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

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

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

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

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

Notice of General Meeting

in connection with recommended proposals to:

merge with Foresight 3 VCT plc by acquiring all of its assets and liabilities, raise further funds by way of an offer for subscription and make a tender offer to purchase the Company's own shares

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

You will find set out at the end of this document notice of the General Meeting to be held at 11.30 a.m. on 14 June 2017 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG to approve resolutions to effect the proposals contained herein.

To be valid, the Form of Proxy enclosed with this document should be returned not less than 48 hours before the General Meeting (or any adjournment thereof), either by post or by hand (during normal business hours only) to the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

For further information on the General Meeting or the completion and return of a Form of Proxy, please telephone Foresight Group LLP investor relations on 020 3667 8159. For legal reasons, Foresight Group LLP will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

No person has been authorised to give any information or representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document hereunder nor any subsequent receipt of, subscription for, or sale of Shares shall, under any circumstances, create any implication that the information contained in this document is correct as of any time subsequent to the date of this document.

Shareholders are also recommended to read the prospectus issued by the Company dated 19 May 2017 which accompanies this document (other than in respect of Shareholders with a registered address in an overseas jurisdiction) for information purposes.

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EXPECTED TIMETABLES

EXPECTED TIMETABLE FOR THE COMPANY

Merger with F3 and Special Dividend

Latest time for receipt of forms of proxy for the General Meeting	11.30 a.m. on 12 June 2017
General Meeting	11.30a.m. on 14 June 2017
Calculation Date	21 June 2017
Effective Date for the transfer of the assets and liabilities of F3 to the Company and the issue of Consideration Shares pursuant to Scheme*	22 June 2017
Announcement of the results of the Scheme	22 June 2017
Admission of and dealings in Consideration Shares issued pursuant to the Scheme to commence	23 June 2017
CREST accounts credited with Consideration Shares issued pursuant to the Scheme	23 June 2017
Special Dividend Record Date**	30 June 2017
Special Dividend Payment Date	17 July 2017
Certificates for Consideration Shares issued pursuant to the Scheme dispatched	17 July 2017

(* This will, therefore, be the final expected date of trading of the F3 Shares.)

(** The Special Dividend is conditional on the Merger becoming effective.)

Offer

Offer opens	19 May 2017
First allotment of Offer Shares***	end-September 2017
Subsequent allotments of Offer Shares****	monthly
Admission of, and dealings in, Offer Shares to commence	3 business days following allotment
Share certificates and tax certificates to be dispatched	10 business days following allotment
Offer Closes*****	12.00 noon on 30 April 2018

(*** The Offer is not conditional on the Merger or the Tender Offer and will open immediately. However, the first allotment will only occur following completion of the Tender Offer if the Tender Offer proceeds.)

(**** The Board reserves the right to close the Offer earlier than the date stated or extend the Offer but not longer than 12 months following publication of the Prospectus. The Board further reserves the right to accept applications and allot and arrange for listing of Offer Shares as they see fit.)

Tender Offer*****

Tender Offer opens and documents circulated	mid-July 2017
Tender Offer period	minimum 8 weeks
Tender Offer closed and record date	mid-September 2017
Tender Offer price calculation date	3 business days after close
Completion of purchase of Shares under the Tender Offer	10 business days after close

(***** The Tender Offer is conditional on the Merger. The above dates are indicative only and the timetable for the Tender Offer will be detailed in the Tender Offer documents when circulated to Shareholders.)

EXPECTED TIMETABLE FOR F3*

Date from which it is advised that dealings in F3 Shares should only be for cash settlement and immediate delivery of documents of title	2 June 2017
Latest time for receipt of forms of proxy for the F3 First General Meeting	11.00 a.m. on 12 June 2017
F3 First General Meeting	11.00 a.m. on 14 June 2017
Latest time for receipt of forms of proxy for the F3 Second General Meeting	11.00 a.m. on 20 June 2017
Calculation Date	21 June 2017
F3 register of members closed and Record Date for F3 Shareholders' entitlements under the Scheme	6.00 p.m. on 21 June 2017
Dealings in F3 Shares suspended	7.30 a.m. on 22 June 2017
F3 Second General Meeting	11.00 a.m. on 22 June 2017
Effective Date for the transfer of the assets and liabilities of F3 to the Company and the issue of Consideration Shares pursuant to the Scheme**	22 June 2017
Announcement of the results of the Scheme	22 June 2017
Cancellation of the F3 Shares' listing	8.00 a.m. on 20 July 2017

(* F3 Shareholders will, as holders of Consideration Shares following the Merger, be entitled to the Special Dividend and participate in the Tender Offer. F3 Shareholders can separately, should they so wish, participate in the Offer.)

(** See the timetable for the Company with regard to admission, CREST accounts being credited and certificates being dispatched in relation to the Consideration Shares.)

DEFINITIONS

"Articles"	the articles of association of the Company, as amended from time to time
"Board"	the board of directors of the Company
"Brexit"	the UK's decision in a referendum on 23 June 2016 to leave the European Union
"CA 1985"	the Companies Act 1985, as amended
"CA 2006"	the Companies Act 2006, as amended
"Calculation Date"	the date on which the Roll-Over Value and the Merger Value will be calculated, anticipated as being the close of business on 21 June 2017
"Circular"	this document
"Companies"	the Company and F3
"Company"	Foresight 4 VCT plc
"Consideration Shares"	the Shares to be issued by the Company to F3 Shareholders in accordance with the Scheme (and each a "Consideration Share")
"Direct Investors"	an investor who makes an investment in the Company under the Offer without reference to an intermediary (together "Direct Investors")
"Directors"	the directors of the Company (and each a "Director")
"Effective Date"	the date on which the Scheme will be completed, anticipated as being 22 June 2017
"Enlarged Company"	the Company, following implementation of the Scheme
"Execution-Only Investor"	an investor who invests in the Company under the Offer pursuant to a transaction which is executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation (together "Execution-Only Investors")
"F3"	Foresight 3 VCT plc, registered in England and Wales under number 03121772, whose registered office is at The Shard, 32 London Bridge Street, London SE1 9SG
"F3 Board"	the board of directors of F3;
"F3 Circular"	the circular to F3 Shareholders dated 19 May 2017;
"F3 First General Meeting"	the general meeting of F3 to be held on 14 June 2017 (or any adjournment thereof)
"F3's Half-Yearly Report"	the unaudited half-yearly report of F3 for the six month period ended 30 September 2016
"F3 Meetings"	the F3 First General Meeting and the F3 Second General Meeting
"F3 Second General Meeting"	the general meeting of F3 to be held on 22 June 2017 (or any adjournment thereof)
"F3 Shareholders"	holders of F3 Shares (and each a "F3 Shareholder")
"F3 Shares"	ordinary shares of 1p each in the capital of F3 (and each a "F3 Share")

"F3 Top-up Offer"	the offer for subscription for F3 Shares to raise up to £3.4 million pursuant to an offer document issued by F3 on 22 March 2017
"FCA"	the Financial Conduct Authority
"Foresight"	Foresight Group CI Limited, the Companies' manager which is licensed by the Guernsey Financial Services Commission
"Foresight Fund Managers"	Foresight Fund Managers Limited, a subsidiary of Foresight Group
"Foresight Group"	Foresight Group LLP, which is a subsidiary undertaking of Foresight and which is authorised and regulated by the FCA
"Form of Proxy"	the form of proxy for use at the Meeting
"FSMA"	the Financial Services and Markets Act 2000, as amended
"General Meeting"	the general meeting of the Company to be held on 14 June 2017 (or any adjournment thereof)
"Half-Yearly Report"	the unaudited half-yearly report of the Company for the six month period ended 30 September 2016
"HMRC"	Her Majesty's Revenue & Customs
"IA 1986"	the Insolvency Act 1986, as amended
"Independent Valuer"	Scott-Moncrieff of Exchange Place, 3 Sempie Street, Edinburgh EH3 8BL
"ITA 2007"	the Income Tax Act 2007, as amended
"Liquidators"	Keith Allan Marshall and Gareth Harris of RSM Restructuring Advisory LLP, Springfield House, 76 Wellington Street, Leeds LS1 2AY, being the proposed liquidators for F3
"Listing Rules"	the listing rules of the UKLA
"London Stock Exchange"	London Stock Exchange PLC
"Merger"	the proposed merger of the Companies to be effected through the Scheme
"Merger Ratio"	the Roll-Over Value divided by the Merger Value rounded down to four decimal places
"Merger Regulations"	Venture Capital Trusts (Winding-up and Mergers) (Tax) Regulations 2004
"Merger Value"	the value of a Share calculated in accordance with paragraph 4 of Part II of this document
"NAV" or "net asset value"	net asset value
"Offer"	the offer for subscription to raise up to £50 million, with an over-allotment facility for up to a further £50 million, through the issue of Offer Shares as set out in this document
"Offer Shares"	Shares to be issued pursuant to the Offer
"Official List"	the official list of the UKLA
"Professional Client Investor"	an investor who is provided with advice or guidance as to the merits of making an investment in the Company by an independent financial adviser where that adviser classifies the investor as a professional client for the purposes of the FCA rules (together "Professional Client Investors")

"Promoter's Fee Arrangement"	the promoter's fee arrangement between the Company and Foresight Group in respect of the Offer
"Proposals"	the proposals to acquire the assets and liabilities of F3 pursuant to the Scheme and to pass the Resolutions
"Proposed Director"	Raymond Abbott
"Prospectus"	the prospectus issued by the Company dated 19 May 2017
"Record Date"	the record date to which entitlements will be allocated pursuant to the Scheme, anticipated as being 21 June 2017
"Resolutions"	each of the resolutions to be proposed at the General Meeting (and each a "Resolution")
"Retail Client Investor"	an investor who applies for Offer Shares through their independent financial adviser where the adviser has classified the investor as a retail client for the purposes of the FCA rules (together "Retail Client Investors")
"Roll-Over Value"	the value of an F3 Share calculated in accordance with paragraph 4 of Part II of this document
"RPI"	the retail prices index as compiled by the Office for National Statistics (or any replacement thereof)
"Scheme"	the proposed merger of the Companies by means of placing F3 into members' voluntary liquidation pursuant to section 110 of IA 1986 and the acquisition by the Company of all of F3's assets and liabilities in consideration for Consideration Shares, further details of which are set out in Part II of this document
"Section 593 Report"	a valuation report which will be prepared by the Independent Valuer
"Shareholders"	holders of Shares (and each a "Shareholder")
"Shares"	ordinary shares of 1p each in the capital of the Company (and each a "Share")
"Special Dividend"	the special dividend of 4.0p declared by the Board conditional on the Merger becoming effective and payable to Shareholders on the register of members of the Company at close of business on the Special Dividend Record Date
"Special Dividend Record Date"	30 June 2017
"Special Dividend Payment Date"	17 July 2017
"TCGA 1992"	the Taxation of Chargeable Gains Act 1992, as amended
"Tender Offer"	the potential tender offer by the Enlarged Company to buy back Shares, details of which are set out in this document
"Transfer Agreement"	the agreement between the Company and F3 (acting through the Liquidators) for the transfer of all of the assets and liabilities of F3 by the Liquidators to the Company pursuant to the Scheme
"UK"	the United Kingdom
"UKLA" or "UK Listing Authority"	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
"VCT" or "venture capital trust"	a company satisfying the requirements of Chapter 3 of Part 6 of ITA 2007 for venture capital trusts

PART I

LETTER FROM THE CHAIRMAN

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

Directors:

Simon Jamieson (*Chairman*)

Peter Dicks

Michael Gray

Registered Office:

The Shard
32 London Bridge Street
London
SE1 9SG

19 May 2017

Dear Shareholder

Recommended proposals to merge with Foresight 3 VCT plc (F3), raise further funds for the Company by way of an offer for subscription and make a tender offer to purchase the Company's own shares

Background

On 12 September 2016, the Board and the F3 Board announced that they had entered into discussions regarding the merger of the Companies (Merger). In light of comments received by the Board from certain Shareholders around the time of the annual general meeting in September 2016, the Board decided to first seek views from all Shareholders through an online advisory vote.

The results of the advisory vote for both Companies were materially in favour of proceeding with the Merger. 605 Shareholders provided their views with 97% being in favour of progressing the Merger. An equivalent advisory vote was held by F3 with 526 F3 Shareholders responding and 98% being in favour of progressing the Merger.

In addition, the Board has fulfilled its commitment to review the constitution of the Board. I took over as chairman of the Company on 31 March 2017, when Philip Stephens stepped down as a director and chairman of the Company, following the appointment of Michael Gray as an additional independent non-executive director on 14 February 2017. Michael is a non-executive director of Triton Investment Management Limited, a member of the advisory board of J-Star, a Japanese Private Equity Group, and a non-executive director of the FTSE 250 listed GCP Infrastructure Investments Limited, an investment fund capitalised at c£900m. Michael is very experienced in financial services and was formerly chairman of Funds for RBS Corporate Bank and regional managing director of Corporate Banking at RBS International bringing further experience and independence to Board considerations.

The Board has continued to consider a number of options and the independent Directors, in particular taking the view of Shareholders from the advisory vote into account, remain of the view that a merger of the Companies remains the preferred option. The purpose of this document is, therefore, to now set out proposals for the Merger for consideration by Shareholders.

The Merger is expected to complete on 22 June 2017 and will be effected by way of a scheme of reconstruction (Scheme) pursuant to which the F3 will be placed into members' voluntary liquidation and all of the assets and liabilities transferred to the Company in exchange for new Shares in the Company on a relative net assets basis. The Merger is expected to deliver cost savings and other benefits to both sets of shareholders which the Board believes is in line with the strategy to expand the size of the Company and be better positioned to improve Shareholder value.

The Board also believes that there will be other benefits for Shareholders arising from participating in a larger company with an increased net asset base, including the ability to sustain a significantly wider spread of investments which will facilitate better risk management and a reduced need to maintain liquid assets allowing the Company to consider making additional returns to Shareholders. As a result, the Board is pleased to be able to declare the Special Dividend and confirm its intention to make the Tender Offer, in each case conditional on the Merger becoming effective.

The Company seeks approval to allot Shares pursuant to offers for subscription at each annual general meeting. Unfortunately, resolutions proposed at the 2016 annual general meeting for this purpose were not passed resulting in the Company not having been in a position to raise funds and invest in the opportunities recently seen by Foresight. As the Company is required to issue this document and a prospectus in connection with the Merger, the Board intends to take the opportunity to seek Shareholder approval to allot further shares and raise further funds through making an offer for subscription for new Shares available to existing and new investors. The Offer is not conditional on the Merger and is intended to further augment the benefits of participating in a larger entity.

The approval of Shareholders is required under CA 2006 and the Articles to authorise the allotment of Consideration Shares pursuant to the Merger. A specific resolution to approve the acquisition of the assets and liabilities of F3 to effect the Merger is not required. However, in light of the nature of the Merger proposal, the Board believes it appropriate to include this as part of the approval. The approval of Shareholders is also required under CA 2006 and the Articles to authorise the allotment of Offer Shares pursuant to the Offer and the purchase of Shares pursuant to the Tender Offer. In addition, the approval from Shareholders is also required under the Listing Rules in respect of the promoter's fee to be paid to Foresight Group in respect of the Offer, which constitutes a related party transaction between the Company and Foresight Group (Foresight Group being a related party of the Company for the purposes of the Listing Rules).

The Merger

Benefits and features

The Board reviews the costs of managing the Company on a regular basis. Some costs are necessarily incurred by every VCT and cannot easily be reduced. For instance, VCTs are required to be listed on a recognised exchange, such as the premium segment of the Official List, which involves a considerable level of costs associated with the listing as well as related fees to ensure compliance with all relevant legislation and regulations. Some costs are linked to net assets and others are fixed or have a fixed element. A larger company is able to spread the fixed elements of running costs across a wider asset base and, as a result, can reduce these costs as a percentage of net assets.

The Merger Regulations allow VCTs to be acquired by, or to 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 administrative efficiencies. Whilst cost and administrative efficiencies are an important element, there are also wider operational benefits such as being able to further diversify the portfolio, facilitate increasing returns to shareholders and make a VCT more economically viable as an evergreen fund for investors.

In recommending the Merger, the principal benefits and features that the Board and F3 Board have taken into account are set out below:

- An enlarged entity with assets immediately post Merger of approximately £72.78 million taking into account the Special Dividend (£115.03 million assuming full subscription under the Offer, but ignoring the over-allotment facility, and taking into account the Tender Offer).
- A portfolio of over 25 companies, many of which are making good progress and are profitable and which have delivered the recent improvements in NAV of both the Company and F3.
- A payback period of under 12 months based on the estimated Merger costs and annual cost savings post Merger.
- A reduction in the aggregate number of directors.
- A reduction in Foresight's annual investment management fee from 2.25% of net assets to 2% of net assets.
- A reduction in the annual expenses cap from 3.5% of net assets to 2.95% of net assets.
- An enlarged entity better positioned to raise further funds and continue with the current investment strategy.
- The ability to consider investment realisations and create liquidity events for Shareholders and support dividend payments.

The reduction in Foresight's annual investment management fee from an amount equal to 2.25% of net assets to 2% of net assets will reduce its fee by approximately £182,000 per annum across the

Companies. As the Foresight's annual administration fees for the Enlarged Company will remain the same as currently for the Company, this will result in a further reduction of £129,000 per annum in its fees. Foresight will also make an additional cash contribution to the Merger costs of £100,000 as explained below. This will effectively enable the Merger to take place entirely at Foresight's expense within one year as the total Foresight annual cost savings and the additional contribution of approximately £411,000 are expected to be greater than the estimated Merger costs of £400,000.

The Merger is expected to create an enlarged VCT with enough critical mass which should generate sufficient income and realisations to meet an attractive dividend target, as well as maintaining a regular programme of buybacks. In addition, based on the above, the Enlarged Company is expected to be more attractive to potential investors and enjoy an enhanced ability to achieve future capital raisings.

Merger costs and cost savings

The estimated total Merger costs are £400,000 (including professional fees, UKLA fees, stamp duty, VAT and the costs of winding up F3). The costs of the Merger will be split proportionately between the Companies by reference to their respective Merger net assets (ignoring the Merger costs).

The projected annual running costs (these being normal expenses and ignoring exceptional items, performance incentive fees and trail commission) of the Enlarged Company are estimated to be £2.04 million (2.80% of the expected net assets of the Enlarged Company of £72.78 million immediately post Merger and taking into account the Special Dividend, but ignoring the Offer and the Tender Offer). This compares to £2.52 million in aggregate for the Companies (3.4% of their aggregate unaudited net assets as at 31 December 2016) based on the unaudited annual running costs for the 12 month period ended 31 December 2016 for each of the Companies.

In addition, the annual running costs expenses cap for the Enlarged Company will be reduced to 2.95% of total net assets per annum (any excess over the expenses cap being borne by Foresight). This represents a reduction on the current cap of 3.5% applicable to both Companies. Whilst the Companies' running costs are currently below each of their respective annual expenses cap level, the Board believes that the reduced cap for the Enlarged Company should provide comfort for Shareholders in respect of the level of future costs.

Foresight will also make a cost contribution of £100,000 towards the Merger costs through a one-off reduction in its management and administration fees for the Enlarged Company following completion of the Merger. Foresight has agreed to make this contribution even if the Merger does not proceed to completion, in which case the contribution will be apportioned between the Companies on a pro rata to net assets basis.

On the basis of the expected annual cost savings of approximately £480,000 and the Foresight contribution of £100,000, the estimated Merger costs of £400,000 would be recovered in just over eight months.

Scheme terms

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

- F3 will be placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of IA 1986; and
- all of the assets and liabilities of F3 will be transferred to the Company in consideration for the issue of Consideration Shares (which will be issued directly to F3 Shareholders).

The Merger will be effected on a relative net asset basis adjusted for the costs of the Merger. Shareholders should note that the Merger by way of the Scheme will be outside the provisions of the City Code on Takeover and Mergers.

The Scheme is conditional upon the approval of shareholders of both the Company and F3 of resolutions to be proposed at the General Meeting and the F3 Meetings, as well as the other conditions set out in paragraph 6 of Part II of this document.

The Board and F3 Board believe that the Scheme provides an efficient way of merging the Companies with a lower level of costs than other merger routes. The Company was selected as the acquirer due to its larger size; if F3 had been the acquirer there would be greater stamp duty costs. As both Companies have the same investment objective and policy, the same investment manager and other common

advisers and common investments, the Merger should be achievable without major additional cost or disruption to the Companies' portfolio of investments.

As required by section 593 CA 2006, prior to the allotment of the Consideration Shares, the Company will be posting to F3 Shareholders and uploading on to the Company's website a valuation report which will be prepared by the Independent Valuer (Section 593 Report). The Section 593 Report will confirm to the Company that the value of F3's assets and liabilities which are being transferred to the Company as part of the Merger is not less than the aggregate amount treated as being paid up on the Consideration Shares being issued to F3 Shareholders pursuant to the Scheme.

The portfolio of assets which will be transferred to the Company by F3 as part of the Scheme are all considered to be in line with the Company's investment policy. The extent of the liabilities (if any) which will be transferred to the Company by F3 as part of the Scheme will be those which are incurred in the ordinary course of business, together with the Merger costs (which remain unpaid at the time of transfer). Any such liabilities are expected to be nominal in comparison to the value of the assets being acquired.

F3 Shareholders who do not vote in favour of the resolution to be proposed at the First F3 General Meeting are entitled to dissent and have their shareholding purchased by the Liquidators at the 'break value' of an F3 Share (expected to be at a significant discount to the net asset value of a F3 Share).

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

Further information relating to the Scheme terms are set out in Part II of this document. Details of the risks relating to the Scheme and the Company are set out in Part III of this document.

Merger Illustration

Had the Merger been effected on 31 December 2016 (but adjusting for the F3 Top Up Offer) in accordance with Part II of this document (assuming no dissenting F3 Shareholders), the number of Consideration Shares that would have been issued to F3 Shareholders would have been 47,786,098 (0.8674 Consideration Shares for every F3 Share held) as further detailed on page 18 of this document.

The Enlarged Company

Investment Objective and Policy

The investment objective of the Company is to provide investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the UK. It is the intention to maximum tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sale or flotations. The investment policy of the Company is to target UK unquoted companies which the Company believes will achieve the objective of producing attractive returns for Shareholders. The full investment policy of the Company is set out in the Prospectus. F3 has the same investment objective and investment policy.

The investment objective and investment policy of the Enlarged Company will remain unchanged.

Board Composition

The Board has three directors; myself (chairman), Michael Gray and Peter Dicks. The Board of F3 has three directors; Raymond Abbott (chairman), Peter Dicks and Tom Maxwell.

The Board and the F3 Board have considered what the size and the composition of the Board of the Enlarged Company should be following the Merger. Peter Dicks will step down as a director of the Company with Raymond Abbott being appointed as a new director of the Company. Raymond Abbott will also, on Merger, take over as chairman of the Company. The Board and the F3 Board believe the proposed constitution achieves the ideal number of directors and a balance of ongoing directors from both Companies reflecting the relative size of each Company. The constitution of the Board of the Enlarged Company will be kept under review and consideration will be given to the appointment of an additional new director to reflect the size of the Company.

If the Merger does not proceed, Peter Dicks intends to step down as a director at the annual general meeting to be held in 2017 and the Board will, under these circumstances, seek the appointment of a new director to coincide with Peter's departure.

I would like to take this opportunity to thank Peter Dicks, as well as Philip Stephens, for their years of service and commitment to the Company and, on the assumption that the Merger becomes effective, welcome Raymond Abbott to the Board.

Dividend Policy

The Enlarged Company position following the Merger (and/or the Offer) is expected to enhance the Board's ability to consider dividend payments with the objective of achieving regular dividends linked to the performance of the enlarged investment portfolio.

Buyback Policy

The Enlarged Company position following the Merger (and/or the Offer) is expected to enhance the Board's ability to consider buybacks with the objective of achieving and maintaining the Share price discount to the NAV per Share at 10% initially, but with a medium-term aim of achieving a Share price discount to the NAV per Share of 5%, subject to market conditions. Share buybacks will be subject to having appropriate authorities from Shareholders, the Listing Rules and any applicable law at the time.

Management and Administration Fees

Foresight manages the investments of both Companies and also provides administration, company secretarial and accounting services (through its group entities). The terms on which Foresight has been appointed to both of the Companies are similar.

In respect of the Company, Foresight receives annual fees of an amount equal to 2.25% of the net assets of the Company. The normal annual running costs of the Company (these being the normal expenses ignoring exceptional items, performance incentive fees and trail commission) are capped at 3.5% of the net assets of the Company's as at the end of each financial year with any excess being paid by Foresight or refunded through a reduction in Foresight's future fees. Foresight also receives an annual fee of approximately £157,000 for administration, company secretarial and accounting services (subject to annual increases in line with the Retail Prices Index).

Foresight received fees in respect of F3 on the same basis as for the Company, save that an annual fee for administration, company secretarial and accounting services is £129,000 (subject to annual increases in line with the Retail Prices Index).

Foresight has agreed, subject to the Merger becoming effective, to reduce its annual investment management fees to an amount equal to 2% of the net assets of the Enlarged Company and, as referred to above, reduce the expenses cap to 2.95% of the net assets of the Enlarged Company. The annual fee for administration, company secretarial and accounting services for the Company will remain at approximately £157,000 (subject to annual increases in line with the Retail Prices Index) for the Enlarged Company.

Foresight will also make the cost contribution of £100,000 towards the Merger costs through a one-off reduction in its management and administration fees for the Enlarged Company following completion of the Merger as referred to above.

Performance Incentives

Foresight Group is currently entitled to a performance incentive arrangement in respect of the Company of an amount equal to 15% of dividends paid to Shareholders, subject to a NAV plus dividends (paid on or after 11 January 2011) total return being maintained of 108.5p (such total return being 91.6p as at 31 December 2016). A similar performance incentive arrangement exists in respect of F3. The performance incentive arrangements are at a similar level of performance in both Companies.

If the Merger is effected, the existing performance incentive arrangement for the Company will continue and, pursuant to its existing terms, will automatically cover the Enlarged Company, with the performance incentive arrangement for F3 being terminated. The Board of the Enlarged Company will continue to keep the performance incentive arrangements under review and, if felt appropriate, put revised proposals to Shareholders for approval.

Special Dividend

As mentioned above, a larger VCT would provide the ability to consider realisations and the creation of liquidity events for Shareholders. The Board and the F3 Board have discussed the expected position of the Enlarged Company and believe that the Merger would reduce the need to retain certain investments

and liquid assets. The Board has, therefore, declared a special dividend of 4.0p per Share conditional on the Merger becoming effective and payable to Shareholders on the register on 30 June 2017 (this being after the date on which the Consideration Shares are expected to be issued pursuant to the Merger). The Special Dividend, if it becomes payable, will be paid on 17 July 2017.

The Offer

The Board has decided to take the opportunity to raise up to £50 million (with an over-allotment facility for a further £50 million) through an offer for subscription. This will provide Shareholders and new investors with the opportunity to invest in the Company and benefit from the tax reliefs available to qualifying investors.

The Board believes that there are attractive opportunities to make further growth investments in order to generate returns for investors as Foresight Group continues to experience strong deal flow and is seeing a significant number of high quality private equity investment opportunities. Funds raised under the Offer will allow the Company to take advantage of the continuing flow of investment opportunities being received by Foresight Group and further increase the net assets of the Company and portfolio diversification in line with the ongoing strategy of the Company. Funds raised will also be used to fund payment of dividends and market purchases of Shares and to meet annual running costs.

Foresight Group is acting as the promoter to the Offer and will be paid a fee equal to 2.5% (as reduced by any relevant discounts) of the amount subscribed by Retail Client Investors, Professional Client Investors and Execution-Only Investors and 5.5% (as reduced by any relevant discounts) of the amount subscribed by Direct Investors (Promoter's Fee Arrangement). In consideration of the promoter's fee, Foresight Group has agreed to meet all costs, expenses and charges of, or incidental to, the Offer (other than intermediary commissions and adviser charges). All up-front costs and intermediary charges and commissions will be borne by the investor through the price which the investor pays for the Offer Shares as more particularly described in the Prospectus. The Board considers the Promoter's Fee Arrangement to be in line with market practice.

Foresight Group, as a subsidiary undertaking of Foresight (the investment manager to the Company), is a related party of the Company for the purposes of the Listing Rules. The Promoter's Fee Arrangement is, therefore, a related party transaction for the purposes of the Listing Rules. Assuming full subscription under the Offer utilising the over-allotment facility (i.e. raising £100 million) and assuming that all investors are Direct Investors and no discounts apply, the maximum Promoter's Fee Arrangement would be £5.5 million. It is likely that the majority of the investors will be Retail Client Investors, Professional Client Investors and Execution-Only Investors (historically, Direct Investors have represented as little as 8% of a typical Foresight Group promoted offer), and as a result, the actual fee to Foresight Group is expected to be much lower (in particular taking into account the discounts being made available by Foresight Group for early investment and shareholder loyalty). The Listing Rules, however, require the maximum possible fee amount to be taken into account when assessing related party transaction requirements and, as a result, the approval of shareholders is required for the Promoter's Fee Arrangement.

The price at which the Offer Shares are being made available is the net asset value of a Share at the time of allotment plus associated Offer costs directly or indirectly incurred by an investor (including the Foresight Group promoter's fee). As a result, the Offer is not expected to have any material dilution effect on existing Shareholders. The Offer Shares will be issued in certificated form (unless otherwise agreed by the Company), however, can be subsequently transferred into CREST by an investor.

Full details of the Offer are set out in the Prospectus. The Offer opens today and will close on 30 April 2018 (unless closed earlier or extended by the Board). The Offer Shares will rank *pari passu* with the existing Shares from issue.

The Offer is conditional on the approval of Resolution 2 to be proposed at the General Meeting authorising the allotment of Offer Shares (having disapplied pre-emption rights) and the Promoter's Fee Arrangement. The Offer is not, however, conditional on the Merger becoming effective, but allotments of Offer Shares will only be made following completion of the Tender Offer, assuming this goes ahead, so as to minimise the risk of Shareholders buying and selling Shares within six months of each other and not being eligible for VCT tax reliefs in respect of the Offer Shares acquired.

Tender Offer

Alongside the Special Dividend, the Board and F3 Board believe that the Enlarged Company should be in the position to provide a partial or full exit event for shareholders by way of a tender offer of up to an aggregate value of £5 million (representing approximately 7.0% of the expected net assets of the Enlarged Company following payment of the Special Dividend but ignoring the Offer). The Tender Offer will only be made if the Merger becomes effective, the Company has the ability to implement the Tender Offer and the Board continues to believe it to be in the best interests of the Company.

A summary of the expected terms of the Tender Offer are set out below (subject to further consideration and agreement by the Board):

- Tender Offer period - mid-July 2017 to mid-September 2017.
- Tender Offer price - NAV per Share less 7.5% (to take into account the costs of making the Tender Offer and what the Board believe to be an appropriate discount).
- Availability - all Shareholders (other than certain overseas Shareholders)
- Tender Offer record date - occurring after the Merger and the payment of the Special Dividend, but before the first allotment of Offer Shares.
- Shares will be purchased on-market through the Company's broker, Panmure Gordon (UK) Limited.

Shares purchased by the Company under the Tender Offer will be cancelled and not re-issued.

The actual number of Shares to be purchased will depend on the level of take-up and on the NAV per Share at the time of implementation of the Tender Offer. For illustrative purposes only, based on a NAV per Share of 69.2p (this being the example Merger Value per Share of 73.20p (as set out on page 18)) reduced by the Special Dividend, which would give a Tender Offer price of 64.01p, the maximum number of Shares which would be purchased is approximately 7.8 million if fully subscribed.

Details of the Tender Offer (including application forms for participation) will be provided to Shareholders in separate documentation following the Merger in mid-July 2017. Shareholders will need to carefully consider their tax position before participating in the Tender Offer. In particular, participation in the Tender Offer may restrict the ability to claim VCT tax reliefs in respect of Offer Shares subscribed under the Offer or the recent F3 Top-up Offer.

The timing of the purchase of Shares under the Tender Offer will be set so as to be after the expiry of the five year holding period required to maintain up-front VCT tax reliefs in respect of Shares that were issued under the enhanced buy-back scheme offered by the Company in 2012. Shareholders who participated in the 2012 enhanced buy-back scheme will, therefore, be able to participate without prejudicing up-front VCT tax reliefs received. The Board will consider making further tender offers available in which Shareholders who participated in the enhanced buy-back scheme offered by the Company in 2013 can participate without prejudicing up-front VCT tax reliefs they received.

To avoid having to convene an additional general meeting following the Merger, the Board proposes to take Shareholder authority for the Company to purchase up to 8.5 million of its own shares (which includes some headroom in case of a movement in the net asset value per Share) for the purposes of the Tender Offer pursuant to Resolution 2 to be proposed at the General Meeting.

Taxation

The information contained in this document is based on current UK law and practice, is subject to changes therein, is given by way of general summary and does not constitute legal or tax advice. If you are in any doubt about your position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your independent financial adviser.

The implementation of the Merger should not affect the status of the Company as a VCT or the tax reliefs obtained by Shareholders on subscription of existing Shares. It is the intention of the Board to continue to comply with the requirements of ITA 2007 following implementation of the Scheme so that the Enlarged Company continues to qualify as a VCT.

Tax implications of subscribing for Offer Shares pursuant to the Offer are set out in the Prospectus. Tax implications relating to the Tender Offer will be contained in the Tender Offer documentation.

General Meeting

Notice of the General Meeting is set out at the end of this document. The General Meeting will be held at 11.30 a.m. on 14 June 2017 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG. A Form of Proxy for use in connection with the General Meeting (together with a pre-addressed envelope for its return) is enclosed.

An explanation of the Resolutions to be proposed at the General Meeting is set out below. Resolution 1 will be proposed as an ordinary resolution requiring the approval of more than 50% of the votes cast on Resolution 1 at the meeting. Resolution 2 will be proposed as special resolution requiring the approval of at least 75% of the votes cast on those resolutions at the meeting.

Resolution 1

Resolution 1 is a composite resolution.

Paragraph 1.1 of the Resolution seeks approval from Shareholders for the acquisition by the Company of all of the assets and liabilities of F3 pursuant to the Scheme.

Paragraph 1.2 of Resolution 1 will authorise the Directors pursuant to section 551 CA 2006 to allot shares in the capital of the Company in connection with the Scheme up to an aggregate nominal value of £550,000 (representing 95.59% of the issued share capital of the Company as at 18 May 2017, this being the latest practicable date prior to publication of this document). The authority conferred by paragraph 1.2 of Resolution 1 is in addition to existing authorities, will be used to issue Consideration Shares pursuant to the Merger and will expire on the fifth anniversary of the date of the passing of Resolution 1 unless renewed, varied or revoked by the Company in general meeting.

Resolution 2

Resolution 2 is also a composite resolution. The authorities conferred will be in addition to existing authorities and the authority conferred by paragraph 1.2 of Resolution 1.

Paragraph 2.1 of Resolution 2 will authorise the Directors pursuant to section 551 CA 2006 to allot shares in the capital of the Company pursuant to offer(s) for subscription up to an aggregate nominal value of £1.5 million (representing 261.44% of the issued share capital of the Company as at 18 May 2017, this being the latest practicable date prior to publication of this document). The authority conferred by paragraph 2.1 of Resolution 2 will expire 18 months following the date of the passing of Resolution 2 unless renewed, varied or revoked by the Company in general meeting.

Paragraph 2.2 of Resolution 2 will disapply pre-emption rights in respect of the allotment of shares pursuant to offer(s) for subscription in the capital of the Company with an aggregate nominal value of £1.5 million (representing 261.44% of the issued share capital of the Company as at 18 May 2017, this being the latest practicable date prior to publication of this document), where the proceeds may be used in whole or part to purchase the Company's own shares. The authority conferred by paragraph 2.2 of Resolution 2 will expire 18 months following the date of the passing of Resolution 2 unless renewed, varied or revoked by the Company in general meeting.

Paragraph 2.3 of Resolution 2 will approve the Promoter's Fee Arrangement.

Paragraph 2.4 of Resolution 2 will authorise the Company to make market purchases of up to 8.5 million shares in the capital of the Company (representing 14.81% of the current issued share capital of the Company, this being the latest practicable date prior to publication of this document at a tender price equal to 92.5% of the most recently published net asset value of a Share as at the date of the purchase. The authority conferred by paragraph 2.4 of Resolution 2 will expire 18 months following the date of the passing of Resolution 2 unless renewed, varied or revoked by the Company in general meeting.

The authorities conferred by Resolution 2 will be used for the purposes of implementing the Offer and the Tender Offer. As a composite resolution, by voting in favour of Resolution 2, Shareholders will provide the authority for both the Offer and the Tender Offer (Shareholders cannot vote on each matter separately).

Action to be Taken

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

Shareholders will find enclosed with this document the Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the Form of Proxy attached so as to be received by 11.30 a.m. on 12 June 2017. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the General Meeting, should you wish to do so.

Recommendation

The Board, which has been so advised by BDO LLP, considers the Promoter's Fee Arrangement to be fair and reasonable so far as Shareholders as a whole are concerned. In providing this advice, BDO LLP has taken into account the Board's commercial assessment of the Promoter's Fee Arrangement.

Foresight Group is regarded as a related party of the Company under the Listing Rules and, therefore, cannot vote (and, as it does not hold any Shares in the Company, would not be entitled to vote) on Resolution 2, which includes approval of the Promoter's Fee Arrangement, to be proposed at the General Meeting. Foresight Group will take all reasonable steps to ensure that its associates (including any of its members, partners or employees) will also not vote on Resolution 2 to be proposed at the General Meeting.

The Board is of the opinion that the Proposals are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions as they intend to do in respect of their own holdings of 89,794 Shares, representing approximately 0.16% of the issued share capital of the Company.

Yours faithfully

Simon Jamieson
Chairman

PART II

THE SCHEME

1. Definitions and Interpretation

The definitions set out on page 5 of this document shall have the same meanings when used in the context of this Part II.

2. Provision of Information

On the Calculation Date, Foresight Fund Managers (on the instruction of each of the Company and F3) shall calculate the Merger Values in accordance with paragraph 4 below.

On the Effective Date, the Liquidators shall receive all the cash, undertakings and other assets and liabilities of F3 and shall deliver to the Company:

- particulars of all of the assets and liabilities of F3;
- a list certified by the registrars of the names and addresses of, and the number of F3 Shares held by, each of the F3 Shareholders on the register at 5.00 p.m. on the Record Date;
- an estimate of the winding-up costs of F3; and
- the amount estimated to be required to purchase the holdings of any dissenting F3 Shareholders (if any).

3. Transfer Agreement

On the Effective Date, the Company and the Liquidators (on behalf of F3) will enter into the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto) pursuant to which the Liquidators will procure the transfer of all of the assets and liabilities of F3 to the Company in exchange for the issue of Consideration Shares (credited as fully paid up) to the F3 Shareholders on the basis set out in paragraph 4 below.

In further consideration of such transfer of assets and liabilities of F3 to the Company, the Company will, pursuant to the Transfer Agreement, undertake to pay all liabilities incurred by the Liquidators including, but not limited to, the implementation of the Scheme, the winding up of F3 and the purchase for cash of any holdings of dissenting F3 Shareholders.

4. Calculations

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

F3 Roll-Over Value

The Roll-Over Value will be calculated as:

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

where:

- A = the unaudited net assets of F3 as at the Calculation Date, calculated in accordance with the F3's normal accounting policies and taken from the unaudited management information of the F3 to that date (including any adjustment that the F3 Board and the Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of F3 as at the Calculation Date);
- B = F3's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the F3 Shares and the aggregate Merger Value of all Shares, but ignoring Merger costs), of the costs of the Merger plus £10,000 (representing an amount of contingency to cover any unforeseen additional costs attributable to F3 incurred by the Company, which will indemnify the Liquidators in respect of all of the costs of F3 following the transfer on the Effective Date);

- C = the amount estimated to be required to purchase the holdings of F3 Shares from dissenting F3 Shareholders (if any); and
- D = the number of F3 Shares in issue as at close of business on the Record Date (save for any F3 Shares held by dissenting F3 Shareholders).

The Company Merger Value

The Merger Value per Share will be calculated as follows:

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

where:

- E = the unaudited net assets of the Company as at the Calculation Date, calculated in accordance with the Company's normal accounting policies and taken from the unaudited management information of the Company to that date (including any adjustment that the Board and the F3 Board (acting jointly) consider appropriate to reflect any other actual or contingent benefit or liability of the Company);
- F = the Company's pro rata proportion (by reference to the relative aggregate Roll-Over Value of all the F3 Shares and the aggregate Merger Value of all Shares, but ignoring Merger costs) of the costs of the Merger; and
- G = the number of Shares (ignoring any Shares held in treasury) in issue as at close of business on the Record Date.

Consideration Shares to be issued to F3 Shareholders

The number of Consideration Shares to be issued to F3 Shareholders (save for any dissenting F3 Shareholders) will be calculated as follows:

$$\frac{H}{I} \times J$$

where:

- H = the F3 Roll-Over Value;
- I = the Company Merger Value; and
- J = the number of F3 Shares in issue as at close of business on the Record Date (save for any F3 Shares held by dissenting F3 Shareholders).

The number of Consideration Shares to be issued pursuant to the Scheme will not be greater than 55 million and will be issued on the instruction of the Liquidators directly to F3 Shareholders pro rata to their existing holdings (disregarding F3 Shares held by dissenting F3 Shareholders) by applying the Merger Ratio to F3 Shareholders' holdings.

The Merger Ratio will be rounded down to four decimal places and entitlements will be rounded down to the nearest whole number. Any fractional entitlements in respect of each holding (which, in each case, will not exceed £1) will be sold and the proceeds retained for the benefit of the Enlarged Company.

Scheme Illustration

As at 31 December 2016 (but adjusting for the F3 Top Up Offer), F3 would have had 55,090,731 F3 Shares in issue and unaudited net assets and an unaudited NAV per F3 Share of £35,170,254 and 63.9p respectively (taken from F3's unaudited management information to that date and adjusted for the F3 Top Up Offer). The Roll-Over Value of an F3 Share (had the Merger been completed on that date and calculated in accordance with the above) would have been 63.49p (assuming no dissenting F3 Shareholders).

As at 31 December 2016, the Company had 57,375,499 Shares in issue and unaudited net assets and an unaudited NAV per Share of £42,215,921 and 73.6p respectively (taken from the Company's unaudited management information to that date). The Merger Value of a Share (had the Merger been completed on that date and calculated in accordance with the above) would have been 73.20p.

The number of Consideration Shares that would have been issued to F3 Shareholders (had the Merger been completed on 31 December 2016 (but adjusting for the F3 Top Up Offer) and calculated in accordance with the above is 47,786,098 (0.8674 Consideration Shares for every F3 Share held). The Consideration Shares would, on this basis, have represented approximately 45.4% of the Enlarged Company. The Consideration Shares would have been issued to all F3 Shareholders pro rata to their holdings in F3 (assuming no dissenting F3 Shareholders).

5. Share Certificates, Mandates and Listing

Where F3 Shareholders hold their F3 Shares in certificated form, they will receive a new certificate for the Consideration Shares issued and where F3 Shareholders hold their F3 Shares in uncertificated form, their CREST accounts will be credited with the new holding in Consideration Shares. Certificates will be dispatched to an F3 Shareholder's registered address at their own risk.

Dividend payment mandates provided for F3 Shares will, unless an F3 Shareholder advises otherwise in writing to Computershare Investor Services PLC, be transferred to the Company.

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

6. Conditions

The Scheme is conditional upon:

- the passing of Resolution 1 to be proposed at the General Meeting;
- the passing of each of the resolutions to be proposed at the F3 Meetings;
- notice of dissent not having been received from F3 Shareholders holding more than 10% in nominal value of F3's issued share capital under section 111 of IA 1986 (this condition may be waived by the F3 Board).
- The Company confirming to F3 and F3 confirming to the Company that, in each case, it has not received any notice of any claims, proceedings or actions of whatever nature threatened or commenced, as relevant, against F3 which the Board regard as material or against the Company which the F3 Board regard as material; and
- F4 and the Company maintaining VCT status.

Subject to the above, the Scheme shall become effective immediately after the passing of the special resolution for the winding up of F3 to be proposed at the F3 Second General Meeting. If it becomes effective, the Scheme shall be binding on all Shareholders and F3 Shareholders and all persons claiming through or under them.

If the conditions set out above have not been satisfied by 31 July 2017, the Scheme shall not become effective and the Company will continue in its current form.

7. Dissenting F3 Shareholders

An F3 Shareholder who does not vote in favour of the resolution to be proposed at the F3 First General Meeting and expresses his or her dissent to the Liquidator in writing at the registered office of F3 within seven days of the passing of the resolution may require the Liquidators either to abstain from carrying into effect the resolution or to purchase their F3 Shares at a price to be determined by agreement between the Liquidators and the F3 Shareholder concerned (or otherwise through arbitration).

It is anticipated that the Liquidators will offer to purchase the holdings of dissenting F3 Shareholders at the break value price of an F3 Share, this being an estimate of the amount a holder of such shares would receive in an ordinary winding-up of F3 if all of the assets of F3 had to be realised. The break value of F3 Shares is expected to be significantly below the unaudited net asset value of such shares due to the nature of the underlying assets.

F3 Shareholders should also be aware that a purchase by the Liquidators will be regarded as a disposal for HMRC purposes, thereby triggering clawback of any up-front income tax relief received on the

original subscription if the shares have not been held for the requisite holding period to maintain such relief. In addition, any deferred capital gains on the original subscription of shares will become chargeable to capital gains tax. The value received by a dissenting F3 Shareholder may not be sufficient to cover the amount of tax due.

8. Valuation Report

Prior to the allotment of the Consideration Shares pursuant to the Scheme, the Company will provide to F3 Shareholders who participate in the Merger, and will upload to the Foresight Group website, the Section 593 Report prepared by the Independent Valuer. The Section 593 Report will confirm that the value of the assets and liabilities which are being transferred from F3 to the Company as part of the Scheme is not less than the aggregate amount treated as being paid up on the F4 Consideration Shares being issued to F3 Shareholders.

9. Modifications

The provisions of the Scheme shall have effect subject to such non-material modifications or additions, which may include changes to the timetable and such modifications as may be required to deal with shareholders in overseas jurisdictions, as the parties to the Transfer Agreement may from time to time approve in writing.

10. Reliance on Information

The Liquidators and the Company shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with the Scheme and the Transfer Agreement including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, F3, the Board, the F3 Board, any individual director of the Company or F3, Foresight, Foresight Group, Foresight Fund Managers, the registrar or the custodians or bankers of the Companies or its or their other professional advisers and the Liquidators shall not be liable or responsible for any loss suffered as a result thereof.

11. Liquidators' Liability

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

12. Governing Law

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

PART III

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 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 who are in doubt about what action to take should consult an independent financial adviser authorised under FSMA. References to the Company should be taken as including the Enlarged Company.

Merger Related Risks

Completion of the Merger is dependent upon a number of conditions precedent being fulfilled, including the approval of Shareholders and F3 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 the Merger is not approved and/or effected and the benefits of the Merger not realised, the costs incurred to put forward the Merger proposals to shareholders of the Companies will nonetheless have been incurred and will be split proportionately between the Companies by reference to their respective net assets (ignoring such Merger costs).

Shareholders may be adversely affected by the performance of the investments, whether acquired from F3 or made by the Company. The performance of the investments acquired from F3, as well as the investments of the Company, may restrict the ability of the Company following the Merger to distribute any capital gains and revenue received on the investments transferred from F3 to the Company (as well as the investments of the Company). Any gains (or losses) made on the investments of the Company (including those acquired from F3) will, following the Scheme, be shared amongst all Shareholders pro rata to their number of Shares (including the Consideration Shares) held.

Shareholders may be adversely affected by a change in the VCT status of the Company if a number of the investments acquired from F3, or the investments of the Company, are, or become, unable to meet VCT requirements

Offer Related Risks

The Offer is conditional on Shareholders approval of Resolution 2 to be proposed at the General Meeting. If the resolution is not approved the Offer will be withdrawn.

The price at which Offer Shares will be issued is calculated by a formula linked to the latest published NAV of a Share. The most recently published unaudited NAV for the Company is as at 31 December 2016. Shareholders should be aware that the Company publishes NAVs quarterly and may publish additional NAVs more frequently for the purposes of the Offer. If revised NAVs are published during the course of the Offer, investors may receive a different number of Offer Shares in the Company from that anticipated.

If an authorised intermediary rebates adviser charges back to its clients a tax liability may accrue to the investor. HMRC's position on rebates out of sums paid by investors on subscribing for their shares for the purposes of facilitating adviser charges is that these reduce the base cost for the purposes of assessing capital gains on disposal. Since Qualifying Investors in VCTs are exempt from capital gains tax, this should not have any adverse tax effect. However, if a VCT bought back shares from the investor, the fact that the base cost is reduced could result in a larger income tax liability.

Funds raised through the issue of Offer Shares will need to be invested in accordance with VCT rules and regulations within approximately three years. Failure to do so may result in the Company losing its VCT status and adverse tax consequences for investors.

If Offer Shares are disposed of within five years of the date of issue, investors will be subject to clawback by HMRC of any upfront income tax relief obtained on subscription.

Risks Relating to the Shares

The value of Shares, and the income from them, can fluctuate and Shareholders may not get back the amount they invested. In addition, there is no certainty that the market price of Shares will fully reflect their underlying NAV nor that any dividends will be paid.

Although the existing Shares have been (and it is anticipated that the Consideration Shares and the Offer Shares to be issued pursuant to the Scheme and the Offer respectively 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, the secondary market for VCT shares is generally illiquid (which may be partly attributable to the fact that initial subscription tax reliefs are not available for VCT shares bought in the secondary market and because VCT shares usually trade at a discount to NAV). There may not, therefore, be a liquid market and Shareholders may find it difficult to realise their investment. Shareholders should not rely upon any share buyback policy to offer any certainty of selling their Shares at prices that reflect the underlying NAV. An investment in the Company should, therefore, be considered as a long-term investment.

Investment Risks

There is no guarantee that the Company will meet its objectives or that suitable investment opportunities will be identified to enable the Company to meet its objective. The past performance of the Company, F3, and/or other funds managed or advised by Foresight and/or Foresight Group is not an indication of the future performance of the Company. The NAV of the Shares and the return received by Shareholders 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 may not get back the full amount invested. The level and timing of distributions to Shareholders is not guaranteed.

The Finance (No. 2) Act 2015 (as supplemented by subsequent legislation) introduced a number of changes to the VCT rules restricting the investments which can be made by VCTs and the use of the invested funds by investee companies. Companies whose first commercial sale was more than seven years (ten years for knowledge intensive businesses) before receiving an investment are no longer eligible for VCT investment save where they received a State aided investment in their first seven (or, as applicable, ten) years of trading or where the invested amount is greater than 50% of average of the company's turnover for the previous five years and the company is entering a new product or geographical market. To be a qualifying VCT holding, investee companies must employ monies received from a VCT for the purposes of promoting growth and development of their business. The prohibition on employing VCT money on the purchase of shares was also extended to include business acquisitions structured as purchases of assets or goodwill. Non-qualifying investments by VCTs are also now restricted to a narrower range of investment categories intended to facilitate liquidity management. Furthermore, the Finance (No. 2) Act 2015 introduced a lifetime limit on the amount of State aid investment a single company can receive of £12 million (£20 million for 'knowledge intensive' companies). These changes will restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow on investments in certain portfolio companies. They will also affect the profile of the Company's new investments, increasing the focus on earlier stage growth capital deals which have a higher risk profile than older, better established businesses. Some existing investee companies in the portfolios of the Company may be unable to receive further VCT investment or the amount of such follow on investment may be restricted. The Company is likely to face greater competition for a smaller number of available investments going forward as a result of these legislative changes.

Full information for determining the value of the Company's underlying investments may not always be available. Confidential or inside information which might have a bearing on the prospects of a particular investment may exist from time to time but may not yet be in the public domain. In such circumstances an individual valuation may have to be based on historic information not incorporating full disclosure which might otherwise have enabled a more precise valuation.

Although the Company may receive customary venture capital rights in connection with some of its unquoted investments, as a minority investor it will not be in a position fully to protect its interests.

The Company's investments will generally be in companies whose securities are not publicly traded or freely marketed and may, therefore, be difficult, and take considerable time, to realise. There may also be constraints imposed on the realisation of investments in order to maintain the VCT tax status of the Company, which may restrict the Company's ability to obtain maximum value from its investments.

It can take a period of years for the underlying value or quality of the businesses of smaller companies, such as those in which the Company invests, to be fully reflected in their market values and their market values can fluctuate and are often also materially affected by general market sentiment, which can be negative for prolonged periods. The success of some investee companies may be based on their ability to develop or sustain a competitive advantage, in markets where there are much larger and better resourced companies or to establish, protect and enforce intellectual property rights.

Investment in unquoted companies (including AIM-traded) by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties and may be more susceptible to political, exchange rate, taxation and regulatory changes. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available and investment returns will, therefore, be uncertain.

Where more than one fund managed or advised by Foresight and/or Foresight Group is able to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where a fund has a pre-existing investment where the incumbent fund will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio consideration, such as the portfolio diversity and the need to maintain VCT status. This may mean that the Company may receive a greater or lesser allocation than would otherwise be the case under the normal allocation policy.

Where the Company invests in companies in which other funds managed or advised by Foresight and/or Foresight Group have invested, are co-investing or subsequently invest, conflicts of interest may arise between the interests of the various funds. In such circumstances, Foresight and Foresight Group will apply its conflicts policy in order to reconcile the conflict in the first instance and thereafter, if required, the Board will exercise its independent judgement, so far as they are able, to protect the interests of the Company. It may not, in such circumstances, be possible to fully protect the interests of the Company.

VCT Risks

A Shareholder who disposes of Shares may be subject to clawback by HMRC of any income tax reliefs originally claimed if such shares are sold within five years of issue. For these purposes, the date of issue of the Consideration Shares to F3 Shareholders will be the original date of issue of the F3 Shares in respect of which such Consideration Shares are issued. Any realised losses on the disposal of Shares cannot be used to create an allowable loss for capital gains tax purposes.

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 the shareholders in the 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 income tax relief obtained. Furthermore, should the Company lose its VCT status, dividends and gains arising on the disposal of Shares would become subject to tax and the Company would also lose its exemption from corporation tax on its capital gains.

The Finance Act 2014 amended the VCT rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to Shareholders) from the capital received by the Company from that issue within three years of the end of the accounting period in which shares were issued to Shareholders. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

If at any time VCT status is lost for the Company, dealings in its Shares will normally be suspended until such time as proposals to continue as a VCT or to be wound-up have been announced.

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.

Other Risks

Any change of governmental, economic, fiscal, monetary or political policy, and in particular any spending cuts or material increases in interest rates could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the value of and returns from Shares and/or their ability to achieve or maintain VCT status. Furthermore, where the European Commission believes that State aid (such as VCT tax relief) has been provided which is not in accordance with the Risk Finance Guidelines, they may require that the UK Government recovers that State aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the Company or the Shareholders.

There may be adverse consequences as a result of Brexit. There has been much debate on the possible impact on trade between the European Union and the UK following the Brexit vote and how this will impact UK businesses. It is too early to estimate the impact and the Board is not in a position to anticipate what this might be. In addition, many parts of the current VCT legislation have resulted from EU Directives relating to State aid, but the Board does not believe that post Brexit the amending of VCT legislation will be a priority for the UK Government.

PART IV

ADDITIONAL INFORMATION

1. Responsibility

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

2. Share Capital

2.1 As at 18 May 2017 (this being the latest practicable date prior to the publication of this document), the issued share capital of the Company was as follows:

	Issued and fully paid	
	No. of Shares	£
Shares (1p each)	57,375,499	573,754.99

2.2 As at 18 May 2017 (this being the latest practicable date prior to the publication of this document), no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.

2.3 There were no Shares held by the Company in treasury.

3. Directors and their Interests

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

- Simon David Auldjo Jamieson (Chairman)
- Peter Frederick Dicks
- Michael McKenzie Gray
- Raymond James Abbott

all of The Shard, 32 London Bridge Street, London SE1 9SG (the registered office and principal place of business of the Company).

3.2 As at 18 May 2017 (this being the latest practicable date prior to the publication of this document), the interests of the Directors (and their immediate families) and the F3 Directors in the issued share capital of the Companies were as follows:

	Shares	Company percentage of issued share capital (%)	F3 Shares	F3 percentage of issued share capital (%)
Simon Jamieson	25,000	0.04	-	-
Peter Dicks	54,050	0.09	40,707	0.07
Michael Gray	-	-	-	-
Raymond Abbott	10,744*	0.02	24,316**	0.04
Tom Maxwell	-	-	7,722	0.01

(* These Shares are held by Raymond Abbotts' wife.)

(* 20,325 of these F3 Shares are held through an Alliance Trust account.)

3.3 Aggregate Directors' emoluments for the current financial year (assuming the Merger does not take place) are expected to be £71,500 (excluding applicable employer's National Insurance Contributions and VAT) whilst details of Directors' emoluments for the year ended 31 March 2017 are set out in the table in paragraph 3.4 below.

3.4 Details of the Directors' appointments are as follows:

Director	Date of appointment	Date of appointment letter*	Remuneration for the year ended 31 March 2017***	Expected remuneration for the year ended 31 March 2018***
			(£)	(£)
Simon Jamieson	3 October 2014	1 April 2015	22,000	27,500
Peter Dicks	30 July 2004	1 April 2015	22,000	22,000
Michael Gray	14 February 2017	16 February 2017	2,395	22,000
Philip Stephens****	4 February 1998	1 April 2015	27,500	-

* No Director has a service contract with the Company. The Directors have been appointed pursuant to appointment letters. The appointments can be terminated without notice. The Directors entered into new appointment letters on 1 April 2015 due to legislative changes.

** No arrangements have been entered into by the Company entitling the Directors to compensation for loss of office nor have any amounts been set aside to provide pension, retirement or similar benefits.

*** Exclusive of applicable employer's National Insurance Contributions and VAT. The expected remuneration for the year ended 31 March 2018 assumes that the Merger does not take place.

**** Philip Stephens stepped down as a director of the Company on 31 March 2017.

Assuming the Merger is effected, Peter Dicks will step down as a director of the Company and Raymond Abbott will be appointed as a director of the Company with Raymond Abbott taking over as chairman. The appointment will be pursuant to an appointment letter on similar terms as the current Directors, with an annual remuneration of £27,500 for Raymond Abbott. Simon Jamieson's annual remuneration will revert back to £22,000 when Raymond Abbott takes over as chairman.

- 3.5 Save in respect of Peter Dicks, who is a director of both Companies and a number of other funds (including other VCTs) managed by Foresight and/or Foresight Group and/or Foresight Group (and as a result having potential conflicts in relation to investment and divestment opportunities proposed in relation to the Company and one or more other funds), there are no potential conflicts of interest between the duties of any Director as a director of the Company and their private interests and/or duties.
- 3.6 Other than disclosed in this paragraph 3, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company in the years ended 31 March 2014, 2015 and 2016 or in the current financial year or which was effected in an earlier financial year and remains in any respect outstanding or unperformed.

4. Substantial Shareholders

- 4.1 As at 18 May 2017 (this being the latest practicable date prior to the publication of this document), the Company is not aware of any person who has, or immediately following the issue of Consideration Shares pursuant to the Scheme, directly or indirectly will have, a direct or indirect interest in the Company's capital or voting rights which is notifiable under UK law (under which, pursuant to CA 2006, the Listing Rules or the Disclosure Guidance & Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).

5. Material Contracts

- 5.1 Save as disclosed in this paragraph 5.1, the Company has not entered into, other than in the ordinary course of business, any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract containing provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document:
- 5.1.1 An investment management agreement dated 30 July 2004 between the Company (1), Foresight Group (2) and Foresight Fund Managers (3) (as amended and supplemented from time to time by those parties and as novated from Foresight Group to Foresight pursuant to a novation agreement dated 19 December 2011 between those original

parties and Foresight) pursuant to which Foresight provides investment management and administration (including secretarial, accounting and custodian) services to the Company.

The appointment may be terminated by not less than one year's notice in writing by either party. The appointment may also be terminated in circumstances of material breach by the Company or Foresight (or its delegates and subcontractors) or by the Company if Foresight is no longer authorised by the Guernsey Financial Services Commission to provide such services. 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 C has, as is permitted, and as approved by the Board, under the agreement, appointed Foresight Group 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 and has sub-contracted the provision of administration services to Foresight Group. Foresight Group has delegated the provision of administration services to Foresight Fund Managers, which is also the appointed Company secretary. Foresight Fund Managers is a wholly owned subsidiary of Foresight Group, which is a subsidiary undertaking of Foresight. Foresight Group is authorised and regulated in the UK by the Financial Conduct Authority.

Foresight remains responsible for the services provided by a delegate or subcontractor. Foresight Group has also provided a guarantee under the agreement in respect of the obligations of Foresight.

Foresight receives an annual management fee of an amount equal to 2.25% (originally 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 also receives an annual administration fee of an amount equal to 0.3% of funds raised (including assets acquired) by the Company, subject to a cap of £150,000, annually uplifted for RPI and subject to VAT. The current annual administration fee is approximately £157,000.

The normal annual expenses of the Company are capped at an amount equal 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, the annual investment management and administration fees, directors' remuneration, normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers and annual trail commission. It does not include any irrecoverable VAT, performance incentive fees or exceptional items.

Foresight (and its group companies) may retain any arrangement, transaction, exit and directors' fees which it receives in connection with an investment made by the Company subject to certain limits or otherwise as approved by the Board.

The agreement contains provisions indemnifying Foresight against any liability not due to its default, negligence, fraud or breach of financial services regulatory requirements.

- 5.1.2 A carried interest agreement dated 11 January 2011 between the Company (1) and Foresight Group (2) pursuant to which Foresight Group is entitled to a performance incentive fee equal in value to 15% of dividends paid to Shareholders, subject to the net asset value plus cumulative dividends paid per Share (paid on or after 11 January 2011) exceeding 100.0p per 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 Group, 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 paid (net of the performance incentive fee payment made to Foresight Group). The High Watermark is currently 108.5p. The fee can be paid in cash or through triggering a conditional right to subscribe for Shares.

- 5.1.3 A side letter dated 18 May 2017 from Foresight to the Companies in relation to the investment management agreement referred to at paragraph 5.1.1 pursuant to which Foresight has agreed to make a contribution to the Merger costs through a one-off reduction to its management fee of £100,000 in respect of the Enlarged Company. Foresight has agreed to make this contribution even if the Merger does not proceed to completion, in which case the contribution will be apportioned between the Companies on a pro rata to net assets basis.
- 5.1.4 A letter of engagement dated 22 September 2016 between BDO LLP (1) and the Company (2) pursuant to which BDO LLP has been appointed as sponsor to the Company for the purposes of the Merger and the Offer. The letter contains warranties and representations given by the Company to BDO in connection with the Prospectus. The engagement in relation may be terminated if any statement in the Prospectus is untrue or any material omission from the Prospectus arises. The fees payable to BDO LLP are part of the estimated costs of the Merger and the Offer.
- 5.1.5 A promoter's agreement dated 18 May 2017 between the Company (1), the Directors (2) and Foresight Group (3) whereby Foresight Group has agreed to act as promoter in connection with the Offer. The agreement contains warranties and indemnities given by the Company to Foresight Group. The Company will pay to Foresight Group a promoter's fee of 2.5% of the amount subscribed by Retail Client Investors, Professional Client Investors and Execution-Only Investors and 5.5% of the amount subscribed by Direct Investors. In consideration of the promoter's fee, Foresight Group has agreed to meet all costs, expenses and charges of, or incidental to, the Offer (other than intermediary commissions (payable by the Company) and adviser charges (payable by the investor, save that up-front adviser charges may be facilitated by the Company which is payable by the Company). All up-front costs and intermediary charges and commissions will be borne by the investor through the price which the investor pays for the Offer Shares. In respect of each investor, Foresight Group's fees will be reduced by the Existing Foresight Shareholder Loyalty Discount and the Early Bird Discount (as each is defined and described in the Prospectus), and any other discount Foresight Group may agree to offer any particular or group of investors applicable to that investor. The aggregate fee under this agreement will be limited to £1.6 million unless Resolution 2 to be proposed at the General Meeting is approved by Shareholders.
- 5.1.6 A deed of amendment dated 18 May 2017 to the investment management agreement referred to in paragraph 5.1.1 to be entered into between the Company (1), Foresight (2) and Foresight Group (3) pursuant to which the annual management fee in respect of investment management services will be reduced to an amount equal to 2% of the net assets of the Company, together with any applicable VAT thereon, and the cap on the normal annual expenses of the Company will be reduced to an amount equal to 2.95% of the Company's net assets. This agreement will become effective on the Effective Date and will be conditional on the Scheme becoming effective.
- 5.2 The following contracts will be entered into, subject, inter alia, to the approval by Shareholders of the Resolution at the General Meeting and the Scheme becoming effective:
- 5.2.1 A transfer agreement to be entered into between the Company (1) and F3 (acting through the Liquidators) (2) pursuant to which all of the assets and liabilities of F3 will be transferred to the Company (subject only to the consent required to transfer such assets and liabilities) in consideration for Consideration 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 F3 will be transferred on receipt to the Company as part of the Scheme. This agreement will be entered into as part of the Scheme and is subject to non-material amendments.
- 5.2.2 A deed of indemnity to be entered into between the Company (1) and the Liquidators (2) pursuant to which the Company will indemnify the Liquidators for expenses and costs incurred by them in connection with the 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 Scheme and is subject to non-material amendments.

6. General

- 6.1 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 domiciled in England.
- 6.2 Statutory accounts of the Company for the years ended 31 March 2014, 2015 and 2016, in respect of which the Company's auditors, KPMG LLP, have made unqualified reports under section 495 of CA 2006, have been delivered to the Registrar of Companies and such reports did not contain any statements under sections 495 to 497A of CA 2006.
- 6.3 Save for the directors' fees paid to the Directors (as detailed in paragraph 3.4 above), the fees paid to Foresight in respect of its investment management and administration arrangements (as detailed in paragraph 5.1.1 above) and the fees paid to Foresight Group in respect of offer promotion services of £29,000, £nil, £nil and £nil in the years ended 31 March 2014, 2015 and 2016 and to the date of this document in the current financial year, there were no related party transactions or fees paid by the Company during the years ended 31 March 2014, 2015 and 2016 or to the date of this document in the current financial year.
- 6.4 The Company has no employees or subsidiaries.
- 6.5 There has been no significant change in the financial or trading position of the Company since 30 September 2016, the date to which the Half-Yearly Report was made up, to the date of this document.
- 6.6 The Company is not and has not at any time in the 12 months immediately preceding the date of this document been involved in any governmental, legal or arbitration proceedings (and the Company is not aware of any such proceedings being pending or threatened) which may have, or have had, a significant effect on the Company's financial position or profitability.
- 6.7 Shakespeare Martineau LLP and BDO LLP have given and not withdrawn their written consent to the issue of this document and the inclusion of their respective names and the references to them in this document in the form and context in which they appear.

7. 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 c/o Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG (this being the registered office of the Company):

- 7.1 the memorandum and articles of association of the Company;
- 7.2 the audited report and accounts of the Company for the financial years ended 31 March 2014, 2015 and 2016 and the Half-Yearly Report;
- 7.3 the audited report and accounts of F3 for the financial years ended 31 March 2014, 2015 and 2016 and F3's Half Yearly Report;
- 7.4 the material contracts referred to in paragraph 5 above (the contracts referred to at paragraph 5.2 being subject to non-material amendment);
- 7.5 the consents referred to at paragraph 6.7 above;
- 7.6 the F3 Circular;
- 7.7 the Prospectus; and
- 7.8 this document.

19 May 2017

FORESIGHT 4 VCT PLC

(Registered in England and Wales with registered number 03506579)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Foresight 4 VCT plc ("the **Company**") will be held at 11.30 a.m. (or as soon thereafter following the conclusion of the general meeting of Foresight 3 VCT plc convened for 11.00 a.m.) on 14 June 2017 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG, for the purposes of considering and, if thought fit, passing the following resolutions.

Ordinary Resolution

- 1 That, subject to the Scheme (as defined in and provided for in the circular to shareholders dated 19 May 2017 ("**Circular**")) becoming unconditional:
 - 1.1 the acquisition of the assets and liabilities of Foresight 3 VCT plc on the terms set out in the Circular be and hereby is approved; and
 - 1.2 in addition to existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the **Act**") to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £550,000 in connection with the Scheme, provided that the authority conferred by this paragraph 1.2 shall expire on the fifth anniversary of the date of the passing of this resolution (unless renewed, varied or revoked by the Company in general meeting).

Special Resolutions

- 2 That, in addition to existing authorities:
 - 2.1 the Directors be and they are generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the capital of 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 £1,500,000, provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the 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;
 - 2.2 the Directors be and they are empowered pursuant to section 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by paragraph 2.1 of this resolution as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to the allotment of equity securities with an aggregate nominal value not exceeding £1,500,000 in connection with offer(s) for subscription, where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the 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 equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if this authority had not expired;
 - 2.3 that the Promoter's Fee Arrangement (as defined, and details of which, are set out in the Circular) be and hereby is approved; and
 - 2.4 the Company be generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to

8,500,000 ordinary shares of 1p in the capital of the Company ("**Shares**") by means of a tender offer ("**Tender Offer**") to all holders of Shares to purchase those Shares at a price equal to 92.5% of the most recently published net asset value of a Share as at the date of the purchase (rounded down to four decimal places), which fixed price shall, for the purposes of section 701(3)(b) of the Act, constitute both the maximum and the minimum price that may be paid for the Shares purchased) and any Shares bought back under this authority will be cancelled. The authority conferred by this resolution shall expire (unless renewed, varied or revoked by the Company in general meeting) 18 months following the date of the 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 purchased after the expiry and the directors shall be entitled to purchase Shares pursuant to such offer or agreement as if this authority had not expired.

Dated: 19 May 2017

By order of the Board

Foresight Fund Managers Limited
Company Secretary

Registered Office:

c/o Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

Notes:

1. Each director has an appointment letter with the Company, a copy of which will be available for inspection at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), members must be registered in the register of members of the Company at 6.00 p.m. on 12 June 2017 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the date of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chairman of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chairman) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0370 703 6385 or, if telephoning from outside the UK, on +44 370 703 6385. Calls to Computershare Investor Services PLC's helpline (0370 703 6385) are charged at national rates. Further details will be available from your service provider. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, Computershare Investor Services PLC will be unable to give advice on the merits of the proposals or provide financial, legal, tax or investment advice. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
5. A form of proxy and a reply paid envelope is enclosed with this document. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 11.30 a.m. on 12 June 2017 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
6. You may appoint a proxy electronically at www.investorcentre.co.uk/eproxy. To appoint a proxy electronically, you will be asked to provide the Control Number, Shareholder Reference Number and PIN which are detailed on

your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically and all electronic proxy appointments must be received no later than 11.30 a.m. on 12 June 2017.

7. As at 18 May 2017 (being the last business day prior to the publication of this notice), the Company's issued share capital was 57,375,499 shares, each carrying one vote each. Therefore, the total voting rights in the Company as at 18 May 2017 was 57,375,499.
8. In accordance with section 325 of the Companies Act 2006 ("the **Act**"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act.
9. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**") may, in accordance with section 149(2) of the Act and under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
11. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
12. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
13. Information regarding the meeting is also available at the following website: www.foresightgroup.eu.

CORPORATE INFORMATION

Directors

Simon Jamieson (Chairman)
Peter Dicks
Michael Gray

Proposed Director

Raymond Abbott

Registered Office

The Shard
32 London Bridge Street
London SE1 9SG

Tel: 020 3667 8159

www.foresightgroup.eu

Company Registration Number

03506579

Company Secretary

Foresight Fund Managers Limited
The Shard
32 London Bridge Street
London SE1 9SG

Investment Manager

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