings in New Shares issued pursuant to the Schemes to commence	7 February 2012
CREST accounts credited with New Shares issued pursuant to the Schemes	7 February 2012
Certificates for New Shares issued pursuant to the Schemes dispatched	14 February 2012

(*the last trading date for the shares in Foresight 5, Acuity 3 and Foresight Clearwater will, therefore, be 3 February 2011.)

EXPECTED TIMETABLE FOR FORESIGHT 5

Date from which it is advised that dealings in Foresight 5 Shares should only be for cash settlement and immediate delivery of documents of title	12 January 2012
Latest time for receipt of forms of proxy for the Foresight 5 First General Meeting	10.30 a.m. on 24 January 2012
Foresight 5 First General Meeting	10.30 a.m. on 26 January 2012
Foresight 5 register of members closed	5.00 p.m. on 3 February 2012
Record Date for Foresight 5 Shareholders' entitlements under the Foresight 5 Scheme	5.00 p.m. on 3 February 2012
Calculation Date	after 5.00 p.m. on 3 February 2012
Latest time for receipt of forms of proxy for the Foresight 5 Second General Meeting	10.00 a.m. on 4 February 2012
Dealings in Foresight 5 Shares suspended	7.30 a.m. on 6 February 2012
Foresight 5 Second General Meeting	10.00 a.m. on 6 February 2012
Effective Date for the transfer of the assets and liabilities of Foresight 5 to the Company and the issue of New C Shares pursuant to the Foresight 5 Scheme*	6 February 2012
Announcement of the results of the Foresight 5 Scheme	6 February 2012
Cancellation of the Foresight 5 Shares' listing	8.00 a.m. on 6 March 2012

(*see the timetable for the Company with regard to admission, CREST accounts being credited and certificates being dispatched.)

EXPECTED TIMETABLE FOR ACUITY 3

Date from which it is advised that dealings in Acuity 3 Shares should only be for cash settlement and immediate delivery of documents of title	12 January 2012
Latest time for receipt of forms of proxy for the Acuity 3 First General Meeting	5.00 p.m. on 24 January 2012
Acuity 3 First General Meeting	5.00 p.m. on 26 January 2012
Record Date for Acuity 3 Shareholders' entitlements under the Acuity 3 Scheme	5.00 p.m. on 3 February 2012
Acuity 3 Register of Members closed	5.00 p.m. on 3 February 2012
Calculation Date	after 5.00 p.m. on 3 February 2012
Latest time for receipt of forms of proxy for the Acuity 3 Second General Meeting	10.30 a.m. on 4 February 2012
Dealings in Acuity 3 Shares suspended	7.30 a.m. on 6 February 2012
Acuity 3 Second General Meeting	10.30 a.m. on 6 February 2012
Effective Date for the transfer of the assets and liabilities of Acuity 3 to the Company and the issue of New C Shares pursuant to the Acuity 3 Scheme*	6 February 2012
Announcement of the results of the Acuity 3 Scheme	6 February 2012
Cancellation of the Acuity 3 Shares' listing	8.00 a.m. on 6 March 2012

(*see the timetable for the Company with regard to admission, CREST accounts being credited and certificates being dispatched.)

EXPECTED TIMETABLE FOR FORESIGHT CLEARWATER

Date from which it is advised that dealings in Foresight Clearwater Shares should only be for cash settlement and immediate delivery of documents of title	12 January 2012
Latest time for receipt of forms of proxy for the Foresight Clearwater First General Meeting	11.30 a.m. on 24 January 2012
Foresight Clearwater First General Meeting	11.30 a.m. on 26 January 2012
Foresight Clearwater Register of Members closed	5.00 p.m. on 3 February 2012
Record Date for Foresight Clearwater Shareholders' entitlements under the Foresight Clearwater Scheme	5.00 p.m. on 3 February 2012
Calculation Date	after 5.00 p.m. on 3 February 2012
Latest time for receipt of forms of proxy for the Foresight Clearwater Second General Meeting	11.00 a.m. on 4 February 2012
Dealings in Foresight Clearwater Shares suspended	7.30 a.m. on 6 February 2012
Foresight Clearwater Second General Meeting	11.00 a.m. on 6 February 2012
Effective Date for the transfer of the assets and liabilities of Foresight Clearwater to the Company and the issue of New Ordinary Shares pursuant to the Foresight Clearwater Scheme*	6 February 2012
Announcement of the results of the Foresight Clearwater Scheme	6 February 2012
Cancellation of the Foresight Clearwater Shares' listing	8.00 a.m. on 6 March 2012

(*see the timetable for the Company with regard to admission, CREST accounts being credited and certificates being dispatched.)

PART I

DEFINITIONS

“Acuity”	Iona Capital Limited (previously Acuity Capital Management Limited)
“Acuity 3”	Acuity VCT 3 plc
“Acuity 3 Board”	the board of directors of Acuity 3
“Acuity 3 Circular”	the circular to Acuity 3 Shareholders dated 22 December 2011
“Acuity 3 First General Meeting”	the general meeting of Acuity 3 to be held on 26 January 2012
“Acuity 3 Meetings”	the Acuity 3 First General Meeting and the Acuity 3 Second General Meeting
“Acuity 3 Second General Meeting”	the general meeting of Acuity 3 to be held on 6 February 2012
“Acuity 3 Roll-Over Value”	the value of an Acuity 3 Share calculated in accordance with paragraph 4 of Part VI of this document
“Acuity 3 Scheme”	the proposed merger of the Company with Acuity 3 by means of placing Acuity 3 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Acuity 3’s assets and liabilities in consideration for New C Shares, further details of which are set out in Part VI of this document
“Acuity 3 Shares”	ordinary shares of 1p each in the capital of Acuity 3 (and each an “Acuity 3 Share”)
“Acuity 3 Shareholders”	holders of Acuity 3 Shares (and each an “Acuity 3 Shareholder”)
“Acuity 3 Transfer Agreement”	the agreement between the Company and Acuity 3 (acting through the Liquidators) for the transfer of all of the assets and liabilities of Acuity 3 by the Liquidators to the Company pursuant to the Acuity 3 Scheme
“AIM”	the Alternative Investment Market, a market operated by the London Stock Exchange
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“C Shares”	C ordinary shares of 1p each in the capital of the Company (ISIN GB00B7173K99) (and each a “C Share”)
“C Shares fund”	the assets and liabilities of the Company attributable to the C Shares
“CA 1985”	the Companies Act 1985, as amended from time to time
“CA 2006”	the Companies Act 2006, as amended from time to time
“Calculation Date”	the date on which the Roll-Over Values and the Company Merger Value will be calculated, this being after the close of business on 3 February 2012
“Circular”	this document
“Companies”	the Company and the Target VCTs
“Company”	Foresight 4 VCT plc
“Company Merger Value”	the value of an Ordinary Share calculated in accordance with paragraph 4 of Part VII of this document

“Conversion”	the conversion of the C Shares into Ordinary Shares in accordance with the Articles as will be amended in accordance with the provisions set out in Part VIII
“Directors”	the directors of the Company (and each a “Director”)
“Effective Date”	the date on which the Schemes will be completed, anticipated as being 6 February 2012
“Enlarged Company”	the Company, following implementation of one or more of the Schemes
“Foresight”	Foresight Group CI Limited
“Foresight 5”	Foresight 5 VCT plc
“Foresight 5 Board”	the board of directors of Foresight 5
“Foresight 5 C Share Roll-Over Value”	the value of a Foresight 5 C Share calculated in accordance with paragraph 4 of Part V of this document
“Foresight 5 C Shareholders”	holders of Foresight 5 C Shares (and each a “Foresight 5 C Shareholder”)
“Foresight 5 C Shares”	C ordinary shares of 1p each in the capital of Foresight 5 (and each a “Foresight 5 C Share”)
“Foresight 5 C Shares fund”	the assets and liabilities of Foresight 5 attributable to the Foresight 5 C Shares
“Foresight 5 Circular”	the circular to Foresight 5 Shareholders dated 22 December 2011
“Foresight 5 First General Meeting”	the general meeting of Foresight 5 to be held on 26 January 2012
“Foresight 5 Meetings”	the Foresight 5 First General Meeting and the Foresight 5 Second General Meeting
“Foresight 5 Ordinary Share Roll-Over Value”	the value of a Foresight 5 Ordinary Share calculated in accordance with paragraph 4 of Part V of this document
“Foresight 5 Ordinary Shareholders”	holders of Foresight 5 Ordinary Shares (and each a “Foresight 5 Ordinary Shareholder”)
“Foresight 5 Ordinary Shares”	ordinary shares of 1p each in the capital of Foresight 5 (and each a “Foresight 5 Ordinary Share”)
“Foresight 5 Ordinary Shares fund”	the assets and liabilities of Foresight 5 attributable to the Foresight 5 Ordinary Shares
“Foresight 5 Second General Meeting”	the general meeting of Foresight 5 to be held on 6 February 2012
“Foresight 5 Scheme”	the proposed merger of the Company with Foresight 5 by means of placing Foresight 5 into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Foresight 5’s assets and liabilities in consideration for New C Shares, further details of which are set out in Part V of this document
“Foresight 5 Shares”	Foresight 5 Ordinary Shares and/or Foresight 5 C Shares, as the context permits (and each a “Foresight 5 Share”)
“Foresight 5 Shareholders”	Foresight 5 Ordinary Shareholders and/or Foresight 5 C Shareholders, as the context permits (and each a “Foresight 5 Shareholder”)

“Foresight 5 Transfer Agreement”	the agreement between the Company and Foresight 5 (acting through the Liquidators) for the transfer of all of the assets and liabilities of Foresight 5 by the Liquidators to the Company pursuant to the Foresight 5 Scheme
“Foresight Clearwater”	Foresight Clearwater VCT plc
“Foresight Clearwater Board”	the board of directors of Foresight Clearwater
“Foresight Clearwater Circular”	the circular to Foresight Clearwater Shareholders dated 22 December 2011
“Foresight Clearwater First General Meeting”	the general meeting of Foresight Clearwater to be held on 26 January 2012
“Foresight Clearwater Meetings”	the Foresight Clearwater First General Meeting and the Foresight Clearwater Second General Meeting
“Foresight Clearwater Roll-Over Value”	the value of a Foresight Clearwater Share calculated in accordance with paragraph 4 of Part VII of this document
“Foresight Clearwater Scheme”	the proposed merger of the Company with Foresight Clearwater by means of placing Foresight Clearwater into members’ voluntary liquidation pursuant to Section 110 of IA 1986 and the acquisition by the Company of all of Foresight Clearwater’s assets and liabilities in consideration for New Ordinary Shares, further details of which are set out in Part VII of this document
“Foresight Clearwater Second General Meeting”	the general meeting of Foresight Clearwater to be held on 6 February 2012
“Foresight Clearwater Shares”	ordinary shares of 1p each in the capital of Foresight Clearwater (and each a “Foresight Clearwater Share”)
“Foresight Clearwater Shareholders”	holders of Foresight Clearwater Shares (and each a “Foresight Clearwater Shareholder”)
“Foresight Clearwater Transfer Agreement”	the agreement between the Company and Foresight Clearwater (acting through the Liquidators) for the transfer of all of the assets and liabilities of Foresight Clearwater by the Liquidators to the Company pursuant to the Foresight Clearwater Scheme
“Foresight Fund Managers”	Foresight Fund Managers Limited
“Foresight GP”	Foresight Group LLP
“Foresight Group”	Foresight and Foresight GP
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of the Company to be held on 26 January 2012
“Half-Yearly Report”	the unaudited half-yearly report of the Company for the six month period ended 30 September 2011
“HMRC”	Her Majesty’s Revenue & Customs
“IA 1986”	the Insolvency Act 1986, as amended
“ITA 2007”	the Income Tax Act 2007, as amended
“Liquidators”	William Duncan and Sarah Louise Burge, RSM Tenon Limited, Unit 1, Calder Close, Calder Park, Wakefield WF4 3BA, being the proposed liquidators for each of the Target VCTs
“Listing Rules”	the listing rules of the UKLA
“London Stock Exchange”	London Stock Exchange plc

“Merger Regulations”	the Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
“NAV” or “net asset value”	net asset value
“New C Shares”	C Shares to be issued by the Company to Foresight 5 Shareholders and/or Acuity 3 Shareholders in accordance with the Foresight 5 Scheme and/or the Acuity 3 Scheme, as the context permits (and each a “New C Share”)
“New Ordinary Shares”	Ordinary Shares to be issued by the Company to Foresight Clearwater Shareholders in accordance with the Foresight Clearwater Scheme (and each a “New Ordinary Share”)
“New Shares”	New Ordinary Shares and/or New C Shares, as the context permits (and each a “New Share”)
“Official List”	the official list of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company (and each an “Ordinary Share”)
“Ordinary Shares fund”	the assets and liabilities of the Company attributable to the Ordinary Shares
“PLUS”	a prescribed market for the purposes of Section 118 of FSMA and a recognised investment exchange operated by PLUS Markets Group plc
“Proposals”	the proposals to change the investment policy of the Company, acquire all of the assets and liabilities of Target VCTs pursuant to the Schemes and pass the Resolutions
“Prospectus”	the prospectus issued by the Company dated 22 December 2011 in connection with the Schemes
“Record Date”	the record date to which entitlements will be allocated pursuant to the Schemes, this being 3 February 2012
“Resolutions”	the resolutions to be proposed at the General Meeting (and each a “Resolution”)
“Roll-Over Values”	the Foresight 5 Ordinary Share Roll-Over Value, the Foresight 5 C Share Roll-Over Value, the Acuity 3 Roll-Over Value and the Foresight Clearwater Roll-Over Value
“RPI”	Retail Prices Index
“Schemes”	the Foresight 5 Scheme, the Acuity 3 Scheme and the Foresight Clearwater Scheme (and each a “Scheme”)
“Shareholders”	holders of Shares (and each a “Shareholder”)
“Shares”	Ordinary Shares and/or, following implementation of the Foresight 5 Scheme and/or the Acuity 3 Scheme, C Shares, as the context permits (and each a “Share”)
“Target VCT First General Meeting”	the Foresight 5 First General Meeting or the Acuity 3 First General Meeting or the Foresight Clearwater First General Meeting, as the context permits
“Target VCT Share”	a Foresight 5 Share or an Acuity 3 Share or a Foresight Clearwater Share, as the context permits (together “Target VCT Shares”)
“Target VCTs”	Foresight 5, Acuity 3 and Foresight Clearwater (and each a “Target VCT”)
“Target VCTs’ Circulars”	the Foresight 5 Circular, the Acuity 3 Circular and the Foresight Clearwater Circular

“Target VCT Meetings”	in respect of a Target VCT, the relevant Target VCT First General Meeting to be held on 26 January 2012 and the second general meeting of that Target VCT to be held on 6 February 2012 respectively
“UK”	the United Kingdom
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VII of the Financial Services and Markets Act 2000
“VCT” or “venture capital trust”	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

PART II

RISK FACTORS

Shareholders and prospective Shareholders should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below (such as changes in legal, regulatory or tax requirements) are not the only ones the Company or Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition or results of operations. The value of the Shares could decline due to any of the risk factors described below and Shareholders could lose part or all of their investment. Shareholders and prospective Shareholders should consult an independent financial adviser authorised under FSMA. References to the Company should be taken as including the Enlarged Company.

Scheme Related Risk Factors

Completion of the Schemes is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders. Whilst the Board has identified a number of potential benefits for the Enlarged Company, there is no certainty that these benefits will lead to improved prospects for the Enlarged Company. If one or more of the Schemes are not approved and effected, the full benefits of the Enlarged Company may not be realised. Each Scheme is not conditional on the other Schemes being approved and the conditions precedent for the other Schemes being fulfilled. A Scheme will proceed independently and irrespective of the other Schemes.

Shareholders may be adversely affected by the performance of the investments, whether acquired from a Target VCT or made by the Company. The performance of the investments acquired from a Target VCT (as well as the investments of the Company) may restrict the ability of the Company following implementation of one or more of the Schemes to distribute any capital gains and revenue received on the investments transferred from a Target VCT to the Company (as well as the investments of the Company). Any gains (or losses) made on the investments of the relevant fund attributable to a particular Share class will, following implementation of one or more of the Schemes, be shared amongst all the Shareholders of the relevant class of Shares pro rata to the number of Shares of that class then in issue.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from a Target VCT or the investments of the Company, are, or become, unable to meet VCT requirements.

Completion of the Foresight 5 Scheme and Acuity 3 Scheme will result in the Company having both Ordinary Shares and C Shares in issue. Although each of these share classes will be managed separately and benefit from fixed costs being spread across a larger asset base, they will continue, however, to be subject to the overall financial position and performance of the Company as a number of accounting, company law and VCT tests are applied at company level. One share class may, therefore, adversely affect the other share class resulting in the other share class being restricted in the ability to make distributions and/or VCT status being maintained. In addition, if, on liquidation, in the unlikely event there was a deficit in relation to one share class, such deficit would be borne by the other share class of the Company.

Enlarged Company Risk Factors

The value of Shares in the Enlarged Company, and the income from them, can fluctuate and Shareholders in the Enlarged Company may not get back the amount they invested when sold. In addition, there is no certainty that the market price of Shares in the Enlarged Company will fully reflect their underlying NAV nor that any dividends will be paid. Shareholders in the Enlarged Company should not rely upon any share buyback policy to offer any certainty of selling their Shares in the Enlarged Company at prices that reflect the underlying NAV.

There is no guarantee that the Enlarged Company will meet its objectives. The past performance of the Company, the Target VCTs and/or the Foresight Group is no indication of future performance of the Enlarged Company. The return received by Shareholders in the Enlarged Company 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 and Shareholders in the Enlarged Company may not get back the full amount invested.

The existing Shares have been (and it is anticipated that the New Shares in the Enlarged Company to be issued pursuant to the Schemes will be) admitted to the premium segment of the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities. However, the secondary market for VCT shares is generally illiquid (which may be partly attributable to the fact that initial tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV) and Shareholders in the Enlarged Company may find it difficult to realise their investment. An investment in the Enlarged Company should, therefore, be considered as a long-term investment.

Whilst it is the intention of the Board that the Enlarged Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained. Failure to continue to meet the qualifying requirements could result in Shareholders in the Enlarged Company losing the tax reliefs available for VCT shares, resulting in adverse tax consequences including, if the holding has not been held for the relevant holding period, a requirement to repay the tax reliefs obtained. Furthermore, should the Enlarged Company lose its VCT status, dividends and gains arising on the disposal of Shares in the Enlarged Company would become subject to tax and the Enlarged Company would also lose its exemption from corporation tax on its capital gains.

The tax rules, or their interpretation, in relation to an investment in the Enlarged Company and/or the rates of tax may change during the life of the Enlarged Company and may apply retrospectively which may affect tax reliefs obtained by Shareholders in the Enlarged Company and the VCT status of the Enlarged Company.

Changes in legislation concerning VCTs (pursuant to the consultation document published by HM Treasury on 6 July 2011, as announced in the 2011 Autumn Statement or otherwise), in relation to what constitutes qualifying holdings and qualifying trades, may limit the number of qualifying investment opportunities, reduce the level of returns which might otherwise be achievable or result in the Company not being able to meet its objectives.

If a Shareholder in the Enlarged Company disposes of his or her Shares in the Enlarged Company within five years of issue (three years if such Shares were issued on or between 6 April 2000 and 5 April 2006), he or she will be subject to clawback by HMRC of any income tax reliefs originally claimed. For these purposes, the date of issue of the New Shares in the Enlarged Company issued pursuant to the Schemes will be the original date of issue of the relevant Target VCT's Shares in respect of which such New Shares in the Enlarged Company are issued. Any realised losses on the disposal of Shares in the Enlarged Company cannot be used to create an allowable loss for capital gains tax purposes.

Investment in unquoted companies (including AIM-traded and PLUS market-traded companies), by its nature, involves a higher degree of risk than investment in companies listed on the Official List, which could result in the value of such investment, and interest income and dividends therefrom reducing. 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 and may not produce the hoped-for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and involve a higher degree of risk than investment in a company listed on the Official List.

Realisation of investments in unquoted companies may be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Enlarged Company which may restrict the Enlarged Company's ability to obtain maximum value from its investments. In addition, although the Enlarged Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it may not be in a position to fully protect its interests.

PART III
LETTER FROM THE CHAIRMAN
FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

Directors:
Philip Stephens (Chairman)
Peter Dicks
Roger Brooke

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

22 December 2011

Dear Shareholder

Recommended proposals to:

- **change the investment policy;**
- **acquire all of the assets and liabilities of the Target VCTs pursuant to the Schemes;**
- **create and issue C Shares and issue Ordinary Shares in connection with the Schemes;**
- **renew and increase the authority to issue and repurchase shares; and**
- **cancel the share premium account and the capital redemption reserve.**

The Board announced on 7 October 2011 that it had agreed terms in principle with each of the boards of Foresight 5, Acuity 3 and Foresight Clearwater (the Target VCTs) to merge the Target VCTs into the Company pursuant to schemes of reconstruction under Section 110 of IA 1986 (Schemes). I am pleased to advise Shareholders that discussions have now successfully concluded and the purpose of this letter is to set out the proposals for the Schemes for consideration by Shareholders.

The merger of the Companies is expected to deliver cost savings and strategic benefits to all sets of shareholders and will, if effected, result in an Enlarged Company with total net assets of approximately £60 million. Based on the estimated costs of the merger and the expected normalised annual cost savings for the Enlarged Company, the Board believes that the costs of the merger would be recovered within 12 months as further detailed below.

Foresight 5 and Acuity 3 (which have substantially common portfolios) will be merged into a new separate C Shares fund within the Company. The C Shares fund will be managed separately for approximately three years before being merged into the Ordinary Shares fund. This should allow the portfolio of the C Shares fund time to develop under the management of Foresight (and each class separately to benefit from the returns achieved from the investments made from their own share class fund) prior to being subsequently merged into the Ordinary Shares fund. As the assets of Foresight Clearwater materially comprise cash or near cash, it will be merged directly into the Ordinary Shares fund. Shareholder approval, pursuant to CA 2006, is required to create and issue C Shares, as well as issue Ordinary Shares in connection with the Schemes.

It is also proposed to change the investment policy, as well as seek the approval of Shareholders to renew and increase the authority to issue and repurchase shares and cancel the Company's share premium account and capital redemption reserve. Shareholder approval is also required for these proposals, such approval being required pursuant to CA 2006, save for the change to the investment policy which is required pursuant to the Listing Rules.

A specific resolution to approve the acquisition of the assets and liabilities of each of the Target VCTs pursuant to the Schemes is not required under the Listing Rules or any other legislation or regulations which govern the Company. However, in light of the nature of the proposals, the Board believes it appropriate to include this as part of Resolutions 3 to 5 (as applicable) at the General Meeting. Each

Scheme is not, however, conditional on the other Schemes and will proceed independently and irrespective of the other Schemes.

Background

The Company was launched in 1998 and was originally managed by Advent Limited. Foresight GP took over the management of the Company in 2004 (as subsequently novated to Foresight). As at 30 September 2011, the Company had unaudited net assets of £40,006,672 (109.6p per Ordinary Share) and, in aggregate, venture capital investments in 29 companies with a carrying value of £33.1 million.

Foresight 5 (formerly Acuity Growth VCT plc) was launched in 2004 and has two classes of shares (Foresight 5 Ordinary Shares and Foresight 5 C Shares). Foresight took over the management of Foresight 5 from Acuity in March this year. A full review and assessment of the Foresight 5 investment portfolio was carried out by Foresight following its appointment resulting in a substantial reduction in the net assets of Foresight 5 to reflect the performance and funding requirements of the portfolio as announced in June 2011. Peter Dicks was appointed a director of Foresight 5 in August this year (following the completion of a top-up offer which closed in the same month and raised £761,530, before costs).

Acuity 3 was launched in 2005. Foresight took over the management of Acuity 3 from Acuity in March this year. As with Foresight 5, Foresight has carried out a full review and assessment of the Acuity 3 investment portfolio following its appointment resulting in a substantial reduction in the net assets of Acuity 3 to reflect the performance and funding requirements of the portfolio as announced in June 2011.

Foresight Clearwater is a new VCT launched in 2010, the original offer for subscription having closed on 12 December this year raising £1.7 million. Peter Dicks has been a director of Foresight Clearwater since launch. The Foresight Clearwater Board believes that, at this level of subscription, the merger at the current time presents a better opportunity to pursue the original investment strategy than if it were to remain as a standalone VCT.

The table below sets out the latest published NAVs of both the Company and the Target VCTs, together with the number of venture capital investments within the portfolios of each company and the respective carrying value of these investments. The Acuity 3 and Foresight 5 venture capital investment portfolios have common investments (Save for one investment in the Acuity 3 portfolio which has a carrying value of £200,000 and two investments in the Foresight 5 portfolio which have a carrying value of £1.3 million).

	Unaudited net assets*	NAV per share*	Number of venture capital investments*	Carry value of the venture capital investments*
	(£)	(p)		(£)
Company	40,006,672	109.6	29	33,077,149
Foresight 5 Ordinary Share	10,380,469	17.4	11	10,205,149
Foresight 5 C Shares	471,721	60.7	1	34,935
Acuity 3	7,801,500	22.7	10	7,658,214
Foresight Clearwater	1,048,333	92.0**	—***	—***

* taken from the unaudited half-yearly reports for the Company and Foresight Clearwater and the unaudited management accounts of Foresight 5 and Acuity 3, in each case to 30 September 2011 (which for Foresight 5 and Acuity 3 include provisions for their respective share of the costs of the Schemes)

** before taking into account the contributions to be made to Foresight Clearwater by Foresight and Foresight GP (the manager and administrator respectively) so as to bring the NAV up to 94.5p per share

*** the assets of Foresight Clearwater are held in cash – Foresight Clearwater has not made any venture capital investments to date, pending a successful outcome of the merger

Further information relating to the portfolios of the Company and Target VCTs is set out in Part VII of the Prospectus which accompanies this document.

VCTs are required to be listed on the premium segment of the Official List, which involves a significant level of listing costs as well as related fees to ensure they comply with all relevant legislation. A larger VCT should be better placed to spread such running costs across a larger asset base and facilitate better liquidity management and, as a result, may be able to maximise investment opportunities and sustain a higher level of dividends to shareholders over its life.

In September 2004, the Merger Regulations were introduced allowing VCTs to be acquired by, or merge with, each other without prejudicing the VCT tax reliefs obtained by their shareholders. A number of VCTs have taken advantage of these regulations to create larger VCTs for economic and administration efficiencies, as well as to improve portfolio diversification.

With the above in mind, the Board has been considering merger opportunities to increase the size of the Company and has agreed terms with each of the boards of the Target VCTs to merge the Companies to create a single, larger VCT. The aim of the Board is to achieve long-term strategic benefits and reductions in the annual running costs for Shareholders.

Change to the investment policy

It is proposed to change the investment policy of the Company to provide for a more generic policy of investing in unquoted companies and to remove references to specific VCT investment requirements which are continually changing. Incorporating these VCT references directly into the investment policy could be unduly restrictive. The proposed change to the investment policy will also better encompass the investments which are intended to be acquired from the Target VCTs as part of the merger. It will also cover both the Ordinary Shares fund and C Shares fund. The existing objective is to provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the UK, with the intention being to maximise tax-free income which will be applied to each fund. In addition, the proposed revised investment policy will also allow the Company to take advantage of the opportunities which Foresight is seeing in the wider unquoted market. This proposed change to the investment policy is not expected to adversely impact on the risk profile of the Company and/or its investments.

The existing investment policy and the proposed investment policy is set out in full in Part IV of this document. The change to the investment policy requires Shareholder approval, which is being sought at the General Meeting and is not subject to any part of the merger being effected. Each Scheme, however, is subject to the passing of this resolution at the General Meeting as it will immediately apply to the funds brought across as part of the merger process.

The Schemes

The mechanism by which the merger will be completed is as follows:

- each Target VCT will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 IA 1986; and
- all of the assets and liabilities of each Target VCT will be transferred to the Company in consideration for the issue of New Shares (which will be issued directly to the shareholders of the relevant Target VCT).

In respect of the Foresight 5 Scheme and the Acuity 3 Scheme, the New Shares to be issued will be a new class of C Shares. Both Schemes will be completed on a relative net asset value basis rolling into a C Share with an NAV of £1.

In respect of the Foresight Clearwater Scheme, the New Shares to be issued will be Ordinary Shares and will also be completed on a relative net asset value basis. Foresight and Foresight GP (the manager and administrator respectively) have agreed, subject to the Foresight Clearwater Scheme becoming effective, to make a contribution to Foresight Clearwater so as to bring its NAV up to 94.5p per share immediately prior to the calculation of the Foresight Clearwater Roll-Over Value. This contribution will be in the form of a waiver of fees and, if required, a cash payment commitment.

The relative net asset values will be the unaudited net asset values of the relevant share classes of the Companies as at the Calculation Date (this being 3 February 2012), adjusted to take into consideration that fund's allocation of the estimated merger costs.

Each Scheme is not conditional on the other Schemes and will proceed independently and irrespective of the other Schemes. Each Scheme will require the approval by the shareholders of the Company and the relevant Target VCT of the relevant resolutions to be proposed at the General Meeting and the relevant Target VCT Meetings, as well as the other conditions set out in paragraph 8 of Parts V to VII of this document applicable to the relevant Scheme (which includes the approval by Shareholders of the change to the investment policy). If the conditions of a Scheme have not been satisfied by 29 February 2012, then that Scheme shall not become effective.

The merger will result in the creation of an enlarged company and should result in savings in running costs and simpler administration. As all of the Companies, subject to the change to the investment policy being approved by Shareholders, will have similar investment policies and are managed by Foresight, this is achievable without material disruption to the Companies and their combined portfolio of investments.

The Board considers that the merger will bring a number of benefits to all of the groups of shareholders through:

- a reduction in annual running costs for the Enlarged Company compared to the aggregate annual running costs of the separate Companies, in particular through the reduction in directors' and advisers' fees, audit fees, secretarial fees, printing costs and listing fees, as well as other fixed costs;
- the creation of a single VCT of a more economically efficient size with a greater capital base over which to spread annual running costs;
- amalgamation of the Foresight 5 and Acuity 3 portfolios, which are substantially the same, for efficient management and administration;
- participation in a larger VCT with the longer term potential for a more diversified portfolio, thereby spreading the portfolio risk across a broader range of investments and creating an increased ability to support follow-on investments and new investments; and
- the potential to enhance the ability to pay dividends and buy back shares in the future due to the increased size and reduced running costs of the Enlarged Company, as well as improve liquidity in the secondary market as it is hoped a larger vehicle will attract increased interest.

The Board and the boards of the Target VCTs consider that the level of continued administrative annual running costs of the individual Companies can be reduced through the merger resulting in benefits for all groups of shareholders. Normalised annual running costs, excluding investment management fees, for the Companies are as follows:

	Unaudited net assets* (£)	Normalised annual running costs** (£)	Percentage of unaudited net assets (%)
Company	40,006,672	350,000	0.9
Foresight 5 Ordinary Shares	10,380,469	365,000	3.5
Foresight 5 C Shares	471,721	10,000	2.1
Acuity 3	7,801,500	261,000	3.3
Foresight Clearwater	1,048,333***	175,000	16.7

* taken from the unaudited half-yearly reports for the Company and Foresight Clearwater and the unaudited management accounts of Foresight 5 and Acuity 3, in each case to 30 September 2011 (which for Foresight 5 and Acuity 3 include provisions for their respective share of the costs of the Schemes)

** normalised annual running costs for the Company and the Target VCTs (these being the estimated normal fixed costs of the relevant company (excluding management fees but taking into account any annual expenses costs cap))

*** this being prior to the final allotment of Foresight Clearwater Shares before close of Foresight Clearwater's original offer for subscription and before taking into account the contributions to be made to Foresight Clearwater by Foresight and Foresight GP (the manager and administrator respectively) so as to bring the NAV up to 94.5p per share

To the extent only one or more of the Schemes are completed, the benefits of the Enlarged Company may not be fully realised, in particular the annual costs savings would be reduced accordingly.

The aggregate anticipated cost of undertaking the merger is approximately £462,000, including VAT, legal and professional fees, stamp duty and the costs of winding up the Target VCTs. The costs of the merger will be split in the following proportions: 40% for the Company; 30% for Foresight 5 (allocated between the Foresight 5 Ordinary Shares fund and the Foresight 5 C Shares fund in accordance with their relative roll-over values (ignoring costs)); 20% for Acuity 3; and 10% for Foresight Clearwater (this being what the boards of the Companies believe to be a fair allocation of the merger costs reflecting the net assets of each company and the rationale for each company to undertake such a merger). Completion of the three Schemes at the same time results in the aggregate merger costs (and, therefore, the Company's estimated allocation of such costs) being lower per VCT than had a merger been completed with only one of the of the other Companies or another single VCT (i.e. there are

economies of scale from merging four VCTs in one transaction). Each of the Companies will continue to be responsible for its allocation of the estimated merger costs whether or not a particular Scheme is approved and becomes effective.

On the assumption that immediately after the merger the NAV of the Ordinary Shares fund will remain the same (including the contribution from Foresight and Foresight LLP (the manager and administrator respectively) to Foresight Clearwater so as to bring its NAV to 94.5p per Foresight Clearwater Share) and continues to be £1 in respect of the C Shares fund, the reduction in the normalised annual costs for the Enlarged Company are estimated to be at least £475,000 per annum. This would represent 0.8% per annum of the expected net assets of the Enlarged Company. On this basis, and assuming that no new funds are raised or investments realised to meet annual costs, the Board believes that the costs of the merger would, be recovered within 12 months.

The Board believes that the Schemes provide an efficient way of merging the Companies with a lower level of costs compared with other merger routes. The Company was selected as the acquirer being the largest of the companies and being the most mature. Shareholders should note that the merger by way of the Schemes will be outside the provisions of the City Code on Takeovers and Mergers.

Target VCT shareholders who do not vote in favour of the resolution to be proposed at their respective Target VCT First General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators of that Target VCT at the break value price of the relevant Target VCT Share (expected to be, save for in respect of Foresight Clearwater Shares, at a significant reduction to the net asset value of a Target VCT Share).

If the conditions of all of the Schemes are not satisfied, the Company will continue in its current form and the Board will continue to review all options available to it regarding the future of the Company.

Had the Schemes been completed based on the illustrations set out in Parts V to VII of this document, the number of New Shares that would have been issued are as follows for every existing Target VCT Share held:

	Number of New Shares	Class of Share
Foresight 5 Ordinary Share	0.173550	C Share
Foresight 5 C Share	0.605360	C Share
Acuity 3	0.227057	C Share
Foresight Clearwater	0.825433	Ordinary Share

Full details of the terms of each Scheme are set out in Parts V to VII of this document.

C Shares Fund

The C Shares fund will be managed as a separate fund to the Ordinary Shares fund until the Conversion of the C Shares into Ordinary Shares ten business days following the publication of the audited results for the year to 31 March 2015. The Conversion will be completed on the following relative net asset value basis.

- if the net asset value of an Ordinary Share is greater than the net asset value of a C Share, a proportion of the C Shares held by a C Shareholder will be redesignated as Ordinary Shares (this being calculated by multiplying the number of C Shares held by the net asset value of a C Share divided by the net asset value of an Ordinary Share (rounded down to the nearest whole share)) with the balance of such holding being redesignated as deferred shares and bought back by the Company for an aggregate amount of 1p (the deferred shares will not be listed and are merely a mechanism to equalise the differing net asset values of the two share classes); and
- if the net asset value of an Ordinary Share is less than the net asset value of a C Share, all C Shares held by a C Shareholder will be redesignated as Ordinary Shares and a further number of Ordinary Shares (this being calculated by multiplying the number of C Shares held by the net asset value of a C Share divided by the net asset value of an Ordinary Share (rounded down to the nearest whole share), and deducting from this number the number of C Shares to be redesignated as Ordinary Shares) will be issued, to be paid up in full through the capitalisation of profits and/or reserves attributable to the Ordinary Shares.

The C Shares will rank *pari passu* with the existing Ordinary Shares, save that each share class will be entitled to dividends and a return of capital paid out of, respectively, the net income and the assets attributable to the relevant share class fund.

The segregation of the Company's assets into two funds will mean that, until Conversion, the Ordinary Shares will be exclusively entitled to receive the net returns flowing from the investments in the Ordinary Shares fund (i.e. the existing investments of the Company, those transferred from Foresight Clearwater and any new investments made from that fund), and the C Shares will be exclusively entitled to receive the net returns flowing from the investments in the C Shares fund (i.e. those investments transferred from Foresight 5 and Acuity 3 and any new investments made from that fund). It is intended that monies generated by realisations from the C Shares fund will be invested alongside monies from the Ordinary Shares fund in new investments. Co-investment between the Ordinary Shares fund and the C Shares fund will be subject to the co-investment policy set out in Part IX of this document.

Until Conversion, each fund will bear its pro rata share (based on net assets) of the running costs of the Company, unless expenses can be attributed to a relevant share class. All Shareholders will share the benefit of spreading the Company's administration costs over a wider asset base. Each fund will, however, be subject to the overall financial position and performance of the Company as a number of accounting, company law and HMRC provisions are applied at Company level.

The rights attaching to the C Shares, including the terms of the Conversion, are set in Part VIII of this document. The Company will need to amend its Articles to provide for such rights.

Dividends

The dividend policy of the Company is to maximise the level of dividends generated either from income or from capital profits realised on the sale of investments while at the same time providing a maintainable annual dividend stream. On 9 November 2011, the Company announced an interim dividend of 5p per Ordinary Share for the current financial period. This dividend will be payable to holders of Ordinary Shares on the record date on 10 February 2012 (which, should the Foresight Clearwater Scheme become effective, will include Foresight Clearwater Shareholders issued with Ordinary Shares as part of the Foresight Clearwater Scheme). This dividend will be paid on 24 February 2012.

With regard to the proposed C Shares fund, it is hoped that payment of annual dividends can be initiated once the portfolios acquired from Foresight 5 and Acuity 3 have been given the time to develop under the management of Foresight and as a result of the increased size and reduced running costs of this fund. Payment of dividends in respect of C Shares will be subject to the performance of the underlying investments of the C Shares fund.

Dividend payments in respect of both Ordinary Shares and C Shares will also be subject to available cash, portfolio requirements, distributable reserves and applicable law at the relevant time. Shareholders will be kept informed of the progress of both the Ordinary Shares fund and the C Shares fund through interim management statements and accounts published by the Company.

Investment Management and Administration Arrangements and the Constitution of the Board

Foresight is the investment manager of all of the Companies and administration services are provided by Foresight GP (through Foresight Fund Managers) to all of the Companies.

In respect of the Company, Foresight receives an annual investment management fee of an amount equivalent to 2.5% of the net assets of the Company (plus applicable VAT). This fee arrangement will continue to apply to the Enlarged Company but will be across the enlarged net assets, subject to, in respect of the C Shares fund, the waiver of fees referred to below.

Foresight GP currently receives an annual administration fee of an amount equivalent to 0.3% of funds raised by the Company (subject to a cap of £100,000 and an annual RPI increase) plus VAT. This fee will be increased to an amount equivalent to 0.3% of funds raised by the Company *and* any funds raised by any companies acquired by the Company (either through the acquisition of all of the share capital of a company or through the acquisition of all of the assets and liabilities of a company), capped at £150,000 (plus an annual RPI increase and plus VAT), subject to at least two of the Schemes becoming effective, to reflect the Enlarged Company with two share classes. The aggregate normal annualised administration fees payable to Foresight GP by all of the Companies is currently £300,937 and, therefore, this will be an annual saving of £150,937. This fee will be split between the two share class funds within the Company pro rata to net assets of each fund. It is expected that all of the Companies will novate the provision of administration services to Foresight once it has authorisation to carry out such

services from the Guernsey Financial Services Commission. Foresight will, however, continue to delegate the provision of administration services to Foresight Fund Managers (via Foresight GP) once it commences the provision of such services.

The existing annual expense cap on normal running costs of an amount equivalent to 3.5% of the net assets will continue in respect of the Enlarged Company.

Foresight and Foresight GP have agreed to waive their investment management and administration fees in respect of Foresight 5 and Acuity 3 until 24 August 2012 and 7 March 2012 respectively in light of termination payments due to Acuity (Foresight 5 and Acuity 3's previous investment manager). It has been agreed that these waivers of fees will continue to be applied to the C Shares fund. The C Shares fund will, as part of the acquisition of all assets and liabilities, also take on the responsibility of meeting any outstanding termination payments to Acuity. The amount remaining to be paid to Acuity is £567,329 from Foresight 5 and £112,150 from Acuity 3.

In respect of the Ordinary Shares fund, Foresight GP is entitled to a performance incentive fee equal in value to 15% of a dividend paid to Shareholders, subject to the net asset value plus cumulative dividends paid per Ordinary Share exceeding 100.0p per Ordinary Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid. After each distribution is made to Shareholders where a performance incentive is paid to Foresight GP, the High Watermark required to be achieved by the Company to trigger a performance incentive fee will be amended to take account of the dividend (net of the performance incentive fee payment made to Foresight GP) paid. As the High Watermark is calculated on a per Ordinary Share basis, the existing arrangements will apply automatically in respect of the enlarged Ordinary Shares (i.e. the High Watermark will be applied across all Ordinary Shares, including the New Ordinary Shares issued to the Foresight Clearwater shareholders). Foresight has agreed that, in respect of the C Shares fund, no performance or incentive fee arrangements will be put in place for present purposes (the intention being that the Ordinary Shares fund arrangements will automatically extend to the Ordinary Shares arising on Conversion).

The Board of the Company will continue in its current form (Peter Dicks, a Director of the Company, is also a director of Foresight 5 and Foresight Clearwater and, therefore, will bring recent knowledge and experience of these Targets VCTs to the Enlarged Company). Aggregate annual directors' fee entitlements across the Companies are currently £245,000. The aggregate annual directors' fees for the Board are, and will continue to be, £65,000, resulting in an annual saving of £180,000. The composition of the Board will continue to be kept under review.

Renewal of Share Issue and Buyback Authorities

The Company also proposes at the General Meeting to renew and increase its authorities to issue shares (having disapplied pre-emption rights) for general purposes and make market purchases of shares reflecting the increased share capital of the Company following the merger and the two separate share classes. These are general annual authorities taken each year for the purposes of the dividend reinvestment scheme, small top up offers and the buyback policy.

Cancellation of the Share Premium Account and the Capital Redemption Reserve

Cancelling share premium and capital redemption reserves allows a company to create a special reserve that can assist in writing off losses, which will enhance the ability to make distributions. It also facilitates a company's ability, where required, to implement share buybacks. The Company has previously cancelled share premium for these purposes but the issue of New Shares pursuant to the Schemes will result in the creation of further share premium. In addition, the Company has existing capital redemption reserves resulting from buybacks undertaken by the Company.

The Board, therefore, also proposes at the General Meeting to seek the approval of Shareholders to cancel the amounts standing to the credit of the share premium account and the capital redemption reserve, subject to the sanction of the Court.

Taxation

The following paragraphs apply to the Company and to persons holding Shares as an investment in the Company who are the absolute beneficial owners of such Shares and are resident in the UK. They may not apply to certain classes of persons such as dealers in securities. The information is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not

constitute legal or tax advice. If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The implementation of the Schemes (or the subsequent Conversion) should not affect the status of the Company as a VCT or the reliefs obtained by Shareholders in respect of existing Ordinary Shares. Confirmation to this effect has been obtained from HMRC.

Although the Company will be required to pay UK stamp duty on the transfer to it of the assets and liabilities of the Target VCTs (which form part of the merger costs), no UK stamp duty will be payable directly by existing Shareholders as a result of the implementation of the Schemes. No UK stamp duty will be payable by Shareholders or the Company as a result of the Conversion.

General Meeting

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at 10.00 a.m. on 26 January 2012 at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG.

An explanation of the Resolutions to be proposed at the General Meeting is set out below:

Resolution 1 will approve a change to the Company's investment policy as set out in Part IV of this document.

Resolution 2 is a composite resolution to amend the Articles and issue Ordinary Shares in connection with the subsequent Conversion of C Shares.

Paragraph (i) will approve the Articles being amended to provide for the creation and subsequent Conversion of the C Shares.

Paragraph (ii) of Resolution 2 will authorise the Directors pursuant to Section 551 CA 2006 to allot Ordinary Shares in the Company up to an aggregate nominal value of £100,000 (representing 27.4% of the issued share capital of the Company as at 21 December 2011, this being the latest practicable date prior to publication of this document) in connection with the Conversion as set out in the Articles (as amended by paragraph (i) of Resolution 2). The authority conferred by paragraph (ii) of Resolution 2 will expire on the fifth anniversary of the passing of the resolution.

Paragraph (iii) of Resolution 2 will authorise the company to re-purchase deferred shares in connection with the Conversion as set out in the Articles (as amended by paragraph (i) of Resolution 2). The authority conferred by paragraph (iii) of Resolution 2 will expire on the fifth anniversary of the passing of the resolution.

Resolution 3 is a composite resolution to approve the merger with Foresight 5 and issue New C Shares in connection therewith.

Paragraph (i) of Resolution 3 will approve the acquisition of all of the assets and liabilities of Foresight 5 pursuant to the Foresight 5 Scheme.

Paragraph (ii) of Resolution 3 will authorise the Directors pursuant to Section 551 CA 2006 to allot New C Shares in the Company up to an aggregate nominal value of £145,000 (representing 39.7% of the issued share capital of the Company as at 21 December 2011, this being the latest practicable date prior to publication of this document) in connection with the Foresight 5 Scheme. The authority conferred by paragraph (ii) of Resolution 3 will expire 18 months from the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to authority conferred by Resolution 2.

Resolution 4 is a composite resolution to approve the merger with Acuity 3 and issue New C Shares in connection therewith.

Paragraph (i) of Resolution 4 will approve the acquisition of all of the assets and liabilities of Acuity 3 pursuant to the Acuity 3 Scheme.

Paragraph (ii) of Resolution 4 will authorise the Directors pursuant to Section 551 CA 2006 to allot New C Shares in the Company up to an aggregate nominal value of £105,000 (representing 28.8% of the issued share capital of the Company as at 21 December 2011, this being the latest practicable date prior to publication of this document) in connection with the Acuity 3 Scheme. The authority conferred by paragraph (ii) of Resolution 4 will expire 18 months from the date of the passing of this resolution unless

renewed, varied or revoked by the Company in general meeting and will be in addition to authority conferred by Resolutions 2 and 3.

Resolution 5 is a composite resolution to approve the merger with Foresight Clearwater and issue New Ordinary Shares in connection therewith.

Paragraph (i) of Resolution 5 will approve the acquisition of all of the assets and liabilities of Foresight Clearwater pursuant to the Foresight Clearwater Scheme.

Paragraph (ii) of Resolution 5 will authorise the Directors pursuant to Section 551 CA 2006 to allot New Ordinary Shares in the Company up to an aggregate nominal value of £20,000 (representing 5.5% of the issued share capital of the Company as at 21 December 2011, this being the latest practicable date prior to publication of this document) in connection with the Foresight Clearwater Scheme. The authority conferred by paragraph (ii) of Resolution 5 will expire 18 months from the date of the passing of this resolution unless renewed, varied or revoked by the Company in general meeting and will be in addition to authority conferred by Resolutions 2 to 4.

Resolution 6 is a composite resolution to renew and increase share allotment and repurchase authorities. This is a renewal of existing authorities to reflect the enlarged share capital in the Company and separate share classes following the merger.

Paragraph (i) of Resolution 6 will authorise the Directors pursuant to Section 551 CA 2006 to allot shares in the Company up to an aggregate nominal value of £185,000 (representing 50.7% of the issued share capital of the Company as at 21 December 2011, this being the latest practicable date prior to publication of this document and approximately 30% of the maximum expected issued share capital of the Company following the merger) for the purpose set out in paragraph (ii) of Resolution 6. The authority conferred by paragraph (i) of Resolution 6 will be in addition to the authority conferred under Resolutions 2 to 5 and will expire on the conclusion of the annual general meeting to be held in 2013 unless renewed, varied or revoked by the Company in general meeting.

Paragraph (ii) of Resolution 6 will disapply pre-emption rights in respect of the allotment of shares in the capital of the Company (a) up to, in aggregate, 10% of its Ordinary Share capital from time to time, (b) up to, in aggregate, 10% of its C Share capital from time to time, (c) up to, in aggregate, 10% of its Ordinary Share capital from time to time at an issue price of 1p in connection with performance incentive arrangements, in each case where the proceeds of which may be used, in part or whole, to purchase the Company's own shares. The authority conferred by paragraph (ii) of Resolution 6 will expire on the conclusion of the annual general meeting to be held in 2013 unless renewed, varied or revoked by the Company in general meeting.

Paragraph (iii) of Resolution 6 will authorise the Company to make market purchases of up to 5,800,000 Ordinary Shares and 3,500,000 C Shares (representing approximately 14.99% of the maximum expected share capital of each share class following the merger). Any shares bought back under this authority will be at such price determined by the Board, and in accordance with the Listing Rules, and may be cancelled or held in treasury as may be determined by the Board. The authority conferred by paragraph (iii) of Resolution 6 will expire on the conclusion of the annual general meeting of the Company to be held in 2013. The Board intends to utilise this authority to facilitate the Company's buyback policy.

Resolution 7 will authorise (subject to the sanction of the Court) the cancellation of the share premium account and the capital redemption reserve of the Company at the date an order is made confirming such cancellation by the Court.

Resolutions 1, 3, 4 and 5 will be proposed as ordinary resolutions requiring the approval of at least 50% of the votes cast at the General Meeting. Resolutions 2, 6 and 7 will be proposed as special resolutions requiring the approval of 75% of the votes cast at the General Meeting. The Resolutions are not conditional on each other, however:

- to implement the Foresight 5 Scheme, Resolution 1 will need to be passed together with Resolution 2 and 3;
- to implement the Acuity 3 Scheme, Resolution 1 will need to be passed together with Resolution 2 and 4; and
- to implement the Foresight Clearwater Scheme, Resolution 1 will need to be passed together with Resolution 5.

Action to be Taken

Before taking any action, you are recommended to read the further information set out in this document.

Shareholders will find attached at the end of this document the form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy attached so as to be received not less than 48 hours before the time appointed for holding of the General Meeting. Completion and return of a form of proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

Recommendation

The Board is of the opinion that the Proposals and all resolutions to be proposed at the General Meeting are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions as they intend to do in respect of their own holdings of 233,604 Shares, representing approximately 0.64% of the issued Share capital of the Company.

Yours faithfully

Philip Stephens

Chairman

PART IV

EXISTING AND REVISED INVESTMENT POLICY

The existing investment policy and the proposed investment policy is set out in full below (with the deletions to the existing investment policy underlined in (A) and the amendments within the proposed revised investment policy in (B) highlighted in bold).

(A) Existing Investment Policy

The investment manager (Foresight) will target UK unquoted companies which depend to a significant extent on the application of scientific and technological skills or knowledge, or whose activities embrace a significant technology component as a major source of competitive advantage.

Investment securities

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

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas. The companies in which investments are made must have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as a VCT qualifying holding.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in qualifying investments, of which 30% by value in aggregate across the portfolio must be ordinary shares which carry no preferential rights (although only a minimum of 10% needs to be in ordinary shares on a per investment basis).

Asset mix

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and interest bearing securities. It is intended that the significant majority of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to £1 million in a fiscal year (or, if lower, 15% of the portfolio at the time of investment) and generally no more than £2.5 million at cost is invested in the same company (or, if lower, 15% of the portfolio at the time of investment). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Investment style

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

Co-investment

The Company aims to invest in larger, more mature, unquoted and AIM companies and to achieve this it invests alongside the other VCTs managed by Foresight and the Foresight Sustainable UK Investment Fund. As such, at the time of initial investment, the combined investment can currently total up to a maximum of £6.0 million for unquoted and for AIM investees.

Borrowing powers

The Company's Articles permit borrowing to give a degree of investment flexibility. The Company's policy is not to use borrowing.

(B) Revised Investment Policy

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

Investment securities

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

UK companies

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

Asset mix

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

Risk diversification and maximum exposures

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

Investment style

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

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its policy allows it to do so.

PART V
FORESIGHT 5 SCHEME

1. Definitions and Interpretation

The definitions set out in Part I of this document shall have the same meanings when used in the context of this Part V.

On or immediately prior to the Effective Date, Foresight Fund Managers (on the instruction of the Liquidators) shall calculate the Foresight 5 Ordinary Share Roll-Over Value and the Foresight 5 C Share Roll-Over Value in accordance with paragraph 4 below.

2. Provision of Information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of Foresight 5 and shall deliver to the Company:

- particulars of all of the assets and liabilities of each of the Foresight 5 Ordinary Shares fund and the Foresight 5 C Shares fund;
- a list certified by the registrars of the names and addresses of, and the number of Foresight 5 Ordinary Shares and the number of Foresight 5 C Shares held by each of the Foresight 5 Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of Foresight 5; and
- the amount estimated to be required to purchase the holdings of any dissenting Foresight 5 Ordinary Shareholders and the amount estimated to be required to purchase the holdings of any dissenting Foresight 5 C Shareholders.

3. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of Foresight 5) will enter into the Foresight 5 Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Foresight 5 to the Company in exchange for the issue of New C Shares (fully paid) to the Foresight 5 Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of Foresight 5 to the Company, the Company will, pursuant to the Foresight 5 Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Foresight 5 Scheme, the winding up of Foresight 5 and the purchase for cash of any holdings of dissenting Foresight 5 Shareholders.

4. Calculations

Except as otherwise provided for in the Foresight 5 Scheme terms, for the purposes of calculating the Foresight 5 Ordinary Share Roll-Over Value, the Foresight 5 C Share Roll-Over Value and the number of New C Shares to be issued, the following provisions will apply:

Foresight 5 Ordinary Share Roll-Over Value

The Foresight 5 Ordinary Share Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

A = the unaudited net assets of the Foresight 5 Ordinary Shares fund as at the Calculation Date (this being the unaudited net assets of the Foresight 5 Ordinary Shares fund as at 30 September 2011 (taken from the Foresight 5 unaudited management accounts to that date) plus (i) any increase/decrease in the valuation of an investment held by the Foresight 5 Ordinary Shares fund where there has been an event in the period between 30 September 2011 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement' (IAS39) and using International Private Equity and Venture Capital Valuation Guidelines, (ii) any material increase/decrease in the cash position and/or debtors and/or the creditors of the Foresight 5

Ordinary Shares fund between 30 September 2011 and the Calculation Date and (iii) any adjustment that both the Foresight 5 Board and the Board consider appropriate to reflect any other actual or contingent benefit or liability of the Foresight 5 Ordinary Shares fund);

- B = the Foresight 5 Ordinary Shares fund's proportion of the estimated merger costs of the Schemes (this being 30% of the aggregate costs of the Schemes, to be allocated between the Foresight 5 Ordinary Shares fund and the Foresight 5 C Shares fund in accordance with their relative roll-over values (ignoring such costs) plus £4,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to the Foresight 5 Ordinary Shares fund incurred by the Company, which will indemnify the Liquidators in respect of all costs of the Foresight 5 Ordinary Shares fund following the transfer on the Effective Date);
- C = the amount estimated to be required to purchase the holdings of Foresight 5 Ordinary Shares from dissenting Foresight 5 Ordinary Shareholders; and
- D = the number of Foresight 5 Ordinary Shares in issue as at close of business on the Record Date (save for any Foresight 5 Ordinary Shares held by dissenting Foresight 5 Ordinary Shareholders).

New C Shares to be issued to Foresight 5 Ordinary Shareholders

The number of New C Shares to be issued to Foresight 5 Ordinary Shareholders (save for any dissenting Foresight 5 Ordinary Shareholders) will be calculated as follows:

$$\left(\frac{E}{1}\right) \times F$$

where:

E = the Foresight 5 Ordinary Share Roll-Over Value; and

F = the number of Foresight 5 Ordinary Shares in issue as at close of business on the Record Date (save for any Foresight 5 Ordinary Shares held by dissenting Foresight 5 Ordinary Shareholders).

Foresight 5 C Share Roll-Over Value

The Foresight 5 C Share Roll-Over Value will be calculated as:

$$\frac{G - (H + I)}{J}$$

where:

G = the unaudited net assets of the Foresight 5 C Shares fund as at the Calculation Date (this being the unaudited net assets of the Foresight 5 C Shares fund as at 30 September 2011 (taken from the Foresight 5 unaudited management accounts to that date plus (i) any increase/decrease in the valuation of an investment held by the Foresight 5 C Shares fund where there has been an event in the period between 30 September 2011 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement' (IAS39) and using International Private Equity and Venture Capital Valuation Guidelines, (ii) any material increase/decrease in the cash position and/or debtors and/or the creditors of the Foresight 5 C Shares fund between 30 September 2011 and the Calculation Date and (iii) any adjustment that both the Foresight 5 Board and the Board consider appropriate to reflect any other actual or contingent benefit or liability of the Foresight 5 C Shares fund);

H = the Foresight 5 C Shares fund's proportion of the estimated merger costs of the Schemes (this being 30% of the aggregate costs of the Schemes, to be allocated between the Foresight 5 Ordinary Shares fund and the Foresight 5 C Shares fund in accordance with their relative roll-over values (ignoring such costs) plus £1,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to the Foresight 5 C Shares fund incurred by the Company, which will indemnify the Liquidators in respect of all costs of the Foresight 5 C Shares fund following the transfer on the Effective Date);

I = the amount estimated to be required to purchase the holdings of Foresight 5 C Shares from dissenting Foresight 5 C Shareholders; and

J = the number of Foresight 5 C Shares in issue as at close of business on the Record Date (save for any Foresight 5 C Shares held by dissenting Foresight 5 C Shareholders).

New C Shares to be issued to Foresight 5 C Shareholders

The number of New C Shares to be issued to Foresight 5 C Shareholders (save for any dissenting Foresight 5 C Shareholders) will be calculated as follows:

$$\left(\frac{K}{1}\right) \times L$$

where:

K = the Foresight 5 C Share Roll-Over Value; and

L = the number of Foresight 5 C Shares in issue as at close of business on the Record Date (save for any Foresight 5 C Shares held by dissenting Foresight 5 C Shareholders).

The New C Shares to be issued pursuant to the Foresight 5 Scheme will be issued directly to Foresight 5 Shareholders pro-rata to their existing holdings (disregarding Foresight 5 Shares held by dissenting Foresight 5 Shareholders) on the instruction of the Liquidators.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £1.50) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

Where Foresight 5 Shareholders hold their Foresight 5 Shares in certificated form, they will receive a new certificate for the New C Shares issued and existing certificates will no longer be valid. Where Foresight 5 Shareholders hold their Foresight 5 Shares in uncertificated form, their CREST accounts will be credited with the replacement holding in New C Shares.

Dividend payment mandates provided for Foresight 5 Shares will, unless a Foresight 5 Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the New C Shares.

An application has been made to the UKLA for the New C Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New C Shares to be admitted to trading on its market for listed securities. From the date of issue, the New C Shares issued pursuant to the Foresight 5 Scheme will rank *pari passu* with the existing issued Shares (save for any class rights) and with any New C Shares issued pursuant to the Acuity 3 Scheme.

Foresight 5 Scheme Illustration

As at 30 September 2011, the unaudited NAV of a Foresight 5 Ordinary Share (taken from the Foresight 5 unaudited management accounts to that date) was 17.4p (which included a provision for the Foresight 5 Ordinary Shares fund portion of the costs of the Schemes). The Foresight 5 Ordinary Share Roll-Over Value (had the merger been completed on that date and calculated in accordance with this paragraph 4) would have been 17.4p (assuming no dissenting Foresight 5 Ordinary Shareholders).

The number of New C Shares that would have been issued to Foresight 5 Ordinary Shareholders (had the merger been completed on that date and calculated in accordance with this paragraph) would be 10,376,451 (0.173550 New C Share for every Foresight 5 Ordinary Share held).

As at 30 September 2011, the unaudited NAV of a Foresight 5 C Share (taken from the Foresight 5 unaudited management accounts to that date) was 60.7p (which included a provision for the Foresight 5 C Shares fund portion of the costs of the Schemes). The Foresight 5 C Share Roll-Over Value (had the merger been completed on that date and calculated in accordance with this paragraph 4) would have been 60.5p (assuming no dissenting Foresight 5 C Shareholders).

The number of New C Shares that would have been issued to Foresight 5 C Shareholders (had the merger been completed on that date and calculated in accordance with this paragraph 4) would be 470,721 (0.605360 New C Share for every Foresight 5 C Share held).

5. Modifications

The provisions of the Foresight 5 Scheme shall have effect subject to such non-material modifications or additions as the parties to the Foresight 5 Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Foresight 5 Scheme and the Foresight 5 Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, Foresight 5, the Board, the Foresight 5 Board, any individual director of the Company or Foresight 5, Foresight, Foresight Fund Managers, the registrar or the custodians or bankers of the Company and Foresight 5 or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' Liability

Nothing in the Foresight 5 Scheme or in any document executed under or in connection with the Foresight 5 Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Foresight 5 Scheme or the Foresight 5 Transfer Agreement.

8. Conditions

The Foresight 5 Scheme is conditional upon:

- the passing of Resolutions 1 to 3 to be proposed at the General Meeting;
- notice of dissent not having been received from Foresight 5 Shareholders holding more than 10% in nominal value of Foresight 5's entire issued share capital under Section 111 IA 1986; and
- the passing of the resolutions to be proposed at the Foresight 5 Meetings.

Subject to the above, the Foresight 5 Scheme shall become effective immediately after the passing of the special resolution for the winding up of Foresight 5 to be proposed at the Foresight 5 Second General Meeting. If it becomes effective, the Foresight 5 Scheme shall be binding on all Shareholders (including dissenting Foresight 5 Shareholders) and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 29 February 2012, the Foresight 5 Scheme shall not become effective and the Company will continue in its current form (but subject to the implementation of the other Schemes) and the Board will continue to keep the future of the Company under review.

9. Dissenting Foresight 5 Shareholders

The Liquidators will offer to purchase the holdings of dissenting Foresight 5 Shareholders at the break value price of a Foresight 5 Ordinary Share or a Foresight 5 C Share (as applicable), this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of Foresight 5 if all of the assets of Foresight 5 had to be realised. Due to Foresight 5's investments being in unquoted companies for which there are not generally readily available purchasers, the break value of a Foresight 5 Share is expected to be significantly below the unaudited net asset value of such share. Foresight 5 Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering the payment of any capital gains tax deferral or any upfront income tax relief (assuming such Foresight 5 Shares have not been held for the minimum five year holding period) received on the original subscription. The break value received may not be sufficient to cover the amount of payment due.

10. Governing Law

The Foresight 5 Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART VI
ACUITY 3 SCHEME

1. Definitions and Interpretation

The definitions set out in Part I of this document shall have the same meanings when used in the context of this Part VI.

On or immediately prior to the Effective Date, Foresight Fund Managers (on the instruction of the Liquidators) shall calculate the Acuity 3 Roll-Over Value in accordance with paragraph 4 below.

2. Provision of Information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of Acuity 3 and shall deliver to the Company:

- particulars of all of the assets and liabilities of Acuity 3;
- a list certified by the registrars of the names and addresses of, and the number of Acuity 3 Shares held by each of the Acuity 3 Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of Acuity 3; and
- the amount estimated to be required to purchase the holdings of any dissenting Acuity 3 Shareholders.

3. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of Acuity 3) will enter into the Acuity 3 Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Acuity 3 to the Company in exchange for the issue of New C Shares (fully paid) to the Acuity 3 Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of Acuity 3 to the Company, the Company will, pursuant to the Acuity 3 Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Acuity 3 Scheme, the winding up of Acuity 3 and the purchase for cash of any holdings of dissenting Acuity 3 Shareholders.

4. Calculations

Except as otherwise provided for in the Acuity 3 Scheme terms, for the purposes of calculating the Acuity 3 Roll-Over Value and the number of New C Shares to be issued, the following provisions will apply:

Acuity 3 Roll-Over Value

The Acuity 3 Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

A = the unaudited net assets of the Acuity 3 Shares fund as at the Calculation Date (this being the unaudited net assets of the Acuity 3 Shares fund as at 30 September 2011 (taken from the Acuity 3 unaudited management accounts to that date) plus (i) any increase/decrease in the valuation of an investment held by Acuity 3 where there has been an event in the period between 30 September 2011 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement' (IAS39) and using International Private Equity and Venture Capital Valuation Guidelines, (ii) any material increase/decrease in the cash position and/or debtors and/or the creditors of Acuity 3 between 30 September 2011 and the Calculation Date and (iii) any adjustment that both the Acuity 3 Board and the Board consider appropriate to reflect any other actual or contingent benefit or liability of Acuity 3);

- B = Acuity 3's proportion of the estimated merger costs of the Schemes (this being 20% of the aggregate costs of the Schemes) plus £5,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to Acuity 3 incurred by the Company, which will indemnify the Liquidators in respect of all costs of Acuity 3 following the transfer on the Effective Date);
- C = the amount estimated to be required to purchase the holdings of Acuity 3 Shares from dissenting Acuity 3 Shareholders; and
- D = the number of Acuity 3 Shares in issue as at close of business on the Record Date (save for any Acuity 3 Shares held by dissenting Acuity 3 Shareholders).

New C Shares to be issued to Acuity 3 Shareholders

The number of New C Shares to be issued to Acuity 3 Shareholders (save for any dissenting Acuity 3 Shareholders) will be calculated as follows:

$$\left(\frac{E}{1}\right) \times F$$

where:

E = the Acuity 3 Roll-Over Value; and

F = the number of Acuity 3 Shares in issue as at close of business on the Record Date (save for any Acuity 3 Shares held by dissenting Acuity 3 Shareholders).

The New C Shares to be issued pursuant to the Acuity 3 Scheme will be issued directly to Acuity 3 Shareholders pro-rata to their existing holdings (disregarding Acuity 3 Shares held by dissenting Acuity 3 Shareholders) on the instruction of the Liquidators.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £1.50) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

Where Acuity 3 Shareholders hold their Acuity 3 Shares in certificated form, they will receive a new certificate for the New C Shares issued and existing certificates will no longer be valid. Where Acuity 3 Shareholders hold their Acuity 3 Shares in uncertificated form, their CREST accounts will be credited with the replacement holding in New C Shares.

Dividend payment mandates provided for Acuity 3 Shares will, unless an Acuity 3 Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the New C Shares.

An application has been made to the UKLA for the New C Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New C Shares to be admitted to trading on its market for listed securities. From the date of issue, the New C Shares issued pursuant to the Acuity 3 Scheme will rank *pari passu* with the existing issued Shares (save for any class rights) and with any New C Shares issued pursuant to the Foresight 5 Scheme.

Acuity 3 Scheme Illustration

As at 30 September 2011, the unaudited NAV of an Acuity 3 Share (taken from the Acuity 3 unaudited management accounts to that date) was 22.7p (which included a provision for Acuity 3's share of the costs of the Schemes). The Acuity 3 Roll-Over Value (had the merger been completed on that date and calculated in accordance with this paragraph 4) would have been 22.7p (assuming no dissenting Acuity 3 Shareholders).

The number of New C Shares that would have been issued to Acuity 3 Shareholders (had the merger been completed on that date and calculated in accordance with this paragraph 4) would be 7,796,493 (0.227057 New C Share for every Acuity 3 Share held).

5. Modifications

The provisions of the Acuity 3 Scheme shall have effect subject to such non-material modifications or additions as the parties to the Acuity 3 Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Acuity 3 Scheme and the Acuity 3 Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, Acuity 3, the Board, the Acuity 3 Board, any individual director of the Company or Acuity 3, Foresight, Foresight Fund Managers, the registrar or the custodians or bankers of the Company and Acuity 3 or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' Liability

Nothing in the Acuity 3 Scheme or in any document executed under or in connection with the Acuity 3 Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Acuity 3 Scheme or the Acuity 3 Transfer Agreement.

8. Conditions

The Acuity 3 Scheme is conditional upon:

- the passing of Resolutions 1, 2 and 4 to be proposed at the General Meeting;
- notice of dissent not having been received from Acuity 3 Shareholders holding more than 10% in nominal value of Acuity 3's entire issued share capital under Section 111 IA 1986; and
- the passing of the resolutions to be proposed at the Acuity 3 Meetings.

Subject to the above, the Acuity 3 Scheme shall become effective immediately after the passing of the special resolution for the winding up of Acuity 3 to be proposed at the Acuity 3 Second General Meeting. If it becomes effective, the Acuity 3 Scheme shall be binding on all Shareholders (including dissenting Acuity 3 Shareholders) and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 29 February 2012, the Acuity 3 Scheme shall not become effective and the Company will continue in its current form (but subject to the implementation of the other Schemes) and the Board will continue to keep the future of the Company under review.

9. Dissenting Acuity 3 Shareholders

The Liquidators will offer to purchase the holdings of dissenting Acuity 3 Shareholders at the break value price of an Acuity 3 Share, this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of Acuity 3 if all of the assets of Acuity 3 had to be realised. Due to Acuity 3's investments being in unquoted companies for which there are not generally readily available purchasers, the break value of an Acuity 3 Share is expected to be significantly below the unaudited net asset value of such share. Acuity 3 Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering the payment of any capital gains tax deferral or any upfront income tax relief (assuming such Acuity 3 Shares have not been held for the minimum five year holding period) received on the original subscription. The break value received may not be sufficient to cover the amount of payment due.

10. Governing Law

The Acuity 3 Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART VII

FORESIGHT CLEARWATER SCHEME

1. Definitions and Interpretation

The definitions set out in Part I of this document shall have the same meanings when used in the context of this Part VII.

On or immediately prior to the Effective Date, Foresight Fund Managers (on the instruction of the Liquidators) shall calculate the Foresight Clearwater Roll-Over Value and the Company Merger Value in accordance with paragraph 4 below.

2. Provision of Information

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of Foresight Clearwater and shall deliver to the Company:

- particulars of all of the assets and liabilities of Foresight Clearwater;
- a list certified by the registrars of the names and addresses of, and the number of Foresight Clearwater Shares held by each of the Foresight Clearwater Shareholders on the register at 5.30 p.m. on the Record Date;
- an estimate of the winding-up costs of Foresight Clearwater; and
- the amount estimated to be required to purchase the holdings of any dissenting Foresight Clearwater Shareholders.

3. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of Foresight Clearwater) will enter into the Foresight Clearwater Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of Foresight Clearwater to the Company in exchange for the issue of New Ordinary Shares (fully paid) to the Foresight Clearwater Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of Foresight Clearwater to the Company, the Company will, pursuant to the Foresight Clearwater Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Foresight Clearwater Scheme, the winding up of Foresight Clearwater and the purchase for cash of any holdings of dissenting Foresight Clearwater Shareholders.

4. Calculations

Except as otherwise provided for in the Foresight Clearwater Scheme terms, for the purposes of calculating the Foresight Clearwater Roll-Over Value, the Company Merger Value and the number of New Ordinary Shares to be issued, the following provisions will apply:

Foresight Clearwater Roll-Over Value

The Foresight Clearwater Roll-Over Value will be calculated as:

$$\frac{A - (B + C)}{D}$$

where:

A = the unaudited net assets of Foresight Clearwater as at the Calculation Date (this being the unaudited net assets of Foresight Clearwater as at 30 September 2011 (taken from the Foresight Clearwater half-yearly report to that date) plus (i) any increase/decrease in the valuation of an investment held by Foresight Clearwater where there has been an event in the period between 30 September 2011 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement' (IAS39) and using International Private Equity and Venture Capital Valuation Guidelines, (ii) any material increase/decrease in the cash position and/or debtors and/or the creditors of Foresight Clearwater between 30 September 2011 and the Calculation Date, (iii) the contribution from Foresight and Foresight GP (the manager and administrator

respectively) to Foresight Clearwater so as to bring its NAV up to 94.5p per Foresight Clearwater Share immediately prior to the calculation of the Foresight Clearwater Roll-Over Value and (iv) any adjustment that both the Foresight Clearwater Board and the Board consider appropriate to reflect any other actual or contingent benefit or liability of Foresight Clearwater);

- B = Foresight Clearwater's proportion of the estimated merger costs of the Schemes (this being 10% of the aggregate costs of the Schemes) plus £5,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to Foresight Clearwater incurred by the Company, which will indemnify the Liquidators in respect of all costs of Foresight Clearwater following the transfer on the Effective Date);
- C = the amount estimated to be required to purchase the holdings of Foresight Clearwater Shares from dissenting Foresight Clearwater Shareholders; and
- D = the number of Foresight Clearwater Shares in issue as at close of business on the Record Date (save for any Foresight Clearwater Shares held by dissenting Foresight Clearwater Shareholders).

Company Merger Value

The Company Merger Value will be calculated as:

$$\frac{E - F}{G}$$

where:

- E = the unaudited net assets of the Company as at the Calculation Date (this being the unaudited net assets of the Company as at 30 September 2011 (taken from the Company's unaudited Half-Yearly Report to that date) plus (i) any increase/decrease in the valuation of an investment held by the Company where there has been an event in the period between 30 September 2011 and the Calculation Date which requires a revaluation of the investment in accordance with Financial Reporting Standards 26 'Financial Instruments: Measurement' (IAS39) and using International Private Equity and Venture Capital Valuation Guidelines, (ii) any material increase/decrease in the cash position and/or debtors and/or the creditors of the Company between 30 September 2011 and the Calculation Date and (iii) any adjustment that both the Board and the Foresight Clearwater Board consider appropriate to reflect any other actual or contingent benefit or liability of the Company);
- F = the Company's proportion of the estimated merger costs of the Schemes (this being 40% of the aggregate costs of the Schemes); and
- G = the number of Ordinary Shares in issue as at close of business on the Record Date.

New Ordinary Shares to be issued to Foresight Clearwater Shareholders

The number of New Ordinary Shares to be issued to Foresight Clearwater Shareholders (save for any dissenting Foresight Clearwater Shareholders) will be calculated as follows:

$$\left(\frac{H}{I}\right) \times J$$

where:

- H = the Foresight Clearwater Roll-Over Value;
- I = the Company Merger Value; and
- J = the number of Foresight Clearwater Shares in issue as at close of business on the Record Date (save for any Foresight Clearwater Shares held by dissenting Foresight Clearwater Shareholders).

The New Ordinary Shares to be issued pursuant to the Foresight Clearwater Scheme will be issued directly to Foresight Clearwater Shareholders pro-rata to their existing holdings (disregarding Foresight Clearwater Shares held by dissenting Foresight Clearwater Shareholders) on the instruction of the Liquidators.

Entitlements will be rounded down to the nearest whole number and any fractional entitlements (which will not exceed £1.50) will be sold in the market and the proceeds retained for the benefit of the Enlarged Company.

Where Foresight Clearwater Shareholders hold their Foresight Clearwater Shares in certificated form, they will receive a new certificate for the New Ordinary Shares issued and existing certificates will no longer be valid. Where Foresight Clearwater Shareholders hold their Foresight Clearwater Shares in uncertificated form, their CREST accounts will be credited with the replacement holding in New Ordinary Shares.

Dividend payment mandates provided for Foresight Clearwater Shares will, unless a Foresight Clearwater Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the New Ordinary Shares.

An application has been made to the UKLA for the New Ordinary Shares to be listed on the premium segment of the Official List and will be made to the London Stock Exchange for such New Ordinary Shares to be admitted to trading on its market for listed securities. From the date of issue, the New Ordinary Shares issued pursuant to the Foresight Clearwater Scheme will rank *pari passu* with the existing issued Shares (save for any class rights).

Foresight Clearwater Scheme Illustration

As at 30 September 2011, the unaudited NAV of a Foresight Clearwater Share (taken from the Foresight Clearwater unaudited half-yearly report to that date) was 92.0p. The Foresight Clearwater Roll-Over Value (had the merger been completed on that date and calculated in accordance with this paragraph 4) would have been 90.0p (assuming no dissenting Foresight Clearwater Shareholders).

As at 30 September 2011, the unaudited NAV of an Ordinary Share (taken from the Company's Half-Yearly Report to that date) was 109.6p. The Company Merger Value (had the merger been completed on that date and calculated in accordance with this paragraph 4) would have been 109.1p.

The number of New Ordinary Shares that would have been issued to Foresight Clearwater Shareholders (had the merger been completed on that date and calculated in accordance with this paragraph 4, but taking into account the number of Foresight Clearwater Shares in issue as at the date of this document) would be 1,432,440 (0.825433 New Ordinary Share for every Foresight Clearwater Share held).

5. Modifications

The provisions of the Foresight Clearwater Scheme shall have effect subject to such non-material modifications or additions as the parties to the Foresight Clearwater Transfer Agreement may from time to time approve in writing.

6. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Foresight Clearwater Scheme and the Foresight Clearwater Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, Foresight Clearwater, the Board, the Foresight Clearwater Board, any individual director of the Company or Foresight Clearwater, Foresight, Foresight Fund Managers, the registrar or the custodians or bankers of the Company and Foresight Clearwater or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

7. Liquidators' Liability

Nothing in the Foresight Clearwater Scheme or in any document executed under or in connection with the Foresight Clearwater Scheme shall impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, breach of duty or wilful default by the Liquidators in the performance of their duties and this shall, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Foresight Clearwater Scheme or the Foresight Clearwater Transfer Agreement.

8. Conditions

The Foresight Clearwater Scheme is conditional upon:

- the passing of Resolutions 1 and 5 to be proposed at the General Meeting;
- notice of dissent not having been received from Foresight Clearwater Shareholders holding more than 10% in nominal value of Foresight Clearwater's entire issued share capital under Section 111 IA 1986; and
- the passing of the resolutions to be proposed at the Foresight Clearwater Meetings.

Subject to the above, the Foresight Clearwater Scheme shall become effective immediately after the passing of the special resolution for the winding up of Foresight Clearwater to be proposed at the Foresight Clearwater Second General Meeting. If it becomes effective, the Foresight Clearwater Scheme shall be binding on all Shareholders (including dissenting Foresight Clearwater shareholders) and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 29 February 2012, the Foresight Clearwater Scheme shall not become effective and the Company will continue in its current form (but subject to the implementation of the other Schemes) and the Board will continue to keep the future of the Company under review.

9. Dissenting Foresight Clearwater Shareholders

The Liquidators will offer to purchase the holdings of dissenting Foresight Clearwater Shareholders at the break value price of a Foresight Clearwater Share, this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of Foresight Clearwater if all of the assets of Foresight Clearwater had to be realised. Although the break value of a Foresight Clearwater Share is expected to be materially the same as the unaudited net asset value of such share, Foresight Clearwater Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering clawback of any up front income tax relief received on subscription as the Foresight Clearwater Shares will not have been held for five years.

10. Governing Law

The Foresight Clearwater Scheme shall, in all respects, be governed by and construed in accordance with the laws of England and Wales.

PART VIII

C SHARES AND CONVERSION

The following provisions will apply in respect of the C Shares and their subsequent Conversion into Ordinary Shares. It is proposed that the Articles be amended, as set out below, pursuant to Resolution 2 to provide (unless already provided) for these rights and Conversion.

1. Definitions

“Business Day” means any date when clearing banks in the UK are open for business.

“Calculation Date” means 31 March 2015.

“Companies Acts” means CA 2006, and every other statute or regulation for the time being in force concerning companies and affecting the Company.

“Conversion” means the conversion of the C Shares into Ordinary Shares.

“Conversion Date” means the tenth Business Day following the publication of the audited results of the Company for the year to 31 March 2015.

“C Share Conversion NAV” means the audited net asset value of a C Share as at 31 March 2015 (as may be adjusted by the Directors (in their absolute discretion) to take into account any material movements in the value of the cash or other assets and liabilities attributable to the C Shares or the number of C Shares between 31 March 2015 and the Conversion Date).

“C Shareholders” means the holders of C Shares (and each a “C Shareholder”).

“C Shares” means the C ordinary shares of 1p each in the capital of the Company (and each a “C Share”).

“C Share Surplus” means the assets of the Company attributable to the C Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities, including the costs and expenses of liquidation or return of capital (as the case may be), as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the holders of C Shares.

“Deferred Shares” means the deferred shares of 1p each in the capital of the Company (and each a “Deferred Share”).

“Issue Date” means the day on which the first C Shares were issued.

“Ordinary Shares” means the ordinary shares of 1p each in the capital of the Company (and each an “Ordinary Share”).

“Ordinary Share Conversion NAV” means the audited net asset value of an Ordinary Share as at 31 March 2015 (as may be adjusted by the Directors (in their absolute discretion) to take into account any material movements in the value of the cash or other assets and liabilities attributable to the Ordinary Shares or the number of Ordinary Shares between 31 March 2015 and the Conversion Date).

“Ordinary Shareholders” means the holders of Ordinary Shares (and each an “Ordinary Shareholder”).

“Ordinary Share Surplus” means the assets of the Company attributable to the Ordinary Shares (including, for the avoidance of doubt, any income and/or revenue arising from or relating to such assets) less such proportion of the Company’s liabilities, (including the costs and expenses of the liquidation or return of capital (as the case may be), as the Directors or the liquidator (as the case may be) shall reasonably allocate to the assets of the Company attributable to the holders of Ordinary Shares.

2. Conversion

On the Conversion Date:

- (a) if the C Shares Conversion NAV is less than the Ordinary Share Conversion NAV, the number of C Shares in each Shareholder’s holding as is represented by “X” (rounded down to

the nearest whole share) in the following formula will be redesignated as Ordinary Shares and the balance of the holding being redesignated as Deferred Shares:

$$X = \left(\frac{C}{O} \right) \times S$$

where:

S = the number of C Shares held by the relevant Shareholder as at the close of business on the day immediately preceding the Conversion Date;

C = the C Share Conversion NAV; and

O = the Ordinary Share Conversion NAV

and the Deferred Shares so created will then be immediately repurchased by the Company.

- (b) if the C Share Conversion NAV is greater than the Ordinary Share Conversion NAV, then each C Share in a Shareholder's holding shall be redesignated as an Ordinary Share and a number of additional Ordinary Shares will be issued to each holder of C Shares as is represented by "Y" (rounded down to the nearest whole share) in the following formula:

$$Y = \left(S \times \frac{C}{O} \right) - S$$

where:

S = the number of C Shares held by the relevant Shareholder as at the close of business on the day immediately before the Conversion Date;

C = the C Share Conversion NAV; and

O = the Ordinary Share Conversion NAV

such additional Ordinary Shares to be paid up in full through the capitalisation of profits and/or reserves (including share premium account).

Fractional entitlements will be rounded down. Applications will be made to the UKLA for the Ordinary Shares issued under the above provisions to be admitted to the premium segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its market for listed securities (or, in respect of those C Shares redesignated into Ordinary Shares, the existing admissions to be amended).

The Ordinary Shares issued or arising on redesignation under the above provisions will rank *pari passu* with the existing Ordinary Shares following the date of issue or, as the case may be, redesignation, save that the redesignated Ordinary Shares (and, as applicable, any Ordinary Shares issued on Conversion) shall not be entitled to participate in any dividend reflected in the calculation of the Ordinary Share Conversion NAV.

3. Rights attaching to Deferred Shares

The rights and restrictions attaching to the Deferred Shares shall be as follows:

(a) Dividends

The Deferred Shares will have the right to receive a fixed cumulative preferential dividend from the revenue profits of the Company which are available for distribution and which the Directors determine to distribute by way of dividend in priority to any dividend payable on ordinary share capital at the rate of 1p per annum in aggregate to be paid amongst the holders of Deferred Shares as a class. The Deferred Shares will carry no further right to a dividend.

(b) Voting

The holders of the Deferred Shares will not have any rights to receive notice of, attend or vote at general meetings.

(c) Return of Capital

The Deferred Shares will have on a winding-up, a preferential right to be paid out of the assets available for distribution an amount equal to 1p for all the Deferred Shares prior to the surplus being distributed to the holders of ordinary share capital. The Deferred Shares shall have no further rights to participate in any surplus assets of the Company.

(d) Purchase by the Company

The Deferred Shares shall be capable of being purchased by the Company at any time for an aggregate consideration of 1p (and for such purpose the Directors are irrevocably authorised to do all such things necessary or desirable to effect such purchase, including to authorise any person to execute on behalf of the holders of the Deferred Shares an appropriate contract and deliver it for them on their behalf) and each Deferred Share so purchased will be cancelled.

(e) General

The Company shall not be obliged to:

- (i) issue share certificates in respect of the Deferred Shares;
- (ii) give any prior notice to the holders of Deferred Shares that such shares are to be purchased; or
- (iii) account to any holder of Deferred Shares for the purchase money in respect of the purchase of such shares.

4. Rights attaching to the C Shares

(a) Undertakings

Until Conversion, and without prejudice to its obligations under the Companies Acts, the Company shall (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Shareholders of each class of share in the Company can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate income and expenditure accounts (or, if applicable) profit and loss accounts, balance sheets and cash flow accounts and such other separate accounts as may, in the opinion of the Board, be desirable shall be created and maintained in the books of the Company for the assets attributable to the Shareholders of a particular class of shares in the Company, (ii) allocate to the assets attributable to the Shareholders of a particular class of shares in the Company such proportion of the expenses and liabilities of the Company incurred or accrued as the Directors fairly consider to be allocable to the relevant class of share in the Company and (iii) give appropriate instructions to the Company's investment managers and advisers to manage the Company's assets so that such undertakings can be complied with by the Company.

(b) Voting rights

Subject to any special terms as to voting on which any shares may be issued, on a show of hands, every member present in person or by proxy (or being a corporation, represented by an authorised representative) shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. Different classes of shares in the Company shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

(c) Dividends

Until Conversion, the rights of members to receive dividends are as follows:

- (i) the Ordinary Shareholders shall be entitled to receive, in that capacity, any dividends paid out of the net income derived from the assets attributable to the Ordinary Shares; and
- (ii) the C Shareholders shall be entitled to receive in that capacity, any dividends paid out of the net income derived from the assets attributable to the C Shares.

The Company may in general meeting by ordinary resolution declare dividends in accordance with the respective rights of the members, provided that no dividend shall be payable in excess of the amount recommended by the Directors. The Directors may pay such interim dividends as appear to them to be justified. No dividend or other monies payable in respect of a share shall bear interest as against the Company. There are no fixed dates on which entitlements to dividend arises.

All dividends unclaimed for a period of twelve years after being declared or becoming due for payment shall be forfeited and shall revert to the Company.

(d) Distribution of assets on liquidation

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

- (i) the Ordinary Share Surplus shall be divided amongst the Ordinary Shareholders pro rata according to their holdings of Ordinary Shares; and
- (ii) the C Share Surplus shall be divided amongst the C Shareholders pro rata according to their holdings of C Shares.

The Articles provide that the liquidator may, with the sanction of a special resolution and any other sanctions required by CA 2006, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

(e) Class consents and variation of rights

The holders of each class of share in the Company (other than Deferred Shares) shall be required to approve and, accordingly, without such approval, the special rights attached to such class of share shall be deemed to be varied, *inter alia*, by:

- (i) any alteration to the Articles affecting the rights of the relevant class of shares; or
- (ii) any consolidation, division, sub-division, cancellation or reduction by the Company of any issued share capital of the Company of the relevant class; or
- (iii) any grant or allotment of any security convertible into or carrying a right to subscribe for any share capital of the Company of the relevant class or any other right to subscribe or acquire share capital of the Company of the relevant class in each case at less than an amount equivalent to 95% of the last published net asset value of such shares at the date of grant or allotment, other than pursuant to the grant or exercise of subscription rights in accordance with the terms of performance related incentive arrangements for the investment manager(s) of the Company from time to time; or
- (iv) the selection of any accounting reference date other than 31 March.

Whenever the capital of the Company is divided into different classes of shares, the rights attaching to each class may (unless otherwise provided by the terms of that class) be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders.

PART IX

ADDITIONAL INFORMATION

1. Responsibility

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

2. Share Capital

- 2.1 As at 21 December 2011 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	Issued and fully paid No. of Shares	£
Ordinary Shares (1p each)	36,512,963	365,129.63

- 2.2 As at 21 December 2011 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option, nor did the Company hold any share capital in treasury.

3. Directors and their Interests

- 3.1 The names and business addresses of the Directors, all of whom are non-executive, are as follows:

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

all of ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU (the registered office and principal place of business of the Company).

- 3.2 As at 21 December 2011 (this being the latest practicable date prior to publication of this document), the interests of the Directors (and their immediate families) in the issued share capital of the Company were as follows:

Director	Shares	% of issued share capital
Philip Stephens	14,893	0.04
Peter Dicks	16,706	0.05
Roger Brooke	202,005	0.55

None of the Directors hold any shares in the share capital of the Target VCTs other than Peter Dicks who holds 20,600 Foresight Clearwater Shares.

In respect of Foresight 5, Catrina Holme and David Donnelly stated their intention to reinvest their directors' fees in relation to Foresight 5 for the quarters ending 30 June 2011 and 30 September 2011 (net of tax and National Insurance) in Foresight 5 Shares. Due to the over-subscription of the recent Foresight 5 offer to its shareholders, neither Catrina Holme nor David Donnelly has had the opportunity to re-invest such fees but have confirmed that they will carry forward this intention to reinvest such fees in C Shares following the Foresight 5 Scheme becoming effective.

- 3.3 Aggregate Directors' emoluments for the current year are expected to be £65,000 (excluding applicable employers National Insurance Contributions or VAT). Details of the Directors' appointments are as follows:

Director	Date of appointment*	Annual remuneration** (£)	31 March 2011 remuneration*** (£)
Philip Stephens	4 February 1998	25,000	22,500
Peter Dicks	30 July 2004	20,000	21,250
Roger Brooke	4 February 1998	20,000	19,167

* None of the Directors have a service contract and their appointment is not subject to a notice period. The appointments do not confer any right to hold office for any period nor any right for compensation if they cease to be a Director. The office of non-executive director is not pensionable.

** Excluding applicable employers National Insurance Contributions or VAT.

*** This was an extended 13 month period to 31 March 2011 and excludes applicable employers National Insurance Contributions or VAT.

- 3.4 Save for in respect of Peter Dicks, who is a director of a number of VCTs managed by Foresight, there are no potential conflicts of interests between the duties of any Director and their private interests and/or duties.
- 3.5 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 28 February 2009 and 2010 and the 13 month period ended 31 March 2011 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

As at 21 December 2011 (this being the latest practicable date prior to publication of this document), the Company is not aware of any person who has, or immediately following the issue of the New Shares pursuant to the Schemes, directly or indirectly will have, an interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006 and the Listing Rules and the Disclosure & Transparency Rules of the FSA, a holding of 3% or more must be notified to the Company).

5. Material Contracts

- 5.1 Save as disclosed in this paragraph 5.1, the Company has not entered, other than in the ordinary course of business, into any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:

- 5.1.1 An investment management agreement dated 30 July 2004 between the Company (1), Foresight GP (2) and Foresight Fund Managers (3) (as amended and supplemented from time to time by those parties and as novated from Foresight GP to Foresight pursuant to a novation agreement dated 19 December 2011 between those parties and Foresight) pursuant to which Foresight is appointed as the discretionary investment manager to the Company and Foresight GP provides administration services to the Company (through Foresight Fund Managers). The provision of administration services will be novated (pursuant to the novation agreement referred to above) to Foresight, subject to it being authorised by the Guernsey Financial Services Commission to provide such services.

The appointment of Foresight (or Foresight GP until the provision of administration services are novated to Foresight) is terminable by either party on not less than one year's notice in writing and may also be terminated in circumstances of material breach by either of these parties (or, in the case of Foresight or Foresight GP, as applicable, breach by any delegate or subcontractor). The Company may appoint other parties in substitution of Foresight as investment adviser or manager in respect of the whole or part of the Company's investment portfolio if it believes that this is necessary to preserve the status of the Company as a VCT.

Foresight has, as is permitted and as approved by the Company under the agreement, appointed Foresight GP to provide investment advisory services to Foresight for the purposes of fulfilment of the investment management obligations to the Company under the agreement.

Foresight GP has, as is permitted and as approved by the Company under the agreement, delegated the provision of administration services to Foresight Fund Managers for the purposes of fulfilment of the administration obligations to the Company under the agreement. Foresight will continue to delegate the provision of administration services to Foresight Fund Managers (via Foresight GP) once it commences the provision of such services.

Foresight (and Foresight GP until the provision of administration services are novated to Foresight) remains responsible for the services provided by a delegate or subcontractor. Foresight GP has also provided a guarantee under the agreement in respect of the obligations of Foresight.

Foresight receives an annual management fee of an amount equivalent to 2.5% of the net assets of the Company, calculated and payable quarterly in advance, together with any applicable VAT thereon in respect of investment management services. Foresight GP receives an annual fee of an amount equivalent to 0.3% of funds raised by the Company, subject to a cap of £100,000 (plus VAT and increased in each year by not less than the percentage increase in the UK Retail Prices Index), payable quarterly in advance in respect of administration services (such fee to be payable to Foresight once the provision of administration services has been novated to it). The administration fee will be increased to an amount equivalent to 0.3% of funds raised by the Company and any funds raised by any companies acquired by the Company (either through the acquisition of all of the share capital of a company or through the acquisition of all of the assets and liabilities of a company), subject to a cap of £150,000 (plus VAT and increased in each year by not less than the percentage increase in the UK Retail Prices Index), subject to at least two of the Schemes becoming effective, to reflect the Enlarged Company with two share classes which will be split between the two share class funds within the Company pro rata to net assets of each fund.

The normal annual expenses of the Company under the agreement are capped at an amount equivalent to 3.5% of the Company's net assets. Any excess over this amount will be borne by Foresight. Normal annual expenses include the annual expenses of the Company incurred in its ordinary course of business and includes the annual investment management and administration fees, directors' remuneration, normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers, annual trail commission and irrecoverable VAT thereon. It does not include any performance incentive fees or exceptional items.

The agreement includes indemnities given by the Company to Foresight (and to Foresight GP until the provision of administration services has been novated to Foresight) which are usual for this type of agreement.

5.1.2 A carried interest agreement dated 11 January 2011 between the Company (1) and Foresight GP (2) pursuant to which Foresight GP is entitled to a performance incentive fee equal in value to 15% of a dividend paid to Shareholders, subject to the net asset value plus cumulative dividends paid per Ordinary Share exceeding 100.0p per Ordinary Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid. After each distribution is made to Shareholders where a performance incentive is paid to Foresight GP, the High Watermark required to be achieved by the Company to trigger a performance incentive fee will be amended to take account of the dividend (net of the performance incentive fee payment made to Foresight GP) paid.

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

5.1.3 A promoter's agreement dated 7 January 2011 between the Company and Foresight 3 VCT plc (1), the Directors and the directors of Foresight 3 VCT plc (2) and Foresight GP (3) whereby Foresight GP agreed to act as promoter in connection with a linked offer between the Company and Foresight 3 VCT plc. The agreement contained warranties given by the Company, Foresight 3 VCT plc, the Directors and the directors of Foresight 3 VCT plc to Foresight GP and an indemnity usual for this type of agreement from the Company and Foresight 3 to Foresight GP. The Company and Foresight 3 VCT plc paid to Foresight GP a commission of 5.5% of the gross amount subscribed under that offer out of which all costs, charges and expenses of or incidental to that offer (save for annual trail commission) were paid.

5.1.4 A letter of engagement dated 1 September 2010 from BDO LLP to the Company and Foresight 3 VCT plc, pursuant to which BDO LLP was appointed as sponsor to the Company

and Foresight 3 VCT plc for the purposes of the offer referred to at paragraph 5.1.3 above. The fees under this appointment were met by Foresight GP. The Company and Foresight 3 VCT plc agreed to indemnify BDO LLP for any loss suffered in respect of its role as sponsor, such indemnity being unlimited.

5.1.5 A letter of engagement dated 1 November 2011 between the Company and BDO LLP, pursuant to which BDO LLP will act as sponsor to the Company for the purposes of the merger. The agreement may be terminated if any statement in the Prospectus is untrue, any material omission from the Prospectus arises or any breach of warranty occurs.

5.2 The following contracts will be entered into, subject, *inter alia*, to the approval by Shareholders of applicable Resolutions at the General Meeting and the relevant Scheme becoming effective:

5.2.1 A transfer agreement between the Company and Foresight 5 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Foresight 5 will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New C Shares in accordance with Part V of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of Foresight 5 will be transferred on receipt to the Company as part of the Foresight 5 Scheme. This agreement will be entered into as part of the Foresight 5 Scheme.

5.2.2 A transfer agreement between the Company and Acuity 3 (acting through the Liquidators) pursuant to which all of the assets and liabilities of Acuity 3 will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New C Shares in accordance with Part VI of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of Acuity 3 will be transferred on receipt to the Company as part of the Acuity 3 Scheme. This agreement will be entered into as part of the Acuity 3 Scheme.

5.2.3 A transfer agreement between the Company and Foresight Clearwater (acting through the Liquidators) pursuant to which all of the assets and liabilities of Foresight Clearwater will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for New Ordinary Shares in accordance with Part VII of this document. The Liquidators will further agree under this agreement that all sale proceeds and/or dividends received in respect of the underlying assets and/or other rights of Foresight Clearwater will be transferred on receipt to the Company as part of the Foresight Clearwater Scheme. This agreement will be entered into as part of the Foresight Clearwater Scheme.

5.2.4 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Foresight 5 Scheme. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the merger calculations. This agreement will be entered into as part of the Foresight 5 Scheme.

5.2.5 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Acuity 3 Scheme. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the merger calculations. This agreement will be entered into as part of the Acuity 3 Scheme.

5.2.6 An indemnity from the Company to the Liquidators pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the Foresight Clearwater Scheme. A liquidation fee has been agreed (including an amount representing contingency) and taken into account in the merger calculations. This agreement will be entered into as part of the Foresight Clearwater Scheme.

6. Co-investment Policy

Where more than one of the companies managed or advised by the Foresight Group wishes to participate in an investment opportunity, allocations will be made in accordance with Foresight's allocation policy as at the date of allocation. The policy provides that allocations are made firstly to any company (or the relevant fund attributable to a share class) with an existing investment in the relevant company, secondly to any company (or the relevant fund attributable to a share class) whose investment strategy is specifically focused on the business of the relevant company and

third to all other companies (or the relevant fund attributable to a share class) whose investment strategy is generally consistent with the investment in business of the relevant company. Within each stage, allocations are made pro rata to the net funds raised by each company (or the relevant fund attributable to a share class), except where there is an existing investment, in which case allocation is pro rata to such existing investment. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as sector exposure and the requirement to achieve or maintain a minimum of 70% of a particular VCTs portfolio in VCT qualifying investments.

7. General

- 7.1 The Company was incorporated and registered in England and Wales under CA 1985 as a public company with limited liability on 3 February 1998, with registered number 03506579. The principal legislation under which the Company operates is CA 2006 (and regulations made thereunder). The legal and commercial name of the Company is Foresight 4 VCT plc. The Company is domiciled in England.
- 7.2 Statutory accounts of the Company for the years ended 28 February 2009 and 2010 and the 13 month period ended 31 March 2011 in respect of which the Company's auditors, Ernst & Young LLP (in respect of the years ended 28 February 2009 and 2010) and KPMG Audit plc (in respect of the 13 month period ended 31 March 2011), have made unqualified reports under Section 235 CA 1985/Section 495 CA 2006, have been delivered to the Registrar of Companies and such reports did not contain any statements under Sections 237(2) or (3) CA 1985/Section 495 to Section 497A CA 2006 (as applicable).
- 7.3 Save for the fees paid to the Directors as detailed in paragraph 3.3 above, the fees paid under the arrangements set out at paragraph 5.1.1 and 5.1.2 above to Foresight (and previously Foresight GP prior to the novation of the investment management agreement to Foresight referred to in paragraph 5.1.1 above) and fees paid to Foresight GP of £66,388, £241,085, £558,347 and £69,372 during the years ended 28 February 2009 and 2010, the 13 month period ended 31 March 2011 and the current year in respect of promotion fees, there were no related party transactions or fees paid by the Company during the years ended 28 February 2009 and 2010 and the 13 month period ended 31 March 2011 or to the date of this document in the current financial year.
- 7.4 The Company has no employees or subsidiaries.
- 7.5 There has been no significant change in the financial or trading position of the Company since 30 September 2011, the date to which the Half-Yearly Report was made up to, to the date of this document.
- 7.6 The Company is not and has not at any time in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings (and the Company is not aware of any such proceedings being pending or threatened) which may have, or have had, a significant effect on the Company's financial position or profitability.

8. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the Effective Date at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG and also at the registered office of the Company:

- 8.1 the memorandum and articles of association of the Company (existing and as will be amended pursuant to Resolution 2 to be proposed at the General Meeting);
- 8.2 the audited report and accounts of the Company for the financial years ended 28 February 2009 and 2010 and the 13 month period to 31 March 2011 and the Half-Yearly Report (for the six month period ended 30 September 2011);
- 8.3 the audited report and accounts of Foresight 5 for the financial years ended 30 September 2008, 2009, 2010 and the Foresight 5 half-yearly report for the six month period ended 31 March 2011;
- 8.4 the audited report and accounts of Acuity 3 for the financial years ended 30 September 2008, 2009, 2010 and the Acuity 3 half-yearly report for the six month period ended 31 March 2011;
- 8.5 the Foresight Clearwater half-yearly report for the period from incorporation to 30 September 2011;

- 8.6 the material contracts referred to in paragraph 5 above (the contracts referred to at paragraph 5.2 being subject to non-material amendment);
- 8.7 the Target VCTs' Circulars;
- 8.8 the Prospectus; and
- 8.9 this document.

22 December 2011

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Foresight 4 VCT plc ("the Company") will be held at 10.00 a.m. on 26 January 2012 at the offices of SGH Martineau LLP, One America Square, Crosswall, London EC3N 2SG, for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 2, 6 and 7 will be proposed as special resolutions and resolutions 1, 3, 4 and 5 will be proposed as ordinary resolutions:

Ordinary Resolution

1. That the investment policy of the Company be changed to the investment policy as set out in section (B) of Part IV of the circular to shareholders dated 22 December 2011 ("Circular");

Special Resolution

2. That:
 - (i) the articles of association of the Company ("Articles") be and hereby are amended to provide for the rights attaching to, and the conversion of, C ordinary shares of 1p each in the capital of the Company ("C Shares") as set out in Part VIII of the Circular, a copy of the draft Articles so amended being produced to the meeting and initialled by the Chairman for the purposes of identification;
 - (ii) the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("Act") to exercise all the powers of the Company to allot ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") up to an aggregate nominal amount of £100,000 in connection with the conversion of C Shares into Ordinary Shares as set out in Part VIII of the Circular and in the Articles (as amended pursuant to paragraph (i) of this resolution), provided that the authority conferred by this paragraph (ii) shall expire on the fifth anniversary of the passing of this resolution; and
 - (iii) the Company be and hereby is authorised to enter into a contract to purchase all the issued deferred shares of 1p each arising on the conversion of C Shares to Ordinary Shares for an aggregate amount of 1p (such contract to be in the form produced to the meeting and initialled by the Chairman for the purposes of identification and which, as at the date of the meeting, will have been on display at the Company's registered office and available for inspection by members for not less than 15 days), in accordance with the Articles (as amended pursuant to paragraph (i) of this resolution, such authority to expire on the fifth anniversary of the passing of this resolution and such deferred shares so purchased to be cancelled.

Ordinary Resolutions

3. That, subject to the Foresight 5 Scheme (as defined in and provided for in the Circular) becoming unconditional:
 - (i) the acquisition of the assets and liabilities of Foresight 5 VCT plc on the terms set out in the Circular be and hereby is approved; and
 - (ii) in addition to the authority conferred by resolution 2 set out in this notice, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot C Shares in the Company up to an aggregate nominal amount of £145,000 in connection with the Foresight 5 Scheme, provided that the authority conferred by this paragraph (ii) shall expire on the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting).
4. That, subject to the Acuity 3 Scheme (as defined in and provided for in the Circular) becoming unconditional:
 - (i) the acquisition of the assets and liabilities of Acuity VCT 3 plc on the terms set out in the Circular be and hereby is approved; and
 - (ii) in addition to the authorities conferred by resolutions 2 and 3 set out in this notice, the directors of the Company be and hereby are generally and unconditionally authorised in

accordance with Section 551 of the Act to exercise all the powers of the Company to allot C Shares in the Company up to an aggregate nominal amount of £105,000 in connection with the Acuity 3 Scheme, provided that the authority conferred by this paragraph (ii) shall expire on the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting).

5. That, subject to the Foresight Clearwater Scheme (as defined in and provided for in the Circular) becoming unconditional:
 - (i) the acquisition of the assets and liabilities of Foresight Clearwater VCT plc on the terms set out in the Circular be and hereby is approved; and
 - (ii) in addition to the authorities conferred by resolutions 2 to 4 set out in this notice, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares in the Company up to an aggregate nominal amount of £20,000 in connection with the Foresight Clearwater Scheme, provided that the authority conferred by this paragraph (ii) shall expire on the date falling 18 months from the date of the passing of this resolution (unless renewed, varied or revoked by the Company in a general meeting).

Special Resolutions

6. That:

- (i) in addition to the authorities conferred by resolutions 2 to 5 set out in this notice, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £185,000, provided that, the authority conferred by this paragraph (i) shall expire on the conclusion of the annual general meeting of the Company to be held in 2013 (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company 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;
- (ii) the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to paragraph (i) of this resolution or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this paragraph (ii) shall expire on the conclusion of the annual general meeting of the Company to be held in 2013 and provided further that this power shall be limited to:
 - (a) the allotment and issue of Ordinary Shares up to an aggregate nominal value representing 10% of the issued Ordinary Share capital of the Company from time to time;
 - (b) the allotment and issue of C Shares up to an aggregate nominal value representing 10% of the issued C Share capital of the Company from time to time;
 - (c) the allotment and issue of Ordinary Shares at an issue price of 1p per share with an aggregate nominal value of up to 10% of the issued Ordinary Share capital of the Company from time to time in connection with performance incentive arrangements entered into by the Company

in each case where the proceeds may in whole or part be used to purchase shares; and
- (iii) the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of the Act of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - (a) the aggregate number of shares which may be purchased shall not exceed 5,800,000 Ordinary Shares and 3,500,000 C Shares;
 - (b) the minimum price which may be paid per share is the nominal value thereof (being 1p);

- (c) the maximum price which may be paid per share is an amount equal to the higher of (i) 105% of the average of the middle market quotation per share (of the relevant class) 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 (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
 - (d) the authority conferred by this paragraph (iii) shall expire on the conclusion of the annual general meeting of the Company to be held in 2013 (unless renewed, varied or revoked by the Company in a general meeting); and
 - (e) the Company may make a contract to purchase shares under the authority conferred by this paragraph (iii) 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.
7. That, the amount standing to the credit of the share premium account of the Company and the capital redemption reserve of the Company at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled.

Dated 22 December 2011

By order of the Board
 Company Secretary
 Foresight Fund Managers Limited

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

Notes:

1. None of the directors has a service contract. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting. A copy of the articles of association as will be amended pursuant to Resolution 2 will be on display at the meeting and at the Company's registered office from the date of this notice through to the close of the meeting and available for inspection.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 5.00 pm on 24 January 2012 (or, in the event of any adjournment, 5.00 pm on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0870 703 6385 or, if telephoning from outside the UK, on +44 870 703 6385. Calls to Computershare Investor Services PLC's helpline (0870 703 6385) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy is attached to this document and a reply paid envelope is enclosed. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 10.00 a.m. on 24 January 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope using the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
6. As at 21 December 2011 (being the last business day prior to the publication of this notice), the Company's issued voting share capital was 36,512,963 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 21 December 2011 was 36,512,963.
7. In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Companies Act 2006.
8. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, in accordance with Section 149(2) of the Companies Act 2006 and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment made by means by CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such

instructions, as described in the CREST Manual (www.euroclear.com/CREST). The message must be transmitted so as to be received by the issuer's agent, Computershare (ID 3RA50), by 10.00 a.m. on 24 January 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
13. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
15. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
16. Information regarding the meeting is also available at the following website: www.foresightgroup.eu

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FORM OF PROXY FOR THE GENERAL MEETING **FORESIGHT 4 VCT PLC**

I/We

(Block Capitals Please)

of

being a shareholder(s) of the above-named Company, appoint the Chairman of the General Meeting or

for the following number of shares (insert number or all)

to act as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 10.00 a.m. on 26 January 2012 (see note 1 below) and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' if this is one of multiple proxy instructions being given ☐

The proxy is directed to vote as follows:

			For	Against	Vote Withheld
Resolution 1	Ordinary	Approve the change to the investment policy of the Company.			
Resolution 2	Special	Composite resolutions to amend the articles of association to create and convert the C Shares, issue Ordinary Shares pursuant to such subsequent conversion and purchase any deferred shares arising pursuant to such subsequent conversion.			
Resolution 3	Ordinary	Composite resolution to approve the acquisition of the assets and liabilities of Foresight 5 VCT plc pursuant to a scheme of reconstruction and authority to issue shares in connection with the scheme.			
Resolution 4	Ordinary	Composite resolution to approve the acquisition of the assets and liabilities Acuity VCT 3 plc pursuant to a scheme of reconstruction and authority to issue shares in connection with the scheme.			
Resolution 5	Ordinary	Composite resolution to approve the acquisition of the assets and liabilities of Foresight Clearwater VCT plc pursuant to a scheme of reconstruction and authority to issue shares in connection with the scheme.			
Resolution 6	Special	Composite resolution to renew and increase share allotment and buyback authorities.			
Resolution 7	Special	Approve the cancellation of the share premium account and capital redemption reserve, subject to the sanction of the Court.			

Signature Dated 201.....

Notes:

1. The notice of the General Meeting is set out in the circular to shareholders of the Company dated 22 December 2011.
2. If any other proxy is preferred, strike out the words "Chairman of the General Meeting" and add the name and address of the proxy you wish to appoint. The proxy need not be a member.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT)

Monday to Friday on telephone number 0870 703 6385 or, if telephoning from outside the UK, on +44 870 703 6385. Calls to Computershare Investor Services PLC's helpline (0870 703 6385) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

4. Any alterations to the form should be initialled.
5. If the appointer is a corporation, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
6. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
7. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach the registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be. A reply paid envelope is enclosed for use. A member may also return a proxy form in their own envelope using the address: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
8. The completion of this form will not preclude a member from attending the General Meeting and voting in person.

CORPORATE INFORMATION

Directors

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

Registered Office

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

Telephone: 01732 471 800

Website: www.foresightgroup.eu

Company Number

03506579

Investment Manager

Foresight Group CI Limited
La Plaiderie House
La Plaiderie
St Peter Port
Guernsey
GY1 1WF

Company Secretary

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

Solicitors & VCT Status Adviser

SGH Martineau LLP
No. 1 Colmore Square
Birmingham
B4 6AA

Listing Agent

BDO LLP
125 Colmore Row
Birmingham
B3 3SD

Registrars

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

Reporting Accountant

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Auditors and Tax Advisers

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Saltire Court
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Edinburgh
EH1 2EG

