



**Foresight**  
group

**FORESIGHT SOLAR &  
INFRASTRUCTURE  
VCT plc**

**ANNUAL REPORT AND  
ACCOUNTS**

**30 JUNE 2017**

# Shareholder Information

Foresight Solar & Infrastructure VCT plc is managed by Foresight Group CI Limited which is licensed by the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the Company's investment management team at Foresight Group. If you are interested, please call Foresight Group (see details below).

## ENQUIRIES

Please contact Foresight Group, for any queries regarding Foresight Solar & Infrastructure VCT plc:  
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E-mail: [investorrelations@foresightgroup.eu](mailto:investorrelations@foresightgroup.eu)  
[www.foresightgroup.eu](http://www.foresightgroup.eu)

## KEY DATES

Year ended 30 June 2018	
O Share Interim Dividend Payment Date	24 November 2017
Year ended 30 June 2018	
C Share Interim Dividend Payment Date	24 November 2017
Annual General Meeting	7 December 2017
Interim results to 31 December 2017	February 2018
Annual results to 30 June 2018	October 2018

## DIVIDENDS

Dividends are ordinarily paid to shareholders in April and November. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services PLC (see back cover for details).

## SHARE PRICE

The Company's Ordinary, C Shares and D Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites.

## WWW.INVESTORCENTRE.CO.UK

Investors can manage their shareholding online using Investor Centre, Computershare's secure website. Shareholders just require their Shareholder Reference Number (SRN), which can be found on any communications previously received from Computershare, to access the following:

Holding Enquiry Balances | Values History | Payments | Reinvestments  
Payments Enquiry Dividends | Other payment types  
Address Change Change registered address to which all communications are sent  
Bank Details Update Choose to receive dividend payments directly into your bank account instead of by cheque  
Outstanding Payments Reissue payments using our online replacement service  
Downloadable Forms Dividend mandates | Stock transfer | Dividend reinvestment  
Change of address

**Alternatively you can contact Computershare by phone on 0370 703 6385**

## TRADING SHARES

The Company's Ordinary, C Shares and D Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight Solar & Infrastructure VCT plc is Panmure Gordon & Co.

Investment in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original purchase may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their financial adviser.

Please call Foresight Group if you or your adviser have any questions about this process.



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# Highlights

<b>Ordinary Shares</b> <b>Total Net Assets</b> as at 30 June 2017	<b>C Shares</b> <b>Total Net Assets</b> as at 30 June 2017	<b>D Shares</b> <b>Total Net Assets</b> as at 30 June 2017
<b>£26.2m</b>	<b>£11.3m</b>	<b>£5.5m</b>

## ORDINARY SHARES FUND

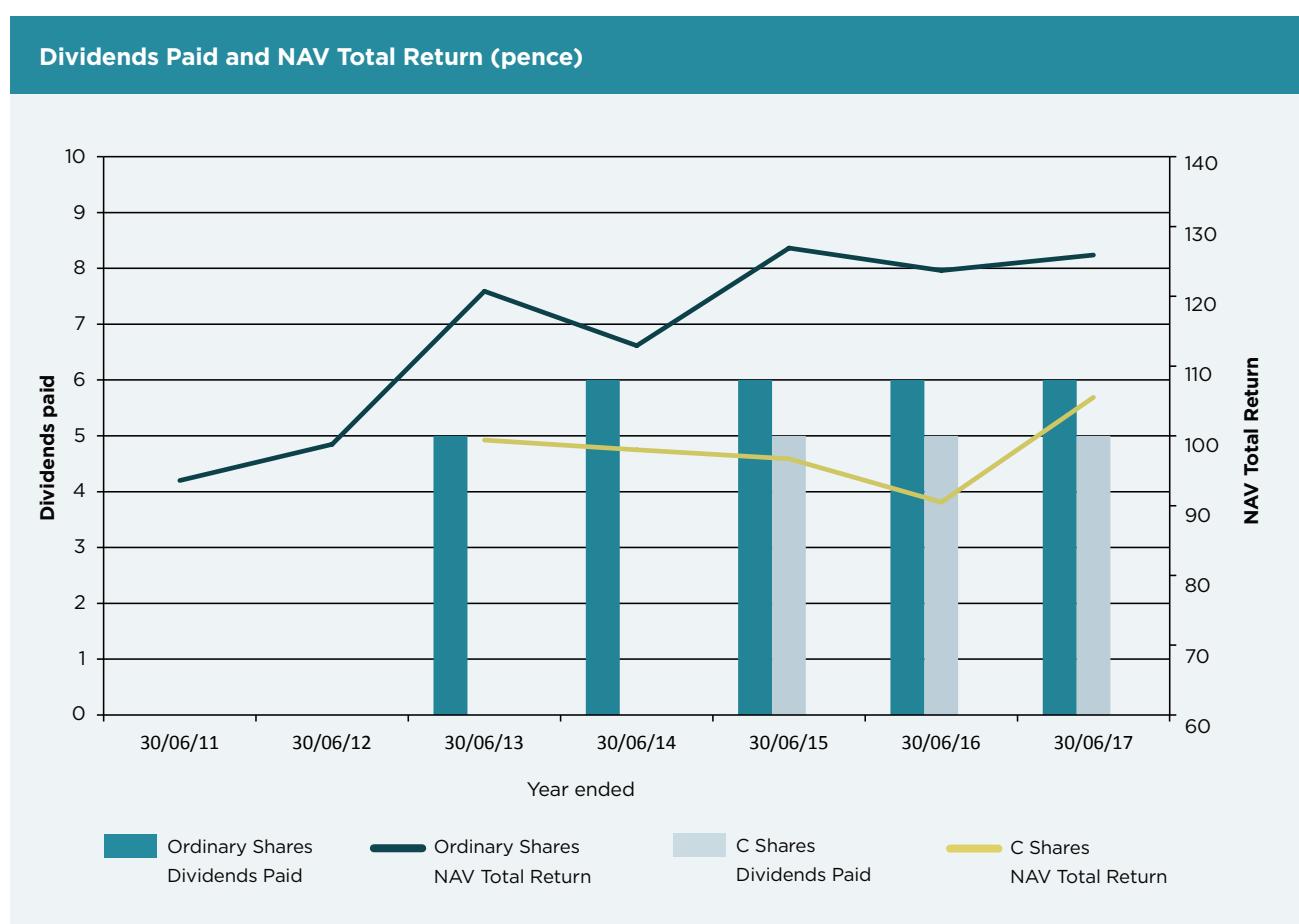
- Two interim dividends of 3.0p per share were paid during the year, on 18 November 2016 and 7 April 2017.
- After payment of 6.0p in dividends, net asset value per Ordinary Share was 95.9p (30 June 2016: 100.7p).
- An interim dividend of 3.0p per share will be paid on 24 November 2017, based on an ex-dividend date of 9 November 2017 and a record date of 10 November 2017.
- The Company completed a tender offer in May 2017, allowing holders of Ordinary Shares an opportunity to exit their investment at a price of 100.19p per share, which represents a total return of 129p per share, net of all expenses and performance fees.
- In December 2016, the sale of the fund's Italian and Spanish solar assets was completed.
- At 30 June 2017, the Ordinary Shares fund held positions in six UK solar assets, with a total installed capacity of 24MW. During the period the portfolio generated 31Gwh of clean energy, sufficient to power approximately 9,400 UK homes for a year.
- Post-period end, two further UK solar assets were acquired, increasing the portfolio's capacity by 19MW

## C SHARES FUND

- Two interim dividends of 2.5p per share were paid during the year, on 18 November 2016 and 7 April 2017.
- After payment of 5.0p in dividends, net asset value per C Share was 90.1p (30 June 2016: 80.5p).
- An interim dividend of 2.5p per share will be paid on 24 November 2017, based on an ex-dividend date of 9 November 2017 and a record date of 10 November 2017.
- At 30 June 2017, the C Shares fund held positions in four solar assets in the UK and US, with an installed capacity of 17MW. During the period the portfolio generated 12Gwh of clean energy, sufficient to power approximately 3,600 UK homes for a year.

## D SHARES FUND

- The D Shares fund raised a total £3.7m during the period.
- Net asset value per D Share at 30 June 2017 was 96.8p (30 June 2016: 99.4p).



## DIVIDEND HISTORY

<b>Ordinary Shares</b>	
Date	Dividend per share
7 April 2017	3.0p
18 November 2016	3.0p
8 April 2016	3.0p
13 November 2015	3.0p
10 April 2015	3.0p
14 November 2014	3.0p
4 April 2014	3.0p
25 October 2013	3.0p
12 April 2013	2.5p
31 October 2012	2.5p
Cumulative	29.0p

<b>C Shares</b>	
Date	Dividend per share
7 April 2017	2.5p
18 November 2016	2.5p
8 April 2016	2.5p
13 November 2015	2.5p
10 April 2015	2.5p
14 November 2014	2.5p
Cumulative	15.0p

# Key Financials

	30 June 2017			30 June 2016		
	Ordinary Shares	C Shares	D Shares	Ordinary Shares	C Shares	D Shares
Net asset value per share	95.9p	90.1p	96.8p	100.7p	80.5p	99.4p
Net asset value total return	124.9p	105.1p	96.8p	123.7p	90.5p	99.4p

	30 June 2017			30 June 2016		
	Ordinary Shares	C Shares	D Shares	Ordinary Shares	C Shares	D Shares
Share price	95.0p	78.5p	100.0p	92.5p	84.0p	100.0p
Share price total return	124.0p	93.5p	100.0p	115.5p	94.0p	100.0p

	30 June 2017			30 June 2016		
	Ordinary Shares	C Shares	D Shares	Ordinary Shares	C Shares	D Shares
Dividends paid from inception	29.0p	15.0p	—	23.0p	10.0p	—
Dividends paid in the year	6.0p	5.0p	—	6.0p	5.0p	—
Dividend yield %	6.3	6.4	—	6.5	6.0	—

	Ordinary Shares Funds	C Shares Funds	D Shares Funds
Share price (discount)/premium to NAV	(0.9%)	(12.9%)	3.3%
Average discount on buybacks	1.0%	—	—
Shares bought back during the year under review	10,966,024	—	—
Increase/(decrease) in NAV during year (after adding back dividend)	1.2%	18.1%	(2.6)%
Total expense ratio	3.5%	2.9%	2.6%

# Chairman's Statement



**David Hurst-Brown**

**Chairman of Foresight  
Solar & Infrastructure  
VCT plc**

## INTRODUCTION

The last 12 months has been a period of change for the Company and specifically the Ordinary Shares fund, which delivered on its prospectus objective to enable an exit, via a tender offer, for those shareholders who wished to sell after satisfying the 5 year minimum qualifying hold period. Although the Ordinary Shares fund and the Company are now smaller than before, the Board and the Investment Manager believe that the stable platform created will allow them to continue to actively manage the portfolio with a view to maximising long term future returns for remaining Shareholders.

The tender offer, completed during May 2017, enabled 411 shareholders to sell 10,966,024 ordinary shares (approximately 29% of shares in issue) at NAV less costs generating a total return (net of all costs, management fees and performance incentive fees) of 129p per Ordinary Share.

This performance represents the results of the key ongoing focus of the Board and the Investment Manager, namely to optimise the portfolio's performance and valuation through a number of concurrent processes including:

- optimising the debt content of investments through refinancing at historically low interest rates;
- extending leases and planning permissions from 25 years to 35 years to reflect the expected useful life of the plants;
- the disposal of certain FiT projects and the utilisation of the proceeds for the acquisition of new projects by investee companies; and
- entering into power price agreements (PPAs) that maximise revenues but retain flexibility to appropriately manage a rapidly growing portfolio.

The company has been successful in this regard having completed the refinancing of two assets on favourable terms, extended leases and planning permissions for several investee company projects and post year end has seen both a sale of existing projects and the acquisition of new projects that has realised profits for the Ordinary Shares fund as well as creating the potential in the future for further returns.

## ORDINARY SHARES FUND PERFORMANCE

The underlying net asset value increased by 1.2p per Ordinary Share before deducting the 6.0p per Ordinary share dividend paid during the year but after the payment of all expenses, including the performance incentive fee paid to the Investment Manager which was approved by Shareholders at a general meeting on 4 May 2017.

The value of the UK portfolio increased by approximately £2.8m, principally as a result of improvements in the efficiency and revenue generation of the solar sites, created by the Investment Manager's active asset management approach described above, as well as reduced operating costs such as business rates.

The Company is also in the advanced stages of completing the sale of its FiT assets which will realise further value for Shareholders.

In December 2016 the Company successfully disposed of its Italian and Spanish assets realising approximately £5.6m.

The overall performance of the Ordinary Shares fund remains robust and the total return since inception as at 30 June 2017 was 124.9p per Ordinary Share.

# Chairman's Statement

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## MOVEMENT IN NET ASSET VALUE OF THE ORDINARY SHARES FUND

During the year, stated net asset value of the Ordinary Shares fund decreased to 95.9p per share (£26.2m) at 30 June 2017 from 100.7p per share (£38.6m) at 30 June 2016. The main factors driving the fall in net assets were a combination of the dividends paid (£2.3m), performance fee paid (£3.3m), the valuation increase of the ordinary share portfolio (£2.6 m) and the tender offer proceeds distributed to investors, which totalled £11.0m. Despite the tender offer, the total net assets of the Ordinary Shares Fund remains substantial and provides a platform to the manager to maximise long term future returns for Shareholders. The Net Asset Value is also calculated on a lower number of shares following the tender offer.

## CASH & DEAL FLOW

The Ordinary Shares fund had cash and liquid resources of £0.5m at 30 June 2017. The Company receives regular interest and loan stock payments and dividends from its underlying investments enabling it to continue to fund its dividend policy as well as meeting expenses in the ordinary course of business as they fall due.

## INVESTMENT GAINS & LOSSES

During the period the Ordinary Shares fund recognised unrealised gains of £4.1m. Further information regarding the breakdown of this amount is contained in the Investment Manager's Report. During the period the Ordinary Shares Fund recognised realised losses of £1.4m, which had no impact on NAV as it was a transfer from unrealised losses following the sale of an investment.

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## RUNNING COSTS

The annual management fee of the Ordinary Shares fund is calculated as 1.5% of Net Assets. During the period the management fees (excluding the performance incentive fee) totalled £563,000, of which £141,000 was charged to the revenue account and £422,000 was charged to the capital account.

## DIVIDENDS

The Board originally planned to pay dividends of 5.0p per Ordinary Share each year throughout the life of Foresight Solar & Infrastructure VCT plc after the first year, payable bi-annually via dividends of 2.5p per Ordinary Share in April and October each year. The level of dividends is not, however, guaranteed.

The Board is pleased to announce that the next interim dividend, of 3.0p per Ordinary Share, will be paid on 24 November 2017 based on an ex-dividend date of 9 November 2017 and a record date of 10 November 2017, which means that total dividends of 32.0p per Ordinary Share will have been paid since launch.

## ORDINARY SHAREHOLDER TENDER OFFER

As noted above the Company completed the tender offer in May 2017, allowing 411 Shareholders (29% of total ordinary shares held) to exit their investment totalling 10,966,024 ordinary shares at a price of 100.19p per share for a total return of 129p per share net of all expenses and performance fees. This represented a very satisfactory outcome for Ordinary Shareholders that chose to realise their shares.

## PERFORMANCE INCENTIVE FEE

At a general meeting on 4 May 2017, Shareholders approved the performance incentive agreement enabling a performance incentive fee of £3.3m to be paid on all shares tendered or eligible to be tendered under the tender offer in line with the original intention of the performance fee arrangements.

As part of discussions on this matter, the Board negotiated to replace the existing hurdle with a new growth hurdle before any further performance incentive payments are due. Following Shareholder approval, the Total Return threshold of 130p per Ordinary Share will no longer be a fixed target but it will increase by a simple 5% per annum going forward: 136.5p for the Company's financial year ending 30 June 2018, 143.0p for the year ending 30 June 2019 and so on.

## ORDINARY SHARE ISSUES & BUYBACKS

During the year under review, 10,966,024 Ordinary Shares were repurchased for cancellation as part of the tender offer. No new shares were issued.

## C SHARES FUND PERFORMANCE

The underlying net asset value increased by 14.6p per C Share before deducting the 5.0p per C share dividend paid during the year, but after the payment of all expenses.

The valuation of the UK portfolio increased by approximately £1.8m (14.6p per C Share). This increase in valuation was driven principally by the refinancing of the debt content of investee company projects on significantly improved terms; production and irradiation levels above expectations flowing through to revenues generated; as well as reduced operating costs.

The C shares fund has a greater exposure to Renewable Obligation Certificates ("ROC") subsidised projects than the Ordinary Shares Fund resulting in a greater proportion of project revenues being exposed to changes in power prices.

The overall performance of the C Shares fund is improving and net asset value total return increased by 16.1% during the period to 105.1p per C Share. Despite this improvement the original target of 120p per C Share remains challenging.

#### MOVEMENT IN NET ASSET VALUE OF THE C SHARES FUND

During the period, the net assets of the C Shares fund increased to 90.1p per share (£11.3m) at 30 June 2017 from 80.5p per share (£10.1m) as at 30 June 2016, largely due to the overall performance of the investment portfolio. This is summarised further in the table below:

	£'000	Pence per C Share
NAV at 30 June 2016	10,067	80.5
Dividends paid	(625)	(5.0)
UK investments valuation increase	1,829	14.6
US investments valuation increase	171	1.4
Other	(175)	(1.4)
NAV at 30 June 2017	11,267	90.1

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#### DEAL FLOW

During the year, the C share fund completed a £3.7m investment in a 5 MW project at Marchington, Staffordshire. The site was connected to the grid in March 2016 and benefits from a ROC subsidy.

#### INVESTMENT GAINS & LOSSES

During the period the C Shares fund recognised net gains of £2.0m across its investments and further information regarding the breakdown of this amount is contained in the Investment Manager's Report.

#### RUNNING COSTS

The annual management fee of the C Shares fund is calculated as 1.75% of Net Assets. During the year the management fees totalled £189,000, of which £47,000 was charged to the revenue account and £142,000 was charged to the capital account.

#### C SHARE DIVIDENDS

The Board is pleased to announce that the next interim dividend, of 2.5p per C Share, will be paid on 24 November 2017 based on an ex-dividend date of 9 November 2017 and a record date of 10 November 2017, which means that total dividends of 17.5p per C Share will have been paid since launch.

#### OUTLOOK - C SHARES FUND

The proceeds of the C Share offer have now been fully deployed and the plants performed above expectations during the period. A combination of the ongoing optimisation programme for assets and a decline in power prices has resulted in the total return of the C Shares increasing in the period from 90.5p per share to 105.1p per C Share.

The Board is progressing plans to sell the US asset and this is expected to complete during 2018.

#### D SHARES FUND

The D Shares fund offer opened on 1 February 2016, following a window of opportunity to invest in energy generating investments (subject to them not benefitting from any form of Government

subsidy) for a very short period until 5 April 2016, after which time they were prohibited for VCTs. The D Shares fund raised £4.9m before it closed on 31 January 2017. A small top-up offer in March 2017 led to the D share fund's total fund raising increasing to £5.6m.

#### ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 7 December 2017 at 12.30pm. I look forward to welcoming you to the Meeting, which will be held at the offices of Foresight Group in London.

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#### OVERALL COMPANY OUTLOOK

The major changes to the Ordinary Share portfolio of investments noted in my previous reports have now been completed and we believe that the stable platform created will underpin the future performance of the fund as well as maintain a regular stream of dividends.

The performance of the C Share portfolio during the year is pleasing and demonstrates the ongoing efforts of the Board and the Investment Manager to focus on a combination of operational and financing improvements within the portfolio.

**David Hurst-Brown**  
Chairman  
31 October 2017

# Investment Manager's Review

## ORDINARY SHARES FUND

In December 2016 the Company completed the sale of the Italian and Spanish investments, which may be redeployed further into Euro denominated assets.

The Investment Manager also previously reported that it was exploring opportunities to refinance its Turweston asset in the current low interest rate environment. The Turweston refinancing process completed in March 2017 and a drawdown from the facility occurred in May 2017. The refinancing was provided by Royal Bank of Scotland and the proceeds were used to finance the tender offer described below and also to facilitate further acquisitions made by the Company, as described below.

The fifth anniversary of the final closing of the original public offer for subscription for the Ordinary Share class of the Company occurred on 8 November 2016. During March 2017, the Company's shareholders were invited to participate in a tender offer and the shareholders who elected to exit were provided liquidity on 11 May 2017 when 10,570,589 Ordinary Shares were bought back at a price of 100.19p per share. A further 395,435 Ordinary Shares were bought back on 27 June 2017 also at a price of 100.19p. A total of 10,966,024 Shares were bought back through the tender offer.

## PORTFOLIO PERFORMANCE

For the period 1 July 2016 to 30 June 2017 total electricity production was 7% below expectations against irradiation levels that were 2% below expectations.

Malmesbury's annual production was 15.3% down against expectations due to a transformer malfunction, though the effect of this at a portfolio level is not material.

Kent's annual production was 4.4% lower than expected due to a High Voltage cable incident, however this was covered by insurance.

These specific issues were identified early on by the Investment Manager and are not expected to impact the long term performance of the assets.

## FOLLOWING PERIOD END

Existing investee companies acquired two solar projects post period end; Littlewood and Laurel Hill.

Littlewood was purchased from Goldbeck and completed in August 2017. Littlewood is a 5MW plant located near Mansfield, Nottinghamshire. Littlewood presented an attractive investment opportunity given the quality of Goldbeck projects and the fact that Foresight already had precedent contracts from which to transact. The site connected to the grid in March 2017 and all revenues generated from the point of connection are to the benefit of the Company.

Laurel Hill reached financial completion on 30 September 2017. Laurel Hill is a 14.2MW solar plant located near Donaghcloney, Northern Ireland. The project benefits from 1.4 ROCs and is expected to connect to the grid in February 2018.

The Investment Manager is in advanced stages of dispensing of the four FiT assets in the portfolio in order to capitalise on current market pricing of such assets.

## C SHARES FUND

On 1 July 2016, the Investment Manager invested £3.7m in a 5MW solar project at Marchington, Staffordshire. The site was connected to the grid in March 2016 and benefits from a ROC subsidy.

As reported in March 2017, the Investment Manager began the process of evaluating the potential sale of the C Shares US asset known as EOSOL Solar. The

sale process is now underway and is expected to complete by Q1 2018.

During the period Saron's existing Investec debt facility was refinanced on significantly improved terms. The refinancing was provided by Royal Bank of Scotland.

## D SHARES FUND

The D Share class offer was closed to new subscriptions in early 2017. A total of £5.6m has been raised following the issuance of a supplemental

prospectus in March 2017. The Investment Manager is continuing to explore investment opportunities that will be value accretive for the Company.

## REGULATORY AND MARKET CHANGES

Over the year the UK has seen new records being set for the level of solar production as well as in relation to the wider energy mix with historic lows for coal generation. According to the National Grid, Friday 21 April 2017 was the first working day without coal power since the Industrial Revolution.

The UK's total solar capacity has continued to grow even after the closure of the Renewable Obligation scheme, which closed to new solar projects at the end of March 2017. The ROC deadline led to many acquisitions and installations and while there is often a lag in the official statistics until all newly commissioned projects have been accredited which can take some months, there is now c.12GW of solar capacity in Great Britain with over 8GW in ground mounted solar.

Following the significant reduction of the Feed in Tariff for large scale solar and the lack of visibility of future Contract for Difference ("CfD") auctions, it is expected that there will be very limited new solar capacity added in the near future. However, there has been a marked increase in secondary market activity.

With the reduction in solar installation costs experienced in recent periods, industry participants are also working to develop unsubsidised projects and it is expected that the first of these projects will be commissioned in the next 12 months, either benefitting from private wire or Power Purchase agreements ("PPA") arrangements with corporates. In the short term however, the economic viability of unsubsidised projects will remain marginal and limited projects will be realised. This situation is expected to shift over time as the cost of solar panels continues to reduce, making projects cost competitive with other forms of electricity generation.

The UK triggered Article 50 of the Lisbon Treaty on 29 March 2017 to formally initiate the two year process for withdrawing from the European Union

('Brexit'). The uncertainty generated by Brexit continues to effect the UK power market. It's unclear to what extent the UK market will remain integrated with the wider EU power market and therefore what the impact on wholesale power prices will be. For the moment however, a number of interconnector projects with EU members are still being progressed, which is a positive indication. The Company will continue to carefully monitor any potential effects of Brexit.

On 8 June 2017, the UK voted in a snap General Election in which the governing Conservative party lost its parliamentary majority. The purpose of calling the snap election was an attempt by the Prime Minister to strengthen the Government's position in Brexit negotiations, but this unexpectedly resulted in a hung parliament with the Conservatives forming a minority government and having to team up with the Democratic Unionist Party of Northern Ireland. The effects of this election result are currently uncertain; however, the Company will continue to monitor the newly formed Government's renewable energy policies.

The General Election campaigns saw a focus on consumer energy costs, but limited discussion of decarbonisation or energy policy more generally so it is yet to be seen what direction the Government will take. The Government's Emissions Reduction Plan which is due to set out how it intends to meet the targets detailed in the Fifth Carbon Budget, was due to be released in the first half of 2017, but is now expected prior to the end of the year. Given the expectation that further renewable generation will be required to comply with the budget, the Commission for Energy Regulation may point to future markets or mechanisms to enable new renewable generating capacity, including solar.

# Investment Manager's Review

## POWER PRICES

Following a winter of relatively high power prices, the spot price has now returned to £42 per MWh as at 30 June 2017 (£50 per MWh in December 2016).

The average power price achieved across the portfolio during the reporting period was £41.36 per MWh.

During the period 1 July 2016 to 30 June 2017 there was a downward movement of 3.3% in the medium to long term power price forecast. The Investment Manager uses forward looking power price assumptions to assess the likely future income of the portfolio assets for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis. The Investment Manager's forecasts continue to assume an increase in power prices in real terms over the medium to long-term of 1.7% per annum (31 December 2016: 1.7%), driven by higher gas and carbon prices.

During the period, 79% of the Company's operational portfolio revenue came from the FiT subsidy or sale of ROCs and other green benefits to an offtaker. These revenues are directly and explicitly linked to inflation for 20 years from the accreditation date under the ROC regime and subject to Retail Price Index ("RPI") inflationary increases applied by Ofgem in April of each year.

The majority of the remaining 21% of revenues derive from electricity sales which are subject to wholesale

electricity price movements. Electricity prices in the UK are a component of the RPI index basket of goods and services and as a result present a degree of correlation with the long term RPI. This direct indexation of revenues derived from ROC benefits and the degree of inflation linkage of the wholesale electricity price provides a significant percentage of cash flows correlated with long-term inflation.

PPAs are entered into between each individual solar power asset and offtakers in the UK electricity supply market. Under the PPAs, each asset will sell the entirety of the generated electricity and ROCs to the designated offtaker.

The Company's PPA strategy seeks to optimise revenues from the power generated, while keeping the flexibility to manage the portfolio appropriately. As at 30 June 2017, the four FiT sites have fixed PPA prices in place and the remaining assets in the portfolio have floating rate PPAs, which track market power prices.

The Investment Manager is constantly reassessing conditions in the electricity market and updating its view on likely future movements. The Company retains the option to fix the PPAs of its portfolio assets at any time. As part of the Investment Manager's ongoing efforts to maximise the commercial performance of the portfolio, a PPA tendering process across all assets has been undertaken. This process has seen a significant reduction in fees charged by our offtakers.

## ENVIRONMENTAL SOCIAL AND GOVERNANCE CONSIDERATIONS

The Company believes Environmental, Social and Governance ("ESG") considerations play an important part in delivering responsible and sustainable growth for the long term. These factors have been integrated into all stages of the investment process, and are actively supported by all involved, regardless of seniority. With that in mind, the Company has adopted a Responsible Investment Framework to provide a suitable operational framework in matters

related to the investment process, such that ESG has become part of the normal day-to-day operations. Further to the environmental advantages of large scale renewable energy, each investment is closely scrutinised for localised environmental impact. Where improvements can be made, the Company will work with planning and local authorities to minimise visual and auditory impact of sites.

## LAND MANAGEMENT

The Investment Manager is a working partner of the Solar Trade Association's Large Scale Asset Management Working Group. Foresight is a signatory to the Solar Farm Land Management Charter and ensures that all of its solar farms are managed in a manner that maximizes the agricultural, landscaping, biodiversity and wildlife potential, which can also contribute to lowering maintenance costs and enhancing security. As such, the Investment Manager regularly inspects sites and develops site specific land management and biodiversity enhancement plans to secure long term gains for wildlife and ensure that the land and environment are maintained to a high standard. This includes:

- Management of grassland areas within the security fencing to promote wildflower meadows and sustainable sheep grazing;

- Planting and management of hedgerows and associated hedge banks;
- Management of field boundaries between security fencing and hedgerows;
- Sustainable land drainage and pond restoration;
- Installation of insect hotels and reptile hibernacula;
- Installation of boxes for bats, owls and kestrels; and
- Installation of beehives by local beekeepers.

Most solar parks are designed to enable sheep grazing and the remaining plants are investigated for alterations to ensure that the farmland on which the solar assets are located can remain useful in agricultural production, which is a frequent desire of local communities.

## SOCIAL AND COMMUNITY ENGAGEMENT

The Investment Manager actively seeks to engage with the local communities around the Company's solar assets and regularly attends parish meetings to

encourage community engagement and promote the benefits of the solar assets.

## HEALTH AND SAFETY

There were no reportable health and safety incidents during the period.

Safety, Health, Environment and Quality ('SHEQ') performance and risk management are a top priority at all levels for Foresight Group. To further improve the management of SHEQ risks, reinforce best practice and ensure non-compliance with regulations is avoided, the Asset Manager has appointed an

independent health and safety consultant who regularly visits the portfolio assets to ensure they not only meet, but exceed, industry and legal standards. The consultant has confirmed that all sites are in compliance with all applicable regulations. Recommendations that have been implemented to help raise standards further include improvements to the safety signage on the fence of two plants.

## OUTLOOK

The UK solar sector experienced another period of significant growth driven by the closure of the Renewable Obligation scheme to new solar projects in March 2017. This resulted in the total installed solar capacity in the UK reaching c.12GW, with over 8GW of large scale solar.

The Investment Manager believes that the level of activity in the secondary market will continue in the short and medium term with 1 to 2GW of operational projects expected to be sold in the next 12 to 18 months. With the scarcity value of UK operational portfolios increasing, the Company will maintain a prudent approach to acquisitions in the UK secondary market.

During the financial year ended 30 June 2017, the Investment Manager continued to focus on the optimisation of the existing portfolio, both from an operational perspective and in respect of the capital

structure of the assets. As previously discussed the Investment Manager is considering selling certain assets in the portfolio in order to provide liquidity to allow the Company to explore new acquisition opportunities that the Investment Manager believes will be accretive to the value of the Company and benefit the shareholders in the long term.

While there remains political uncertainty following the UK's decision in June 2016 to withdraw from the European Union and the recent snap election, which resulted in a hung parliament, current indications suggest that the UK Government remains committed to a carbon reduction agenda.

**Dan Wells**  
Partner  
31 October 2017

# Investment Manager's Review

## Ordinary Shares Portfolio

### Kent Solar Farm, Kent



Investment date August 2011

During the year to 30 June 2017 the plant has performed 4.4% lower than expected due to a damaged cable, however this was covered by insurance.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£36,087
Amount invested	£1,248,688
Valuation	£3,245,975



	Year ended 30 June 2016
Income	£3,075,000
Loss before tax	(£61,000)
Retained profit	£648,000
Net assets	£137,000

### Puriton Solar Farm, Somerset



Investment date February 2012

During the year to 30 June 2017 the plant has performed in line with expectations.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£21,966
Amount invested	£810,078
Valuation	£3,084,629



	Year ended 30 June 2016
Income	£2,280,000
Profit before tax	£30,000
Retained loss	(£1,326,000)
Net liabilities	(£1,531,000)

## Bridgewater Solar Farm, Somerset



Investment date February 2012

During the year to 30 June 2017 the plant has performed above the expected level of production.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£7,845
Amount invested	£283,513
Valuation	£1,071,064



	Year ended 30 June 2016
Income	£1,175,000
Profit before tax	£54,000
Retained loss	(£1,088,000)
Net liabilities	(£1,105,000)

## Malmesbury Solar Farm, Wiltshire



Investment date December 2011

Malmesbury's annual production was 15.3% down against expectations due to a transformer malfunction. This issue was identified early on and is not expected to impact the long term performance of the asset.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£16,736
Amount invested	£622,517
Valuation	£4,187,722



	Year ended 30 June 2016
Income	£2,647,000
Profit before tax	£132,000
Retained loss	(£2,560,000)
Net liabilities	(£2,507,000)

# Investment Manager's Review

## Ordinary Shares Portfolio continued

### Turweston Solar Farm, Northamptonshire



Investment date December 2014

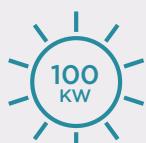
During the year to 30 June 2017 the plant has performed above the expected level of production.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£440,365
Amount invested	£15,414,730
Valuation	£23,826,565



	Year ended 30 June 2016
Income	£2,018,000
Profit before tax	£38,000
Retained profit	£71,000
Net assets	£10,000

### Greenersite, Herefordshire



Investment date March 2013

During the year to 30 June 2017 the plant has performed lower than the expected level of production. This was caused by an inverter's internal component fault, however this was identified early on by the O&M company and repaired.

	Year ended 30 June 2017
Voting rights	100%
Dividend and interest income receivable	—
Amount invested	£325,878
Valuation	£364,600



	Year ended 30 June 2016
Income	£27,000
Loss before tax	(£6,000)
Retained loss	(£714,000)
Net assets	£277,000

## C Shares Portfolio

### New Kaine Solar Farm, Kent



Investment date March 2015

During the year to 30 June 2017 the plant has performed above the expected level of production.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£34,125
Amount invested	£1,627,279
Valuation	£1,798,807



	Year ended 30 June 2016
Income	£194,000
Loss before tax	(£51,000)
Retained loss	(£21,000)
Net liabilities	(£57,000)

### Saron Solar Farm, Carmarthenshire



Investment date March 2015

During the year to 30 June 2017 the plant has performed in line with expectations.

	Year ended 30 June 2017
Voting rights	49%
Dividend and interest income receivable	£99,104
Amount invested	£3,915,055
Valuation	£4,620,451



	Year ended 30 June 2016
Income	£645,000
Loss before tax	(£187,000)
Retained profit	£105,000
Net liabilities	(£185,000)

# Investment Manager's Review

## C Shares Portfolio

### EOSOL Solar Farm, California



Investment date September 2015

During the year to 30 June 2017 the plant has performed in line with expectations.

	Year ended 30 June 2017
Voting rights	55%
Dividend and interest income receivable	—
Amount invested	£950,000
Valuation	£1,121,400



	Year ended 30 June 2016
Income	\$1,071,000
Profit before tax	\$314,000
Retained profit	\$17,000
Net assets	\$2,702,000

### Marchington Solar Farm, Staffordshire



Investment date July 2016

During the year to 30 June 2017 the plant has performed above the expected level of production.

	Year ended 30 June 2017
Voting rights	—
Dividend and interest income receivable	£57,063
Amount invested	£1,824,060
Valuation	£4,086,677



	Year ended 30 June 2016
Income	£339,000
Profit before tax	£359,000
Retained profit	£184,000
Net assets	£359,000



“ Although the Ordinary Shares fund and the Company are now smaller than before, the Board and the Investment Manager believe that the stable platform created will allow them to continue to actively manage the portfolio with a view to maximising long term future returns for remaining Shareholders.

David Hurst-Brown,  
Chairman

# Investment Manager's Review

## Portfolio Overview

Investment	Date of Investment	30 June 2017 Amount Invested £	Valuation £
<b>Ordinary Shares Fund</b>			
<b>Kent Solar Project*</b>	<b>August 2011</b>		
Canopus Solar Limited		522,550	1,622,990
Vega Solar Limited		726,138	1,622,985
		<b>1,248,688</b>	<b>3,245,975</b>
<b>Puriton &amp; Bridgewater Solar Projects*</b>	<b>February 2012</b>		
Altair Solar Limited		523,169	1,952,400
Capella Solar Limited		570,422	2,203,293
		<b>1,093,591</b>	<b>4,155,693</b>
<b>Malmesbury Solar Project*</b>	<b>December 2011</b>		
Hadar Solar Limited		108,307	1,403,913
Rigel Solar Limited		514,210	2,783,809
		<b>622,517</b>	<b>4,187,722</b>
<b>Turweston Solar Project*</b>	<b>December 2014</b>		
Altair Solar Limited		2,921,419	4,392,357
Canopus Solar Limited		2,839,623	4,382,700
Capella Solar Limited		2,850,425	4,327,169
Hadar Solar Limited		1,202,992	2,227,190
Rigel Solar Limited		2,939,150	4,417,617
Vega Solar Limited		2,661,121	4,079,532
		<b>15,414,730</b>	<b>23,826,565</b>
<b>Greenersite Limited</b>	<b>March 2013</b>	<b>325,878</b>	<b>364,600</b>
<b>Sub total UK</b>		<b>18,705,404</b>	<b>35,780,555</b>
<b>Italian Solar Project</b>	<b>June 2011</b>		
Foresight VCT (Lux) 1 S.a.r.l		4,025,817	4,713,102
Foresight VCT (Lux) 2 S.a.r.l		10,854	10,854
		<b>4,036,671</b>	<b>4,723,956</b>
<b>Spanish Solar Project</b>	<b>June 2011</b>		
Foresight Luxembourg Solar 2 S.a.r.l.		—	—
		—	—
<b>Total</b>		<b>22,742,073</b>	<b>40,504,511</b>
<b>C Shares Fund</b>			
<b>New Kaine Solar Project**</b>	<b>March 2015</b>		
Solektra Limited		1,627,279	1,798,807
		<b>1,627,279</b>	<b>1,798,807</b>
<b>Saron Solar Project**</b>	<b>March 2015</b>		
Avior Solar Limited		3,915,055	4,620,451
		<b>3,915,055</b>	<b>4,620,451</b>
<b>EOSOL Solar Project</b>	<b>September 2015</b>		
Skibo Solar III Limited		950,000	1,121,400
		<b>950,000</b>	<b>1,121,400</b>
<b>Marchington Solar Project ***</b>	<b>July 2016</b>		
Scorpii Solar Limited		1,823,960	2,089,842
Adriou Limited		100	1,996,835
		<b>1,824,060</b>	<b>4,086,677</b>
<b>Total</b>		<b>8,316,394</b>	<b>11,627,335</b>
<b>D Shares Fund</b>			
<b>Shaftesbury Solar I Limited***</b>	<b>April 2016</b>		
		1,619,938	1,619,938
<b>Total</b>		<b>1,619,938</b>	<b>1,619,938</b>

All of the above project investments, with the exception of Greenersite are held indirectly through investment holding companies. At the balance sheet date in both the current and prior year cash may be held in the holding companies prior to investment in the solar farms.

\*Amount invested in UK solar projects has decreased since the prior year due to £1,245,000 (2016: £3,824,000) of loan stock repayments made during the year but offset by £100,000 of capitalised transaction costs.

\*\*Amount invested in UK Solar projects has decreased since the prior year due to £297,000 (2016: £465,000) of loan stock payments made during the year

\*\*\* This investment relates to cash which has not yet been invested in projects at year end.

† The investment was restructured in the year. Assets were transferred from Scorpii Solar Limited to Adriou Limited.

Details of projects by value are shown on pages 12 to 16.

30 June 2016					
Valuation Methodology	Amount Invested £	Valuation £	Additions	Disposals	Net Valuation Movement
Expected sales proceeds	561,324	1,645,921	14,574	(53,348)	15,843
Expected sales proceeds	781,523	1,645,620	14,574	(69,959)	32,750
	<b>1,342,847</b>	<b>3,291,541</b>	<b>29,148</b>	<b>(123,307)</b>	<b>48,593</b>
Expected sales proceeds	531,610	2,098,283	14,574	(23,015)	(130,572)
Expected sales proceeds	580,081	2,146,791	14,574	(24,233)	66,161
	<b>1,111,691</b>	<b>4,245,074</b>	<b>29,148</b>	<b>(47,248)</b>	<b>(71,281)</b>
Expected sales proceeds	100,680	1,526,858	14,574	(6,947)	(117,204)
Expected sales proceeds	523,322	3,031,234	14,573	(23,685)	(238,313)
	<b>624,002</b>	<b>4,558,092</b>	<b>29,147</b>	<b>(30,632)</b>	<b>(368,885)</b>
Discounted cashflow	3,051,435	3,993,822	2,088	(132,104)	528,551
Discounted cashflow	3,135,535	3,984,171	2,088	(298,000)	694,441
Discounted cashflow	2,972,513	3,931,380	2,088	(124,177)	517,878
Discounted cashflow	1,289,907	2,025,251	2,088	(89,004)	288,855
Discounted cashflow	3,076,290	4,012,103	2,088	(139,228)	542,654
Discounted cashflow	2,920,461	3,706,437	2,088	(261,428)	632,435
	<b>16,446,141</b>	<b>21,653,164</b>	<b>12,528</b>	<b>(1,043,941)</b>	<b>3,204,814</b>
Discounted cashflow	<b>325,878</b>	<b>364,600</b>	—	—	—
	<b>19,850,559</b>	<b>34,112,471</b>	<b>99,971</b>	<b>(1,245,128)</b>	<b>2,813,241</b>
Sales proceeds	4,236,926	5,140,244	—	(211,109)	(216,033)
Sales proceeds	10,854	10,854	—	—	—
	<b>4,247,780</b>	<b>5,151,098</b>		<b>(211,109)</b>	<b>(216,033)</b>
Sold	2,325,786	856,958	—	(879,908)	22,950
	<b>2,325,786</b>	<b>856,958</b>		<b>(879,908)</b>	<b>22,950</b>
	<b>26,424,125</b>	<b>40,120,527</b>	<b>99,971</b>	<b>(2,336,145)</b>	<b>2,620,158</b>
Discounted cashflow	1,728,528	1,749,746	—	(101,249)	150,310
	<b>1,728,528</b>	<b>1,749,746</b>		<b>(101,249)</b>	<b>150,310</b>
Discounted cashflow	3,951,055	3,368,232	—	(36,000)	1,288,219
	<b>3,951,055</b>	<b>3,368,232</b>		<b>(36,000)</b>	<b>1,288,219</b>
Discounted cashflow	950,000	950,000	—	—	171,400
	<b>950,000</b>	<b>950,000</b>			<b>171,400</b>
Discounted cashflow	3,855,877	3,855,877	—	(159,554)	(1,606,481)
Net assets	100	100	—	—	1,996,735
	<b>3,855,977</b>	<b>3,855,977</b>		<b>(159,554)</b>	<b>390,254</b>
	<b>10,485,560</b>	<b>9,923,955</b>		<b>(296,803)</b>	<b>2,000,183</b>
	1,619,938	1,619,938	—	—	—
	<b>1,619,938</b>	<b>1,619,938</b>			

# Investment Manager's Review

## About the Investment Manager

**The Company's Investment Manager is Foresight Group CI Limited ("Foresight Group CI"), which is responsible for the development and management of the assets of the Company including the sourcing and acquisition of future ground-based solar power plants predominantly located in the UK, advising on the Group's borrowing strategy, the sale of the electricity and the administering of green benefits. The Investment Manager is a Guernsey registered company, incorporated under Guernsey Law with registered number 51471. The Investment Manager is licensed by the Guernsey Financial Services Commission.**

Foresight, defined here as Foresight Group CI and its subsidiaries, is a privately-owned infrastructure and private equity Investment Manager, managing assets of c. £2.7 billion, raised from pension funds and other institutional investors, UK and international private and high net worth individuals and family offices. Founded in 1984, in total Foresight manages 25 funds on behalf of institutional and retail investors including three venture capital trusts which are listed on the premium segment of the Official List and are admitted to trading on the Main Market. Headquartered in The Shard, London, with further offices in Guernsey, Nottingham, Manchester, Rome, San Francisco and Sydney, Foresight has over 200 staff.

Foresight established its solar investment team in 2007 and launched its first solar fund, Foresight European Solar Fund, in

early 2008. Foresight Solar VCT plc was launched in November 2010 and the Group has since raised over £200m for solar-focused Enterprise Investment Schemes. In 2013, Foresight-managed funds issued the largest UK solar index linked bond at that date.

Foresight is the second largest solar asset manager in the UK with over 780MW of installed capacity. In total, the team manages c. £1.6 billion invested in over 85 operating solar plants totalling over 900MW of existing operational capacity across the UK, Italy, Australia and the USA. In February 2017, Foresight Group announced the acquisition of the 25MW Barcaldine Remote Community Solar Farm in Queensland, Australia to bring its first Australian solar project under management. In July 2017, Foresight made its first investment in an unsubsidised solar farm of 7.2 MW in Portugal. This project represents the first investment in a utility scale solar asset which does not benefit from any government subsidy and is the first part of a larger unsubsidised solar portfolio acquisition plan. Foresight is implementing across Southern Europe.

In June 2017, Foresight Group also made its first battery storage investment, acquiring the 35MW Port of Tyne project in the North East of England. This investment consolidates Foresight's position as a leader in not only renewable energy generation but flexible grid infrastructure required to accommodate increasing penetration of renewables, such as energy storage.

The Group's dedicated multinational infrastructure team consists of an Investment Team of 36 investment professionals and an Asset Management Team of 31 specialist portfolio accountants, in-house legal personnel and specialised engineers. The team possesses a comprehensive suite of capabilities, from investment origination and execution, including sourcing and structuring transactions, to ongoing active asset management within the specialist sector of energy infrastructure.

The team is supported by an extensive back office team comprising of finance, investor relations, sales, marketing, HR and administration.

The Company's Investment Management team is led by four experienced UK-based fund managers and is responsible for new asset acquisitions, pipeline development, value enhancement of the Company and also advises the Board on the optimal borrowing strategy of the Company. The management team is supported by a team of UK-based solar investment analysts with additional resource obtained from Foresight's US, Italian and Australian investment teams. Foresight is overseen by an Executive Committee of which Jamie Richards and Gary Fraser are members. Foresight's Executive Committee provides strategic investment advice to the management team and the Board.

## EVOLUTION OF FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

**2010** In April 2010, the British Government introduced index linked feed-in tariffs ('FiTs') providing minimum inflation-linked prices for electricity produced from various renewable sources, including solar power generating assets. This solar FiT provided the opportunity for Foresight to launch Foresight Solar VCT plc and utilise its expertise and resources to invest in solar projects throughout Europe. Foresight has managed VCTs for over twelve years and its infrastructure team, which is based in the UK and Italy, manages over £300m in solar assets on behalf of private investors, family offices and institutional investors.

The "O" shares fund is a five year planned exit VCT with an option to remain in the fund as a longer-term investor. The VCT is targeting minimum dividends of 5p per share per annum after the first two years and a minimum return of £1.30 per share after five years.

**2013** In 2013, Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc) raised an additional £13m from shareholders in a "C" share class, targeting investment in sub 5MW solar power plants in the UK, supported by the Government's Renewable Obligation (RO) scheme.

The "C" share class is a five year planned exit VCT with an option to remain invested in the fund for the long term. The VCT is targeting minimum dividends of 5p per share per annum from year two, and a minimum target return of £1.20 after five years.

**2016** In February 2016, the Company launched a new "D" Share Fund in order to invest in complementary asset classes within the energy and infrastructure sectors including smart data, international solar and wider infrastructure offering a similar risk profile.

**2017** The D Shares fund raised £4.9m before it closed on 31 January 2017. A small top-up offer in March 2017 led to the D share fund's total fund raising to be £5.6m.

The "O" Shares Fund completed a tender offer on May 2017, buying back 10,966,024 shares for £11.0m.



# Strategic Report

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the members of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

## INVESTMENT POLICY

Foresight Solar & Infrastructure VCT plc invests mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government-related price guarantees as well as companies that generate and sell data derived from their ownership and operation of smart data assets.

## ORDINARY SHARES FUND

Foresight Solar & Infrastructure VCT plc originally raised £37.8m through an Ordinary Share issue in 2010/2011 and 2011/2012. This fund currently has investments and assets totalling £26.2m. The number of Ordinary Shares in issue at 30 June 2017 was 27,324,838.

The key objective of the Ordinary Shares fund is to distribute 130.0p per share, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the offer.

## C SHARES FUND

In 2013/2014 and 2014/2015, £13.1m was raised for the C Shares fund. This fund currently has investments and assets totalling £11.3m. The number of C shares in issue at 30 June 2017 was 12,509,247.

The key objective of the C Shares fund is to distribute 120.0p per share, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the offer.

## D SHARES FUND

The D Shares Fund has raised funds of £5.6m. The fund currently has investments and assets totalling £5.5m. The number of D shares in issue at 30 June 2017 was 5,636,181.

The key objective of the D Shares fund is to distribute between 110.0p and 115.0p per share, through a combination of tax-free income, buy-backs and tender offers before the sixth anniversary of the closing date of the offer.

## INVESTMENT OBJECTIVES

### PERFORMANCE AND KEY PERFORMANCE INDICATORS (KPIs)

The Board expects the Investment Manager to deliver a performance which meets the objectives of the three classes of shares. The KPIs covering these objectives are net asset value performance and dividends paid, which, when combined, give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value and total expenses as a proportion of shareholders' funds.

A record of some of these indicators is contained below and on page 4. The total expense ratio in the period was 3.2% and the average discount at which shares were repurchased in the market was 1%. The level of these KPIs compare favourably with the wider VCT marketplace based on independently published information.

A review of the Company's performance during the financial year, is contained within the Investment Manager's Report. The Board assesses the performance of the Investment Manager in meeting the Company's objective against the primary KPIs highlighted above.

## STRATEGIES FOR ACHIEVING OBJECTIVES

### INVESTMENT SECURITIES

The Company invests in a range of securities including, but not limited

to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Non Qualifying Investments may include holdings in money market instruments, short-dated bonds, unit trusts, OEICs, structured products, guarantees to banks or third parties providing loans or other investment to investee companies and other assets where Foresight Group believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

### UK COMPANIES

Investments are primarily made in companies which are substantially based in the UK. The companies in which investments are made must have no more than £15m of gross assets at the time of investment for funds raised after 6 April 2012 (or £7m if the funds being invested were raised after 5 April 2006 but before 6 April 2012) to be classed as a VCT qualifying holding.

### ASSET MIX

The Company invests in unquoted companies that seek to generate solar electricity and benefit from long-term government-backed price guarantees. Investments may be made in companies seeking to generate renewable energy from other sources provided that these benefit from similar long-term government-backed price guarantees. No investments of this nature have been made to date. The Board has ensured that at least 70% of net funds raised under the Offer have been invested in companies whose primary business is the generation of solar electricity. Any uninvested funds are held in cash, interest bearing securities or other investments.

### RISK DIVERSIFICATION AND MAXIMUM EXPOSURES

Risk is spread by investing in a number of different companies and by targeting a variety of separate locations for the solar power assets. The maximum amount invested by the Company in any one company is limited to 15% of the portfolio at the time of investment. The value of an investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. Solar projects can in aggregate exceed this limit but suitable structures are put in place so that individual corporate investments do not. Although risk is spread across different companies, concentration risk is fairly high, given that a significant portion are all UK Solar projects.

### BORROWING POWERS

The Company's Articles permit borrowing, to give a degree of investment flexibility. Under the Company's Articles no money may be borrowed without the sanction of an ordinary resolution if the principal amount outstanding of all borrowings by the Company and its subsidiary undertakings (if any), then exceeds, or would as a result of such borrowing exceed, a principal amount equal to the aggregate of the share capital and consolidated reserves of the Company and each of its subsidiary undertakings as shown in the audited consolidated balance sheet. The underlying portfolio companies in which Foresight Solar & Infrastructure VCT plc invests may utilise bank borrowing or other debt arrangements to finance asset purchases but such borrowing would be non-recourse to Foresight Solar & Infrastructure VCT plc. In the year, the Company received a loan of £15m from Adriou Limited, a portfolio company with a maturity date of 30 September 2019. This loan was taken out to fund the tender offer.

### CO-INVESTING FUNDS

Foresight Group also manages or advises Foresight VCT plc, Foresight 4 VCT plc, Foresight Environmental Fund LP, Foresight European Solar Fund LP, Foresight Solar EIS, Foresight Solar EIS 2, Foresight Solar EIS 3, Foresight Solar EIS 4, Foresight Solar EIS 5, Foresight Inheritance Tax Solutions, UK Waste Resources and Energy Investments LP, Foresight Sustainable UK Investment Fund, Foresight Nottingham Fund LP, Foresight Solar Fund Limited, Foresight AD EIS, Recycling and Waste LP, The Waste Asset LP, Foresight Energy Infrastructure EIS, Foresight Williams Technology EIS Fund and Foresight Regional Investment LP.

Note all UK investments not fully held by Foresight Solar & Infrastructure VCT plc have the remainder held by Foresight Solar EIS funds or Foresight Inheritance Tax Solutions.

### VCT REGULATION

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC"). Amongst other conditions, the Company may not invest in a single company more than 15% of its gross assets at the time of making any investment and must have at least 70% by value of its investments throughout the period in shares or securities in qualifying holdings, of which the specified percentage by value in aggregate must be in ordinary shares which carry no preferential rights (although only 10% of any individual investment needs to be in the ordinary shares of that Company). In respect of capital raised before 6 April 2011 the specified percentage was 30% and in respect of capital raised on or after 6 April 2011 the specified percentage was 70%.

# Strategic Report

## MANAGEMENT

The Board has engaged Foresight Group as discretionary investment manager. Foresight Fund Managers Limited also provides or procures the provision of company secretarial, administration and custodian services to the Company.

Foresight Fund Managers Limited is the secretary of the Company.

Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions, or strategic partners with similar investment criteria. A review of the investment portfolio and of market conditions during the year is included within the Investment Manager's Report.

## ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Company's investments have been made in clean energy and environmental infrastructure projects which have clear environmental benefits.

The Board recognises the requirement under Section 414 of the Act to provide information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

The UNPRI, established in 2006, is a global collaborative network of investors working together to put

*Signatory of:*



the six Principles for Responsible Investment into practice. As an investment manager, Foresight has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Foresight believes that Environmental, Social, and corporate Governance ("ESG") issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). Foresight also recognises that applying these Principles may better align investors with broader objectives of society.

## GENDER DIVERSITY

The Board currently comprises three male Directors. The Board is, however, conscious of the need for diversity and will consider both male and female candidates when appointing new Directors.

The Investment Manager has an equal opportunities policy and currently employs 141 men and 69 women.

## DIVIDEND POLICY

The Board plans to pay dividends of 5.0p per share each year throughout the life of Foresight Solar & Infrastructure VCT plc after the first year, payable bi-annually via dividends of 2.5p per share in April and November each year. The level of dividends is not however, guaranteed.

## PURCHASE OF OWN SHARES

It is the Company's policy, subject to adequate cash availability, to consider repurchasing shares when they become available in order to help provide liquidity to the market in the Company's shares.

## PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

The Board carries out a regular and robust review of the risk

environment in which the company operates. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

**Economic risk:** events such as economic recession or general fluctuation in stock markets and interest rates may affect the performance of projects, as well as affecting the Company's own share price and discount to net asset value. Mitigation: the Company invests in a portfolio of investments and maintains sufficient cash reserves to be able to meet its liabilities.

**VCT qualifying status risk:** the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. Mitigation: the Investment Manager keeps the Company's VCT qualifying status under continual review, seeking to take appropriate action to maintain it where required, and its reports are reviewed by the Board on a quarterly basis. The Board has also retained RW Blears LLP to undertake an independent VCT status monitoring role.

**Investment and liquidity risk:** many of the Company's investments are in small and medium-sized unquoted companies which are VCT qualifying holdings, and which by their nature entail a higher level of risk and lower liquidity

than investments in larger quoted companies. Mitigation: the Directors aim to limit the risk attaching to the portfolio as a whole by careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

**Legislative and regulatory risk:** in order to maintain its approval as a VCT, the Company is required to comply with current VCT legislation in the UK, which reflects the European Commission's State aid rules. Changes to the UK legislation or the State aid rules in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT approval. Mitigation: The Board and the Investment Manager monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.

**Natural disasters:** severe weather/natural disasters could lead to reduction in performance and value of the assets. Mitigation: there is no mitigation that can be taken against natural disasters; however, our Operations and Maintenance provider is able to respond quickly to repair any damage and reduce the amount of down time.

**Internal control risk:** the Company's assets could be at risk in the absence of an appropriate internal control regime. This could lead to theft, fraud, and/or an inability to provide accurate reporting and monitoring. Mitigation: the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls

designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

**Financial risk:** inappropriate accounting policies might lead to misreporting or breaches of regulations. Mitigation: the Investment Manager is continually reviewing accounting policies and regulations, and its reports are reviewed by the Board on a quarterly basis.

#### VIABILITY STATEMENT

In accordance with principle 21 of the AIC Code of Corporate Governance published by the AIC in February 2015, the Directors have assessed the prospects of the Company over the three year period to 30 June 2020. This three year period is used by the Board during the strategic planning process and is considered reasonable for a business of its nature and size.

In making this statement, the Board carried out an assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity.

The Board also considered the ability of the Company to raise finance and deploy capital. This assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, including the Investment Manager adapting their investment process to take account of the more restrictive VCT investment rules.

This review has considered the principal risks which were identified by the Board. The Board concentrated its efforts on the major factors that affect the economic, regulatory and political environment.

The Directors have also considered the Company's income and expenditure projections and underlying assumptions for the next three years and found these to be realistic and sensible.

Based on the Company's processes for monitoring cash flow, share price discount, ongoing review of the investment objective and policy, asset allocation, sector weightings and portfolio risk profile, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three years to 30 June 2020.

### PERFORMANCE-RELATED INCENTIVES

#### ORDINARY SHARES FUND

Following Shareholder approval, Foresight Group will become entitled to a performance fee based on Total Return increasing 5% per annum. Distributions will be 30% above that level. Therefore the target for the year ended 30 June 2018 will be 136.5p and 143.3p in the following year.

#### C SHARES FUND

After distributions of 100.0p per C Share issued under the Offer and remaining in issue at the date of calculation have been paid to C shareholders by the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p per C Share until total distributions reach 120.0p per share and 30% above that level.

#### D SHARES FUND

After distributions of 100.0p per D Share issued under the offer and remaining in issue at the date of calculation have been paid to D shareholders by the Company, Foresight Group will become entitled to a performance incentive

which will be calculated at the rate of 20% of distributions in excess of 100.0p per D Share until total distributions reach 115.0p per share and 30% above that level.

## VALUATION POLICY

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines (December 2015) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

A broad range of assumptions are used in our valuation models. These assumptions are based on long-term forecasts and are not affected by short-term fluctuations in inputs, be it economic or technical. Under the normal course of events, we would expect asset valuations to reduce each period due to the finite nature of the cash flows.

## VCT TAX BENEFIT FOR SHAREHOLDERS

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a 'qualifying' individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions since 6

April 2006 are:

- Income tax relief of 30% on subscription for new shares, which is forfeited by shareholders if the shares are not held for more than five years;
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax in the hands of qualifying holders; and
- Capital gains on disposal of VCT shares are tax-free, whenever the disposal occurs.

This will enable the Board to deliver an attractive exit for those investors who elect to redeem their investments after the five-year holding period, whilst targeting an attractive dividend yield for those Shareholders who elect to remain invested in the Company for the longer term.

**David Hurst-Brown**  
Director  
31 October 2017

## VENTURE CAPITAL TRUST STATUS

Foresight Solar & Infrastructure VCT plc is approved by HMRC as a venture capital trust (VCT) in accordance with Part 6 of the Income Tax Act 2007. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Directors have managed, and continue to manage, the business in order to comply with the legislation applicable to VCTs. The Board has appointed RW Blears LLP to monitor and provide continuing advice in respect of the Company's compliance with applicable VCT legislation and regulation. As at 30 June 2017 the Company had 81.6% (2016: 74.68%) of its funds in such VCT qualifying holdings.

## FUTURE STRATEGY

The Company will limit its future investment in new energy and infrastructure related projects for the D share class as well as optimising the performance and returns from the existing portfolio of solar and infrastructure assets.



# Governance

## Board of Directors

**“** *The differing career backgrounds and experience of the Directors is designed to bring a complementary balance of skills, knowledge and wisdom to the management of the Company’s affairs.”*

**David Hurst-Brown**  
Chairman

### **David Hurst-Brown** CHAIRMAN OF THE BOARD



<b>Position</b>	Chairman
<b>Appointed</b>	6 August 2012
<b>Experience</b>	David was appointed as Chairman of the Board in August 2012, following the death of Lord Maples. Having graduated as a production engineer he worked for over 25 years in the investment banking industry. Prior to his retirement from UBS in 2002 he had worked for 15 years as an executive in the corporate finance division of UBS Warburg.
<b>Other positions</b>	Chairman of Hargreave Hale AIM VCT 2 Plc
<b>Beneficial Shareholding</b>	Ordinary Shares 52,500

## Mike Liston OBE

### DIRECTOR



<b>Position</b>	Director
<b>Appointed</b>	6 July 2010
<b>Experience</b>	<p>Mike has more than 20 years' experience in the electricity industry. As Chief Executive for 17 years of a LSE-listed utility, he was involved in several major power generation, transmission and distribution infrastructure projects. Mike was also Non-Executive Chairman of AIM listed KSK Emerging India Energy Fund which raised almost £100m to invest in India's power and energy sector. Mike is a Fellow of the Royal Academy of Engineering and Technology.</p>
<b>Beneficial Shareholding</b>	Nil

## Tim Dowlen

### DIRECTOR



<b>Position</b>	Director
<b>Appointed</b>	6 July 2010
<b>Experience</b>	<p>Tim was a divisional director for City-based Lloyd's brokering firm Tasker &amp; Partners, responsible for developing the firm's retail insurance activities. Tim has been a director of Insurance broking companies since 1973, was for many years the Senior Examiner in Liability Insurance to the Chartered Insurance Institute, and as a practising expert witness has given evidence in approximately 85 disputes. Tim has specialised in the venture capital sector since 1974, acting as insurance broker to a number of fund managers and other financial institutions.</p>
<b>Other positions</b>	Director of Woking Street Angels
<b>Beneficial Shareholding</b>	Ordinary Shares 21,000 C Shares 9,450

## Directors' Report

The Directors present their report and the audited accounts of the Company for the year ended 30 June 2017.

### ACTIVITIES AND STATUS

Foresight Solar & Infrastructure VCT plc invests mainly in unquoted companies that generate electricity from solar power systems and benefit from long-term government related price guarantees.

Foresight Solar & Infrastructure VCT plc is approved by HMRC as a venture capital trust (VCT) in accordance with Part 6 of the Income Tax Act 2007. It is intended that the business of the Company be carried on so as to maintain its VCT status.

### RESULTS AND DIVIDENDS

The total return profit attributable to equity shareholders for the year amounted to £3.1m (2016: loss of £1.8m). The Board paid two interim dividends of 3.0p per Ordinary Share and two interim dividends of 2.5p per C Share out on 18 November 2016 and 7 April 2017, respectively. No final dividends are proposed.

### NET ASSET VALUE TOTAL RETURN

During the year ended 30 June 2017 the Company's principal indicator of performance, net asset value total return (including dividends paid since launch), per Ordinary Share increased 1.0% from 123.7p per share at 30 June 2016 to 124.9p per share at 30 June 2017.

The net asset value total return (including dividends paid since launch) per C Share has increased 16.1% from 90.5p per share at 30 June 2016 to 105.1p per share at 30 June 2017.

The net asset value total return per D share has decreased 2.6% from 99.4p per share at 30 June 2016 to 96.8p per share at 30 June 2017.

### SHARE BUYBACKS

During the year the Company repurchased 10,966,024 Ordinary Shares for cancellation at a cost of £11.0m. No shares bought back by the company are held in treasury. Share buybacks have been completed at a discount of 1% to net asset value.

There were no C or D Share buybacks during the year.

### GLOBAL GREENHOUSE GAS EMISSIONS

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions sources under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013.

### PRINCIPAL RISKS, RISK MANAGEMENT AND REGULATORY ENVIRONMENT

A summary of the principal risks faced by the Company are set out in the Strategic Report on page 24 and 25.

### MANAGEMENT

Foresight Group is the Manager of the Company and provides investment management and other administrative services.

Annually, the Management Engagement & Remuneration Committee reviews the appropriateness of the Manager's appointment. In carrying out its review, the Management Engagement & Remuneration Committee considers the investment performance of the Company and the ability of the Investment Manager to produce satisfactory investment performance. It also considers the length of the notice period of the investment management contract and fees payable to the Investment Manager, together with the standard of other services provided which include

Company Secretarial services. It is the Directors' opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole. The last review was undertaken on 4 October 2017. Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the management agreement are set out in note 13 to the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group acts as Investment Manager to the Company in respect of its investments and earned fees of £0.8m (2016: £0.8m) during the year. Foresight Group is also a party to the performance incentive agreements described in Note 13 to the Financial Statements. Foresight Group earned £1.1m (2016: £2.3m) of performance incentive fees in the year. Foresight Fund Managers Limited earned £0.2m (2016: £0.2m) during the year in respect of secretarial, administrative and custodian services to the Company. Foresight Group also received from investee companies arrangement fees of £nil (2016: £49,000).

All amounts are stated, where applicable, net of Value Added Tax.

### VCT STATUS MONITORING

The Company has retained RW Blears LLP as legal and VCT status advisers on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status at meetings of the Board.

### SUBSTANTIAL SHAREHOLDINGS

So far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

## FINANCIAL INSTRUMENTS

Details of all financial instruments used by the Company during the year are given in note 15 to the accounts.

## DIRECTORS INDEMNIFICATION AND INSURANCE

The Directors have the benefit of indemnities under the articles of association of the Company against, to the extent only as permitted by law, liabilities they may incur acting in their capacity as Directors of the Company.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities that may rise in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

## POLICY OF PAYING CREDITORS

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 60 days (2016: 2 days).

## ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (AIFMD)

The AIFMD came into force on 22 July 2013 and sets out the rules for the authorisation and on-going regulation of managers (AIFMs) that manage alternative investment funds (AIFs) in the EU. The Company qualifies as an AIF and so will be required to comply, although additional cost and administration requirements are not expected to be material.

The Company's application was completed in June 2014 and approval was confirmed in August 2014. This did not affect the current arrangements with the Manager, who has continued to report to the Board and manage

the Company's investments on a discretionary basis. The Company is its own Alternative Investment Fund Manager.

## AUDIT INFORMATION

Pursuant to Section 418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

## SECTION 992 OF THE COMPANIES ACT

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

### Capital Structure

The Company's issued share capital as at 31 October 2017 was 27,243,938 Ordinary Shares, 12,509,247 C Shares and 5,636,181 D Shares.

The Ordinary Shares represent 60% of the total share capital, the C Shares represent 28% of the total share capital and the D Shares represent 12% of the total share capital. Further information on the share capital of the Company is detailed in note 11 of the notes to the financial statements.

### Voting Rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 74.

### Notifiable interests in the Company's voting rights

At the date of this report no notifiable interests had been declared in the Company's voting rights.

## AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint KPMG LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

## COMPANIES ACT 2006 DISCLOSURES

In accordance with Schedule 7 of the Large and Medium Size Companies and Groups (Accounts and Reports) Regulations 2008, as amended, the Directors disclose the following information:

- the Company's capital structure and voting rights are summarised above, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- the rules concerning the appointment and replacement of directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- the Company does not have any employee share scheme;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur following a takeover bid or for any other reason.

## CONFLICTS OF INTEREST

The Directors have declared any conflicts or potential conflicts of interest to the Board which

has the authority to approve such conflicts. The Company Secretary maintains the Register of Directors' Conflicts of Interest which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions concerning their own conflicts.

Foresight Group as investment manager, manages several funds that invest in solar projects. To ensure that projects are allocated equitably between funds, a third party review of allocation decisions is carried out by qualified risk managers.

## WHISTLEBLOWING

The Board has been informed that the Investment Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff of the Manager or Secretary of the Company may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. On the basis of that information, adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their respective organisations.

## GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22 to 26. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to

the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks.

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy backs and dividends. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## DIRECTORS REMUNERATION

Following changes to the Companies Act 2006, UK investment companies must comply with new regulations in relation to directors' remuneration. Directors' fees can only be paid in accordance with a remuneration policy which has been approved by shareholders. The Company must also publish a Directors' Remuneration Report which complies with a new set of disclosure requirements.

## ANNUAL GENERAL MEETING

A formal notice convening the Annual General Meeting on 7 December 2017 can be found on pages 72 to 73. Resolutions 1 to 6 will be proposed as ordinary resolutions meaning that for each

resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 and 8 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 7 to 8 will be in substitute for existing authorities and are explained below.

## RESOLUTION 6

Resolution 6 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to an aggregate nominal amount of £200,000 (representing approximately 44.0% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 7. This includes authority to issue shares pursuant to the performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority conferred by Resolution 6 will expire on the fifth anniversary of the passing of the resolution.

## RESOLUTION 7

Resolution 7 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to £10,000 by way of issue of C Shares pursuant to any dividend investment scheme operated from time to time by the Company (resolution only passed previously for C Shares and is therefore being renewed) (iii) with an aggregate

nominal value of up to 10% of the issued share capital of each class of share in the Company pursuant to the performance incentive arrangements with Foresight Group CI Limited and (iv) with an aggregate nominal value of up to 10% of the issued share capital in each class of share in the Company, in each case where the proceeds of such issue may in whole or in part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2018 and will be in substitution for all other existing authorities.

#### RESOLUTION 8

It is proposed by Resolution 8 that the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares. Under this authority the Directors may purchase up to 4,083,866 Ordinary Shares and 1,875,136 C Shares and 844,864 D Shares (representing approximately 14.99% of each share class at the date of this Annual Report). When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list on the five business days preceding the day on which shares are purchased or, if greater, the amount stipulated by Article 5(1) of the Buyback and Stabilisation Regulation 2003. This authority shall expire at the conclusion of the Annual General Meeting to be held in 2018.

Whilst, generally, the Company does not expect shareholders will want to sell their shares within five years of acquiring them because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may

need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in new shares issued by the Company. This means that an investor may be willing to pay more for new shares issued by the Company than he would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to renew the authority to buy-in shares for the benefit of new as well as existing shareholders. This authority when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the Market, enables one company to purchase shares from a shareholder and effectively to sell on those shares through the company to a new investor with the potential benefit of full VCT tax relief. In making purchases the company will deal only with member firms of the London Stock Exchange at a discount to the then prevailing net asset value per share of the company's shares to ensure that existing shareholders are not disadvantaged.

#### SEPARATE MEETINGS OF THE ORDINARY SHAREHOLDERS, C SHAREHOLDERS AND D SHAREHOLDERS

Formal notices convening separate meetings of Ordinary Shareholders, C Shareholders and D Shareholders also to be held on 7 December 2017, can be found on pages 76 to 81. The resolutions proposed at these meetings, if passed, will approve the passing of Resolutions 6 and 8 to be proposed at the Annual General Meeting and will sanction any modification of the rights attaching to Ordinary Shares, C Shares and D Shares resulting therefrom.

The resolutions to be proposed at the separate meetings of Ordinary Shareholders, C Shareholders and D Shareholders will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the relevant meeting must be in favour of the resolution.

By order of the Board

**Foresight Fund Managers Limited**

Secretary

31 October 2017

## Corporate Governance

The Directors of Foresight Solar & Infrastructure VCT plc confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ('UK Corporate Governance Code') issued by the Financial Reporting Council in September 2014, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 30 June 2017. The Annual General Meeting was convened on at least 24 days' notice but not 20 business days' notice as recommended in the UK Corporate Governance Code.

### THE BOARD

The Company at present has a Board comprising the Chairman and two other Non-Executive Directors. The Chairman and Tim Dowlen are considered to be independent. Mike Liston is considered non-independent by virtue of the fact that he is a Director of another Foresight Group managed fund.

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.23 of the UK Corporate Governance Code. Non-independent Directors and Directors who have been on

the Board for more than nine years are required to retire annually. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision B.4.1.

The Board has appointed a Company Secretary who also attends all Board meetings. A representative of the Company Secretary attends all formal Committee Meetings although the Directors may meet without the Investment Manager being present. Informal meetings with management are also held between Committee Meetings as required. The Company Secretary ensures full information is provided to the Board in advance of each Committee Meeting.

### MEETING ATTENDANCE DURING THE YEAR

	Board	Audit
Mike Liston	5/5	2/2
Tim Dowlen	5/5	2/2
David Hurst-Brown	5/5	2/2

One meeting for each of the nomination and remuneration committees took place during the year, which were attended by all three directors.

In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group and RW Blears LLP, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division

of responsibilities between a Chairman and a chief executive officer are, accordingly, not applicable to the Company.

### BOARD COMMITTEES

The Board has adopted formal terms of reference, which are available to view by writing to the Company Secretary at the registered office, for three standing committees which make recommendations to the Board in specific areas.

The Audit Committee comprises Mike Liston (Chairman), David Hurst-Brown and Tim Dowlen, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets, amongst other things, to consider the following:

- Monitor the integrity of the financial statements of the Company and approve the accounts;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditors;
- Review and monitor the external auditors' independence; and
- Implement and review the Company's policy on the engagement of the external auditors to supply non-audit services.

As a result of the tender process carried out in 2013, the Board appointed KPMG LLP as the company's auditor. In relation to taxation services, Cornel Partners Limited have been engaged by the Board.

The Directors have decided to propose the reappointment of KPMG LLP as auditor and a resolution concerning this will be proposed at the Annual General Meeting.

The Nomination Committee comprises David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen and intends to meet at least annually to consider the composition and balance of skills, knowledge and experience of the Board and to make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then every three years by rotation.

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

The Management Engagement & Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Management Engagement & Remuneration committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Management Engagement & Remuneration Committee also reviews the appointment and terms of engagement of the Investment Manager.

Copies of the terms of reference of each of the Company's committees can be obtained from the Investment Manager upon request.

### BOARD EVALUATION

The Board undertakes a formal annual evaluation of its own performance and that of its committees, as recommended by provision B.6 of the UK Corporate Governance Code. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees). The Chairman then discusses the results with the Board (and its committees) and following completion of this stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

### RELATIONS WITH SHAREHOLDERS

The Company communicates with shareholders and solicits their views where it considers it is appropriate to do so. Individual shareholders are welcomed to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board may from time to time seek feedback through shareholder questionnaires and an open invitation for shareholders to meet the Investment Manager. The Company is not aware of any institutions owning shares in the Company.

### INTERNAL CONTROL

The Directors of Foresight Solar & Infrastructure VCT plc have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

The Board's appointment of Foresight Group as accountant and administrator has delegated the financial administration to Foresight Group. It has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

RW Blears LLP provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight Group and the application of the venture capital trust legislation to any company in which the Company is proposing to invest.

Foresight Fund Managers Limited was appointed by the Board as Company Secretary with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of its appointment, Foresight Group invests the Company's assets in venture capital and other investments and in its capacity as administrator has physical custody of documents of title relating to equity investments.

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and

up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Investment Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, that has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight Fund Managers Limited and RW Blears LLP.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year and reported its conclusions to the Board which was satisfied with the outcome of the review.

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss. The Board monitors the investment

performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Investment Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

The Board has concluded that, given the appointment of Foresight Group as Company accountant and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but this policy will be kept under review.

## DIRECTORS' PROFESSIONAL DEVELOPMENT

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for the Directors as recommended by provision B.4.1. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors'

responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

#### **UK STEWARDSHIP CODE**

The Investment Manager has endorsed the UK Stewardship Code published by the FRC. This sets out the responsibilities of institutional investors in relation to the companies in which they invest and a copy of this can be found on the Investment Manager's website at [www.foresightgroup.eu](http://www.foresightgroup.eu).

#### **BRIBERY ACT 2010**

The Company is committed to carrying out business fairly, honestly and openly. The Investment Manager has established policies and procedures to prevent bribery within its organisation.

**David Hurst-Brown**

Director

31 October 2017

## Directors' Remuneration Report

### INTRODUCTION

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, KPMG LLP, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the Independent Auditor's Report on page 45 to 48.

### ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Board which is profiled on pages 28 and 29 consists solely of non-executive directors and considers at least annually the level of the Boards fees.

### CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Management Engagement and Remuneration Committee comprises all three Directors: David Hurst-Brown (Chairman), Mike Liston and Tim Dowlen.

The Management Engagement and Remuneration Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually.

The Management Engagement and Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry

standards and members have access to independent advice where they consider it appropriate. During the period neither the Board nor the Management Engagement and Remuneration Committee have been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

No Director is involved in deciding their own remuneration.

### REMUNERATION POLICY

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 30 June 2017 were agreed during the year.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' non-executive status, and Directors are not eligible for bonuses or other benefits.

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally or to a third party as requested by any Director.

It is the intention of the Board that the remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

### RETIREMENT BY ROTATION

All Directors are subject to retirement by rotation. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

AGM 2017	AGM 2018	AGM 2019
M Liston	—	—
—	T Dowlen	—
—	—	D Hurst-Brown

### DETAILS OF INDIVIDUAL EMOLUMENTS AND COMPENSATION

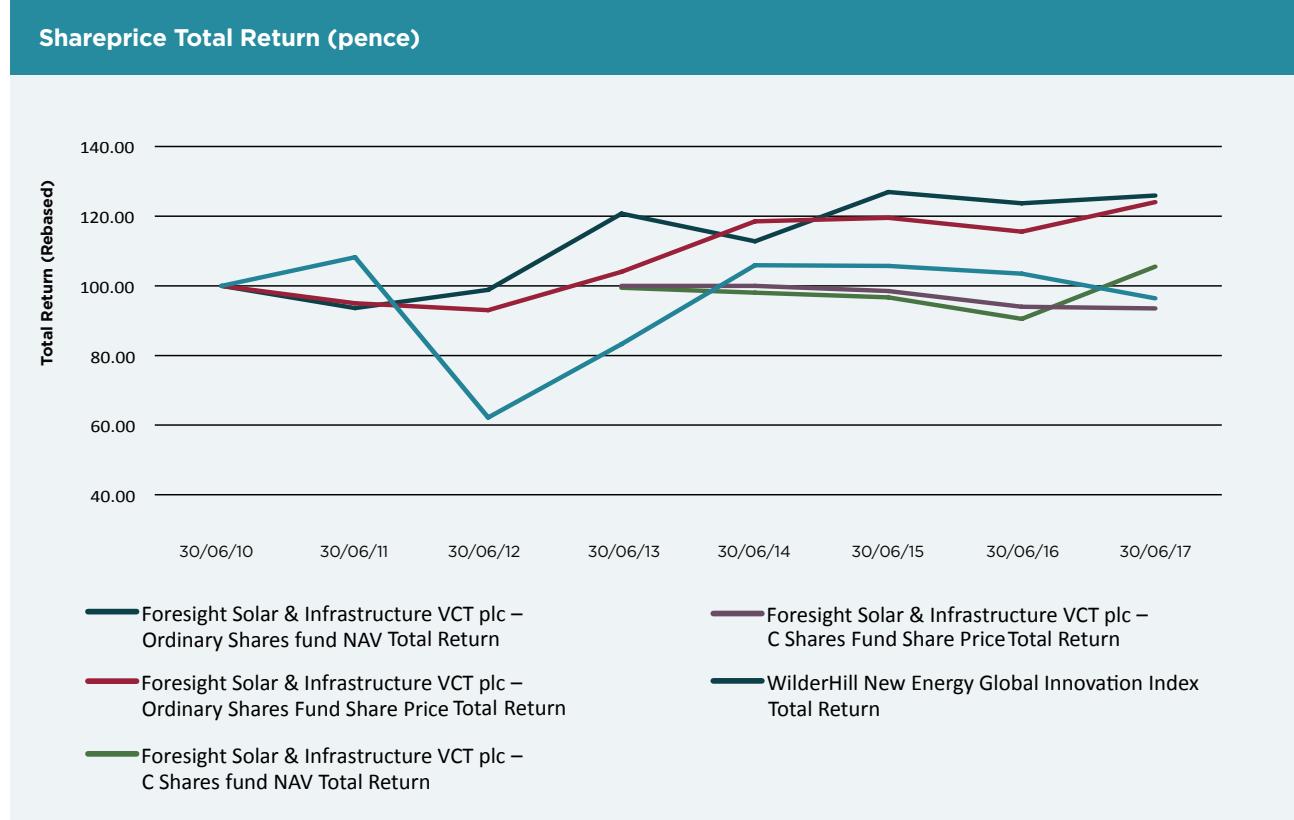
The emoluments in respect of qualifying services and compensation of each person who served as a Director during the year are as shown on page 40. No Director has waived or agreed to waive any emoluments from the Company in the current year.

No other remuneration was paid or payable by the Company during the year nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

Director liability insurance is held by the Company in respect of the Directors.

### TOTAL SHAREHOLDER RETURN

The graph on the following page charts the total shareholder return from launch to 30 June 2017, on the hypothetical value of £100 invested by a shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the WilderHill New Energy Global Innovation Index, which is considered by the Board an appropriate index against which to measure the Company's performance.



## DIRECTORS

The Directors who held office during the year and their interests in the issued Ordinary Shares, C Shares and D Shares of 1p each of the Company were as follows:

	30 June 2017 Ordinary Shares	30 June 2017 C Shares	30 June 2017 D Shares	30 June 2016 Ordinary Shares	30 June 2016 C Shares	30 June 2016 D Shares
David Hurst-Brown (Chairman)	52,500	—	—	52,500	—	—
Tim Dowlen	21,000	9,450	—	21,000	9,450	—
Mike Liston	—	—	—	—	—	—
<b>Total</b>	<b>73,500</b>	<b>9,450</b>	<b>—</b>	<b>73,500</b>	<b>9,450</b>	<b>—</b>

All the Directors' share interests shown above were held beneficially.

There have been no changes in the Directors' share interests between 30 June 2017 and the date of this report. In accordance with the Articles of Association and the requirements of the UK Corporate Governance Code, Mr Liston must retire through rotation and, being eligible, offer himself for re-election. Biographical notes on the Directors are given on pages 28 and 29. The Board believes that Mr Liston's skills, experience and knowledge continues to complement the other Directors and adds value to the Company and recommends his re-election to the Board. None of the directors has a contract of service with the Company.

# Governance

## AUDITED INFORMATION

The information below has been audited, with the exception of those fees forecast for the year to 30 June 2018. See the Independent Auditor's Report on pages 45 to 48.

	Anticipated Directors' fees year ending 30 June 2018 (£)	Audited Directors' fees year ended 30 June 2017 (£)	Audited Directors' fees year ended 30 June 2016 (£)
David Hurst-Brown	28,250	28,250	28,250
Mike Liston	22,500	22,500	22,500
Tim Dowlen	22,500	22,500	22,500
Total	73,250	73,250	73,250

The Directors are not eligible for pension benefits, share options or long-term incentive schemes.

Votes cast for and against the Directors' Remuneration Report for the year ended 30 June 2016

	Shares and Percentage of votes cast For	Shares and Percentage of votes cast Against
	96.6% 5,809,333 votes	3.4% 203,315 votes

In accordance with new Companies Act 2006 legislation the table below sets out the relative importance of spend on pay when compared to distributions to shareholders in the form of dividends and share buybacks.

	Year ended 30 June 2017	Year ended 30 June 2016
Dividends	£2,922,000	£2,923,000
Share buybacks	£10,986,000	£27,000
Total Shareholder distributions	£13,908,000	£2,950,000
Directors fees	£73,250	£73,250
Directors fees % of Shareholder distributions	0.5%	2.5%

## APPROVAL OF REPORT

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. In addition to this, Resolution 2, which is seeking shareholder approval for the Directors Remuneration Policy, will, if approved, take effect from the AGM and will be valid for a period of three years unless renewed, varied or revoked by the Company at a general meeting.

This Directors' Remuneration Report was approved by the Board on 31 October 2017 and is signed on its behalf by David Hurst-Brown (Chairman).

On behalf of the Board

**David Hurst-Brown**  
Chairman  
31 October 2017

## Audit Committee Report

The Audit Committee has identified and considered the following key areas of risk in relation to the business activities and financial statements of the company:

- Valuation and existence of unquoted investments; and
- Compliance with HM Revenue & Customs conditions for maintenance of approved Venture Capital Trust Status.

These issues were discussed with the Manager and the auditor at the conclusion of the audit of the financial statements, as explained below:

### VALUATION OF UNQUOTED INVESTMENTS

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. As a Venture Capital Trust the Company's investments are predominantly in unlisted securities, which can be difficult to value and requires the application of skill, knowledge and judgement by the Board and Audit Committee. During the valuation process the Board and Audit Committee and the Manager follow the valuation methodologies for unlisted investments as set out in the International Private Equity and Venture Capital Valuation guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in Note 1 of the accounts. These were then further reviewed by the Audit Committee. The Manager confirmed to the Audit Committee that the investment valuations had been calculated consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. Furthermore, the Manager held discussions

regarding the investment valuations with the auditor.

### VENTURE CAPITAL TRUST STATUS

Maintaining venture capital trust status and adhering to the tax rules of section 274 of ITA 2007 requires a certain element of judgement from management, but is critical to both the Company and its shareholders for them to retain their VCT tax benefits.

The Manager confirmed to the Audit Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been met throughout the year. The Manager obtains legal advice from RW Blears LLP and reviews the Company's qualifying status in advance of realisations being made and throughout the year. The Audit Committee is in regular contact with the Manager and any potential issues with Venture Capital Trust Status would be discussed at or between formal meetings. In addition, an external third party review of Venture Capital Trust Status is conducted by RW Blears LLP on a quarterly basis and this is reported to both the Board and Audit Committee and the Manager.

The Manager confirmed to the Audit Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Manager and RW Blears LLP, the Audit Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

### EVALUATION OF AUDITOR

The Audit Committee considers that KPMG LLP has carried out its duties as auditor in a diligent

and professional manner. During the year, the Audit Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The audit director is rotated every five years ensuring that objectivity and independence is not impaired. The current audit director has been in place for three years. KPMG LLP was appointed as auditor in 2013, with their first audit for the year ended 30 June 2014. No tender for the audit of the Company has been undertaken since this date. As part of its review of the continuing appointment of the auditors, the Audit Committee considers the need to put the audit out to tender, its fees and independence from the Manager along with any matters raised during each audit.

The Audit Committee considered the performance of the auditor during the year and agreed that KPMG LLP provided a high level of service and maintained a good knowledge of the venture capital trust market, making sure audit quality continued to be maintained.

### FRC LETTER

The Company has recently received a letter from the Financial Reporting Council which raises a question about the timing of recognition of the performance-related incentive fee in prior years. The company is composing a response to this enquiry. The discussions do not impact the 2017 income statement or balance sheet nor the net asset value at 30 June 2016.

### Mike Liston

Audit Committee Chairman  
31 October 2017

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (which is delegated to Foresight Group and incorporated into their website). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

**David Hurst-Brown**  
Chairman  
31 October 2017

# Unaudited Non-Statutory Analysis of the Share Classes

## Income Statement

FOR THE YEAR ENDED 30 JUNE 2017

	Ordinary Shares Fund			C Shares Fund			D Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	—	4,066	4,066	—	3,872	3,872	—	—	—
Realised losses on investments	—	(1,446)	(1,446)	—	(1,872)	(1,872)	—	—	—
Income	656	—	656	190	—	190	25	—	25
Investment management fees	(141)	(1,475)	(1,616)	(47)	(142)	(189)	(17)	(51)	(68)
Other expenses	(355)	—	(355)	(139)	—	(139)	(73)	—	(73)
Return/(loss) on ordinary activities before taxation	160	1,145	1,305	4	1,858	1,862	(65)	(51)	(116)
Taxation	(32)	32	—	(1)	1	—	—	—	—
Return/(loss) on ordinary activities after taxation	128	1,177	1,305	3	1,859	1,862	(65)	(51)	(116)
Return/(loss) per share:	0.3p	3.2p	3.5p	0.0p	14.9p	14.9p	(1.7)p	(1.4)p	(3.1)p

## Balance Sheet

AT 30 JUNE 2017

	Ordinary Shares Fund £'000	C Shares Fund £'000	D Shares Fund £'000
Fixed assets			
Investments held at fair value through profit or loss	40,505	11,627	1,620
Current assets			
Debtors	434	175	210
Money market securities and other deposits	9	—	—
Cash	460	2	5,232
	903	177	5,442
Creditors			
Amounts falling due within one year	(211)	(537)	(1,607)
Net current assets	692	(360)	3,835
Creditors			
Amounts falling due greater than one year	(15,000)	—	—
Net assets	26,197	11,267	5,455
Capital and reserves			
Called-up share capital	273	125	56
Share premium account	—	1,535	5,526
Capital redemption reserve	112	—	—
Profit and loss account	25,812	9,607	(127)
Equity shareholders' funds	26,197	11,267	5,455
Number of shares in issue	27,324,838	12,509,247	5,636,181
Net asset value per share	95.9p	90.1p	96.8p

At 30 June 2017 there was an inter-share debtor/creditor of £387,000 which has been eliminated on aggregation.

## Reconciliations of Movements in Shareholders' Funds

FOR THE YEAR ENDED 30 JUNE 2017

Ordinary Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	383	—	2	38,168	38,553
Expenses in relation to prior year share issues	—	—	—	(194)	(194)
Repurchase of shares	(110)	—	110	(10,986)	(10,986)
Expenses in relation to tender offer	—	—	—	(184)	(184)
Dividends	—	—	—	(2,297)	(2,297)
Return for the year	—	—	—	1,305	1,305
As at 30 June 2017	273	—	112	25,812	26,197

C Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	125	1,572	—	8,370	10,067
Expenses in relation to prior year share issues	—	(37)	—	—	(37)
Dividends	—	—	—	(625)	(625)
Return for the year	—	—	—	1,862	1,862
As at 30 June 2017	125	1,535	—	9,607	11,267

D Shares Fund	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	20	1,977	—	(11)	1,986
Share issues in the year	36	3,673	—	—	3,709
Expenses in relation to share issues	—	(124)	—	—	(124)
Loss for the year	—	—	—	(116)	(116)
As at 30 June 2017	56	5,526	—	(127)	5,455

## Independent Auditor's Report to the Members of Foresight Solar & Infrastructure VCT plc only

### OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

#### 1. Our opinion is unmodified

We have audited the financial statements of Foresight Solar & Infrastructure VCT Plc ("the Company") for the year ended 30 June 2017 which comprise the Income Statement, Reconciliation of Movements in Shareholders' Funds, Balance Sheet, Cash Flow Statement, and the related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 18 August 2014. The period of total uninterrupted engagement is the four years ended 30 June 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services

prohibited by that standard were provided.

policy) and pages 60 and 62 to 69 (financial disclosures).

Overview	
Materiality: financial statements as a whole	£0.6m (2016: £0.5m) 1% (2016: 1%) of Total Assets
Coverage	100% (2016: 100%) of total assets
Risks of material misstatement	vs 2016
Recurring risks	Valuation of Unquoted Investments (unchanged)

#### 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2016), in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

#### Valuation of Unquoted Investments:

£53.8 million (2016: £51.7 million)  
Refer to page 41 (Audit Committee Report), page 54 (accounting

**The risk:** Subjective valuation - 90% of the Company's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, discounted cash flow measurements, and net assets. There is a significant risk over the valuation of these investments.

**Our response:** Our procedures included:

- Control design: Documenting and assessing the design and implementation of the investment valuation processes and controls;
- Control observation: Attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations;
- Historical comparisons: Assessing the investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determining they are indicative whether of bias or error in the Company's approach to valuations;
- Methodology choice: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;
- Our valuations experience: Challenging the Investment

Manager on key judgements affecting investee company valuations, such as discount factors. We compared key underlying financial data inputs to external sources, investee company and audited accounts management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

- Comparing valuations: Where a recent transaction has been used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether it was considered to be on an arms-length basis and suitable as an input into a valuation; and
- Assessing transparency: Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonable possible alternative valuation assumptions.

**Our results:** We found the Company's valuation of unquoted investments to be acceptable.

### 3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set

at £0.6 million (2016: £0.5 million), determined using a benchmark of Total Assets, of which it represents 1% (2016: 1%).

We agreed to report reported to the Audit Committee any uncorrected identified misstatements exceeding £30,000 (2016: £27,000) in addition to other identified misstatements that warrant reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the offices of the Manager, Foresight Group in London.

#### 4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 32 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

#### 5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as

explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### **Strategic report and directors' report**

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Directors' remuneration report**

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

#### **Disclosures of principal risks and longer-term viability**

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 25) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these

- risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

#### **Corporate governance disclosures**

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been

prepared by the company. We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

#### **6. We have nothing to report on the other matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law

- are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

#### **7. Respective responsibilities**

##### **Directors' responsibilities**

As explained more fully in their statement set out on page 42, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error,

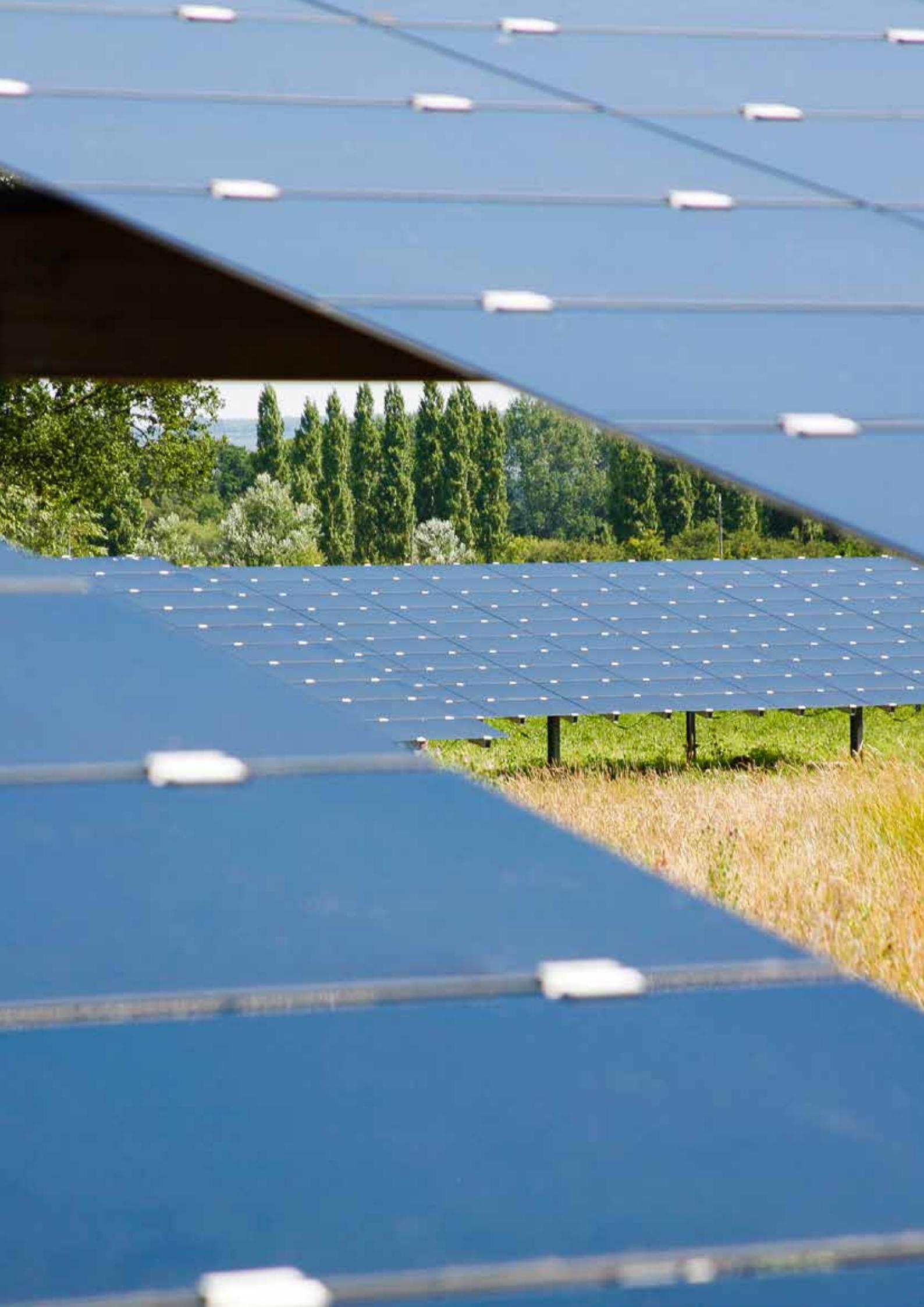
as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **8. The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Philip Merchant**  
**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP**  
Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
31 October 2017



# Financial Statements

## Income Statement

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year ended 30 June 2017			Year ended 30 June 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	8	—	7,938	7,938	—	803	803
Realised losses on investments	8	—	(3,318)	(3,318)	—	—	—
Income	2	871	—	871	973	—	973
Investment management fees	3	(205)	(1,668)	(1,873)	(202)	(2,876)	(3,078)
Other expenses	4	(567)	—	(567)	(484)	—	(484)
Return/(loss) on ordinary activities before taxation		99	2,952	3,051	287	(2,073)	(1,786)
Taxation	5	(33)	33	—	(66)	66	—
Return/(loss) on ordinary activities after taxation		66	2,985	3,051	221	(2,007)	(1,786)
Return/(loss) per share:							
Ordinary Share	7	0.3p	3.2p	3.5p	0.7p	(3.4)p	(2.7)p
C Share	7	0.0p	14.9p	14.9p	(0.3)p	(5.7)p	(6.0)p
D Share	7	(1.7)p	(1.4)p	(3.1)p	(0.3)p	(0.3)p	(0.6)p

The total column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 54 to 71 form part of these Financial Statements.

## Reconciliation of Movements in Shareholders' Funds

Year ended 30 June 2017	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016	528	3,549	2	46,527	50,606
Share issue in the year	36	3,673	—	—	3,709
Expenses in relation to share issues	—	(161)	—	(194)	(355)
Repurchase of shares	(110)	—	110	(10,986)	(10,986)
Expenses in relation to tender offer	—	—	—	(184)	(184)
Dividends	—	—	—	(2,922)	(2,922)
Return for the year	—	—	—	3,051	3,051
As at 30 June 2017	454	7,061	112	35,292*	42,919

Year ended 30 June 2016	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2015	508	1,609	2	51,469	53,588
Share issue in the year	20	2,015	—	—	2,035
Expenses in relation to prior year share issues	—	(75)	—	(206)	(281)
Repurchase of shares	—	—	—	(27)	(27)
Dividends	—	—	—	(2,923)	(2,923)
Loss for the year	—	—	—	(1,786)	(1,786)
As at 30 June 2016	528	3,549	2	46,527*	50,606

The notes on pages 54 to 71 form part of these Financial Statements

\*Of this amount £14,219,000 (2016: £33,390,000) is distributable.

# Financial Statements

## Balance Sheet

AT 30 JUNE 2017

Registered Number: 07289280

	Notes	As at 30 June 2017 £'000	As at 30 June 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	53,752	51,665
Current assets			
Debtors	9	432	1,040
Money market securities and other deposits		9	9
Cash		5,694	1,871
		6,135	2,920
Creditors			
Amounts falling due within one year	10	(1,968)	(3,979)
Net current assets/(liabilities)		4,167	(1,059)
Creditors			
Amounts falling due greater than one year	10	(15,000)	—
Net assets		42,919	50,606
Capital and reserves			
Called-up share capital	11	454	528
Share premium account		7,061	3,549
Capital redemption reserve		112	2
Profit and loss account		35,292	46,527
Equity shareholders' funds		42,919	50,606
Net asset value per share			
Ordinary Share	12	95.9p	100.7p
C Share	12	90.1p	80.5p
D Share	12	96.8p	99.4p

The accounts on pages 50 to 71 were approved by the Board of Directors and authorised for issue on 31 October 2017 and were signed on its behalf by:

**David Hurst-Brown**  
Chairman  
31 October 2017

The notes on pages 54 to 71 form part of these Financial Statements.

# Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2017

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Cash flow from operating activities		
Deposit and similar interest received	1	1
Investment management fees paid	(723)	(808)
Performance incentive fee paid	(3,323)	—
Secretarial fees paid	(150)	(170)
Other cash payments	(341)	(549)
Net cash outflow from operating activities	(4,536)	(1,526)
Returns on investing activities		
Purchase of investments	(32)	(1,361)
Net proceeds on sale of investments*	2,649	3,824
Investment income received	1,047	1,098
Net capital inflow from investing activities	3,664	3,561
Financing		
Proceeds of fund raising	4,058	1,642
Proceeds from borrowings on long term debt	15,000	—
Expenses of fund raising	(298)	(61)
Expenses in relation to tender offer**	(156)	—
Repurchase of own shares	(10,986)	(43)
Equity dividends paid	(2,923)	(2,923)
	4,695	(1,385)
Net inflow of cash in the year	3,823	650
Reconciliation of net cash flow to movement in net funds		
Increase in cash for the year	3,823	650
Net cash and cash equivalents at start of year	1,880	1,230
Net cash and cash equivalents at end of year	5,703	1,880

Analysis of changes in net cash	At 1 July 2016 £'000	Cash flow £'000	At 30 June 2017 £'000
Cash and cash equivalents***	1,880	3,823	5,703

\* £16,000 of these proceeds were transferred from investments to debtors and therefore are not included in the proceeds on sale on investments in note 8.

\*\* At the year end, £28,000 of expenses in relation to the tender offer remained unpaid.

\*\*\* Including money market securities and other deposits

The notes on pages 54 to 71 form part of these financial statements.

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, are set out below:

#### A) BASIS OF ACCOUNTING

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in November 2014 and updated in 2017.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

#### B) ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS – INVESTMENTS

All investments held by the Company are classified as "fair value through profit or loss". The Directors fair value investments in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

All unquoted investments are initially held at cost for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer appropriate, unquoted investments are stated at fair value in accordance with the following rules which are consistent with the IPEVCV guidelines. Expenses incurred directly in relation to the disposal of an asset will be capitalised, and thus added to the cost of the asset, as they are incurred.

The fair value of investments is determined by using discounted cash flow valuation techniques or expected sales proceeds. The Directors base the fair value of the investments on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with UK GAAP. This entails assumptions about Feed in Tariffs ("FiT") and Renewable Obligation Certificates ("ROCs"), Purchase Price Agreements ("PPA") and power price forecasts, annual irradiation performance and degradation ratios, operating, maintenance and lease costs, tax, discount rates and inflation or recent transactions.

Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the capital column of the Income Statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.

## 1 ACCOUNTING POLICIES (CONTINUED)

### C) INCOME

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as loan or deposit interest is included on an accruals basis. Redemption premiums are recognised on repayment of loans.

### D) EXPENSES

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to Foresight Group for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

### E) BASIC FINANCIAL INSTRUMENTS

During the period the Company held trade and other debtors, trade and other creditors, money-market funds and cash balances.

#### Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### Trade and other creditors

Trade and other creditors (including long term borrowings) are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash includes proceeds of fund raising which have not yet been allocated to investments, there is a corresponding creditor in relation to this.

Cash, for the purpose of the cash flow statement, comprises cash in hand and liquid resources. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at their carrying values. Liquid resources comprise money market funds.

### F) OTHER FINANCIAL INSTRUMENTS

Other financial instruments not meeting the definition of Basic Financial Instruments including investee companies are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss. Refer to Note 1B) for further detail.

### G) CURRENT TAXATION

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the Income Statement and a corresponding amount is charged against the revenue column. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

### H) DEFERRED TAXATION

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. A provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes.

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 1 ACCOUNTING POLICIES (CONTINUED)

#### I) CONSOLIDATION

Subsidiaries are entities controlled by the company, directly or indirectly. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company also has investments which may be regarded as associated undertakings in accordance with FRS102. As these investments are held as part of an investment portfolio they have not been consolidated in the accounts of the Group but have been accounted for at fair value with changes through the profit and loss account.

#### J) SIGNIFICANT ESTIMATES AND JUDGEMENTS

Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the financial statements. The area involving a higher degree of judgement and estimates is the valuation of unquoted investments as explained in Note 1B).

#### K) PERFORMANCE INCENTIVE PAYMENTS

Performance incentive payments relate predominantly to the capital performance of the portfolio and are therefore charged 100% to capital. The liability is recognised when it is likely to be payable and can be measured accurately.

The Company has recently received a letter from the Financial Reporting Council which raises a question about the timing of recognition of the performance-related incentive fee in prior years. The company is composing a response to this enquiry. The discussions do not impact the 2017 income statement or balance sheet nor the net asset value at 30 June 2016.

#### L) GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 22 to 26. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is able to manage its business risks.

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy backs and dividends.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## 2 INCOME

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loan stock interest	786	972
Dividends receivable	84	—
Bank interest	1	1
	871	973

## 3 INVESTMENT MANAGEMENT FEES

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Performance incentive fees charged to the capital account	1,053	2,270
Investment management fees charged to the capital account	615	606
Investment management fees charged to the revenue account	205	202
	1,873	3,078

Foresight Group provides investment management services to the Company under agreements dated 31 August 2010, 18 February 2013 and 7 March 2016. They receive management fees, paid quarterly in advance, of 1.5% of Ordinary Share net assets, 1.75% of C Share net assets and 1.75% of D share net assets per annum. If the annual expenses of the Company exceed 3.6% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary.

Foresight Group also provides administration services to the Company and received annual fees, paid quarterly in advance, for the services provided of £211,000 (2016: £170,000). The annual secretarial and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000) for each of the Ordinary, C Share and D Share funds.

Foresight Group are responsible for external costs such as legal and accounting fees incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retains the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests. From this, Foresight Group received from Investee companies arrangement fees of £nil (2016: £49,000) in the year.

A performance incentive fee was paid in the year. See note 13 for further information.

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 4 OTHER EXPENSES

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Administration services excluding VAT	211	170
Directors' remuneration including employer's National Insurance contributions	75	76
Auditor's remuneration excluding VAT		
– Fees payable to KPMG LLP, the Company's auditors for the audit of the financial statements*	35	43
Other	246	195
	<b>567</b>	<b>484</b>

\* £7,500 of the amount recognised in the year ended 30 June 2016 relates to the audit for the year ended 30 June 2015. The Company has no employees other than the Directors.

### 5 TAXATION

#### a) Analysis of charge in the year:

	Year ended 30 June 2017			Year ended 30 June 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	(33)	33	—	(66)	66	—
Total tax for the period	(33)	33	—	(66)	66	—

#### b) Factors affecting current tax charge for the year:

The tax assessed for the period is lower than (2016: higher than) the standard rate of corporation tax in the UK, for a venture capital trust of 19.75% weighted average rate being 20% up to 1 April 2017 and 19% for 1 April 2017 to 30 June 2017 (2016: 20%). The differences are explained below:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Net return/(loss) before taxation	3,051	(1,786)
Corporation tax at 19.75% weighted average rate being 20% up to 1 April 2017 and 19% for 1 April 2017 to 30 June 2017 (2016: 20%)	603	(357)
Effect of:		
Non taxable dividend income	(17)	—
Capital items not taxable	(913)	(160)
Unutilised losses carried forward	327	517
Total tax charge for the year	—	—

#### c) Deferred tax:

There is an unrecognised deferred tax asset of £855,000 (2016: £573,000). The deferred tax asset related to the prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 102, the asset has not been recognised.

## 5 TAXATION (CONTINUED)

### d) Effects of changes on future tax rates:

On 6 September 2016, a reduction to the UK corporation tax rate was substantively enacted, reducing the main rate to 17% from 1 April 2020.

## 6 DIVIDENDS

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Ordinary Shares		
Dividends - paid in the year	2,297	2,298
C Shares		
Dividends - paid in the year	625	625
D Shares		
Dividends - paid in the year	—	—

The Board is not recommending a final dividend on the Ordinary Shares Fund for the year ended 30 June 2017. In line with original expectations, interim dividends of 3.0p per Ordinary Share were paid on 18 November 2016 and 7 April 2017.

The Board is not recommending a final dividend on the C Shares Fund for the year ended 30 June 2017. In line with original expectations, interim dividends of 2.5p per Ordinary Share were paid on 18 November 2016 and 7 April 2017.

The Board is not recommending a final dividend in the D shares fund for the year ended 30 June 2017.

Set out above are the total dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of The Income Tax Act 2007 are considered.

In accordance with s529 of the Income Tax Act 2007, a venture Capital Trust may not retain more than 15% of its qualifying income in any accounting period. The payment of the interim dividend satisfied this requirement.

## 7 RETURN PER SHARE

	Year ended 30 June 2017			Year ended 30 June 2016		
	Ordinary Shares £'000	C Shares £'000	D Shares £'000	Ordinary Shares £'000	C Shares £'000	D Shares £'000
Total return/(loss) after taxation	1,305	1,862	(116)	(1,027)	(748)	(11)
Total return/(loss) per share (note a)	3.5p	14.9p	(3.1)p	(2.7)p	(6.0)p	(0.6)p
Revenue return/(loss) from ordinary activities after taxation	128	3	(65)	265	(38)	(6)
Revenue return/(loss) per share (note b)	0.3p	0.0p	(1.7)p	0.7p	(0.3)p	(0.3)p
Capital return/(loss) from ordinary activities after taxation	1,177	1,859	(51)	(1,292)	(710)	(5)
Capital return/(loss) per share (note c)	3.2p	14.9p	(1.4)p	(3.4)p	(5.7)p	(0.3)p
Weighted average number of shares in issue during the year	37,041,226	12,509,247	3,761,042	38,302,982	12,509,247	1,765,163

Notes:

- Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.
- Revenue return per share is revenue return after taxation divided by the weighted average number of shares in issue during the year.
- Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the year.

# Financial Statements

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 8 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

		2017 £'000	2016 £'000
Unquoted investments		53,752	51,665
		53,752	51,665

	Ordinary Shares Fund £'000	C Shares Fund £'000	D Shares Fund £'000	Company £'000
Book cost as at 1 July 2016	26,425	10,485	1,620	38,530
Investment holding gains/(losses)	13,696	(561)	—	13,135
Valuation at 1 July 2016	40,121	9,924	1,620	51,665
Movements in the year:				
Purchases at cost*	100	—	—	100
Disposal proceeds	(2,336)	(297)	—	(2,633)
Realised losses	(1,446)	(1,872)	—	(3,318)
Investment holding gains	4,066	3,872	—	7,938
Valuation at 30 June 2017	40,505	11,627	1,620	53,752
Book cost at 30 June 2017	22,743	8,316	1,620	32,679
Closing investment holding gains	17,762	3,311	—	21,073
Valuation at 30 June 2017	40,505	11,627	1,620	53,752

\*Purchases at cost represents legal costs incurred in relation to the disposal of the FiT assets and refinancing of Turweston assets. These costs will reduce the net realised gains on disposal of the assets.

### 9 DEBTORS

	2017 £'000	2016 £'000
Prepayments	9	9
Other debtors	423	1,031
	432	1,040

### 10 CREDITORS:

Amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	215	6
Performance-related incentive fee accrued	—	2,270
Accruals	192	79
Cash held on behalf of Shaftesbury Solar I Limited	1,561	1,620
Other creditors	—	4
	1,968	3,979

## 10 CREDITORS: CONTINUED

Amounts falling due greater than one year

	2017 £'000	2016 £'000
Long term borrowing	15,000	—

This balance relates to a loan of £15,000,000 (2016: nil) from Adriou Limited. The maturity date of this loan is 30 September 2019, interest payments are to be made on a quarterly basis. The principal is repayable on the maturity date. Interest is calculated as the aggregate of LIBOR plus 1.75%.

## 11 CALLED-UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
27,324,838 Ordinary Shares of 1p each (2016: 38,290,862)	273	383
12,509,247 C Shares of 1p each (2016: 12,509,247)	125	125
5,636,181 D Shares of 1p each (2016: 1,997,691)	56	20
	454	528

The Ordinary Shares fund repurchased 10,966,024 shares for cancellation at a cost of £10,986,000 during the year.

The D Shares fund issued 3,638,490 shares during the year based on net asset values ranging from 98.9p to 100.0p per share.

Details of voting rights are disclosed in the Notice of Annual General Meeting on page 74 onwards. A summary of the Investment Policy can be found in the Strategic Report on page 22.

	Ordinary Shares No.	C Shares No.	D Shares No.
At 1 July 2016	38,290,862	12,509,247	1,997,691
Allotment of shares	—	—	3,638,490
Repurchase of shares for cancellation	(10,966,024)	—	—
At 30 June 2017	27,324,838	12,509,247	5,636,181

## 12 NET ASSET VALUE PER SHARE

Net asset value per Ordinary Share is based on net assets at the year end of £26,197,000 (2016: £38,553,000) and on 27,324,838 Ordinary Shares (2016: 38,290,862), being the number of Ordinary Shares in issue at that date.

Net asset value per C Share is based on net assets at the year end of £11,267,000 (2016: £10,067,000) and on 12,509,247 C Shares (2016: 12,509,247), being the number of C Shares in issue at that date.

Net asset value per D Share is based on net assets at the year end of £5,455,000 (2016: £1,986,000) and on 5,636,181 D Shares (2016: 1,997,691), being the number of D Shares in issue at that date.

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 13 PERFORMANCE INCENTIVE PAYMENTS

#### ORDINARY SHARES

After distributions of 100.0p per Ordinary Share issued under the Offer and remaining in issue at the date of calculation have been paid to Ordinary shareholders of the Company, Foresight Group is entitled to a performance incentive at the rate of 20% of distributions in excess of 100.0p per Ordinary Share until total distributions reach 130.0p per share and 30% above that level. At a general meeting on 4 May 2017, Shareholders approved an amendment to the performance incentive agreement enabling it to be paid on all Shares tendered or eligible to be tendered under the tender offer in line with the original intention of the performance fee arrangements.

As part of discussions on this matter, the Board negotiated to replace the existing hurdle with a new growth hurdle before any further performance incentive payments are due. Following Shareholder approval, the Total Return threshold of 130p per Ordinary Share will no longer be a fixed target but will increase by a simple 5% per annum going forward: 136.5p for the Company's financial year ending 30 June 2018, 143.3p for the year ending 30 June 2019 and so on.

The performance incentive fee of £3,323,327 was paid on 17 May 2017. This was based on an Ordinary Share Fund NAV Total Return of 138.9p.

If the current Ordinary Share Fund NAV of 95.9p were paid to Shareholders, this coupled with the 29.0p already distributed would result in £nil of performance related incentive fees becoming payable to Foresight Group.

#### C SHARES

After distributions of 100.0p per C Share issued under the Offer and remaining in issue at the date of calculation have been paid to C shareholders by the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p per C Share until total distributions reach 120.0p per share and 30% above that level.

The performance incentive may be satisfied in cash or by the issue of new shares to Foresight Group, at the discretion of Foresight Group.

If the current C Share Fund NAV of 90.1p were paid to shareholders, this coupled with the 15.0p already distributed would result in £127,594 of performance-related incentive fees becoming payable to Foresight Group. This has not been accrued as it is not currently considered that the amount will be paid.

#### D SHARES

After distributions of 100.0p per D Share issued under the offer and remaining in issue at the date of calculation have been paid to D shareholders by the Company, Foresight Group will become entitled to a performance incentive which will be calculated at the rate of 20% of distributions in excess of 100.0p per D Share until total distributions reach 115.0p per share and 30% above that level.

The performance incentive may be satisfied in cash or by the issue of new shares to Foresight Group, at the discretion of Foresight Group.

If the current D Share Fund NAV of 96.8p were paid to shareholders, this would result in £nil of performance-related incentive fees becoming payable to Foresight Group.

### 14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no capital commitments or contingent liabilities at 30 June 2017 (2016: £nil).

### 15 FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments comprise:

- Unquoted investments and qualifying loan stock held in the investment portfolio as well as cash and investments in money market funds that are held in accordance with the Company's investment objective as set out in the Directors' Report.

## 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

- Cash, liquid resources, short-term debtors, creditors and derivatives that arise directly from the Company's operations.
- Ordinary, C and D class Shares issued to shareholders.

### Classification of financial instruments

The Company held the following categories of financial instruments all of which are included in the Balance Sheet at fair value, at 30 June 2017:

Company	2017 £'000	2016 £'000
Assets held at fair value through profit and loss		
Investments held at fair value	53,752	51,665
	53,752	51,665

The investment portfolio will have a high concentration of risk towards unquoted UK-based Solar investments (as well as a smaller exposure to unquoted US Solar investments and Euro cash held in holding companies), the majority is sterling denominated equity and loan stock holdings.

The main risks arising from the Company's financial instruments are credit risk, valuation risk, regulatory risk, interest risk, foreign exchange risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks.

Detailed below is a summary of the financial risks to which the Company is exposed, and the policies agreed by the Board for management of these risks.

### Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are investment grade funds, and so credit risk is considered to be low. The Company currently invests its cash holdings and loan stock (indirectly) with Barclays. Its money market holdings are with HSBC, Goldman Sachs (previously RBS), Blackrock and Insight Investments. The Manager receives full year accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 30 June 2017 was £22,381,000 (30 June 2016: £21,395,000) based on loan stock, cash, money market funds and other receivables (amounts due on investments). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible.

An analysis of the Company's assets exposed to credit risk is provided in the table below:

Company	2017 £'000	2016 £'000
Credit risk		
Loan stocks	16,255	18,481
Current asset investments (money market funds)	9	9
Other debtors	423	1,031
Cash	5,694	1,871
Total	22,381	21,395

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

#### Valuation risk

The Company primarily invests in private equity via unquoted equity and loan securities. The Group's investment portfolio is recognised in the Balance Sheet at fair value, in accordance with IPEVC Valuation Guidelines.

Cost is initially considered to be the best measurement of fair value for an appropriate period, after which fair value is determined by using discounted cashflow valuation techniques. Valuation risk is the risk that there will be changes in the inputs and assumptions into the discounted cashflow model. This is discussed in more detail below.

#### Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to one year from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

#### Foreign currency risk

Foreign currency risk arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The majority of the Company's assets are in the United Kingdom and denominated in sterling, and therefore the directors do not consider foreign currency risk to be material. As at 30 June 2017, the company had an American asset denominated in United States Dollar (USD) and other assets denominated in Euro (EUR). Therefore, the Company is exposed to foreign currency risk in respect of those assets. The applicable exchange rates as at 30 June 2017 were £:€ 0.8785 and £:\$ 0.769 (2016: £:€ 0.827 and £:\$ 0.746).

An analysis of the Company's assets exposed to foreign currency risk is provided in the table below:

Foreign exchange risk	2017 £'000	2016 £'000
Investments	5,845	6,958
<b>Total</b>	<b>5,845</b>	<b>6,958</b>

If the Euro was to strengthen/weaken 10% against the pound, the value of the Euro denominated assets would increase/decrease by £472,000. If the US Dollar was to strengthen/weaken 10% against the pound the value of the US Dollar denominated assets would increase/decrease by £112,000.

## 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

### Interest rate risk

The fair value of the Company's loan stock and cash investments may be affected by interest rate movements. This is not considered to be a significant risk as the loan stock interest rates are all fixed. The maximum exposure to interest rate risk for the Company was £21,958,000 at 30 June 2017 (30 June 2016: £20,361,000). During the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.25% at 30 June 2017 (0.5% at 30 June 2016).

	Total fixed portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	30 June 2017 £'000	30 June 2016 £'000	30 June 2017 %	30 June 2016 %	30 June 2017 Days	30 June 2016 Days
Company						
Short term fixed interest securities — exposed to cash flow interest rate risk	9	9	0.3	0.3	—	—
Loan stock — exposed to fixed interest rate risk	16,255	18,481	5.1	5.0	101	343
Cash	5,694	1,871	0.25	0.5	—	—
<b>Total exposed to interest rate risk</b>	<b>21,958</b>	<b>20,361</b>				

	Total portfolio	
	30 June 2017 £'000	30 June 2016 £'000
<b>Maturity analysis:</b>		
- in one year or less	19,706	17,339
- in more than one year but less than two years	1,539	—
- in more than two years but less than three years	227	2,207
- in more than three years but less than four years	486	329
- in more than four years but less than five years	—	486
<b>Total</b>	<b>21,958</b>	<b>20,361</b>

# Financial Statements

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

#### Fair value hierarchy

In accordance with amendments to FRS 102, the following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2017				
Unquoted investments	—	—	53,752	53,752
Financial assets	—	—	53,752	53,752

Company	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 June 2016				
Unquoted investments	—	—	51,665	51,665
Financial assets	—	—	51,665	51,665

Year ended 30 June 2017	Company Level 3 £'000
Valuation at 1 July 2016	51,665
Purchases at cost	100
Disposal proceeds	(2,633)
Realised losses	(3,318)
Investment holding gains	7,938
Valuation carried forward at 30 June 2017	53,752

#### Transfers

During the period there were no transfers between levels 1, 2 or 3.

#### Sensitivity analysis of changes in key inputs and assumptions which may significantly change valuations

For each class of fair valued instruments, if changing one or more of the inputs or reasonably possible alternative assumptions would change the fair value significantly, accounting standards require the Company to state the fact and disclose the effect of those changes.

## 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

The Company's investments are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be prudent. The Board reviews, at least quarterly, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

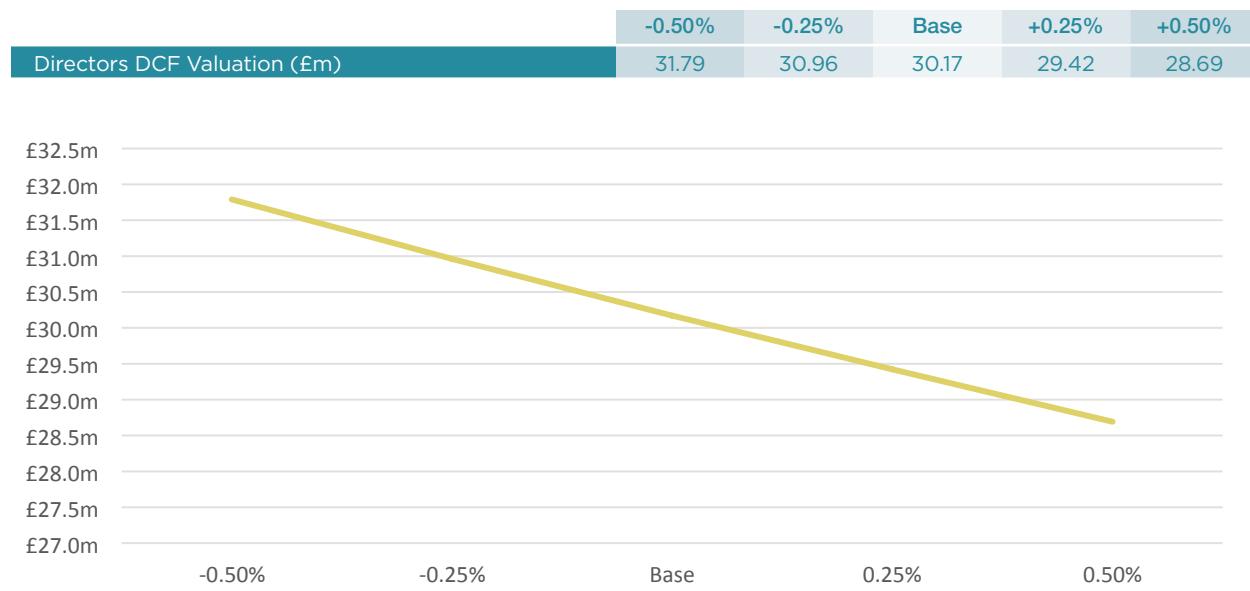
The significant assumptions used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2017 are set out below and on pages 68 and 69. Please note, this sensitivity analysis only refers to the impact of changes in key inputs and assumptions on the valuation of the UK Solar investments held at fair value only which constitute 86% of the portfolio. An investment in a US solar investment held at fair value constitutes 2% of the portfolio and is subject to changes in key inputs and assumptions but is not included in the sensitivity analysis. Cash in holding companies which has not been (re)invested in solar or infrastructure investments as at 30 June 2017 constitutes 12% of the portfolio and is not subject to changes in key inputs and assumptions. A 10% increase/decrease in valuation of the total portfolio would result in a valuation movement of £540,000.

The discounted cash flow valuations of the solar assets form the majority of the NAV calculation.

Only changes in those key inputs and assumptions to the discounted cash flow models which would have a significant impact on valuation are discussed in more detail below. The valuation of investments may also be impacted by changes in other inputs to the discounted cash flow models, but these have not been discussed further as they would not have a significant impact on the valuation. The assumption sensitivities are illustrative. The actual change in these assumptions could be more or less than the amount shown.

### Discount Rate Sensitivities

The range of discount rates used is 6.5% - 8.25%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.50% is considered reasonable given the current risk profile of the fund.



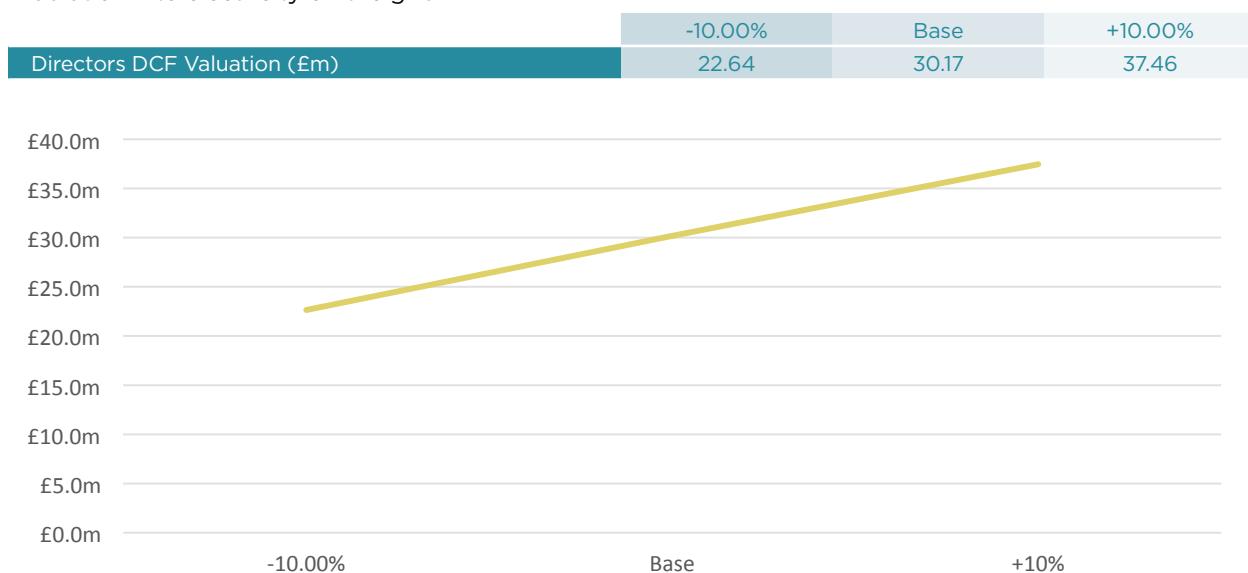
## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

#### Energy Yield Sensitivities

Energy Yield is the amount of electricity that is produced and is calculated based on irradiation multiplied by the asset performance ratio and the degradation of the asset. Irradiation is the amount of solar energy per metre squared of plant, and the asset performance ratio refers to how efficiently a plant converts irradiation into electricity on the grid.



#### Power Price Sensitivities

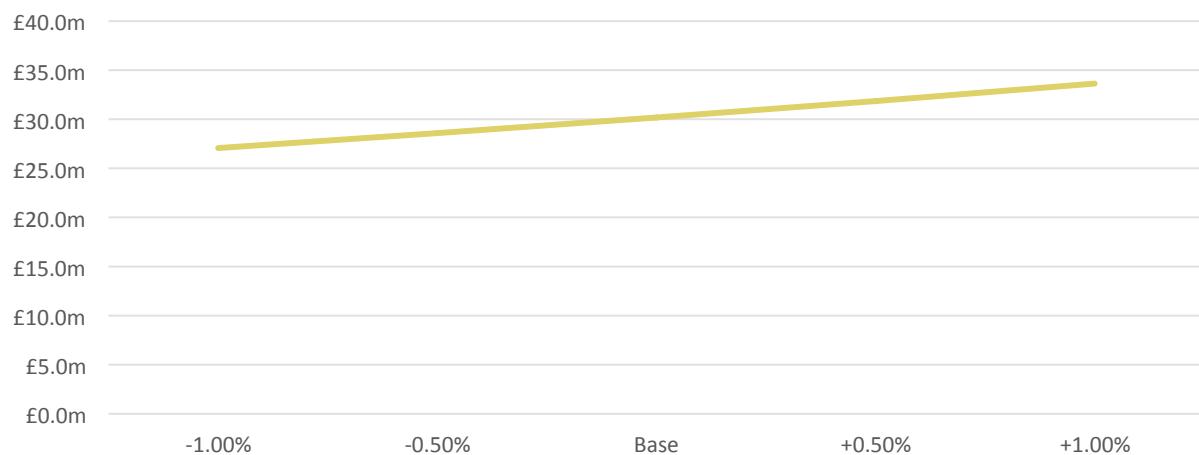
The discounted cash flow models assume that power prices are consistent with the Power Price Agreements ("PPA") currently in place. At the PPA end date the model reverts to market price. The base case power pricing is based on the current forecast real price reference curve provided by external market experts.



## 15 FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

### Inflation Sensitivities

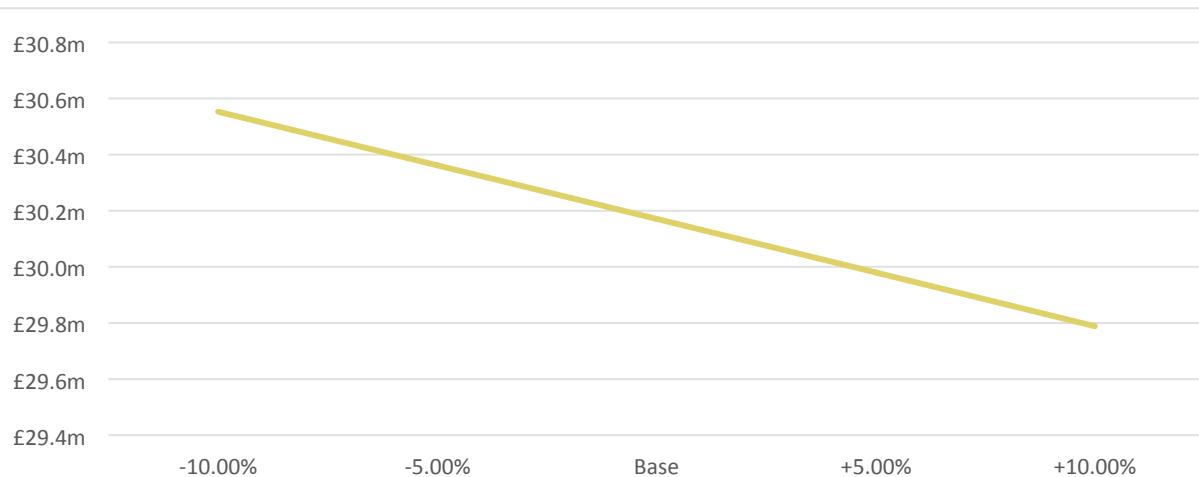
	-1.00%	-0.50%	Base	+0.50%	+1.00%
Directors DCF Valuation (£m)	27.07	28.58	30.17	31.85	33.63



### Operating Cost Sensitivities (Investment Level)

Operating costs refers to the cost of running the plants.

	-10.00%	-5.00%	Base	+5.00%	+10.00%
Directors DCF Valuation (£m)	30.55	30.36	30.17	29.98	29.79



# Financial Statements

## Notes to the Accounts

FOR THE YEAR ENDED 30 JUNE 2017

### 16 INVESTMENTS IN UNCONSOLIDATED ENTITIES

Details of the undertakings which the unconsolidated subsidiaries or related undertakings held as at 30 June 2017 are listed below:

Name	Address	Principal Activity	Direct/indirect holding	Class and percentage of shares held
Altair Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Canopus Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Capella Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Hadar Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Rigel Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Vega Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	A Ordinary 100%, B Ordinary 100%
Scorpii Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	Cs Ordinary 100%, B Ordinary 100%
Solektra Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	B Ordinary 100%
Avior Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Skibo Solar III Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Shaftesbury Solar I Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Youtan Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Sious Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Adriou Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Investment in solar projects	Direct	A Ordinary 100%
Greenersite Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Direct	Ordinary 100%
Marchington Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
New Kaine Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%
Saron Solar Limited	The Shard, 32 London Bridge Street, London, SE1 9SG	Production of electricity	Indirect	Ordinary 100%

## 17 MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurate with the level of risk.

Since the Company is a VCT, at least 70% of the capital of the Company (as measured under the tax legislation) must be invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

### Financial liabilities and borrowing facilities

The Company had no committed borrowing facilities, liabilities or guarantees at 30 June 2017 or 30 June 2016, other than those shown on the balance sheet.

### Fair value

The fair value of the Company's financial assets and liabilities at 30 June 2017 and 30 June 2016 are not different from their carrying values.

## 18 TRANSACTIONS WITH THE MANAGER

Details of arrangements with Foresight Group LLP, Foresight Fund Managers Limited and Foresight Group CI Limited are given in the Directors' Report and Notes 3 and 13.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £820,000 in the year (2016: £808,000). It also earned performance incentive fees of £1,053,000 (2016: £2,270,000). £3,323,000 (2016: nil) of performance incentive payments were made to Foresight Group in the year.

Foresight Fund Managers Limited provides administration services to the Company, and received fees of £211,000 during the year (2016: £170,000). The annual administration and accounting fee (which is payable together with any applicable VAT) is 0.3% of the net funds raised by the offer (subject to a minimum index-linked fee of £60,000 for each of the Ordinary, C Share and D Share funds).

At the balance sheet date there was £104,000 due to Foresight Group (2016: £3,000 due from Foresight Group) and £61,000 (2016: £nil) due to Foresight Fund Managers Limited.

Foresight Group is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with industry practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests. From this, Foresight Group received from investee companies arrangement fees of £nil in the year (2016: £49,000).

## 19 SUBSEQUENT EVENTS

On 3 August 2017, a portfolio company acquired UK solar assets at a cost of £4,920,252. On 29 September 2017, a portfolio company acquired UK solar assets at a cost of £3,428,480. These assets have a combined capacity of 19MW.

# Notice of Annual General Meeting

7 DECEMBER 2017

Notice is hereby given that the Annual General Meeting of Foresight Solar & Infrastructure VCT plc ("the Company") will be held on 7 December 2017 at 12.30 pm at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

**Resolution 1** To receive the Report and Accounts for the year ended 30 June 2017.

**Resolution 2** To approve the Directors' Remuneration Policy.

**Resolution 3** To approve the Directors' Remuneration Report.

**Resolution 4** To re-elect Michael Liston as a director.

**Resolution 5** To re-appoint KPMG LLP as auditor and to authorise the directors to fix the auditor's remuneration.

**Resolution 6** That, in substitution for all existing authorities, the directors be and they are authorised to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £200,000 (representing approximately 44% of the current issued share capital) provided that the authority and power conferred by this Resolution 6 will expire on the fifth anniversary of the passing of this resolution.

**Resolution 7** That, in substitution for all existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) pursuant to the authority conferred by Resolution 6 as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i)** the allotment of equity securities with an aggregate nominal value of up to £100,000 by way of issue of ordinary shares of 1p each ("Ordinary Shares") and/or £100,000 by way of issue of C ordinary shares of 1p each ("C Shares") and/or £100,000 by way of issue of D Ordinary Shares of 1p each ("D Shares"), in each case pursuant to offer(s) for subscription;
- (ii)** the allotment of equity securities with an aggregate nominal value of up to £10,000 by way of issue of C Shares pursuant to any dividend investment scheme operated by the Company from time to time;
- (iii)** the allotment of equity securities with an aggregate nominal value of up to 10% of the issued share capital of the Company by way of an issue of Ordinary Shares and/or C Shares and/or D Shares pursuant to the performance incentive arrangements with Foresight Group CI Limited; and
- (iv)** the allotment of equity securities with an aggregate nominal value of an amount up to or equal to 10% of the issued Ordinary Share capital of the Company and/or 10% of the issued C Share capital of the Company and/or 10% of the issued D Share capital of the Company from time to time,

in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2018.

**Resolution 8** That, in substitution for all existing authorities the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 4,083,866 Ordinary Shares, 1,875,136 C Shares and 844,864 D Shares or, if lower such number of shares rounded down to the nearest whole share as shall equal 14.99% of the Company's; Ordinary Shares and C Shares in issue at the date of passing this resolution;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2018 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

By order of the Board

**Foresight Fund Managers  
Limited**

Company Secretary

31 October 2017

The Shard  
32 London Bridge  
Street  
London  
SE1 9SG

# Notice of Annual General Meeting continued

## NOTES:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as 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), members must be registered in the Register of Members of the Company at 6.00 pm on 5 December 2017 (or, in the event of any adjournment, 6.00 pm on the date which is two (excluding non-business days) days before the time 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 you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You 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 may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at the publication of this notice, the Company's issued share capital was 27,243,938 Ordinary Shares, 12,509,247 C Shares and 5,636,181 D Shares carrying one vote each. Therefore, the total voting rights in the Company as at the date of this notice is 45,389,366.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, 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.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. If you wish to attend the Annual General Meeting in person, please bring the proxy form with you to the meeting.
10. The Register of Directors' Interests will be available for inspection at the meeting.
11. Information regarding the meeting, including the information required by Section 311A of the Companies Act 2006, is available from [www.foresightgroup.eu](http://www.foresightgroup.eu).

12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
13. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), in each case, so as to be received no later than 48 hours (excluding non working days) before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your 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.
14. Under Section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (Sections 527 to 531), where requested by a member or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.
16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):  
Telephone number: 020 3667 8100

You may not use any electronic address provided either:

- i) in this notice of Annual General Meeting; or
- ii) any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

# Notice of Separate Meeting of Ordinary Shareholders

Notice is hereby given that a separate meeting of the holders of ordinary shares of 1p each in the capital of Foresight Solar & Infrastructure VCT plc ("the Company") will be held on 7 December 2017 at 12.40 pm (or as soon thereafter as the annual general meeting of the Company convened for 12.30 pm on that day has been concluded or adjourned) at the offices of Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

- a) the passing and carrying into effect of resolutions 6 and 8 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.30 pm on 7 December 2017 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such Ordinary Shares.

By order of the Board

The Shard  
32 London Bridge  
Street  
London  
SE1 9SG

**Foresight Fund Managers Limited**  
Company Secretary  
31 October 2017

## NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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 you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You 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 may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy – Separate Meeting of Ordinary Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), in each case, so as to be received not later than 1.10pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.00 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently 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. To vote electronically, you will be asked to provide your 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.
5. As at 31 October 2017 (being the last business day prior to the publication of this notice), the issued share capital of the Ordinary Shares fund was 27,243,938 shares, carrying one vote each. Therefore, the total voting rights in the Ordinary Shares fund as at 31 October 2017 was 27,243,938 Ordinary Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, 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.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of Ordinary Shares present in person or by proxy holding not less than one-third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 8 December 2017 at 9.00 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of Ordinary Shares present in person or by proxy shall be a quorum regardless of the number of Ordinary Shares held.

# Notice of Separate Meeting of C Shareholders

Notice is hereby given that a separate meeting of the holders of C shares of 1p each in the capital of Foresight Solar & Infrastructure VCT plc ("the Company") will be held on 7 December 2017 at 12.45 pm (or as soon thereafter as the separate meeting of the holders of ordinary shares of 1p each in the capital of the Company convened for 11.15 am on that day has been concluded or adjourned) at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the C shares of 1p each in the capital of the Company ("C Shares") hereby sanction, approve and consent to:

- a) the passing and carrying into effect of resolutions 6 and 8 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.30 pm on 7 December 2017 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the C Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such C Shares.

By order of the Board

The Shard  
32 London Bridge  
Street  
London  
SE1 9SG

**Foresight Fund Managers Limited**  
Company Secretary  
31 October 2017

## NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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 you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You 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 may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy – Separate Meeting of C Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), in each case, so as to be received not later than 1.15pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.05 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently 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 a poll. To vote electronically, you will be asked to provide your 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.
5. As at 31 October 2017 (being the last business day prior to the publication of this notice), the issued share capital of the C Shares fund was 12,509,247 shares, carrying one vote each. Therefore, the total voting rights in the C Shares fund as at 31 October 2017 was 12,509,247 C Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, 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.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of C Shares present in person or by proxy holding not less than one-third of the paid up C Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 8 December 2017 at 9.05 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of C Shares present in person or by proxy shall be a quorum regardless of the number of C Shares held.

# Notice of Separate Meeting of D Shareholders

Notice is hereby given that a separate meeting of the holders of D shares of 1p each in the capital of Foresight Solar & Infrastructure VCT plc ("the Company") will be held on 7 December 2017 at 12.50 pm (or as soon thereafter as the separate meeting of the holders of C shares of 1p each in the capital of the Company convened for 1.15 pm on that day has been concluded or adjourned) at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, SE1 9SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

The holders of the D Shares of 1p each in the capital of the Company ("D Shares") hereby sanction, approve and consent to:

- a) the passing and carrying into effect of resolutions 6 and 8 (as ordinary and special resolutions of the Company, as applicable) set out in the notice of annual general meeting of the Company convened for 12.30 pm on 7 December 2017 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- b) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the D Shares which will, or may, result from the passing and carrying into effect of the said resolutions and notwithstanding that the passing and carrying into effect of such resolutions may affect the rights and privileges attached to such D Shares.

By order of the Board

The Shard  
32 London Bridge  
Street  
London  
SE1 9SG

**Foresight Fund Managers Limited**  
Company Secretary  
31 October 2017

## NOTES:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days (excluding non-working days) before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. 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 you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You 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 may be obtained by contacting Computershare Investor Services PLC on 0370 707 4017. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
4. A reply paid form of proxy for your use is enclosed (Form of Proxy – Separate Meeting of D Shareholders). To be valid it should be completed, signed and sent, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), in each case, so as to be received not later than 1.15pm on the day which is two days (excluding non-working days) before the date of the meeting or 9.05 am on the day which is two days (excluding non-working days) before the date of the adjourned meeting or (in the case of a poll taken subsequently 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 a poll. To vote electronically, you will be asked to provide your 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.
5. As at 31 October 2017 (being the last business day prior to the publication of this notice), the issued share capital of the D Shares fund was 5,636,181 shares, carrying one vote each. Therefore, the total voting rights in the D Shares fund as at 31 October 2017 was 5,636,181 D Shares.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, 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.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. Notice is hereby further given that the necessary quorum for the above meeting shall be holders of D Shares present in person or by proxy holding not less than one-third of the paid up D Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 8 December 2017 at 9.10 am at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG or as soon thereafter as may be arranged and at such adjourned meeting the holders of D Shares present in person or by proxy shall be a quorum regardless of the number of D Shares held.

# Glossary of Terms

**CfD** Contract for Difference

**FiT** Feed-in Tariff

## **NET ASSET VALUE (NAV)**

The Net Asset Value (NAV) is the amount by which total assets exceed total liabilities, i.e. the difference between what the Company owns and what it owes. It is equal to shareholders' equity, sometimes referred to as shareholders' funds.

## **NAV TOTAL RETURN**

The sum of the published NAV per share plus all dividends paid per share (for the relevant share class) over the lifetime of the Company.

## **ONGOING CHARGES**

The sum of expenditure incurred in the ordinary course of business expressed as a percentage of the Net Asset Value at the reporting date.

**ROC** Renewable Obligation Certificates

## **QUALIFYING COMPANY OR QUALIFYING INVESTMENT**

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying certain conditions. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15m immediately before and £16m immediately after the investment, apply the money raised for the purposes of a qualifying trade within a certain time period and not be controlled by another company. In any twelve month period the company can receive no more than £5m from VCT funds and Enterprise Investment Schemes, and any other European State-aided risk capital source. The company must have fewer than 250 full time (or equivalent) employees at the time of making the investment. VCT funds raised after 5 April 2012 cannot be used by a Qualifying Company to fund the purchase of shares in another company.



# Beware of share fraud

**Fraudsters use persuasive and high-pressure tactics to lure investors into scams.**

**They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.**

**While high profits are promised, if you buy or sell shares in this way you will probably lose your money.**

## How to avoid share fraud

- 1** Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2** Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3** Check the Financial Services Register from [www.fca.org.uk](http://www.fca.org.uk) to see if the person and firm contacting you is authorised by the FCA.
- 4** Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5** Use the firm's contact details listed on the Register if you want to call it back.
- 6** Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7** Search the list of unauthorised firms to avoid at [www.fca.org.uk/scams](http://www.fca.org.uk/scams).
- 8** Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.

- 9** Think about getting independent financial and professional advice before you hand over any money.
- 10** **Remember:** if it sounds too good to be true, it probably is!

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**5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000**

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## Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at [www.fca.org.uk/scams](http://www.fca.org.uk/scams), where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

# Corporate Information

## REGISTERED NUMBER

07289280

## DIRECTORS

David Hurst-Brown (Chairman)  
Mike Liston  
Tim Dowlen

## COMPANY SECRETARY

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

## INVESTMENT MANAGER & ADMINISTRATION PROVIDERS

Foresight Group CI Limited  
PO Box 156  
Dorey Court  
St Peter Port  
Guernsey  
GY1 4EU

## AUDITOR

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## TAX ADVISERS

Cornel Partners Limited  
Cornel House  
117 Alexandra Park Road  
London  
N10 2DP

## SOLICITORS AND VCT STATUS ADVISERS

RW Blears LLP  
29 Lincoln's Inn Fields  
London  
WC2A 3EG

## REGISTRAR

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

### Important information:

Important information: the Company currently conducts its affairs so that the shares issued by Foresight Solar & Infrastructure VCT plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in a VCT.



**Foresight**  
g r o u p

**Foresight Solar &  
Infrastructure VCT plc**

The Shard  
32 London Bridge Street  
London  
SE1 9SG

[www.foresightgroup.eu](http://www.foresightgroup.eu)

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