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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 (FSMA).

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.

This document, which comprises a prospectus relating to the Company dated 22 December 2011, has been prepared in accordance with the prospectus rules made under Part VI of FSMA.

The Company and the Directors, whose names appear on page 11 of this document, accept responsibility for the information contained herein. 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.

BDO LLP, which is authorised and regulated in the United Kingdom by the FSA, is acting as sponsor for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of BDO LLP (subject to the responsibilities and liabilities imposed by FSMA and the regulatory regime established thereunder) in providing advice or in relation to any matters referred to in this document.

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 (Foresight 5), Acuity VCT 3 plc (Acuity 3) and Foresight Clearwater VCT plc (Foresight Clearwater) 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)

Prospectus

relating to the issue of up to 2,000,000 New Ordinary Shares and 25,000,000 New C Shares in connection with the schemes of reconstruction of Foresight 5 VCT plc, Acuity VCT 3 plc and Foresight Clearwater VCT plc

The existing Shares issued by the Company are listed on the premium segment of the Official List of the UKLA and traded on the London Stock Exchange's main market for listed securities. Application has also been made to the UKLA for the New Ordinary Shares and the New C Shares to be listed on the premium segment of the Official List and will also be made to the London Stock Exchange for such New Ordinary Shares and New C Shares to be admitted to trading on its main market for listed securities. It is expected that such admission will become effective and that trading in the New Ordinary Shares and the New C Shares will commence within three business days of the allotment of such New Ordinary Shares and New C Shares. The New Ordinary Shares and New C Shares will rank *pari passu* with the existing issued Shares (save for any class rights) from the date of issue.

The attention of Shareholders of the Company who are resident in, or citizens of, territories outside the United Kingdom is drawn to the information under the heading "Overseas Shareholders" in paragraph 5 of Part X of this document. In particular, the New Shares to be issued pursuant to the Schemes have not and will not be registered under the United States Securities Act 1933 or the United States Investment Company Act 1990.

Persons receiving this document should carefully consider the risk factors on pages 7 and 8 of this document.

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SUMMARY

This summary should be read as an introduction to this Prospectus. Any decision to invest in the transferable securities of the Company should be based on consideration of the Prospectus as a whole by such investors. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Background

The Board considers that the interests of the shareholders of the Company and the Target VCTs will be better served by a single, larger VCT. The most cost-effective way to achieve this is to complete a merger with Foresight 5, Acuity 3 and Foresight Clearwater by placing Foresight 5, Acuity 3 and Foresight Clearwater into members' voluntary liquidation and for all of their assets and liabilities to be transferred to the Company in exchange for the issue of New Ordinary Shares to the holders of Foresight Clearwater Shares and New C Shares to the holders of Foresight 5 Shares and Acuity 3 Shares.

The Schemes

The mechanism by which each Scheme 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 the Foresight 5 Scheme and Acuity 3 Scheme 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, as its assets materially comprise cash and near cash, Foresight Clearwater will be merged directly into the existing Ordinary Shares fund by issuing New Ordinary Shares on a relative net asset basis.

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 Meeting(s), as well as the other conditions 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.

Benefits of the Schemes

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;
- the creation of a single VCT with a greater capital base over which to spread annual running costs;
- amalgamation of investment portfolios for efficient management and administration;
- participation in a larger VCT with a more diversified portfolio, spreading the 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.

Illustration of the Schemes

	Unaudited NAV (p)*	Roll-Over Values / Merger Value (p)***	New Ordinary Shares for every share held	New C Shares for every share held
Ordinary Shares	109.6	109.1	—	—
Foresight 5 Ordinary Share	17.4	17.4	—	0.173550
Foresight 5 C Shares	60.7	60.5	—	0.605360
Acuity 3	22.7	22.7	—	0.227057
Foresight Clearwater	92.0**	90.0	0.825433	—

* 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 contribution 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 pr share

*** calculated in accordance with the terms of the Schemes using the unaudited NAVs to 30 September 2011 for the Companies as set out above, had they been completed on the dates shown above and assuming no dissenting Target VCT Shareholders

Conversion

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. Such Conversion will take place ten business days following the publication of the audited results for the year to 31 March 2015 and will be on a relative net asset value basis.

Costs of the Merger

The aggregate anticipated cost of undertaking the merger is approximately £462,000. The boards of the Companies have agreed that 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. Assuming all Schemes are effective and 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

The Board of the Company will continue in its current form, being Philip Stephens (Chairman), Peter Dicks (Peter Dicks also being a director of Foresight 5 and Foresight Clearwater) and Roger Brooke.

Management and Incentive Fees

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) and 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. These fee arrangements will continue to apply to the Enlarged Company, however, the administration fee cap 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. These fees are also subject to the existing waiver by Foresight and Foresight GP of their investment management and administration fees in respect of Foresight 5 and Acuity 3 until 24 August 2012 and 7 March 2012 respectively (which will apply in respect of the C Shares fund).

With regard to performance incentive arrangements, the Ordinary Shares fund arrangements will continue to apply in respect of the enlarged Ordinary Shares fund, whilst, in respect of the C Shares fund, Foresight has agreed for present purposes that no performance or incentive fee arrangements will be put in place.

Summary Investment Objective and 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.

A summary of the existing investment policy is to 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.

A summary of the new investment policy is to target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders

Otherwise the current and proposed investment policies are similar and the following is a summary of these comparable policies. 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.

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities.

Share Capital

The number of Ordinary Shares in issue at the date of this document is 36,512,963. The maximum number of New Ordinary Shares and New C Shares to be issued pursuant to the merger is 2,000,000 and 25,000,000 respectively.

Dividend Policy

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. The stated annual dividend objective for the Ordinary Shares fund is 5p per Share.

With regard to the proposed C Shares fund, it is hoped that a 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 the C Shares will depend on the performance of the underlying investments in the C Shares fund.

Buybacks

The Board intends to continue to consider repurchasing Ordinary Shares when they become available in order to provide a degree of liquidity for sellers of the Company's shares. In pursuing this policy, Ordinary Shares will be bought back in the market at a discount to NAV and the Board will ensure that they are acting prudently and in the interests of remaining Shareholders. Buybacks are entirely at the Board's discretion and will be subject to the Company having the relevant shareholder authorities, distributable reserves and funds available for such a purchase. Buybacks will also be subject to the Listing Rules and any applicable law at the relevant time.

The Board intends to apply the above policy to the C Shares.

Summary Risk Factors

An investment in the Company is subject to a number of risks, which could materially and adversely affect its value and a summary of the material risks is set out below:

- Completion of any one Scheme 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.
- Shareholders may be adversely affected by the performance of the investments, whether acquired from the Target VCTs or made by the Company, which may restrict the ability of the Company following the merger to distribute any capital gains and revenue received on the investments transferred from Target VCTs to the Company (as well as the investments of the Company).

- Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from Target VCTs, or the investments of the Company, are or become unable to meet VCT requirements.
- Completion of the Schemes will result in the Company having two classes of shares. Although each share class will be managed separately, they will continue 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. 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.
- There is no guarantee that the Enlarged Company will meet its objectives. The value of Shares can fluctuate and Shareholders may not get back the amount they invested and there is no guarantee that dividends will be paid. The past performance of the Company, the Target VCTs and/or the Foresight Group is no indication of future performance.
- Although it is anticipated that the New Shares to be issued pursuant to the Scheme will be admitted to the premium segment of the Official List and will be traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid and Shareholders may find it difficult to realise their investment. An investment in the Company should, therefore, be considered as a long-term investment
- The Company's investments may be difficult, and take time, to realise. 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.
- Investment in AIM-traded, PLUS market-traded and unquoted 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.
- Whilst it is the intention of the Board that the 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 losing the tax reliefs available for VCT shares, resulting in adverse tax consequences.
- The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which may affect tax reliefs obtained by Shareholders and the VCT status of the Company.

Taxation

It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the merger so as to continue to qualify as a VCT.

The effective exchange of Target VCT Shares for New Shares (as the case may be) should not constitute a disposal of the existing Target VCT Shares for the purposes of UK taxation. Instead, the new holding of New Shares should be treated as having been acquired at the same time and at the same cost as the existing Target VCT Shares from which they are derived. Any capital gains tax deferral relief obtained on subscription of the existing Target VCT Shares should not, therefore, be crystallised for payment but will be transferred to the New Shares.

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.

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
Acuity 3 register of members closed	5.00 p.m. on 3 February 2012
Record Date for Acuity 3 Shareholders' entitlements under the Acuity 3 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 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.)

CORPORATE INFORMATION

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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 Part II 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 II 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 Shares fund”	the assets and liabilities attributable to the Acuity 3 Shares
“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 Shareholders”	holders of C Shares
“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 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”	the circular to the Company’s Shareholders dated 22 December 2011
“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 Part II of this document
“Computershare”	Computershare Investors Services PLC

“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 VII of the Circular
“Directors”	the directors of the Company (and each a “Director”)
“Disclosure & Transparency Rules”	the disclosure and transparency rules of the FSA
“EEA States”	the member states of the European Economic Area
“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 II 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 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 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 attributable to the Foresight 5 Ordinary Shares
“Foresight 5 Ordinary Share Roll-Over Value”	the value of a Foresight 5 Ordinary Share calculated in accordance with Part II of this document
“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 II 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 Part II 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 II 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 Shares fund”	the assets and liabilities attributable to the Foresight Clearwater Shares
“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”)
“OEICs”	open ended investment companies
“Official List”	the official list of the UKLA
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company (ISIN GB00B07YBS95) (and each an “Ordinary Share”)
“Ordinary Shares fund”	the assets and liabilities 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
“Prospectus”	this document
“Qualifying Company”	a company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Qualifying Investment”	an investment in a Qualifying Company satisfying the requirements of Chapter 4 of Part 6 of ITA 2007
“Record Date”	the record date to which entitlements will be allocated pursuant to the Schemes, this being 5.00 p.m. on 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 Acuity 3 Scheme and/or the Foresight 5 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 Meetings”	in respect of a Target VCT, the relevant Target VCT First General Meeting and the relevant Target VCT Second General Meeting to be held on 26 January 2012 and 6 February 2012 respectively

“Target VCT Second General Meeting”	the Foresight 5 Second General Meeting or the Acuity 3 Second General Meeting or the Foresight Clearwater Second 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 VCTs’ 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 VCTs’ Shareholders”	Foresight 5 Shareholders, Acuity 3 Shareholders and Foresight Clearwater Shareholders (and each a “Target VCTs’ Shareholder”)
“TCGA 1992”	Taxation of Chargeable Gains Act 1992, as amended
“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 VI 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
“VCT Value”	the value of an investment calculated in accordance with Section 279 of ITA 2007

PART I

MERGER OF THE COMPANY AND THE TARGET VCTS

Introduction

The Board considers that the interests of the shareholders of the Company and the Target VCTs will be better served by a single, larger VCT. The most cost-effective way to achieve this is to complete a merger with Foresight 5, Acuity 3 and Foresight Clearwater by placing Foresight 5, Acuity 3 and Foresight Clearwater into members' voluntary liquidations and for all of their assets and liabilities to be transferred to the Company in exchange for the issue of New Ordinary Shares to holders of Foresight Clearwater Shares and New C Shares to holders of Foresight 5 Shares and Acuity 3 Shares. The New Ordinary Shares and New C Shares to be issued pursuant to the Schemes are not being offered to the existing Shareholders of the Company or the public save as may be the case in connection with the Schemes.

Background

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 acquisition 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.

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. This new C Shares fund will be managed separately for approximately three years before being merged into the existing Ordinary Shares fund. This should allow the portfolio of the C Shares fund time to develop under the management of Foresight prior to being subsequently merged into the Ordinary Shares fund, whilst also allowing for any value from the portfolios of Foresight 5 and Acuity 3 realised over the next few years remaining for the benefit of the existing shareholders of Foresight 5 and Acuity 3. Both the Foresight 5 Scheme and Acuity 3 Scheme 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, as its assets materially comprise cash, Foresight Clearwater will be merged directly into the existing Ordinary Shares fund by issuing New Ordinary Shares on a relative net asset basis.

The relative net asset values for the Schemes 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 merger costs (this being an estimate of the merger costs of all of the Schemes as set out below).

For the purposes of calculating the Company's Merger Value and the Roll-Over Values and the number of New Shares to be issued, the formulae and provisions set out in Part II of this document will apply. 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 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.

Had the Schemes been completed based on the illustrations set out in Part II 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 New 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

* taking into account the number of Foresight Clearwater Shares in issue at the date of this document

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 Meeting(s), as well as the other conditions set out in Part II 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.

Further information is set out in Part VI of this document on the expected financial position of the Enlarged Company had the merger by way of the Schemes been implemented as at 30 September 2011.

Cost Savings

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 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 (being the 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 contribution to be made 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 boards of the Companies have agreed that 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 a merger into the Company at the same time as the merger with the other Target VCTs also results in the aggregate merger costs (and, therefore, the Company's allocation of such costs) being lower per company 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 merger costs whether or not a particular Scheme is approved and becomes effective.

On the assumption that the NAV of the Ordinary Shares fund will remain the same immediately after the merger (including the Foresight payment to Foresight Clearwater so as to bring its NAV up 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.

Conversion

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 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 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 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 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 III 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.

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 (or, as the case may be, New Shares) and are resident in the UK. They may not apply to certain classes of persons, such as dealers in securities. The following 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. Further information in respect of the tax implications of the Schemes, Conversion and generally of VCTs can be found in Part VIII and Part IX of this document.

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 Company and Shareholders

The implementation of one or more Schemes should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription for existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme(s) so as to continue to qualify as a VCT.

Target VCTs' Shareholders

The effective exchange of the existing Target VCTs' Shares for New Shares should not constitute a disposal of the existing Target VCTs' Shares for the purposes of UK taxation. Instead, the new holding of New Shares should be treated as having been acquired at the same time and at the same cost as the relevant existing Target VCTs' Shares from which they are derived. Any capital gains tax deferral relief obtained on subscription of the existing shares in the Target VCTs should not, therefore, be crystallised for payment but will be transferred to the New Shares.

Shareholders in the Company as a VCT, should be afforded the usual tax reliefs available to shareholders in VCTs. Qualifying Shareholders should continue to receive tax-free dividends and should not be subject to UK taxation on any capital gains on the disposal of Shares.

Dissenting Target VCTs' Shareholders (as further detailed in Part II) whose holdings are purchased for cash at the break value price shall be treated as having disposed of their existing Target VCT shares. The Target VCTs should still be able to claim the benefit of VCT status and the dissenting Target VCTs' Shareholders should not be subject to any UK taxation in respect of any capital gains arising on disposal.

However, the purchase of their holdings by the Liquidators will constitute a disposal in the Target VCTs and a dissenting Target VCT shareholder will be liable to pay any capital gains tax for which such dissenting Target VCT shareholder obtained deferral relief on subscription. If dissenting Target VCTs' Shareholders have disposed of their shares within the holding period required to retain upfront tax relief, income tax relief on those subscriptions will also be repayable.

Clearance has been obtained from HMRC in respect of the Schemes under Section 701 ITA 2007 and Section 138 TCGA 1992. With regard to the former, the receipt of New Shares should not, except in the case of dealers, fail to be regarded as an income receipt for the purposes of UK taxation.

Clearance has also been obtained from HMRC that the Schemes meet the requirements of the Merger Regulations and as such the receipt by Target VCTs' Shareholders of New Shares should not prejudice tax reliefs obtained by Shareholders on existing Shares in the Company and should not be regarded as a disposal.

PART II

THE SCHEMES

The definitions set out on pages 12 to 16 of this document shall have the same meanings when used in the context of this Part II.

Foresight 5 Scheme

Conditions of the Foresight 5 Scheme

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.

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).

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 Part II) 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 Part II) 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 Part II) 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 Part II) would be 470,721 (0.605360 New C Share for every Foresight 5 C Share held).

Acuity 3 Scheme

Conditions of the Acuity 3 Scheme

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.

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).

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 Part II) 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 Part II) would be 7,796,493 (0.227057 New C Share for every Acuity 3 Share held).

Foresight Clearwater Scheme

Conditions of the Foresight Clearwater Scheme

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 Foresight Clearwater Shareholders (including dissenting Foresight Clearwater shareholders) and all persons claiming through or under them.

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).

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 Part II) 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 Part II) 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 Part II, 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).

Additional Information on the Schemes

The New Shares to be issued pursuant to the Schemes will be issued directly to Target VCTs' Shareholders pro-rata to their existing holdings (disregarding the shares held by dissenting Target VCTs' 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 Target VCTs' Shareholders hold their shares in certificated form, they will receive a new certificate for the New Shares issued pursuant to the Schemes and existing certificates will no longer be valid. Where Target VCTs' Shareholders hold their shares in uncertificated form, their CREST accounts will be credited with the replacement holding in New Shares.

Dividend payment mandates provided for holdings in the Target VCTs will, unless a Target VCTs' Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the New Shares.

An 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 market for listed securities. From the date of issue, the New Shares issued pursuant to the Schemes will rank *pari passu* with the existing issued Shares (save for any class rights).

The Liquidators will offer to purchase the holdings of dissenting Target VCTs' Shareholders at the break value price of the relevant Target VCT Share (as applicable), this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of that Target VCT if all of the assets of the Target VCT had to be realised. Due to Foresight 5 and Acuity 3's investments being in unquoted companies for which there are not generally readily available purchasers, the break values of all of the shares of Foresight 5 and Acuity 3 are expected to be significantly below the unaudited net asset values of such shares. The break value in respect of the Foresight Clearwater Shares is expected to be materially the same as the unaudited net asset value of such shares. However, all Target VCTs' 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 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.

If the conditions for a Scheme, as set out above, have not been satisfied by 29 February 2012, then that Scheme shall not become effective and the relevant two companies will continue in their current form (but subject to the implementation of the other Schemes) and the boards of the relevant two companies will continue to keep the future of their respective company under review.

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

PART III

INFORMATION ON THE COMPANY

Constitution and Status

The Company was incorporated and registered in England and Wales as a public company with limited liability on 3 February 1998 with registered number 3506579 under the name Advent 2 VCT plc. The Company name was changed to Foresight 4 VCT plc on 4 August 2004.

The Company was issued with a trading certificate under Section 117 of CA 1985 (now Section 761 of CA 2006) on 5 February 1998.

The Company operates under the Companies Acts and the regulations made thereunder.

VCTs are unregulated, but are required to manage their affairs to obtain and maintain approval as a VCT under the provisions of Chapter 3 of Part 6 of ITA 2007. HMRC has granted approval of the Company as a VCT under Section 259 of ITA 2007.

The business of the Company has been, and it is intended will be, carried on so as to continue to comply with that section to maintain full approval.

The Company is not authorised and/or regulated by the FSA or an equivalent overseas regulator. The Company's Shares are listed on the premium segment of the Official List.

Share Capital

The share capital of the Company comprises ordinary shares of 1p each of which 36,512,963 are currently in issue (as at 21 December 2011).

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 ordinary shares of 1p each.

Share certificates for existing Shares will continue to be valid and will not be replaced following the Schemes becoming effective.

Selected Financial Information

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

	Unaudited six months ended 30 September 2011 (£'000)	Audited 13 month period to 31 March 2011 (£'000)	Audited year end 28 February 2010 (£'000)	2009 (£'000)
Total profit/(loss) on ordinary activities before taxation	(816)	6,039	1,915	(2,085)
<i>Total net asset value return per share (p)</i>	(2.2)	18.8	7.7	(8.9)
Dividends paid per Share (p)	—	5.0	5.0	5.0
Net assets	40,006	40,163	26,713	22,551
NAV per Share (p)	109.6	112.0	99.0	96.2

The Board of Directors

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). The composition of the Board will continue to be kept under review.

Philip Henry Peter Stephens (69) (Chairman)

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

Peter Frederick Dicks (69)

Peter Dicks was a founder director of Abingworth plc in 1973, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including SportingBet plc and Private Equity Investor plc where he is Chairman, Polar Capital Technology Trust plc, Graphite Enterprise Trust plc and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been a Director of Foresight VCT plc, Foresight 2 VCT plc and Foresight Clearwater since their respective launches in 1997, 2004 and 2010 and has been a director of Foresight 3 VCT plc and the Company since July 2004. He is also chairman of Unicorn AIM VCT plc and is a director of Committed Capital VCT plc.

Christopher Roger Ettrick Brooke (80)

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

Corporate Governance

The Financial Services Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (formerly the Combined Code) ("the Code") issued by the Financial Reporting Council ("FRC") in May 2010 for all companies who are now operating in financial years on or after 29 June 2010.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

For the 13 month period to 31 March 2011 and as at the date of this document, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the Code, except where noted below. There are certain areas of the Code that the AIC does not consider relevant to investment companies and with which the Company does not specifically comply, of which the AIC Code provides dispensation. The area and reason for non-compliance is in light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight, SGH Martineau LLP, and the Company Secretary, the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director. The Company has not, therefore, reported further in respect of these provisions.

Further details on the Company's corporate governance including the constitution of the Board, various committees and other internal controls are set out in Paragraph 7 of Part X of this document.

Investment Manager

The Company's investment manager is Foresight, the same investment manager as for the Target VCTs. Foresight is a private limited company incorporated and registered in Guernsey on 12 February 2010 with registered number 51471. Foresight's registered office and principal place of business is at La Plaiderie House, La Plaiderie, St Peter Port, Guernsey GY1 1WF (telephone 01481 702 411). Foresight is authorised and regulated by the Guernsey Financial Services Commission to provide investment management services. The principal legislation under which Foresight operates is the provisions of the Companies (Guernsey) Law 2008 (and regulations made thereunder).

Foresight has, as is also the case with the Target VCTs, appointed Foresight Group to provide investment advisory services to Foresight for the purposes of fulfilment of the obligations to the Company and the Target VCTs. Foresight GP's registered office and principal place of business is at ECA Court, 24-26 South Park, Kent TN13 1DU (telephone 01732 471 800). Foresight GP is authorised and regulated by the Financial Services Authority to provide investment management services. The principal legislation under which Foresight GP operates is the provisions of the Limited Liability Partnerships Act 2000 and the applicable provisions of CA 2006 (and relevant regulations made thereunder).

Foresight GP (through Foresight Fund Managers) provides administration services to all of the Companies. 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 continue to delegate the provision of administration services to Foresight Fund Managers (via Foresight GP) once the provision of administration services are novated to Foresight.

Foresight and Foresight GP (through Foresight Fund Managers), as applicable, will continue to provide investment management services and administration services to the Enlarged Company as is currently in place for the Company now. Further details on Foresight and the substantial experience of its team is set out in Part IV of this document.

Investment Policy

The Company will seek Shareholder approval to change its investment policy at the General Meeting. The proposed change will 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 change to the investment policy is not subject to any part of the merger being effected. Each Scheme is, however, subject to the approval by Shareholders of the change to the investment policy as it will immediately apply to the funds brought across as part of the merger process.

The existing investment policy and the proposed investment policy is set out in full below:

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.

Proposed Investment Policy

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

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and 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 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.

Liquid investments

The Company's liquid investments will primarily be maintained in money market funds with the objective of generating income whilst maintaining the Company's capital pending investment in Qualifying Investments. Money market funds invest their assets in constant NAV money market instruments (i.e. cash and near cash, such as bank deposits, very short term fixed interest securities or floating rate notes). The main objective will be the protection of capital so that priority will be given to the credit rating of the funds used rather than the rate of interest offered.

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.

Dividend Policy

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. The stated annual dividend objective for the Ordinary Shares fund is 5p and the Company has paid an average of 5p per Ordinary Share over the last 5 years.

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 a 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.

Share Issues and Buybacks

The Company proposes to renew its authorities to issue both Ordinary Shares and C Shares (having disapplied pre-emption rights) following the merger up to 10% of its enlarged Ordinary Share capital and 10% of its C Share capital, respectively for the purposes of the dividend reinvestment scheme and small top up offers.

The Board intends to continue to consider repurchasing Ordinary Shares when they become available in order to provide a degree of liquidity for the sellers of the Company's shares. In pursuing this policy, Ordinary Shares will be bought back in the market at a discount to NAV and the Board will ensure that they are acting prudently and in the interests of remaining Shareholders. Buybacks are entirely at the Board's discretion and will be subject to the Company having the relevant shareholder authorities, distributable reserves and funds available for such a purchase. Buybacks will also be subject to the Listing Rules and any applicable law at the relevant time.

The Board intends to apply the above policy to the C Shares.

Investment Portfolios

The table below sets out the latest published NAVs of the Companies (as adjusted for Foresight Clearwater), 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*	Carrying 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	94.5**	—***	—***

* 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 contribution 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 details on the Company's and the Target VCTs' portfolios can be found in Part VII of this document.

Investment Management and Administration Arrangements

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 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, will 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 initially 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 for the Enlarged Company of £180,000. The composition of the Board will continue to be kept under review.

Custodian

Foresight Fund Managers (through services to Foresight GP) provides company secretarial, accountancy and custodian services to the Company.

VCT Status Monitoring

SGH Martineau LLP is the Company’s VCT status adviser. It carries out reviews of the Company’s investment portfolio to ensure compliance and, when requested to do so by the Board or Foresight, reviews prospective investments to ensure that they are qualifying investments.

The VCT tax implications of the Schemes have also been advised upon by SGH Martineau LLP.

Duration of the Company

The Articles provide for a resolution to be proposed for the continuation of the Company as a VCT at the annual general meeting of the Company falling after the fifth anniversary of the last allotment of shares in the Company and at five-yearly intervals thereafter.

Investor Communications

The Board places a great deal of importance on communications with its Shareholders and supports open communication with Shareholders. In addition to the announcement and publication of the annual report and accounts, and the half-yearly results for the Company as detailed below, the Company also publishes interim management statements as required by the Disclosure and Transparency Rules.

Reporting Dates

Year End	31 March
Announcement and publication of annual report and accounts to Shareholders	July
Announcement and publication of half-yearly results	November

Valuation Policy

The Company’s unquoted investments are valued at fair value through profit or loss in accordance with the International Private Equity and Venture Capital Valuation Guidelines. These guidelines set out recommendations, intended to represent current best practice on the valuation of venture capital investments. These investments are valued on the basis of forward looking estimates and judgements about the business itself, its market and the environment in which it operates, together with the state of the mergers and acquisitions market, stock market conditions and other factors. In making these judgements the valuation takes into account all known material facts up to the date of approval of the financial statements by the Board.

The Company’s quoted investments are valued at their bid prices.

PART IV

THE INVESTMENT MANAGER

Foresight Group

Foresight is an alternative asset manager and, together with Foresight GP, has a 26 year track record and specific expertise in VCT management and private equity. The team has over 200 years of collective investment experience and combines investors' capital and its own hands-on expertise with the intention of creating long-term value and generating attractive returns for shareholders. The Foresight Group offers both private and institutional investors access to a range of investment opportunities and a comprehensive management service in its chosen areas of specialisation.

Members of the Foresight Group team take non-executive positions on the boards of investee companies where this is appropriate. Foresight Group expects to be central to decision-making in the following areas:

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

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

The Team at Foresight Group

Bernard Fairman

Is the chairman of the Foresight Group, studied economics at Nottingham University before joining Panmure Gordon in 1970 as an oil analyst. In 1973 he joined Edward Bates, a specialist investment bank. On leaving in 1976 he gained investment experience at various small oil and electronics companies. He joined 3i Ventures in 1981 and co-founded Foresight GP in 1984. He is a former director of Foresight 4, as well as Foresight VCT plc and Foresight 2 VCT plc.

Peter English

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

David Hughes

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

Donald MacLennan

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

Andrew Page

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

Gary Fraser

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

Nigel Aitchison

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

Russell Healey

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

James Livingston

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

Tom Thorp

Joined Foresight GP in 2008. Tom has over 5 years experience in financial analysis and due diligence reporting with KPMG's Transaction Services and Restructuring teams both in London and Munich. He has advised on a wide range of industries, performing acquisition and vendor due diligence as well as advising on company refinancings and working capital exercises for demergers and AIM listings. Tom is a Chartered Accountant and graduated from Edinburgh University with a degree in Business Studies and Accountancy.

James Samworth

Joined Foresight GP in 2010. James is a first class Cambridge graduate with an MBA from London Business School. He spent 10 years at Corus in operations management and leading key commercial accounts supplying steel construction and manufactured goods to customers. He has investment experience within banking and private equity in the environmental, natural resources and industrial sectors, gained at Deutsche Bank, Lyceum Capital Partners and Next Wave Ventures.

Matt Smith

Matt joined Foresight GP in 2010 from Rothschild where he spent 6 years working as a corporate finance adviser. Matt graduated from Oxford University in Biological Sciences and Physiology. During his time there, he rowed in the Oxford Cambridge Boat Race four times.

Darrel Connell

Darrel joined Foresight GP's private equity team from Grant Thornton in 2010. At Grant Thornton he specialised in helping high growth business raise capital and development funding. Prior to Grant Thornton, Darrel was part of the start-up team at Joost, the internet TV company established by the Skype founders. Darrel holds a Business Accounting Qualification from CIMA and is currently an advisor to the Imbiba Partnership, an investment partnership focused on the leisure sector. Darrel graduated from Nottingham University in Politics.

Andrew Shannon

Andrew joined Foresight GP in August 2011 from UBS. At UBS Andrew was part of the utilities advisory team. Prior to UBS, Andrew worked for Societe Generale both in London and New York in the M&A and Leverage finance teams. Andrew holds a MA in Economics from Cambridge University and a BSc in Technology & Business Studies from the Robert Gordon University. Andrew has assumed responsibility of a number of investments in the current portfolio and will be looking for future deals in East Anglia, Edinburgh and Glasgow primarily.

PART V

FINANCIAL INFORMATION ON THE COMPANY AND THE TARGET VCTS

Audited financial information on the Company is published in the annual reports for the years ended 28 February 2009, 28 February 2010 and the 13 month period ended 31 March 2011. Unaudited financial information on the Company is published in the Half-Yearly Report for the six month period ended 30 September 2011.

Audited financial information on Foresight 5 is published in the annual report for the year ended 30 September 2010. Unaudited financial information on Foresight 5 is published in the half-yearly report for the six month period ended 31 March 2011.

Audited financial information on Acuity 3 is published in the annual report for the year ended 30 September 2010. Unaudited financial information on Acuity 3 is published in the half-yearly report for the six month period ended 31 March 2011.

Unaudited financial information on Foresight Clearwater is published in the half-yearly report for the period from incorporation to 30 September 2011.

The annual reports for the Company for the years ended 28 February 2009, 28 February 2010 and the 13 month period ended 31 March 2011 was audited by KPMG Audit plc, Saltire Court, 20 Castle Terrace Edinburgh EH1 2EG.

The annual reports for Foresight 5 and Acuity 3, in each case for the year ended 30 September 2010 were audited by KPMG Audit plc, Saltire Court, 20 Castle Terrace Edinburgh EH1 2EG.

The annual reports referred to above were all prepared in accordance with UK generally accepted accounting practice (GAAP), the fair value rules of the Companies Acts and the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'.

The annual reports and half-yearly reports contain a description of the relevant company's financial condition, changes in financial condition and results of operation for each relevant financial year. The annual reports and half-yearly reports are incorporated in full by reference (which contain the information as detailed below) and can be accessed at the following website:

www.foresightgroup.eu

and are also available for inspection through the national storage mechanism, which can be accessed at the following website:

www.hemscott/nsm.do

The Company

Description	2009 Annual Report	2010 Annual Report	2011 Annual Report	2011 Half Yearly Report
Balance Sheet	page 22	page 24	page 25	page 9
Income Statement (or equivalent)	page 21	page 22	page 23	page 8
Statement showing all changes in equity (or equivalent note)	page 21	page 23	page 24	page 9
Cash Flow Statement	page 23	page 25	page 26	page 10
Accounting Policies and Notes	pages 24 to 33	pages 26 to 37	pages 27 to 39	pages 11 & 12
Auditors' Report	page 20	page 21	page 22	n/a

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

The annual report also includes operating/financial reviews as follows:

Description	2009 Annual Report	2010 Annual Report	2011 Annual Report	2011 Half Yearly Report
	inside front cover	inside front cover	inside front cover	inside front cover
Objective				
Performance Summary, Results and Dividends	page 1	page 1	page 1	page 1
Chairman's Statement	page 2	page 2	page 2	page 1
Manager's Review	n/a	n/a	page 3	page 2
Portfolio Summary	pages 5 to 9	Pages 5 to 9	page 5	pages 4 to 6
Investment Policy	pages 11 & 12	pages 11 & 12	page 11	n/a
Valuation Policy	page 4	page 4	page 2	page 1

As at 30 September 2011, the date to which the most recent unaudited half-yearly financial information on the Company has been published, the Company had unaudited net assets of £40,006,672.

Foresight 5

Description	2010 Annual Report	2011 Half Yearly Report
Balance Sheet	page 31	page 23
Income Statement (or equivalent)	page 28	page 22
Statement showing all changes in equity (or equivalent note)	page 30	page 23
Cash Flow Statement	page 32	page 24
Accounting Policies and Notes	page 33	page 25
Auditors' Report	page 27	n/a

This information in the annual reports has been prepared in a form consistent with that which will be adopted in Foresight 5's next published annual financial statements having regard to accounting standards and policies, and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

Description	2010 Annual Report	2011 Half Yearly Report
Objective	page 2	inside front cover
Performance Summary, Results and Dividends	page 4	inside front cover
Chairman's Statement	pages 5 & 6	page 1
Manager's Review	page 7	page 3
Portfolio Summary	page 8	page 6
Investment Policy	page 2	n/a
Valuation Policy	page 33	page 5

As at 31 March 2011, the date to which the most recent unaudited half-yearly financial information on Foresight 5 has been published, Foresight 5 had unaudited net assets of £11,175,049. As at 30 September 2011, the date to which the most recent unaudited management accounts for Foresight 5 have been prepared, Foresight 5 had unaudited net assets of £10,852,190.

Acuity 3

Description	2010 Annual Report	2011 Half Yearly Report
Balance Sheet	page 26	page 18
Income Statement (or equivalent)	page 25	page 17
Statement showing all changes in equity (or equivalent note)	page 28	page 18
Cash Flow Statement	page 27	page 19
Accounting Policies and Notes	page 29	page 20
Auditors' Report	page 24	n/a

This information in the annual reports has been prepared in a form consistent with that which will be adopted in Acuity 3's next published annual financial statements having regard to accounting standards and policies, and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

Description	2010 Annual Report	2011 Half Yearly Report
Objective	page 2	inside front cover
Performance Summary, Results and Dividends	page 4	inside front cover
Chairman's Statement	page 5	page 1
Manager's Review	page 6	page 3
Portfolio Summary	page 7	page 5
Investment Policy	page 2	n/a
Valuation Policy	page 29	page 4

As at 31 March 2011, the date to which the most recent unaudited half-yearly financial information on Acuity 3 has been published, Acuity 3 had unaudited net assets of £6,369,654. As at 30 September 2011, the date to which the most recent unaudited management accounts for Acuity 3 have been prepared, Acuity 3 had unaudited net assets of £7,801,500.

Foresight Clearwater

Description	2011 Half Yearly Report
Balance Sheet	page 6
Income Statement (or equivalent)	page 5
Statement showing all changes in equity (or equivalent note)	page 6
Cash Flow Statement	page 7
Accounting Policies and Notes	page 8
Auditors' Report	n/a

This information in the unaudited half-yearly report for the period from incorporation to 30 September 2011 has been prepared in a form consistent with that which will be adopted in Foresight Clearwater's next published annual financial statements (should the Foresight Clearwater Scheme not become effective) having regard to accounting standards and policies, and legislation applicable to those financial statements.

Such information also includes operating/financial reviews as follows:

Description	2011 Half Yearly Report
Objective	n/a
Performance Summary, Results and Dividends	page 1
Chairman's Statement	page 1
Manager's Review	n/a
Portfolio Summary	n/a
Investment Policy	n/a
Valuation Policy	page 2

As at 30 September 2011, the date to which the most recent unaudited half-yearly financial information on Foresight Clearwater has been published, Foresight Clearwater had unaudited net assets of £1,048,333.

PART VI

PRO FORMA FINANCIAL INFORMATION

ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The Directors
Foresight 4 VCT plc
ECA Court
24-26 South Park
Sevenoaks
Kent
TN13 1DU

22 December 2011

Dear Sirs

Foresight 4 VCT PLC ("the Company")

We report on the pro forma financial information ("the pro forma financial information") set out in Part VI of the prospectus dated 22 December 2011 ("Prospectus"), which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Schemes (as defined in the Prospectus) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the half-yearly report ended 30 September 2011. This report is required by paragraph 20.2 of Annex I of the Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I to the Commission Regulation (EC) 809/2004, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of the Company to prepare the pro forma financial information in accordance with item 20.2 of Annex I of the Commission Regulation (EC) 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of the Commission Regulation (EC) 809/2004.

Yours faithfully

Scott-Moncrieff

PRO FORMA FINANCIAL INFORMATION

The following pro forma financial information of the Company has been prepared for illustrative purposes only, to show the impact of the Schemes on the Company's unaudited net assets as at 30 September 2011 on the basis that the Schemes and the acquisition of the investment portfolio and all of the other assets and liabilities of the Target VCTs by the Company had been completed on that date. This pro forma financial information has been prepared in a manner consistent with the accounting policies of the Company and the Target VCTs as adopted in their last published accounts (save for Foresight Clearwater which has not published any accounts since incorporation).

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results:

		Adjustments				
		Acquisition of the assets and liabilities	Acquisition of the assets and liabilities	Acquisition of the assets and liabilities	Expenses of the Schemes	Enlarged Company pro forma
	Company (£'000) (Note 1)	Foresight 5 (£'000) (Note 2)	Acuity 3 (£'000) (Note 3)	Foresight Clearwater (£'000) (Note 4)	(£'000) (Note 5)	(£'000)
Investments (at fair value)	33,077	10,234	6,101	—	—	49,412
Debtors	2,720	530	8	13	—	3,271
Other current assets	3,379	—	—	—	—	3,379
Cash at bank and in hand	1,642	717	459	1,113	—	3,931
Creditors: amounts falling due within one year	(812)	(211)	(80)	(78)	(462)	(1,643)
Net current assets	6,929	1,036	387	1,048	(462)	8,938
Creditors: amounts falling due in more than one year	—	(95)	(118)	—	—	(213)
Net assets	40,006	11,175	6,370	1,048	(462)	58,137

Notes:

- The financial information on the Company has been extracted without material adjustment from the Company's unaudited Half-Yearly Report for the six month period ended 30 September 2011 as incorporated into this Prospectus in Part V of this document.
- The acquired assets and liabilities of Foresight 5 are the assets and liabilities of Foresight 5 as extracted without material adjustment from Foresight 5's unaudited half-yearly report for the six month period ended 31 March 2011 as incorporated into this Prospectus in Part V of this document.
- The acquired assets and liabilities of Acuity 3 are the assets and liabilities of Acuity 3 as extracted without material adjustment from Acuity 3's unaudited half-yearly report for the six month period ended 31 March 2011 as incorporated into this Prospectus in Part V of this document.
- The acquired assets and liabilities of Foresight Clearwater are the assets and liabilities of Foresight Clearwater as extracted without material adjustment from Foresight Clearwater's unaudited half-yearly report for the period from incorporation to 30 September 2011 as incorporated into this Prospectus in Part V of this document.
- Total costs of approximately £462,000 (inclusive of VAT) are expected to be incurred in relation to the Schemes and will be borne by each of the Company and the Target VCTs.
- The pro forma statement of net assets of the Company does not take account of any transactions of the Company or the Target VCTs or other changes in the value of the assets and liabilities of the Company and Target VCTs since 30 September 2011 in respect of the Company, 31 March 2011 in respect of the Target VCTs and 30 September 2011 in respect of Foresight Clearwater.
- The Schemes are expected to have an earning enhancing impact on the earnings of the Company had the acquisitions occurred on 1 April 2011.

PART VII

INVESTMENT PORTFOLIOS AND PRINCIPAL INVESTMENTS OF THE COMPANY, THE TARGET VCTS AND THE ENLARGED COMPANY

The following unaudited information represents all the investments of the Company and the Target VCTs as at the date of this document.

Investment information (being investment amounts, holdings and valuations) in this Part VII has been sourced from the Company's unaudited Half-Yearly Report for the period to 30 September 2011 and from Foresight 5's and Acuity 3's respective unaudited management accounts for the period to 30 September 2011.

Foresight Clearwater has not made any investments since its incorporation and, as a result, no investment information other than the total fixed assets are shown in this Part VII, which has been sourced from Foresight Clearwater's unaudited half-yearly report for the period from incorporation to 30 September 2011.

In respect of the information on investee companies' sales, profits and losses and net assets, these have been taken from the latest financial year end accounts published by those investee companies as referred to in this Part VI. The information on the investee companies is, for the purpose of this paragraph, "Third Party Information". The Third Party Information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The valuations as at 30 September 2011 set out in this Part VI are the most recent valuations by the relevant companies.

	Company	
	Value (£'000s)	%
Investments		
<i>Unquoted investments</i>		
Autologic Diagnostics Holdings Limited	5,047	12.4
Datapath Holdings Limited	4,325	10.6
Closed Loop Recycling Limited	3,394	8.3
The Bunker Secure Hostings Limited	3,372	8.3
Trilogy Communications Limited	2,151	5.3
TFC Europe Limited	2,120	5.2
O-Gen Acme Trek Limited	1,899	4.7
Ixaris Systems Limited	1,404	3.4
Adepra Limited	1,354	3.3
E Vance Wind Turbines Limited	873	2.1
Irisys Systems Limited	615	1.5
@Futsal Limited	542	1.3
O-Gen UK Limited	534	1.3
Global Immersion Limited	533	1.3
Sindicatum Carbon Capita Limited I	525	1.3
Vertal Limited	487	1.2
i-Plas Group Limited	445	1.1
Silvigen Limited	438	1.1
Land Energy Limited	434	1.0
Vectorcommand Limited	383	0.9
Snell Corporation Limited	224	0.5
AlwaysON Group Limited	203	0.5
Crumb Rubber Limited	75	0.2
Amberfin Limited	71	0.2
Aigis Blast Protection Limited	69	0.2
SkillsMarket Limited	–	0.0
Signum Limited	–	0.0

	Company	
	Value (£'000s)	%
Quoted investments		
Zoo Digital Group plc	1,163	2.9
Probability plc	397	0.9
Money market funds		
BGI	1,213	3.0
RBS	209	0.5
BlackRock	1,362	3.3
Insight	595	1.5
Total fixed asset investments	36,456	89.3
Current asset investment	2,720	6.7
Cash at bank	1,642	4.0
Gross assets	40,818	100.0

	Foresight 5	
	Value (£'000s)	%
Investments		
Unquoted investments		
Factory Media Limited	3,766	31.7
Defaqto Group Limited	3,044	25.6
The Fin Machine Company Limited	1,574	13.2
Hallmarq Systems Limited	934	7.9
Connect2 Media Limited	490	4.1
Financial News Publishing Limited	401	3.4
Brand Acquisitions Limited	—	0.0
Loseley Dairy Ice Cream Limited	—	0.0
Red Reef Media Limited	—	0.0
Quoted investments		
Sport Media Group plc	—	0.0
Zamano plc	31	0.2
Total fixed asset investments	10,240	86.1
Current asset investment	270	2.3
Cash at bank	1,384	11.6
Gross assets	11,894	100.0

		Acuity 3	
		Value (£'000s)	%
Investments			
<i>Unquoted investments</i>			
Factory Media Limited		3,766	45.3
The Fin Machine Company Limited		1,803	21.7
Defaqto Group Limited		1,002	12.1
Connect2 Media Limited		849	10.2
PFS Downing Active Management		207	2.5
Brand Acquisitions Limited		–	0.0
Loseley Dairy Ice Cream Limited		–	0.0
Red Reef Media Limited		–	0.0
<i>Quoted investments</i>			
Sport Media Group plc		–	0.0
Zamano plc		31	0.4
Total fixed asset investments		7,658	92.2
Current asset investment		2	0.0
Cash at bank		645	7.8
Gross assets		8,305	100.0
Foresight Clearwater			
		Value (£'000s)	%
Total fixed asset investments			
Current asset investments		13	1.1
Cash at bank		1,113	98.9
Gross assets		1,126	100.0

Largest investments of the Company and Target VCTs

Set out below are further details of the largest fixed asset investments of the Company and the Target VCTs representing more than 50% of the gross assets of each of the Company and the Target VCTs (including investments representing 5% of each of the gross assets of the Company and Target VCTs) as at the date of this document.

The Company

Autologic Diagnostics Holdings Limited (formerly Diagnos Holdings Limited)		Accounts for the year ended 31 December 2010 £'000		
UK based design, manufacturing and sale of automotive diagnostic equipment company				
Profit before tax		1,944		
Retained profit		2,273		
Net assets		3,003		
	Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding				
Equity	10.4	107	4,069	10.0
Loan Stock	—	978	978	2.4

Datapath Holdings Limited		Accounts for the year ended 31 March 2011 £'000		
UK consultancy provider in micro-electronics and manufacturer and supplier of electronic component units, sub-systems and software				
Profit before tax		2,963		
Retained profit		5,480		
Net assets		6,155		
	Equity percentage	Accounting cost	Valuation	Percentage of gross assets
	(%)	(£'000)	(£'000)	(%)
Holding Equity	12.5	100	4,325	10.6

Closed Loop Recycling Limited			Accounts for the year ended 30 June 2010 £'000	
UK recycling non-metal waste scrap				
Loss before tax			(6,491)	
Retained loss			(16,997)	
Net liabilities			(11,417)	
	Equity percentage	Accounting cost	Valuation	Percentage of gross assets
	(%)	(£'000)	(£'000)	(%)
Holding Equity	13.1	583	534	1.3
Loan Stock	—	2,860	2,860	7.0

The Bunker Secure Hosting Limited			Accounts for the year ended 31 December £'000	
UK based IT service provider				
Profit before tax			425	
Retained profit			(2,893)	
Net assets			1,646	
	Equity percentage	Accounting cost	Valuation	Percentage of gross assets
Holding	(%)	(£'000)	(£'000)	(%)
Equity	10.6	405	2,158	5.3
Loan Stock	—	1,214	1,214	3.0

Trilogy Communications Limited		Accounts for the year ended 28 February 2011 £'000		
UK based management company				
Profit before tax		864		
Retained loss		(4,190)		
Net liabilities		(1,320)		
	Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding				
Equity	12.2	206	1,556	3.8
Loan Stock	–	595	595	1.5

TFC Europe Limited		Accounts for the year ended 31 March 2011 £'000		
UK based sale and distributor of industrial fasteners and allied items				
Profit before tax		879		
Retained profit		733		
Net assets		1,598		
	Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding				
Equity	17.8	156	1,494	3.7
Loan Stock	–	626	626	1.5

O-Gen Acme Trek Limited		Accounts for the year ended 31 December 2010 £'000		
UK based recycling				
Profit/(loss) before tax		not disclosed		
Retained profit/(loss)		not disclosed		
Net liabilities		(4,381)		
	Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding				
Equity	31.2	329	–	–
Loan Stock	–	3,470	1,899	4.7

Foresight 5 and Acuity 3

Defaqto Group Limited			Accounts for the year ended 31 March 2010 £'000		
UK based data research company					
Loss before tax			(607)		
Retained loss			(10,478)		
Net liabilities			(8,908)		
		Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding					
Foresight 5	Equity	25.4	581	—	—
	Loan Stock	—	3,271	3,044	25.6
Acuity 3	Equity	8.1	129	—	—
	Loan Stock	—	1,157	1,002	12.1

Factory Media Limited			Accounts for the year ended 31 December 2010	
			£'000	
UK based management company				
Profit before tax			73	
Retained loss			(862)	
Net assets			2,114	
		Equity percentage	Accounting cost	Percentage of gross assets
		(%)	(£'000)	(£'000)
Holding				
Foresight 5	Equity	47.5	192	2,033
	Loan Stock	—	1,733	1,733
Acuity 3	Equity	47.5	192	2,033
	Loan Stock	—	1,733	1,733

The Fin Machine Company Limited			Accounts for the year ended 30 September 2009 £'000		
UK based heating, air conditioning and ventilation supplier					
Loss before tax			(1,175)		
Retained profit			2,788		
Net assets			3,736		
		Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding					
Foresight 5	Equity	33.5	2,380	—	—
	Loan Stock	—	3,376	1,574	13.2
Acuity 3	Equity	21.5	215	—	—
	Loan Stock	—	3,045	1,803	21.7

Connect2media Limited		Dormant accounts for the year ended 31 December 2010 £'000			
Dormant company					
Loss before tax		(2,177)			
Retained loss		(2,467)			
Net assets/(liabilities)		2,045			
		Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding					
Foresight 5	Equity	21.5	2,603	490	4.1
	Loan Stock	—	—	—	—
Acuity 3	Equity	15.6	2,250	849	10.2
	Loan Stock	—	—	—	—

Foresight Clearwater

Barclays Business Current Account		Accounts			
Profit/(loss) before tax		n/a			
Retained profit/(loss)		n/a			
Net assets/(liabilities)		n/a			
		Equity percentage (%)	Accounting cost (£'000)	Valuation (£'000)	Percentage of gross assets (%)
Holding					
Units		n/a	1,113	1,113	98.9

PART VIII

TAX POSITION OF SHAREHOLDERS

The following paragraphs apply to the Company and to persons holding Shares as an investment 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 following 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 a tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The tax reliefs set out below are available to individuals aged 18 or over who receive Shares under the Scheme.

The Company

The Company has obtained approval as a VCT under Chapter 3 of Part 6 ITA 2007.

The Board considers that the Company has conducted its affairs and will continue to do so to enable it to qualify as a VCT.

The Scheme

The effective exchange of Target VCTs' Shares for New Shares will not constitute a disposal of such shares for the purposes of UK taxation. Instead, the new holding of New Shares will be treated as having been acquired at the same time and at the same cost as the existing Target VCTs' Shares from which they are derived. Any capital gains tax deferral relief obtained on subscription of the existing Target VCTs' Shares will not, therefore, be crystallised for payment, but will be transferred to the New Shares.

For Target VCTs' Shareholders holding (together with their associates) more than 5% in the share capital of any one of the Target VCTs, clearance has been obtained from HMRC in terms of Section 138 of TCGA 1992 that the treatment described above for persons who (together with their associates) own less than 5% of the share capital of any one of the Target VCTs will also apply to them.

The implementation of the Schemes will not affect the VCT status of the Company as a VCT or the reliefs obtained by Shareholders on subscription for existing Shares. Although the Company will be required to pay UK stamp duty or stamp duty reserve tax on the transfer to it of the assets and liabilities of the Target VCTs (which form part of the estimated merger costs being allocated to the Company and the Target VCTs), no UK stamp duty or stamp duty reserve tax will be payable directly by Shareholders as a result of the implementation of the Scheme.

Shareholders not resident in the UK

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

PART IX

TAX POSITION OF THE COMPANY

1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HMRC. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on a regulated market;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares in Qualifying Investments, 30% of which must be eligible shares (70% for funds raised after 5 April 2011)
- (e) have at least 10% by VCT Value of each Qualifying Investment in eligible shares;
- (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (g) not retain more than 15% of its income derived from shares and securities in any accounting period.

The term 'eligible shares' means ordinary shares which carry no preferential rights to voting, dividends and assets on a winding up and no rights to be redeemed or, for funds raised after 5 April 2011, shares which do not carry any rights to be redeemed or a preferential right to assets on a winding-up or dividends (in respect of the latter, where the right to the dividend is cumulative or, where the amount or dates of payment of the dividend may be varied by the company, a shareholder or any other person).

2. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Chapters 3 and 4 of Part 6 of ITA 2007 and for which not more than £1 million was subscribed in any one company in any one tax year (nor more than £1 million in any period of six months straddling two tax years).

The conditions are detailed, but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

For funds raised after 5 April 2006, the gross assets test was reduced to £7 million immediately before and £8 million immediately after investment. In addition for funds raised after 5 April 2007, to be qualifying holdings, investments must be in companies which have fewer than 50 full-time (equivalent) employees and do not obtain more than £2 million of investment from VCTs (where funds were raised after 5 April 2007) and individuals claiming relief under the Enterprise Investment Scheme in any rolling 12 month period. As the Company's funds were raised prior to 5 April 2006, these more restrictive tests do not generally apply to investments made by the Company.

The Government announced in March 2011 that, subject to EU State Aid approval being received, legislation will be introduced in forthcoming tax years to increase the above mentioned limits. The gross assets test referred to above is proposed to be increased back to £15 million immediately before and £16 million immediately after the investment. In addition, the number of permitted employees for an investee company is proposed to be increased from 50 to 250 and the amount of investment obtained by companies from VCTs or under the Enterprise Investment Scheme is proposed to be increased to £10 million in any rolling 12 month period. Such revised limits may, however, be lower than this once agreed with the EU implemented by the Government. These provisions may apply to the Company, as applicable, to the extent such provisions are introduced to apply to VCTs generally.

3. Qualifying Companies

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on PLUS Markets and AIM) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a

qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

The company must have a permanent establishment in the UK, but the company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

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

4. Consultation and 2011 Autumn Statement

The Government issued a consultation document in July 2011 with proposals to simplify the venture capital schemes (Enterprise Investment Scheme and Venture Capital Trust Scheme) and to improve their focus. The proposals are intended to ensure that the venture capital schemes remain effective and appropriately targeted to incentivise investment into companies that are essential for growth in the UK. In the 2011 Autumn Statement the Government also said they will tighten the focus of the schemes by introducing a new test to exclude companies set up for the purpose of accessing relief, exclude acquisition of shares in another company and exclude investment in feed-in-tariffs businesses. In addition to these changes that were consulted on, the Government have confirmed they will remove the £1 million investment limit per company for VCTs to reduce the administrative burdens of the scheme.

5. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

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

However, to aid the launch of a VCT, HMRC may give provisional approval if satisfied that conditions (b), (c), (f) and (g) in paragraph 1 above will be met throughout the current or subsequent accounting period and condition (d) in paragraph 1 above will be met in relation to an accounting period commencing no later than three years after the date of provisional approval.

The Company has obtained approval as a VCT from HMRC.

6. Withdrawal of approval

Approval of a VCT (full or provisional) may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Withdrawal of provisional approval has effect as if provisional approval had never been given (including the requirement to pay corporation tax on prior gains).

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

PART X
ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1 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 and the name Advent 2 VCT plc. The Company changed its name to Foresight 4 VCT plc on 4 August 2004. 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 not regulated by the FSA or an equivalent European Economic Area regulator, but it is subject to regulation by HMRC under the VCT rules in order to qualify as a VCT.
- 1.2 On 5 February 1998, the Registrar of Companies issued the Company with a trading certificate under Section 117 of CA 1985 (now Section 761 of CA 2006) entitling it to commence business.
- 1.3 The Company's registered office is at ECA Court, 24-26 South Park, Sevenoaks, Kent TN13 1DU. The Company is domiciled in England and does not have, nor has it had since incorporation, any subsidiaries or employees.
- 1.4 The Company revoked its status as an investment company under Section 266 of CA 1985 (now Section 833 of CA 2006) on 23 October 2000.

2. SHARE CAPITAL

- 2.1 The authorised share capital of the Company on incorporation was £2,250,000 divided into 44,000,000 ordinary shares of 5p each and 1,000,000 redeemable non-voting shares of 5p each. On incorporation, 200 ordinary shares of 5p each were issued nil paid by the Company to the subscribers to its Memorandum. These shares have subsequently been paid up in full in cash.
- 2.2 To enable the Company to obtain a certificate under Section 117 of CA 1985 (now Section 761 of CA 2006), on 4 February 1998, 1,000,000 redeemable shares of 5p each were allotted by the Company at par for cash, paid up as to one quarter of their nominal value. Such redeemable shares were paid up in full on and redeemed in full out of the proceeds of the Company's public offer in 1998. The authorised but unissued shares so arising were automatically redesignated as ordinary shares of 5p each in the capital of Company and the Articles were amended by the deletion of all references to the redeemable shares and the rights attaching to them pursuant to a special resolution passed on 11 March 1998.
- 2.3 On 8 July 1999, the Company passed a resolution approving, subject to the sanction of the High Court, the cancellation of an amount of £8,750,000 standing to the credit of the share premium account (such cancellation being subsequently confirmed by the High Court on 20 July 1999 and registered at Companies House on 29 July 1999).
- 2.4 The authorised share capital of the Company was increased to £7,500,000 by the creation of 105,000,000 ordinary shares of 5p each on 28 February 2005.
- 2.5 On 13 May 2005, the Company completed a restructuring of its share capital whereby 3 ordinary shares of 5p each in the Company were consolidated and subdivided into 1 ordinary share of 1p each and 14 deferred shares of 1p each, each in the capital of the Company (such deferred shares being repurchased by the Company for an aggregate amount of 1p for every 1,000,000 deferred shares in issue and cancelled) such unissued deferred shares being automatically being redesignated as Shares.
- 2.6 On 23 November 2005, the Company passed a resolution approving, subject to the sanction of the High Court, the cancellation of the balance of the amount standing to the credit of the share premium account of the Company (such cancellation being subsequently confirmed by the High Court on 21 December 2005 and registered at Companies House on 22 December 2005).
- 2.7 On 11 January 2011, the Company adopted new articles of association, removing the authorised share capital limitation. Consequently, the Company is no longer restricted by an authorised share capital.
- 2.8 As at 31 March 2011, the date to which the last audited accounts have been prepared, the issued share capital of Foresight 4 was 35,864,981 (£358,649.81 nominal).

2.9 Foresight 4 has issued and bought back the following number of Shares since 31 March 2011:

Date	Issue/ Purchase	Number
05/04/2011	Issue	779,499
30/06/2011	Issue	331,191
22/07/2011	Purchase	266,179
22/09/2011	Purchase	196,529

2.10 As at 21 December 2011 (this being the latest practicable date prior to publication of this document) the Company had 36,512,963 Shares (£365,129.63 nominal) in issue (all fully paid up).

2.11 The following resolutions were passed at the annual general meeting of the Company held on 21 September 2011:

2.11.1 that, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of CA 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £125,000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired;

2.11.2 that, in substitution for existing authorities, the directors be and they are empowered pursuant to Section 570 and Section 573 of CA 2006 to allot equity securities (within the meaning of Section 560 of CA 2006) for cash either pursuant to the authority conferred by the resolution in paragraph 2.11.1 above or by way of a sale of treasury shares as if Section 561(1) of CA 2006 did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 pursuant to offer(s) for subscription;
- (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued share capital from time to time by way of an issue of shares pursuant to performance incentive arrangements with Foresight Group LLP, such shares to be issued at nominal value; and
- (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding 10% of the issued share capital from time to time

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2012, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired; and

2.11.3 that, the Company be empowered to make market purchases (within the meaning of Section 693(4) of CA 2006) of its own shares provided that:

- (a) the aggregate number of shares to be purchased shall not exceed 5,376,161;
- (b) the minimum price which may be paid for a share is 1p (the nominal value thereof);
- (c) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;

- (d) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2012 unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase shares under the authority conferred by this resolution 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 shares pursuant to such contract.

2.12 The following resolutions of the Company will be proposed at the General Meeting of the Company to be held on 26 January 2012:

2.12.1 That:

- (a) the Articles be and hereby are amended to provide for the rights attaching to, and the conversion of, 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;
- (b) the directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of CA 2006 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
- (c) 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.

2.12.2 That, subject to the Foresight 5 Scheme becoming unconditional:

- (a) the acquisition of the assets and liabilities of Foresight 5 on the terms set out in the Circular be and hereby is approved; and
- (b) in addition to the authority conferred by the resolution set out at paragraph 2.12.1 above, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of CA 2006 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).

2.12.3 That, subject to the Acuity 3 Scheme becoming unconditional:

- (a) the acquisition of the assets and liabilities of Acuity 3 on the terms set out in the Circular be and hereby is approved; and
- (b) in addition to the authorities conferred by the resolutions set out at paragraphs 2.12.1 and 2.12.2 above, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of CA 2006 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).

2.12.4 That, subject to the Foresight Clearwater Scheme becoming unconditional:

- (a) the acquisition of the assets and liabilities of Foresight Clearwater on the terms set out in the Circular be and hereby is approved; and
- (b) in addition to the authorities conferred by the resolutions set out at paragraphs 2.12.1 to 2.12.3 above, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of CA 2006 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).

2.12.5 That:

- (a) in addition to the authorities the resolutions set out at paragraphs 2.12.1 to 2.12.4 above, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of CA 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £185,000, provided that, the authority conferred by this authority 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;
- (b) the directors of the Company be and hereby are empowered pursuant to Sections 570 and 573 of CA2006 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 CA 2006) for cash pursuant to the authority given pursuant to paragraph 2.12.5(a) above or by way of a sale of treasury shares, as if Section 561(1) of CA 2006 did not apply to such allotment, provided that the power provided by this paragraph 2.12.5(b) 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:
 - (i) 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;
 - (ii) 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;
 - (iii) 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 Companyin each case where the proceeds may in whole or part be used to purchase shares; and
- (c) the Company be and hereby is empowered to make one or more market purchases within the meaning of Section 693(4) of CA 2006 of its own shares (either for cancellation or for the retention as treasury shares for future re-issue or transfer) provided that:
 - (i) the aggregate number of shares which may be purchased shall not exceed 5,800,000 Ordinary Shares and 3,500,000 C Shares;
 - (ii) the minimum price which may be paid per share is the nominal value thereof (being 1p);
 - (iii) 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 2.12.5(c) 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 2.12.5(c) 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.

2.12.6 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.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

In this paragraph 3, reference to 'Directors' means the directors of the Company from time to time, reference to the 'Board' means the board of directors of the Company from time to time and reference to 'the Act' means CA 2006.

Memorandum

The Memorandum, which, by virtue of Section 28 of CA 2006, is now treated as being part of the Articles, provides that the Company's principal object and purpose is to carry on the business of a VCT. The objects of the Company are set out in full in clause 4 of the Memorandum.

Articles

Revised Articles incorporating amendments to reflect, *inter alia* the creation and issue of the C Shares will be proposed to Shareholders for approval at the General Meeting. A summary of the proposed changes are set out in Part VII of the Circular, which is being incorporated by reference and can be accessed at the website of Foresight GP (www.foresightgroup.eu) and is also available for inspection through the National Storage Mechanism which can be accessed at the website www.hemscott/nsm.do.

The following is a summary of the current Articles. Statutory references are subject to as updated from time to time.

3.1 Share Capital

- (1) Subject to the provisions of CA 2006 relating to authority, pre-emption rights and otherwise, and to any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors, and they may allot or otherwise dispose of them to such persons, at such times and on such terms as they think fit, provided that no share shall be issued at a discount.
- (2) The Company may from time to time by ordinary resolution increase, consolidate or subdivide their share capital.
- (3) The Company may issue shares which are liable to be redeemed on such terms and condition as the Directors may determine.

3.2 General Meetings

(i) Convening of General Meetings

An annual general meeting and any general meeting at which it is proposed to pass a special resolution or (except as provided by CA 2006) a resolution of which special notice has been given to the Company, must be called by at least 21 days notice in writing and any other general meeting by at least 14 days notice in writing. The period of notice must in each case be exclusive of the day in which the notice is served or deemed to be served and of the day in which the meeting is to be held provided that a general meeting shall, notwithstanding that it may have been called by a shorter notice than that specified above, be deemed to have been duly called if it is so agreed in accordance with CA 2006; provided also that the accidental

omission to give notice to, or the non-receipt of notice by, any person entitled thereto shall not invalidate the proceedings at any general meeting.

(ii) **Notice of General Meetings**

- (1) Every notice calling a general meeting shall specify the place and the day, time and place of the meeting and the general nature of the business to be transacted. There shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a member. In the case of an annual general meeting, the notice shall also specify the meeting as such.
- (2) The Directors shall on the requisition of members in accordance with CA 2006 but subject as therein provided: (a) give to the members who would, if an annual general meeting were then to be held, be entitled to receive notice thereof notice of any resolution which may properly be moved and is intended to be moved at the meeting so requisitioned; and (b) circulate to such members any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution for the business to be dealt with at that meeting.
- (3) Pursuant to Section 303 of CA 2006, the Directors must, on a members' requisition, forthwith proceed duly to convene a general meeting of the Company. A members requisition is a requisition of members of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the Company as at that date carries the right of voting at general meetings of the Company. For these purposes the Company's paid up capital held as treasury shares would be disregarded. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form, each signed by one or more requisitionists. If the Directors do not within 28 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a meeting but any meeting so convened must not be held after the expiration of three months from that date. A meeting convened under this section by requisitionists must be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

(iii) **Omission to Send Notice**

The accidental omission to send a notice of any meeting, or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by such a person, shall not invalidate the proceedings at the meeting.

(iv) **Quorum at General Meetings**

- (1) No business shall be transacted at any general meeting unless a quorum is present. Two members present in person (or by representative) or by proxy and entitled to vote shall be a quorum.
- (2) If within 15 minutes (or such longer period as the chairman may determine) from the time fixed for a meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case shall stand adjourned to such day and to such time (which must be not less than ten clear days thereafter) and place as may be determined by the chairman. At such adjourned meeting a quorum shall be two members present in person or by proxy and entitled to vote. If a quorum is not present within 15 minutes from the time fixed for holding the adjourned meeting or if during the adjourned meeting a quorum ceases to be present, the meeting shall be dissolved.

(v) **Votes of Members**

- (1) Subject to any special rights which may apply to any class of shares that may have been issued or may from time to time be held, every member who is present in person,

including any corporation present by its duly authorised representative, or by proxy, at a general meeting of the Company shall, on a show of hands, have one vote (save for a duly appointed proxy who, where instructed by one or more members to vote for the resolution (or given discretion as to how to vote) and by one or more members to vote against the resolution (or given discretion as to how to vote) shall have one vote for and one vote against the resolution. On a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.

- (2) Where shares are held jointly, the vote of the senior who has tendered a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of each company in respect of the holding.
- (3) A member will lose his right to vote at a general meeting or at any separate meeting of the holders of any class of share, whether in person or by proxy, unless all calls presently payable by him in respect of those shares, together with interest and expenses (if any) have been paid in full to the Company, even where those shares are jointly held. The right to vote, together with all other rights and benefits of membership, will also be lost where the member (or any other person claiming to have an interest in such shares) has been issued with a notice pursuant to Section 793 of CA 2006 (which requires the member or such other person to declare his interest in the shares) and has failed to give the required information to the Company within the prescribed period of 14 days.

(vi) ***Variation of Class Rights***

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to CA 2006 be varied by the passing of a special resolution at a general meeting of such holders or, the written consent of holders of three quarters in nominal value of the issued shares of the affected class. At such a meeting the necessary quorum shall be at least two members of the class holding (or representing by proxy) not less than one third in nominal amount of the issued shares of that class and at an adjourned meeting one person (whether present in person or by proxy) holding shares of that class in question.

3.3 Disclosure of Interest in Shares

Obligations of members to disclose to the Company notifiable interests in its shares are stated in Part 22 of CA 2006, sections 89A to 89L of FSMA and the Disclosure & Transparency Rules. In accordance with the Articles, failure by any member to provide the Company with the information as requested by any notice served in accordance with Section 793 of CA 2006 may result in the member being restricted in respect of his shareholdings (and, inter alia, the withholding of any dividends payable to him).

3.4 Transfer of Shares

(i) ***Form of Transfer***

A member may transfer any or all of his shares by instrument of transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer should be signed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. The transfer shall not become effective until the name of the transferee is entered into the register of members.

(iii) ***Right to Refuse Registration***

- (1) The Directors may in their absolute discretion, and without assigning any reason therefor, refuse to register any transfer of shares where the shares in question are not fully paid up where such refusal does not restrict dealings on an open and proper basis. The Directors may also decline to register any transfer of share (not being a fully paid share) on which the Company has a lien
- (2) The Directors may refuse to recognise an instrument of transfer unless the instrument of transfer is (a) in respect of only one class of share; (b) is in favour of not more than four transferees; and (c) is lodged at the transfer office accompanied by the relevant share

certificates and any other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer

- (3) No transfer will be registered where a member, or any other person appearing to be interested in the shares held by him has been served with a notice under Section 793 of CA 2006 and, at the end of the prescribed period, is in default in supplying the information thereby required provided that those shares represent at least 0.25% (calculated exclusively of treasury shares) in nominal value of the issued shares of any class and subject to the exceptions specified in the Articles relating to the disclosure of interests. Restrictions on transfers do not apply to a sale to a bona fide, unconnected, third party.

3.5 Dividends and Other Payments

(i) Declaration of Dividends

- (1) The Company may by ordinary resolution and subject to the provisions of CA 2006 and the Articles declare dividends to be paid to members according to their respective rights and interest in the profit of the Company, provided that no dividend shall exceed the amount recommended by the Directors.
- (2) The Directors may pay interim dividends and also any fixed rate if it appears to them that they are justified in so doing by the profits of the Company available for distribution.

(ii) Entitlement to Dividends

- (1) Except as otherwise provided by the rights that attach to any class of share, dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares in respect of which the dividend is paid (except where those amounts are paid up in advance of calls).
- (2) If any dividend remains unclaimed after a period of 12 years from the date of the declaration of that dividend, it shall be forfeited and shall revert to the Company.
- (3) The Directors may, with the prior authority of an ordinary resolution of the Company, subject to such terms and conditions as the Directors may determine, offer to holders of shares the right to elect to receive shares credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.

3.6 Borrowing Powers

- (i) The Directors may exercise all the powers of the Company to borrow money and to mortgage and charge its undertaking, property and assets (present and future) and uncalled capital and, subject to CA 2006, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (ii) The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only insofar as by such exercise the Directors can secure) that the aggregate amount for the time being outstanding of all borrowings by the group (excluding money owed by any member of the group to any other member of the group) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 0.5 times the Adjusted Capital and Reserves (as defined in 3.6(iii) below).
- (iii) The expression "Adjusted Capital and Reserves" means, as shown by a consolidation of the then latest audited balance sheet of the Company or (as the case may be) the then latest audited balance sheet of the group but subject to deductions and adjustments set out in the articles of association of the Company, a sum equal to the aggregate of (a) the amount paid up on the issued share capital of the Company; and (b) the amount standing to the credit of the capital and revenue reserves (or, if the Company has subsidiary undertakings, the consolidated capital and revenue reserves of the group) including without limitation any share premium account, capital redemption reserve, revaluation reserve, merger reserve and credit balance on profit and loss account.

3.7 Directors

- (i) There shall be no less than three and not more than eight Directors in the Company (unless otherwise determined by ordinary resolution).
- (ii) The Directors shall not be required to hold any shares in the Company by way of qualification.
- (iii) At each annual general meeting of the Company at least one third of the Directors (or, in the case of each Company if their number is not a multiple of three, then the nearest number to but not exceeding one third) shall retire from office by rotation. Subject to the provisions of CA 2006, the Directors to retire in each case shall be those who have been longest in office since their last election, provided that no Director holding office as an executive director as provided for in the articles of association of the Company will be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. Where two or more people were last reappointed on the same day, those who retire shall, unless they otherwise agree among themselves, be determined by lot. Any Director appointed by the Directors shall hold office only until the next annual general meeting, when he shall be eligible for re-election, but shall not be taken into account in determining the Directors to retire by rotation at the meeting.
- (iv) The Directors (other than alternate directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Directors, shall in their discretion determine save that the maximum aggregate remuneration does not exceed £90,000 per annum (unless approved by ordinary resolution). The Directors are entitled to be repaid all such reasonable expenses as they may incur in attending or returning from any meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the discharge of their duties as Directors.
- (v) The Directors may purchase and maintain insurance for, or for the benefit of, any persons who are or were Directors, officers or employees of the Company or of any other company which is a subsidiary undertaking of the Company or in which the Company has an interest, whether direct or indirect including without limitation insurance in relation to duties, power or offices in relation to any pension fund or employees share scheme.

3.8 Directors' Interests

- (i) Subject to CA 2006 and provided that he declares the nature of his interest at a meeting of the Directors, a Director may be interested directly or indirectly in any contract or arrangement or in any proposed contract or arrangement with the Company or with any other company in which the Company may be interested.
- (ii) A Director shall not vote or be counted in the quorum in relation to any resolution concerning any contracts, arrangements, transactions or any other proposal whatsoever to which the Company is or are to be a party and in which he has an interest which is, to his knowledge, a material interest unless the resolution concerns any of the following matters:
 - (1) the giving to him or any other person of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of their subsidiary undertakings;
 - (2) the giving to any third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (3) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or any underwriting or sub-writing of which he is to participate;
 - (4) any proposal concerning any other company in which he is interested directly, or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he does not hold an interest (as the term is used in Part VI of CA 2006) representing one% or more of either any class of the equity share capital of such company or of the voting rights available to members of such company;

- (5) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit;
 - (6) any proposal relating to any scheme of arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (7) any proposal concerning insurance which the Company propose to maintain or purchase for the benefit of Directors or for the benefit of persons who include the Directors.
- (iii) The Board may authorise, to the fullest extent permitted by law, and on such terms and conditions as it thinks fit:
- (1) any matter which would or might otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest;
 - (2) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with either before or at the time the conflict of interest arises;
- provided that the authorisation is passed at a meeting where such is effective without the Director in question and any other interested Director being counted in the quorum or voting at the meeting at which the conflict of interest is authorised.
- (iv) Where any such matter is authorised by the Board, the Director shall not be required to disclose any confidential information relating to such other office, employment or position and shall not be accountable to the Company for any benefit which he derives from such matter.

3.9 Untraced Members

- (i) The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission if and provided that:
 - (1) during a period of 12 years at least three dividends (whether interim or final) have been paid in relation to such shares and no such dividends have been claimed; and
 - (2) the Company has on or before the expiry of the said period of 12 years inserted advertisements in a national newspaper and a local newspaper circulated in the area of the member or former member's last known address giving notice of its intention to sell the shares; and
 - (3) during the same period of 12 years and the period of three months following the publication of such advertisements the Company have not received indication either of the whereabouts nor of the existence of such member or person.
- (ii) The net proceeds of sale will belong to the Company which shall account to the former member or other person entitled to the proceeds for the amount received, however, no trust shall be created in respect of the debt, no interest is payable on the amount of the debt and the Company shall not be required to account for any money earned on the net proceeds.

3.10 Distribution of Realised Capital Profits

As long as the Company has given notice in the prescribed form to the Registrar of Companies of its intention to carry on business as investment company ("a relevant period") the Company shall be prohibited from distributing any capital profits (within the meaning of Section 833(2)(c) of CA 2006, otherwise than to the extent that the requirements for investment company status under CA 2006 do not require a company to prohibit the distribution of capital profits. The Directors will establish a reserve to be called the capital reserve and during a relevant period all surpluses arising from the realisation or revaluation of investments or deriving from the realisation, payment off of or other dealing with any capital asset in excess of the book value of that asset shall be credited to the capital reserve. Subject to CA 2006, the Directors may determine whether any amount received by

the Company is to be dealt with as income or capital, or partly one way and partly the other. During a relevant period, any loss realised on the realisation or payment off of other dealing with any investment or other capital assets and subject to CA 2006 any expenses, liability, loss (or provision therefor) which the Directors consider to relate to a capital item or which they otherwise consider appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. During a relevant period, all sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to the credit of any revenue reserve are applicable except that no part of the capital reserve or any other money in the nature of accretion to capital shall be transferred to the revenue reserves of the Company or be treated as profits of the Company available for distribution (as defined by Section 833(2)(c) of CA 2006) or be applied in paying dividends on any shares of the Company. In any other period other than a relevant period, any amount standing to the credit of the capital reserve may be transferred to the revenue reserves of the Company or be regarded or treated as profits of the Company available for distribution (as defined in Section 833(2)(c) of CA 2006) or be applied in paying dividends of any shares of the Company.

3.11 Transfer or Sale under Section 110, Insolvency Act 1986

A special resolution sanctioning a transfer or sale to another company duly passed pursuant to Section 110 of IA 1986 may in the like manner authorise the distribution of any shares or other consideration receivable by the liquidator among the members otherwise than in accordance with their existing rights and any such determination shall be binding on the members, subject to the right of dissent and consequential rights conferred by said section.

3.12 Duration of the Company

In order for the future of the Company to be considered by the members, the Directors of that Company shall procure that a resolution will be proposed at the annual general meeting of the Company falling after the fifth anniversary of the final allotment of shares in the Company, and thereafter at five yearly intervals, to the effect that the Company shall continue as a venture capital trust. On any voluntary winding-up of the Company, the liquidator may, with the sanction of an extraordinary resolution and any other sanctions required by IA 1986, divide amongst the members in specie the whole or any part of the assets of the Company in such manner as he may determine.

3.13 Uncertificated Shares

The Directors may make such arrangements as they see fit, subject to CA 2006, to deal with the transfer, allotment and holding of shares in uncertificated form and related issues.

3.14 Indemnity and Insurance

The Company shall indemnify the Directors to the extent permitted by law and may take out and maintain insurance for the benefit of the Directors.

4. DIRECTORS AND THEIR INTERESTS

- 4.1 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, immediately following the issue of the New Shares pursuant to the Schemes, directly or indirectly, has or 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).
- 4.2 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 was 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 re-invest 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 over-subscription of the recent Foresight 5 offer to its shareholders, neither Catrina Holme or 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.

4.3 As at 21 December 2011 (this being the latest practicable date prior to publication of this document) save as disclosed above, no Director, his family or any person connected to the Director within the meaning of Section 252 CA 2006 has any interest in the share or loan capital of the Company.

4.4 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
Roger Brooke	4 February 1998	20,000	19,167
Peter Dicks	30 July 2004	20,000	21,250

* 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.

4.5 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

4.6 No loan or guarantee has been granted or provided to or for the benefit of any of the Directors.

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

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

Director	Current	Past five years
Philip Stephens	Denham Golf Club Limited Egdon Resources plc Foresight 4 VCT plc Neptune-Calculus Income and Growth VCT plc	Economic Lifestyle Property Investment Company Oakdene Homes plc UK Mail Group plc
Roger Brooke	ADRC Benchwood Properties Limited Brain-in-Hand Limited Cambria Limited Chawton Holdings Limited Foresight 4 VCT plc The Pelican Cancer Foundation Limited Royal Society Enterprise Fund Limited RL Capital Limited	Candover Services Limited IP Group plc Watermeadow Services Limited
Peter Dicks	Committed Capital VCT plc Daniel Stewart Securities plc Enterprise Capital Trust plc (in liquidation) Foresight VCT plc Foresight 2 VCT plc Foresight 3 VCT plc Foresight 4 VCT plc Foresight 5 VCT plc Foresight Clearwater VCT plc Gartmore Fledgling Trust plc GFT Dealing Limited Graphite Enterprise Trust plc Henderson Fledgling Trust plc Interactive Investor plc Mears Group plc Mercia Fund 1 General Partner Limited PCT Finance Limited Polar Capital Technology Trust plc Private Equity Investor plc Second London American Trust plc (in liquidation) Sportingbet plc Standard Microsystems Corporation (USA) SVM UK Emerging Fund plc Unicorn AIM VCT plc	Boostcareer Limited CM Group Holdings Limited East European Frontiers Fund ISEC Securities Limited Lebanon Holdings (Luxembourg) London Trust Productions Limited The East German Investment Trust plc (in liquidation) United Industries Public Limited Company Vencap International plc

- 4.9 None of the Directors or Proposed Directors have any convictions in relation to fraudulent offences during the previous five years.

- 4.10 Save as disclosed in this paragraph, there were no bankruptcies, receiverships or liquidations of any companies or partnership where any of the Directors were acting as (i) a member of the administrative, management or supervisory body, (ii) a partner with unlimited liability, in the case of a limited partnership with a share capital, (iii) a founder where the company had been established for fewer than five years or (iv) a senior manager during the previous five years.

Philip Stephens was a director of Oakdene Homes plc until June 2009, following the company being placed in administration in January 2009. At January 2011, the date of the final administrators report (the company now being in compulsory liquidation) there was in excess of £86 million owing to creditors and in excess of £2.5 million owing to its shareholders.

Roger Brooke was a director of Watermeadow Services Limited until it was voluntarily struck off the Register of Companies and dissolved in April 2009

Peter Dicks is a director of Second London American Trust Plc and Enterprise Capital Trust plc which were placed into members' voluntary liquidation on 30 August 2006 and 7 February 2008, respectively. Peter Dicks was also, until this year, a director of The East German Investment Trust plc, which was placed into members' voluntary liquidation in November 2008. Peter Dicks was also director of CM Group Holdings Limited, which was placed into members' voluntary liquidation prior

to being dissolved in May 2008. In addition, Peter Dicks was also a director of Boostcareer Limited and GEI Group Limited which were voluntarily struck off the Register of Companies and dissolved in August 2009 and November 2010 respectively. Peter Dicks was also director of United Industries Public Limited Company which was placed into administration in April 2006. Under the administration of the company all secured creditors were paid in full. Total non-preferential unsecured creditors as detailed on the directors' statement of affairs as at 5 April 2006 amounted to £33,611,202. There were insufficient funds to enable a distribution to non-preferential unsecured creditors leaving an estimated final deficiency as regards non-preferential unsecured creditors of £33,611,202. There were no known preferential creditor claims.

- 4.11 There have been no official public incriminations and/or sanctions of any Director by statutory or regulatory authorities (including designated professional bodies) and no Director has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company during the previous five years.

5. OVERSEAS SHAREHOLDERS

- 5.1 The issue of New Shares to be issued pursuant to the Schemes to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such shareholders should inform themselves about and observe any legal requirements, in particular:
- 5.2 None of the New Shares to be issued pursuant to the Schemes have been or will be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, South Africa or New Zealand;
- 5.3 The Company is not registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and
- 5.4 No offer is being made, directly, under the Schemes, in or into or by the use of emails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) or interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan, South Africa or New Zealand. It is the responsibility of Target VCTs' Shareholders with registered addresses outside the UK to satisfy themselves as to the observance of the laws of the relevant jurisdiction in connection with the issue of New Shares pursuant to the Scheme, including the obtaining of any government or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.

6. MATERIAL CONTRACTS

- 6.1 Save as disclosed in this paragraph 6.1, 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:
- 6.1.1 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) and, in any event, 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 provision of 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.

- 6.1.2 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.

- 6.1.3 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.

- 6.1.4 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 6.1.3 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.
- 6.1.5 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.
- 6.2 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:
- 6.2.1 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 II 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.
- 6.2.2 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 II 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.
- 6.2.3 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 II 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.
- 6.2.4 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.
- 6.2.5 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.
- 6.2.6 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.

7. CORPORATE GOVERNANCE

7.1 *Board of Directors*

The Company has a Board of three Non-Executive Directors, all of whom (other than Peter Dicks who is considered non-independent under the listing rules by virtue of being a director of several Foresight VCTs which are all managed by Foresight Group) are considered to be independent.

Peter Dicks is also a director of Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, Foresight 5 and Foresight Clearwater. The Board believes, having regard to the specialist nature of VCTs and the fact that Foresight advises a number of VCTs, that it is in the best interests of shareholders if, on each of the boards of the VCTs advised by Foresight, there are certain directors who are common. That is to say, a common director is able to assess how Foresight performs in respect of one fund with the valuable background knowledge of how well or badly Foresight is performing in relation to other funds for which he also has responsibility as a director. Where conflicts of interest arise between the different funds then the common director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities but as these are allocated by Foresight pro rata to the cash raised by each fund, subject to the availability of funds, in practice such conflicts do not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and Foresight sets out the matters over which Foresight has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board. Foresight, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the annual general meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by the UK Corporate Governance Code (formerly the Combined Code) ("the Code") issued by the Financial Reporting Council ("FRC") in May 2010 for all companies who are now operating in financial years on or after 29 June 2010. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years' service and annually after serving on the Board for more than nine years. Non-independent Directors are required to retire annually. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by the Code. The Board has access to a company secretary who also attends all Board meetings. A representative of Foresight attends all formal Board meetings although the Directors may meet without the manager being present. Informal meetings with management are also held between Board meetings as required. The company secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board meeting.

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight, SGH Martineau LLP and the company secretary, the Company has not appointed a chief executive officer, deputy chairman or a senior independent non-executive director as recommended by the Code. The provisions of the Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

7.2 *Committees and Directors' performance evaluation*

The Board has adopted formal terms of reference, for three standing committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, each of which makes recommendations to the Board in specific areas.

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principles of the Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

7.3 Remuneration and Nomination Committees

The members of the Remuneration Committee and Nomination Committee of the Company are Philip Stephens (chairman), Peter Dicks and Roger Brooke. The Remuneration Committee members (who have responsibility for reviewing the remuneration of the Directors) will meet at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Remuneration Committee will also undertake external comparisons and reviews to ensure that the levels of remuneration paid are broadly in-line with industry standards. The Remuneration Committee also reviews the appointment of Foresight. The Nomination Committee meets annually to consider the composition and balance of skills, knowledge and experience of the Directors and would make nominations to the Directors in the event of a vacancy. New Directors are required to resign at the annual general meeting following appointment and then thereafter every three years. There is no formal induction programme for Directors.

7.4 Audit Committee

The members of the Audit Committee of the Company are Roger Brooke (chairman), Peter Dicks and Philip Stephens. The Audit Committee members are considered to have sufficient recent and relevant financial experience to discharge the role, and will meet at least twice a year, amongst other things to, consider the following:

- monitor the integrity of the financial statements of the Company and approve its accounts;
- review the Company's internal control & risk management systems;
- make recommendations to the Directors in relation to the appointment of the external auditor including reviewing and approving the audit plans;
- review and monitor the external auditor's independence; and
- implement and review the Company's policies on the engagement of the external auditor to supply non-audit services.

7.5 Internal control

The Directors have overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss. The Board's appointment of Foresight as Company accountant has delegated much of the financial administration to Foresight. They have an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded. SGH Martineau LLP provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight and the application of the venture capital trust legislation to any company in which the Company is proposing to invest.

Foresight was appointed by the Board as company secretary with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with. Pursuant to the terms of their appointment, Foresight advise the Company on venture capital investments. Foresight, in their capacity as company secretary, have physical custody of documents of title relating to equity investments.

Following publication of Internal Control: Guidance for Directors on the Code published in September 1999 and updated in 2005 (the Turnbull guidance), the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, and this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on Foresight's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by Foresight and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight and SGH Martineau LLP.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year and reported its conclusions to the Board which was satisfied with the outcome of the review. The Board has concluded that, given the appointment of Foresight as Company accountants and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy is kept under review.

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that Foresight adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has decided that the systems and procedures employed by Foresight, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors.

8. TAXATION

- 8.1 The following paragraphs, which are intended as a general guide only and are based on current legislation and HMRC practice, summarise advice received by the Board as to the position of the Company's Shareholders who hold Shares other than for trading purposes. Any person who is in any doubt as to his taxation position or may be subject to taxation in any jurisdiction other than the United Kingdom should consult his professional advisers.
- 8.2 Taxation of dividends – under current law, no tax will be withheld by the Company when it pays a dividend.
- 8.3 Stamp duty and stamp duty reserve tax – the Company has been advised that no stamp duty or stamp duty reserve tax will be payable on the issue of the New Shares to be issued pursuant to the merger. The Company has been advised that the transfer of New Shares will, subject to any applicable exemptions, be liable to ad valorem stamp duty at the rate of 0.5% of the consideration paid. An unconditional agreement to transfer such New Shares if not completed by a duly stamped stock transfer will be subject to stamp duty reserve tax generally at the rate of 50p per £100 (or part thereof) of the consideration paid.
- 8.4 Close company – the Board believes that the Company is not, and expects that following completion of the Schemes it will not be, a close company within the meaning of ITA 2007. If the Company was a close company in any accounting period, approval as a VCT for the Company would be withdrawn.

9. RELATED PARTY TRANSACTIONS

Save for the fees paid to Foresight, under the arrangements detailed in paragraph 6.1 above, the fees paid to the Directors as detailed in paragraph 4.4 above, fees paid to Foresight of £66,388 (2009), £241,085 (2010), £558,347 (2011) and £69,372 (current year) in respect of promotion fees

for fundraisings (out of which all costs and expenses relating to such fundraisings were paid), there were no related party transactions or fees paid by the Company during the years ended 28 February 2009 and 2010, the 13 month period ended 31 March 2011 or to the date of this document in the current financial year.

10. GENERAL

Working Capital Statement

10.1 The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.

Capitalisation and Indebtedness Statement

10.2 As at 21 December 2011 (the latest practicable date prior to publication of this document), the Company has no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, direct and/or contingent and there is no current intention of incurring any such indebtedness for at least the twelve month period from the date of this document.

10.3 The capitalisation of the Company as at 30 September 2011 (extracted from the Half-Yearly Report), is set out below. There has been no material change in the capitalisation of the Company between 30 September 2011, the date of the Half-Yearly Report and 21 December 2011, the latest practicable date before the date of publication of this document.

Shareholders' Equity	£'000
Called-up Share Capital	365
Share premium account	26,260
Other reserves	13,381
Total	40,006

Other

10.4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware) which may have, or have had in the 12 months immediately preceding the date of this document, a significant effect on the financial position or profitability of the Company.

10.5 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.

10.6 Save for the movements in the net asset value per Foresight 5 Ordinary Share from 19.5p (as at 31 March 2011) to 17.4p (as at 30 September 2011) and per Foresight 5 C Share from 70.8p (as at 31 March 2011) to 60.7p (as at 30 September 2011), there has been no significant change in the financial or trading position of Foresight 5 since 31 March 2011, the date to which the Foresight 5 half-yearly report was made up to, to the date of this document.

10.7 Save for the movement in the net asset value per Activity 3 Share from 18.6p (as at 31 March 2011) to 22.7p (as at 30 September 2011), there has been no significant change in the financial or trading position of Acuity 3 since 31 March 2011, the date to which the Acuity 3 half-yearly report was made up to, to the date of this document.

10.8 Save for the initial public offer which closed on 12 December 2011 and raised £1.7 million (before expenses), there has been no significant change in the financial or trading position of Foresight Clearwater since 30 September 2011, the date of the Foresight Clearwater half-yearly report, to the date of this document.

10.9 There have been no important events so far as the Company and the Directors are aware relating to the development of the Company or its business.

10.10 There have been no significant factors, whether governmental, economic, fiscal, monetary or political, including unusual or infrequent events or new developments nor any known trends, uncertainties, demands, commitments or events that are reasonably likely to have an effect on the Company's prospects or which have materially affected the Company's income from operations so far as the Company and the Directors are aware.

- 10.11 There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, so far as the Company and the Directors are aware.
- 10.12 Scott-Moncrieff (a member of the Institute of Chartered Accountants in Scotland) has given and has not withdrawn its written consent to the inclusion in this document of its report set out in Part VI of this document in the form and context in which it is included and has authorised the contents of its report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules.
- 10.13 BDO LLP and the Liquidators have given and not withdrawn their written consent to the issue of this document and the inclusion of their names and the references to them in this document in the form and context in which they appear.
- 10.14 Shareholders will be informed, by means of the half-yearly and/or annual report or through a Regulatory Information Service announcement if the investment restrictions which apply to the Company as a VCT detailed in this document are breached.
- 10.15 The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policies in this document. There are no firm commitments in respect of the Company's principal future investments.
- 10.16 All Shareholders have the same voting rights in respect of the existing share capital of the Company. The Company is not aware of any person who, directly or indirectly, exercises or could exercise control over the Company, nor of any arrangements, the operation of which, may be at a subsequent date result in a change of control of the Company.
- 10.17 The Company has no employees or subsidiaries.
- 10.18 The typical investor for whom investment in the Company is designed is an individual retail investor aged 18 or over who is resident and a tax payer in the United Kingdom.
- 10.19 The Company does not have any material shareholders with different voting rights.
- 10.20 The Company is subject to the investment restrictions relating to a venture capital trust in ITA 2007, as more particularly detailed in Part IX of this document, and in the Listing Rules which specify that (i) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy as set out in pages 30 and 31 of this document; (ii) the Company must not conduct any trading activity which is significant in the context of its group as a whole; and (iii) the Company may not invest more than 10%, in aggregate, of the value of the total assets of the issuer at the time an investment is made in other listed closed-ended investment funds. Any material change to the investment policy of the Company will require the approval of Shareholders pursuant to the Listing Rules. The Company intends to direct its affairs in respect of each of its accounting periods so as to qualify as a venture capital trust and accordingly:
- 10.20.1 the Company's income is intended to be derived wholly or mainly from shares or other securities, as this phrase is interpreted by HMRC;
- 10.20.2 the Company will not control the companies in which it invests in such a way as to render them subsidiary undertakings.
- 10.21 The Company and its Shareholders are subject to the provisions of the City Code on Takeovers and Mergers and CA 2006, which require shares to be acquired/transferred in certain circumstances.
- 10.22 Had the Schemes been implemented on 30 September 2011, being the latest practicable date before the date of publication of this document, based on the most recently published unaudited net asset values of the Companies (including the proposed 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, but taking into account the number of Foresight Clearwater Shares in issue at the date of this document), 1,432,440 New Ordinary Shares would have been issued to Foresight Clearwater Shareholders, and 18,643,665 New C Shares would have been issued in aggregate to Foresight 5 Shareholders and Acuity 3 Shareholders, together representing 53.6% of the issued share capital of the Company.

11. INFORMATION INCORPORATED BY REFERENCE

- 11.1 In respect of the Company the audited annual report for the 13 month period to 31 March 2011 and the unaudited half-yearly report (for the six month period ended 30 September 2011) are being incorporated by reference into Part V of this document.
- 11.2 In respect of Foresight 5, the annual report for the year ended 30 September 2010 (in Foresight 5's previous name – Acuity Growth VCT plc) and the half yearly report for the six month period ended 31 March 2011 are being incorporated by reference into Part V of this document.
- 11.3 In respect of Acuity 3, the annual report for the year ended 30 September 2010 and the unaudited half yearly report for the six month period ended 31 March 2011 are being incorporated by reference into Part V of this document.
- 11.4 In respect of Foresight Clearwater, the unaudited half yearly report for the period from incorporation to 30 September 2011 is being incorporated by reference into Part V of this document.
- 11.5 The summary of the proposed changes to the Articles as set out in Part VIII of the Circular is being incorporated by reference into paragraph 3 of this Part X. The other parts of the Circular have not been incorporated by reference as this document contains all of the relevant information required.

12. 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, One America Square, Crosswall, London EC3N 2SG and also at the registered office of the Company:

- 12.1 the memorandum and articles of association of the Company;
- 12.2 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);
- 12.3 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;
- 12.4 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;
- 12.5 the Foresight Clearwater half-yearly report for the period from incorporation to 30 September 2011;
- 12.6 the material contracts referred to in paragraph 6 above (the contracts referred to at paragraph 6.2 being subject to non-material amendment);
- 12.7 the consents referred to at paragraphs 10.12 and 10.13 above;
- 12.8 the Target VCTs' Circulars;
- 12.9 the Circular; and
- 12.10 this document.

