

## **FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC**

### **D SHARE ISSUE**

**Targeting income from energy and infrastructure projects**

### **VCT Share Offer**

Sponsored by BDO LLP

## **SECURITIES NOTE**

**27 MARCH 2017**

## IMPORTANT NOTICE

This document constitutes a securities note (the “Securities Note”) dated 27 March 2017 issued by Foresight Solar & Infrastructure VCT plc (the “Company”), prepared in accordance with the prospectus rules made under Section 84 of the Financial Services and Markets Act 2000 (“FSMA”) and has been approved by the Financial Conduct Authority (“FCA”) in accordance with FSMA. Additional information relating to the Company is contained in a registration document (the “Registration Document”) issued by the Company of even date herewith. A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the D ordinary shares of 1p each in the capital of the Company (the “D Shares”) which are being offered for subscription (the “D Share Offer”) is contained in a summary issued by the Company of even date herewith (the “Summary”). The Summary, Securities Note and the Registration Document together comprise a prospectus (the “Prospectus”) which has been filed with the FCA in accordance with the Prospectus Rules and you are advised to read the Prospectus in full.

The Company and the Directors (whose names are set out on page 34) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the UK Listing Authority for the D Shares offered for subscription pursuant to this Prospectus to be admitted to the Official List of the UK Listing Authority. Application will also be made to the London Stock Exchange for such D Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the D Shares will commence three Business Days following allotment.

### **Offer for Subscription to raise in aggregate up to £1,000,000 by issues of D Shares of 1p each by the Company.**

In connection with the Offer, BDO LLP (“BDO”) is acting as sponsor for the Company and for no-one else and will not be responsible (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) to anyone other than the Company for providing the protections afforded to customers of BDO nor for providing advice in relation to the Offer. BDO is authorised and regulated in the United Kingdom by the FCA.

In connection with the Offer, Foresight Group LLP (the “Promoter”) and Foresight Group CI Limited (“Foresight”), the promoter of the Offer and investment manager of the Company respectively, are acting for the Company and no-one else and will not be responsible (subject to the responsibilities and liabilities imposed by FSMA or the regulatory regime established thereunder) to anyone other than the Company for providing the protections afforded to customers of Foresight or the Promoter nor for providing advice in relation to the Offer. Foresight Group LLP is authorised and regulated in the United Kingdom by the FCA and Foresight Group CI Limited is licensed by the Guernsey Financial Services Commission.

Copies of this document, the Registration Document and the Summary are available (and any supplementary prospectus published by the Company will be available) free of charge from the offices of Foresight at The Shard, 32 London Bridge Street, London SE1 9SG; from the Foresight website at [www.foresightgroup.eu](http://www.foresightgroup.eu) and from the offices of BDO at Two Snowhill, Birmingham B4 6GA, as will Application Forms to participate in the Offer.

Completed Application Forms must be posted or delivered by hand to the Receiving Agent, The City Partnership (UK) Limited, Thistle House, 21-23 Thistle Street, Edinburgh, EH2 1DF. The Offer opens on 27 March 2017 and will close on 3 April 2017 or earlier or later at the absolute discretion of the Directors. The Directors may in their absolute discretion decide to extend or increase the Offer (such increase being subject to the issue of a supplementary prospectus).

### **YOUR ATTENTION IS DRAWN TO THE RISK FACTORS ON PAGES 4 - 5**

# CONTENTS

<b>Risk factors</b>	<b>4</b>
<b>Expected timetable, statistics and costs</b>	<b>6</b>
<b>Letter from the Chairman of Foresight Solar &amp; Infrastructure VCT plc</b>	<b>8</b>
<b>Key features</b>	<b>9</b>
 <b>Part 1: The Offer</b>	 <b>11</b>
i Introduction to the Offer	11
ii D Shares	11
iii Costs of the Offer	11
iv Pricing Formula	12
v Tax benefits for investors	13
vi Use of proceeds	13
vii Investment policy	13
viii Co-investment policy	14
ix Valuation Policy	15
x Share buyback policy	15
xi Dividend policy (D Shares)	15
xii Investment Manager and Promoter	15
<b>Directors</b>	<b>17</b>
<b>Investment Team</b>	<b>17</b>
<b>Fees and expenses</b>	<b>19</b>
i Annual fees and expenses	19
ii. Performance incentive	19
<b>Client Categorisation</b>	<b>19</b>
<b>Other information</b>	<b>21</b>
i Use of proceeds	21
ii The offer for subscription	21
iii Minimum and maximum investment	21
iv Claiming income tax relief	21
v Launch costs	21
vi Category of potential investors	22
vii Investor communications	22
viii Reporting dates	22
ix Working capital	22
x Net assets	22
xi Capitalisation and indebtedness	22
 <b>Part 2: Taxation considerations for investors</b>	 <b>24</b>
 <b>Part 3: Conditions to be met by Venture Capital Trusts</b>	 <b>26</b>
 <b>Part 4: Definitions</b>	 <b>28</b>
 <b>Part 5: Applications for Foresight Solar &amp; Infrastructure VCT D Shares</b>	 <b>31</b>
<b>Terms and conditions of application</b>	<b>33</b>
<b>Lodging of application forms and dealing arrangements</b>	<b>33</b>
 <b>Corporate information</b>	 <b>34</b>

## RISK FACTORS

Although the tax benefits available to investors in D Shares are significant, there are a number of risks which investors should consider carefully in addition to the other information presented in the Prospectus as a whole. The risks related to the Company, as opposed specifically to the D Shares, are set out in the Registration Document.

If any of the risks described below were to occur, it could have a material effect on the Company's business, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or investors in the D Shares will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's business, financial condition and results of operations. The value of D Shares could decline due to any of these risk factors, and investors could lose part or all of their investment. Investors who are in doubt should consult their independent financial adviser. The attention of prospective investors is drawn to the following risks.

- The value of the D Shares and the income from them can fluctuate and investors may not get back the amount they invested. In addition, there is no certainty that the market price of the D Shares will fully reflect their underlying net asset value or that D Shareholders will be able to realise their shareholding or that dividends will be paid. Investment in the Company should be seen as a long-term investment.
- The past performance of other funds managed by Foresight is not necessarily an indication of the future performance of the D Share fund.
- The net asset value of the D Shares and the return received by investors will be dependent on the values and performance of the underlying investments in the D Share fund portfolio. The value of the investments and income derived from them can rise and fall.
- The Investee Companies will be small, unquoted companies. Realisation of investments in unquoted companies can be difficult and may take considerable time. Proper information for determining their value or the risks to which they are exposed may also not be available. Investment in such companies by its nature is illiquid and uncertain and consequently involves a higher degree of risk than a portfolio of quoted shares.
- The UK government has announced an intention to prohibit VCTs from making qualifying investments into companies which carry on the business of energy generation where these investments are made on or after 6 April 2016. Such a prohibition would restrict the Company from making qualifying investments into solar generation companies after this date as envisaged by the Company's investment policy so to the extent funds raised by the Offer are not invested by that date, the Company's potential uses of those funds may be restricted.
- Recent changes to the VCT Rules restrict the investments which can be made by VCTs and the use of the invested funds by investee companies. To be a qualifying VCT holding, investee companies must employ monies received from VCT for the purposes of promoting growth and development. As the Company's potential new investments are restricted under the new VCT rules to those companies which grow and develop their own business, the risk profile of these companies will be higher than those which purchase operating or installed assets or pre-existing trades. Investee Companies will typically take construction and/or roll out risk.
- The prohibition on employing VCT money on the purchase of shares was also extended to include business acquisitions structured as purchases of a trade or goodwill. This will result in increased focus on earlier stage projects with higher development risk profiles. A breach of the 'no business acquisition' prohibition can result in loss of VCT status with attendant adverse tax consequences for Shareholders including the claw back of VCT income tax relief already received.
- There is also a lifetime limit on the amount of risk-financed investment a single company can receive of £12 million. These changes will restrict the pipeline of potential investee companies available to the Company, the structure of those investments and the ability to make follow on investments in certain portfolio companies. The Company is likely to face greater competition for a smaller number of available investments going forward as a result of these legislative changes.
- The new VCT regulations contain ambiguities on which HMRC have yet to publish guidance and there can be no guarantee that investments can be made in accordance with the investment policy which will fully comply with these new rules. In the event of a material change in the interpretation of these regulations, the Company may need to seek Shareholders' approval for further changes to its investment policy or to return capital to investors. Whilst either outcome is considered unlikely, on the basis of advance assurances already obtained from HMRC, if it were necessary to change the investment policy or return capital this may result in a reduction in hoped-for investment returns to Shareholders.
- Investee Companies will be exposed to third party credit risk in several instances, including without limitation, to

energy suppliers, equipment manufacturers, Meter Asset Providers (MAPs), Meter Operators (MOPs) and Power Purchase Agreement (PPA) counterparties. In the event that such credit risk crystallises, whether due to insolvency or otherwise, the Investee Companies will seek to transfer services to another provider which may incur additional financial costs and delays potentially having an adverse impact on the investment returns. The performance of the D Share Fund is dependent on Foresight's ability to identify suitable suppliers to assist in the procurement, installation and maintenance of infrastructure assets. The income from each Investee Company will depend on the revenues generated by that Investee Company which will include contracted and uncontracted revenue streams. It is possible that uncontracted revenues may be below forecast or in the worst case, not available in the future due to regulatory change or otherwise which may have an adverse impact on the investment returns.

- Investee Companies are expected to benefit from warranties given by manufacturers of equipment however these will be subject to limitation periods and certain exclusions. In addition, manufacturers may be unable to meet their warranty obligations in respect of components, in whole or in part, due to production, economic or financial difficulties or other reasons. Such circumstances could cause the Investee Companies to experience increased costs that could have an adverse impact on returns. Foresight will seek to mitigate this risk by seeking to invest in companies that use market leading suppliers where this risk is considered to be lower.
- The level of returns from investments may be less than expected if there is delay in the investment programme, such that all or part of the net proceeds of the Offer are held in cash or near cash investments for longer than expected, or if the returns obtained on investments are less than planned, or if investments cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives.
- Although it is anticipated that the D Shares will be admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange's main market for listed securities, it is likely that there will not be a liquid market as there is a limited secondary market for VCT shares, due in part to the holding period required to maintain up-front income tax reliefs, and investors may find it difficult to realise their investments.
- If the Company lacks sufficient cash reserves to support the Zero Discount Buyback Policy whilst this is in operation and during Prohibited Periods when the Company is unable to purchase its own shares the market price of the D Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value. Such a discount may be exacerbated by the availability of income tax relief on the issue of new VCT shares.
- Whilst it is the Company's intention to pay regular dividends this cannot be guaranteed and there can be no certainty as to the amount or timing of Distributions. If any of the Company's investments fail to yield the returns expected, there could be a shortfall or delay in Distributions. In addition, if there is a change in VCT legislation or the interpretation of existing VCT legislation, such that the payment of Distributions would have an adverse effect on the Company's VCT status, then such Distributions may not be made.
- Interest income received by the Company and attributable to the D Shares can only be sheltered from corporation tax to the extent that the total interest income received by the Company does not exceed total revenue expenditure available for offset in the calculation of its tax liabilities. If total interest income exceeds total revenue expenditure the Company will be liable to pay corporation tax.
- The information, including tax rules, contained in this document is based on existing legislation. The tax rules or their interpretation in relation to an investment in the Company and/or the rates of tax, or other statutory provisions to which the Company is subject, may change during the life of the Company and such changes could be retrospective.
- If an investor who subscribes for D Shares disposes of those D Shares within five years, the investor is likely to be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained on subscription.
- Where more than one of the Foresight Funds wishes to participate in an investment opportunity, allocations will generally be made in proportion to the net cash raised for each such fund, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment where the incumbent investor will have priority. Implementation of this policy will be subject to the availability of monies to make the investment and other portfolio considerations such as portfolio diversity and the requirement to achieve or maintain a minimum of 70% of the Company's portfolio in Qualifying Companies. This may mean that the D Share Fund may receive a greater or lesser allocation than would otherwise be the case under the normal co-investment policy.
- The Finance Act 2014 amends the VCT rules in respect of VCT shares issued on or after 6 April 2014, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks.

## EXPECTED TIMETABLE, STATISTICS AND COSTS

### Indicative Offer timetable

Offer opens	27 March 2017
Closing Date, tax year 2016/17,	3 April 2017
Allotments	Monthly
Effective date for the listing allowing allotment of the Offer Shares and commencement of dealings	Three Business Days following allotment
Share certificates to be dispatched	Within ten Business Days of allotment

The Directors reserve the right to extend the closing date of the Offer (such that any extension is no more than 12 months from the date of the Prospectus) or increase the size of the Offer (such increase being subject to the issue of a supplementary prospectus) at their discretion. The Offer will close earlier than the date stated above if it is fully subscribed or otherwise at the Directors' discretion.

### Offer statistics

Initial NAV per D Share	98.9p
Maximum number of D Shares in issue following the Offer*	5,686,000
Estimated net proceeds of the Offer, after issue costs, at full subscription**	£945,000

\* unless increased at the Directors' discretion, this number is approximate due to the operation of the Pricing Formula

\*\* (based on an aggregate amount subscribed for D Shares of £1,000,000 less approximate expenses of the Offer of 5.5%, assuming subscriptions are exclusively made by direct investors, Execution-Only Investors and Professional Client Investors).

LOYALTY BONUS: In addition, existing investors in Foresight-managed VCTs will enjoy a loyalty bonus through a 0.5% reduced subscription price through the application of the Pricing Formula on page 12.

### Costs and commissions relating to the Offer

#### ***Retail Client Investors (advised)***

Promoter's Fee***	up to 2.5%
<i>Initial Adviser Charge</i>	Variable

Such charges as are agreed between each investor and his/her financial adviser expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted. The payment of these charges can be facilitated by the Company via the Application Form.

<i>Ongoing Adviser Charges</i>	N/A
Ongoing adviser charges will not be facilitated by the Company	

***Professional Client Investors (advised) and Execution-Only Investors***

Promoter's Fee***	up to 2.5%
-------------------	------------

Initial commission to Intermediaries expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted.	3%
---	----

Annual commission to intermediaries (subject to a maximum cumulative payment of 3%) expressed as a percentage of the Net Asset Value per D Share but <b>not</b> included in the Pricing Formula (payable by the Company)	0.5%
--	------

***Direct Investors***

Promoter's Fee***	up to 5.5%
-------------------	------------

\*\*\*The Promoter's Fee may be reduced at the sole discretion of the Promoter.

## LETTER FROM THE CHAIRMAN OF FORESIGHT SOLAR & INFRASTRUCTURE VCT PLC

27 March 2017

Dear Investor

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. The launch of the “D” Share Fund closed on 31 January 2017, however the Company is aware that a number of investors have expressed an interest to invest in the D Share Fund in the 2016/17 tax year.

The previous “D” Share Fund Offer, which closed on 31 January 2017, raised £4.65 million of which £1.13 million has been invested to date.

During the first three years, the investment policy will allow investment into quoted yielding infrastructure companies in order to optimise returns whilst unquoted qualifying opportunities are being identified. Together with income generated by the unquoted investments, the Board is targeting a three pence dividend payment in year 2 escalating to five pence per annum from year 3 onwards. It is also the Board’s intention to offer liquidity to investors between the fifth and sixth anniversary of the closing date of the “D” share Offer, targeting a total return (including dividends paid) of between £1.10 and £1.15 at that time on each £1.00 invested. In addition, Foresight will use its contacts and experience in infrastructure investing to consider wider infrastructure opportunities which offer a combination of stable and predictable cashflows, low correlation to economic, business and market cycles and relatively low default rates.

Venture Capital Trusts are one of a very small number of tax-efficient investment schemes officially sanctioned by HM Revenue and Customs. Subject to your personal circumstances, you should be able to reclaim 30% of your initial investment for the new D Shares against your tax bill and any dividends you receive on these shares and capital gains when you dispose of them will be free of tax, subject to holding them for five years. The benefits of VCT investment are available on subscriptions of up to £200,000 per individual in any one tax year. Further details of the tax benefits are described on pages 24 to 25.

If you would like to invest, please read the Prospectus in full and then complete the application form, which is available on request from Foresight. If you have any questions regarding this investment, please contact your financial adviser or call Foresight on 020 3667 8199. Please note that neither the Company nor Foresight is able to give investment advice. Please also read the risk factors set out on pages 4 to 5 of this document.

I hope that this Offer will appeal to a wide range of investors, including existing Shareholders in the Company and investors who are coming to VCTs for the first time.

I look forward to welcoming you as a Shareholder.

Yours sincerely

**David Hurst-Brown**

Chairman

Foresight Solar & Infrastructure VCT plc



## **KEY FEATURES**

### **INTRODUCTION**

Since Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc) was launched in 2010, raising in excess of £38 million from private investors, its investment strategy - to invest in ground based solar power plants supported by the Government's then Feed-in Tariff subsidy scheme – has delivered a steady stream of increasing dividends to investors.

The subsequent "C" Shares offer in 2013 which raised an additional £13 million targeting investments in solar power plants supported by the Government's Renewable Obligation Scheme has also produced a steady dividend stream.

Foresight has experience in broader infrastructure projects including international solar power generation in both the US, and southern Europe, providing energy efficiency solutions for industrial and leisure companies at more than 45 locations across the UK, creating an innovative financing solution supporting the roll out of smart data equipment building a portfolio of more than 42,000 smart meters and investing in reserve power generation facilities in the UK. Foresight Solar & Infrastructure VCT "D" Share offer is well placed to take advantage of that expertise to continue the theme of income with the potential for capital growth.

### **INVESTMENT OPPORTUNITY**

The "D" Share offer provides investors with the opportunity to invest in a portfolio of projects that support the evolution of infrastructure markets with the benefits of tax reliefs under the VCT scheme.

The typical characteristics of the investments within the portfolio will include:

- Long-term contracts with Governmental or blue-chip counterparties
- Protection from competition, because of natural monopolies
- Predictable or fixed income streams over 10-30 year contract durations
- Barriers to entry because of high capital costs

The Board believes that infrastructure type investments will provide investors with a more predictable return profile than that of a typical generalist VCT.

### **NON-QUALIFYING ASSETS**

The Board intends to invest a significant proportion of the non-qualifying assets, and funds awaiting final qualifying investment, of the D Share class into quoted yielding infrastructure companies such as the Foresight Solar Fund Limited and other such companies. These companies are typically yielding 5-6.5% per annum and share the same kind of investment mandate as the D Share class. This will enable the D Share Fund to generate returns whilst unquoted qualifying opportunities are being identified. The Board sees this as an attractive feature of the D Share class. Whilst maintaining a consistent investment policy with both the qualifying and non-qualifying assets the Company will be able to reduce the cash drag that can afflict other VCTs as a result of low interest rates and depressed returns in other fixed income asset classes.

It should be noted, however, that due to changes in VCT rules, solar electricity generation will be considered a qualifying asset class only until 5 April 2016. Therefore, whilst the Company initially intends to invest the majority of capital raised by the Offer into non-qualifying companies that should benefit from the reduced cash drag associated with investments in quoted yielding infrastructure companies, approximately 25% of funds raised by the D Share Offer has been invested into a qualifying, unquoted solar company which may be subject to the effects of cash drag.

### **RETURN PROFILE – TARGETING A 5P TAX FREE DIVIDEND**

The Company will seek to pay a dividend of 3p in year 2, escalating to 5p per annum from year 3 onwards with the payment of the first interim dividend targeted for Q4 2017. The tax benefits of VCTs mean this dividend will be paid tax free, irrespective of the investor's marginal rate of income tax. The gross equivalent level of income of 5p annual dividend per annum for a 40% tax payer is 8.33%. Due to the more predictable (than a typical VCT) nature of the underlying investments the Board is confident that this level of annual dividend will be sustainable and the intention is that the Company will support this level of dividend for the long term whilst maintaining capital value.

## LIQUIDITY – AN EVERGREEN VCT WITH A LIMITED LIFE OPTION

The D Share class is an 'evergreen' share class – i.e. it does not have a fixed life. As detailed above the aim of the fund is to support a dividend of 5p per annum in the long term. However, the Board will seek to offer those investors who wish to exit an opportunity to do so in the sixth year at the Net Asset Value (NAV) of the Company at that time thus presenting those investors who require it with a 'Limited Life' option.

## SPREAD OF RISK

The Company intends to invest in a minimum of five projects with the funds raised by the Offer pursuant to the Company's investment policy. It is expected that these projects would comprise different sectors of the infrastructure market, however this may not always be the case.

## NEW VCT RULES

Under new VCT rules, the Company may not invest in the companies which use the invested funds to acquire trades or businesses. As such the Company will only invest in infrastructure companies seeking to grow and develop their own businesses and will not invest in companies which will purchase developed or operating assets in the case of solar companies or, in the case of smart metering companies, packaged assets and data contracts which could amount to a pre-existing trade. Investee Companies will typically take construction risk, in the case of solar companies, and roll out risk in the case of smart metering companies.

## TARGET RETURN

For those investors seeking to exit the D Share Offer in the sixth year the target return is to deliver a total return of between £1.10 and £1.15 for each £1.00 invested, net of all fees and not including tax relief. Total return to be made up of dividends paid from the second year onwards and capital value at point of exit.

ILLUSTRATIVE TARGET RETURNS FOR INVESTORS EXITING IN SIXTH YEAR <sup>1</sup>		
	Target Return 1.10x	Target Return 1.15x
Cost of Investment	£100,000	£100,000
Less Income Tax Relief (at 30%)	£30,000	£30,000
Net Investment <sup>2</sup>	£70,000	£70,000
Target Investment proceeds assuming exit in 6 year <sup>3</sup>	£110,000	£115,000
Target Return of Net Investment <sup>4</sup>	57.1%	64.3%
Average Compound Annual Return	7.8%	8.6%
Average Equivalent Return <sup>5</sup> (on net investment assuming 45% income tax payer)	14.2%	15.7%
Average Equivalent Return <sup>5</sup> (on net investment assuming 40% income tax payer)	13.0%	14.4%
Average Equivalent Return <sup>5</sup> (on net investment assuming 20% income tax payer)	9.8%	10.8%
<b>Notes:</b>		
1. Returns net of all Foresight fund fees and charges (excludes any adviser initial and ongoing charges).		
2. Assumes single investment of £100,000 in Foresight Solar & Infrastructure VCT "D" Shares offer with full VCT income tax relief set against an investor's 2016/2017 income tax liability.		
3. Target proceeds realised by way of a sale of shares are shown net of all costs. Target proceeds are an illustration only and do not represent a forecast of returns.		
4. Returns are calculated over a 6 year period.		
5. Equivalent Annual Return is the compound return an investor would need to achieve from an equivalent investment (which attracts the relevant personal income tax rate) in order to achieve the same return as that projected.		
If the planned level and timing of sale proceeds are achieved, then Investors benefiting from full VCT tax reliefs would achieve a tax-free cash profit of between 57.1% and 64.3% of their net cost of investment which equates to an average compound annual return of between 7.8% and 8.6% respectively.		
<b>There is no guarantee that any of the returns shown in the above table will be achieved.</b>		

## Part 1: The Offer

### i. Introduction to the Offer

The Company aims to combine greater security of capital than is normal for a VCT with the enhancement of investor returns created by the VCT tax benefits – income tax relief of 30% of the amount invested, and tax-free distribution of income and capital gains subject to Investors' personal circumstances. The D Share Fund is an "evergreen" fund which will realise value for Shareholders through a steady stream of tax free dividends over the medium to long term.

After Distributions of 100p (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 will become entitled to a performance incentive which will be calculated at the rate of 20% of Distributions in excess of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) until total Distributions reach 115p (per D Share issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. Total Distributions of 115p would represent a tax-free cash profit of 64.3% of the net cost of investment for an investor benefiting from full VCT tax reliefs.

### ii. D Shares

The securities being offered pursuant to the Offer are D Ordinary Shares of one penny each (ISIN: GB00BYQ06Y75).

All Shareholders will have the same voting rights in respect of the existing share capital of the Company. All Shares in the Company, including the D Shares, are freely transferable subject to such restrictions of the Companies Acts as may be applicable although subscribers should note that they must hold their Shares for a minimum of five years in order to retain income tax relief received on subscription.

The D Shares constitute a separate class of share and are separate from the Company's existing classes of Ordinary Shares and C Shares. All investments and cash attributable to the existing Ordinary Share Fund and C Share Fund will be kept separate from the D Share Fund. Accordingly investors in the D Shares will not have any exposure to the investment gains and losses of the Ordinary Share Fund and C Share Fund.

The holders of D Shares will have the exclusive right to Distributions from the assets within the D Share Fund and, from the assets attributable to the Ordinary Share Fund and C Share Fund during the first three years of the life of the D Share Fund. Equally the holders of other shares will continue to have the exclusive right to Distributions from assets attributable to such shares but not from assets attributable to D Shares. All Shareholders will share the benefit of spreading the Company's administration costs over a wider asset base. D Shareholders will be entitled to receive certificates in respect of their D Shares and will also be eligible for electronic settlement. Holders of D Shares will be entitled to vote at meetings of the Company in the same way as existing shareholders. No change may be made to the rights attaching to D Shares without the approval of the holders of D Shares.

### iii. Costs of the Offer

#### ***Retail Client Investors (advised)***

Promoter's Fee	up to 2.5%
----------------	------------

Such charges as are agreed between each investor and his/her independent financial adviser on an initial and/or on-going basis expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted. The payment of these charges can be facilitated by the Company as described below and on the Application Form (" <b>Adviser Charges</b> ").	Variable
---	----------

#### ***Professional Client Investors (advised) and Execution-Only Investors***

Promoter's Fee	up to 2.5%
----------------	------------

Initial commission to Intermediaries expressed as a percentage of the Net Asset Value per D Share and included in the Pricing Formula to determine the number of D Shares to be allotted 3%

Annual commission to intermediaries (subject to a maximum cumulative payment of 3%) expressed as a percentage of the Net Asset Value per D Share but **not** included in the Pricing Formula (payable by the Company) 0.5%

#### ***Direct Investors***

Promoter's Fee 5.5%

The Promoter's Fee may be reduced at the sole discretion of the Promoter.

#### ***Commission and Adviser Charges***

The payment by the Company of commission of a fixed amount to independent financial advisers is prohibited where advice has been given to a Retail Client Investor in respect of their investment in the Company. As noted above, the Company may continue to pay a fixed commission to the advisers of Professional Client Investors and those who invest through Execution-Only brokers. Retail Client Investors can specify on the Application Form that they wish the Company to pay a commission in order to facilitate the Adviser Charges which they have agreed with their adviser. Retail Client Investors who do so, in accordance with the Pricing Formula below, will receive a proportionately lesser number of Offer Shares to accommodate the facilitation payment to be made by the Company.

**By offering investors a bespoke issue price per Offer Share as determined by the Pricing Formula, all Investors are entitled to claim tax relief on the full amount of their investment (which includes any facilitation payment) and all Investors are treated fairly by the Company as regards the payment of up-front commission and Adviser Charges.**

#### **iv. Pricing Formula**

Investors are invited to subscribe an amount in pounds sterling rather than apply for a particular number of Offer Shares. The number of Offer Shares issued to an Investor will be determined by reference to the Pricing Formula as follows:

$$\text{Price} = \text{NAV}/X$$

**Where NAV is, on the first allotment of Offer Shares, deemed to be the sum of 100p and, on each subsequent allotment of Offer Shares, the latest Net Asset Value per D Share:**

and

$$X = \frac{\text{NAV; less}}{\text{(A) Promoter's Fee; and either}} \\ \text{(B) Adviser's Charge; or} \\ \text{(C) Initial commission}} \\ \hline \text{NAV}$$

The number of Offer Shares to be allotted will be determined by dividing the amount subscribed by an Investor by the price given by the above formula.

**v. Tax benefits for investors**

The tax reliefs set out below make the D Shares tax efficient for UK income tax payers and are available on the gross amount subscribed under the Offer through the mechanism of the Pricing Formula. Although there is no maximum size of investment, VCT tax reliefs are available on investments up to a maximum by any individual of £200,000 in the 2016/17 tax year.

The table below shows how the initial 30% income tax relief can provide an unrealised uplift of 36.48% on a retail investor's net cost of investment after a reduction in the investor's tax bill. The income tax relief can be used to offset up to 100% of a retail investor's income tax liability, subject to a minimum holding period for the D Shares of five years. This is only a brief summary of the UK tax position of investors in VCTs, based on current law and practice. Further details are set out in Part 2 of this document. Potential investors are recommended to seek their own independent tax advice.

If an investor subscribes                      £10,000 to the Offer at a price of    100p

Income tax relief will be    £3,000

---

So the net cost of                      £7,000  
investment would be

---

**Initial value of investment**

Gross subscription by  
Retail investor                      £10,000

Assumed Cost of 5.5%    £(550)

Initial Net Asset Value    £9,450

---

This initial NAV is                      £2,450    more than the net cost of the investment

or a gain of                      35%    on the net cost of investment

The level of issue costs will be variable for Retail Client Investors according to the requested level of facilitation of their Adviser Charges by the Company.

**vi. Use of Proceeds**

The additional funds raised under the Offer will be invested in accordance with the Company's investment policy (described below).

**vii. Investment policy**

The Company will target unquoted companies which it believes will achieve the objective of producing attractive

returns for Shareholders.

### **Investment securities**

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock. Pending investment in unquoted and AIM listed securities, cash is primarily held in a range of interest bearing accounts as well as a range of non-qualifying investments. 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 into investee companies and other assets where Foresight believes that the risk/return portfolio is consistent with the overall investment objectives of the portfolio. The Company may invest in other funds managed by Foresight (or its associates).

### **UK companies**

Investments are primarily made in companies which are substantially based in the UK. The companies in which investments are made must satisfy a number of tests set out in Part 6 of the Income Tax Act 2007 to be classed as VCT qualifying holdings.

### **Asset mix**

The existing ordinary share and C share classes in the Company invest 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. The Board has ensured that at least 70% of net funds raised under the ordinary share and C share offers 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. Funds raised by the D share offer will, no later than three years following the close of the D share offer, be invested as to 70% in unquoted companies in the energy and infrastructure sectors including, but not limited to, companies which develop, build own or operate smart data assets and solar or other infrastructure companies that generate attractive and sustainable returns. Any uninvested funds are held in cash, interest bearing securities or other investments.

### **Risk diversification and maximum exposures**

Risk in the ordinary and C share portfolios is spread by investing in a number of different companies and by targeting a variety of separate locations for the solar power assets. 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. Risk in the D share portfolio will be spread by investment in a number of different companies across the energy and infrastructure sectors. The maximum amount invested by the Company in any one company is limited to 15% of the Company's investments by VCT Value (the value of an investment calculated in accordance with Section 278 of the Tax Act) portfolio at the time of investment.

### **Borrowing powers**

The Company's Articles permit borrowing, to give a degree of investment flexibility. The Board's current policy is not to use borrowing. In any event, 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.

### **viii. Co-investment policy**

Foresight currently manages other funds ("**Foresight Funds**") which may invest alongside the D Share Fund. Investment opportunities will normally be offered initially to the D Share Fund on a basis which is pro rata to the net cash raised pursuant to the Offer compared to the net cash raised by the other Foresight Funds, other than where investments are proposed to be made in a company where one or more Foresight Funds has a pre-existing investment, where the incumbent investor will have priority. Where the D Share Fund invests in companies in which Foresight Funds have invested or subsequently invest, conflicts of interest may arise. The Board will exercise independent judgement to manage any such conflicts for the benefit of the Company.

**ix. Valuation policy**

Unquoted investments will be valued at fair value in accordance with International Private Equity and Venture Capital (IPEVC) valuation guidelines. Investments traded on AIM and on the main market segments of the ICAP Securities and Derivatives Exchange Limited will be valued at the prevailing bid price.

**x. Share buyback policy**

The Board is aware that although the D Shares are traded on the London Stock Exchange's market for listed securities, it is an illiquid market for such shares as there is a limited secondary market for VCT shares due to the holding period required to maintain up-front income tax reliefs and the lack of income tax relief on second hand VCT shares. Shareholders may, therefore, find it difficult to realise their investments.

The Board's policy is to buy back D Shares in the market at a price which is at a zero discount to their Net Asset Value, less transaction costs payable to market makers and stockbrokers, for the first five years following the opening of the Offer. Investors who wish to exit in year 6 will be given the opportunity to do so at the Net Asset Value of a D Share (less costs). Thereafter, the Board will continue to support share buybacks at a discount to Net Asset Value to be determined. Operation of this policy is restricted by the Listing Rules which restrict the price that a VCT can pay for its own shares (to no more than 5% above the average market value of the shares for the five Business Days prior to the day a purchase is made) and prohibit the purchase of its own shares during any Close Period or any period when there exists any matter which constitutes Inside Information in relation to the Company. The operation of this policy is also subject to the Company having sufficient liquidity.

As Investors must hold their D Shares for at least five years in order to avoid a clawback of income tax relief received in respect of their investment by HMRC, the Directors expect that the number of D Shares which may be offered for the Company to buy back during the five-year holding period will be small.

Share buy backs will be subject to Shareholder authorities, CA 2006, the Listing Rules and any other statutory or regulatory requirements from time to time.

**xi. Dividend policy (D Shares)**

The Board has stated an objective of seeking to pay a dividend of 3p in year 2 escalating to dividends of 5p per D Share each year thereafter throughout the life of the D Share Fund, and in respect of the first year from the closing date of the Offer it is intended that no dividend will be paid. During the first three years following the close of the Offer, dividends may, subject to existing Shareholders' approval, be paid from assets attributable to the Ordinary Shares and/or C Shares until such time as the D Share Fund has generated sufficient realised profits. In this event, the D Share Fund will be required to account for any funds remitted from other share classes. Levels of dividends will be subject to investment performance and the need to retain cash for investment purposes and annual running costs. The level of dividends is not guaranteed. Dividends are expected to be paid biannually at or close to the end of April and October in each year, commencing towards the end of 2017.

**xii. Investment Manager and Promoter**

Since establishing its solar power team in 2007, Foresight has invested in operating solar power plants in the UK, US and Southern Europe with a combined enterprise value of more than £1 billion, demonstrating its ability to source opportunities, arrange bank finance and complete investments. Foresight's investment team currently manages a solar portfolio with a generating capacity of 660 MW.

Foresight's team of 56 investment professionals has been assembled gradually, allowing time to integrate their experience in renewable energy investing and operational management with Foresight's proven strengths in private equity and VCT and EIS fund management.

Foresight has been managing UK tax-efficient funds for more than 19 years and has raised more than £680 million in that time across its VCT, EIS and institutional funds. Foresight is responsible for the best ever performing VCT share class as at 30 September 2015 (Foresight VCT plc original ordinary shares) and has received recognition from commentators and its peers, including being named Financier of the Year for the second year running in the New Energy and Cleantech awards 2015, when Foresight was also named Company of the Year.



## Directors

The Board comprises three non-executive directors and brings together substantial board-level experience of quoted and unquoted companies and expertise in investment management, insurance and electricity supply sectors. The Board has overall responsibility for the Company's affairs, and has delegated investment decisions to Foresight.

**David Hurst-Brown** was appointed as Chairman of the Board with effect from 6 August 2012. 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. David is currently a director of Hargreave Hale AIM VCT 2 plc and Leadhall Bay Limited.

**Mike Liston OBE** has more than 20 years' experience in the electricity industry and is currently a non-executive director of Jersey Electricity plc. As chief executive for 17 years of this 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 £100 million to invest in India's power and energy sector. He is a director of the general partner of Foresight's first solar power fund, the Foresight Solar Fund GP Limited. Mike is a Fellow of The Royal Academy of Engineering and is a Fellow of The Institution of Engineering and Technology.

**Tim Dowlen** is a divisional director of City-based Lloyd's broking firm Tasker & 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 125 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, including Foresight.

## Investment Team

Three partners of Foresight will play important roles in relation to the D Shares Fund. Bernard Fairman and David Hughes are members of Foresight's investment committee, whilst Gary Fraser is Foresight's Group Finance Director.

### **Bernard Fairman**

#### **Chairman of Foresight Group**

Bernard has over 35 years' investment experience. With a degree in economics from Nottingham University, he joined Panmure Gordon as an oil investment analyst, then moved to Edward Bates, a specialist City investment bank. He then worked with several small electronics companies before joining the newly formed 3i Ventures in 1981. He founded Foresight Group, formerly VCF Partners, with Peter English in 1984.

### **David Hughes**

#### **Chief Investment Officer**

David is responsible for Foresight's overall investment activities and portfolio management. David has 40 years' experience of unquoted investment management, initially with 3i and subsequently establishing fund management operations for Framlington Investment Management Ltd, Baltic plc and Bank Austria AG, London. He has been involved in VCT management since 2004.

### **Gary Fraser**

#### **Group Finance Director**

Gary is a Chartered Accountant and Chartered Fellow of the Securities Institute. He has over 20 years' experience in finance and investment, and worked for Ernst & Young and ISIS Asset Management before joining Foresight in 2004.

## Core Team

### **Dan Wells**

#### **Partner and Chief Operating Officer, Foresight US LLC**

Dan joined Foresight in August 2012, with 12 years' experience in finance and investment, specialising in sustainability and clean energy infrastructure. Prior to Foresight Dan was based in Singapore, running the global corporate finance team at Sindicatum Sustainable Resources, where he helped raise and invest USD 300 million in clean energy over the

course of 5 years. Dan is a chartered accountant; he holds an MSc in Sustainable Leadership from the Centre for Sustainable and Environmental Management (Distinction) and a BA in Modern History from the University of Bristol.

#### **Federico Giannandrea**

##### **Partner and Head of Foresight Italy**

Federico joined Foresight in 2010 with six years' experience in renewable energy from Deutsche Bank where he worked on acquisitions, project and asset finance and securitisations for the Global Principal Finance desk dedicated to renewable investments. At Foresight, Federico heads the Italian office which is responsible for arranging, structuring, sourcing relevant financing and managing investments in the Italian and Spanish renewable sector particularly the solar market. Fluent in English and Spanish as well as Italian, his native tongue, Federico is based in Foresight's UK office.

#### **Tom Thorp**

##### **Director**

Tom joined Foresight in 2008 from KPMG Advisory where he qualified as a Chartered Accountant and worked on a large number of due diligence assignments for large private equity houses and corporates both in the UK and Germany. Since joining Foresight, Tom worked initially within the waste to energy team dealing with all types of renewable energy projects such as food waste anaerobic digestion as well as waste wood combustion and gasification before joining the private equity team in 2013 to work on traditional buy outs and growth capital deals. Tom is responsible for our existing smart metering investments highlighted in this IM. He has a Bachelor of Commerce degree from the University of Edinburgh and is a Chartered Accountant.

#### **Richard Thompson**

##### **Director**

Richard is a CFA charterholder with 10 years' experience in the infrastructure sector, formerly working in equity investment origination at Carillion both in London and Toronto. At Carillion, Richard was responsible for structuring more than £800m of bank and bond project financing across a wide range of infrastructure projects. He joined Foresight in 2012 where, as a Director in the Infrastructure team, he has responsibility for the group's infrastructure investments including secondary market PFI, PPP, solar and energy storage projects. Richard has also been heavily involved in a number of Foresight's solar investments and the IPO of Foresight Solar Fund Limited. Richard holds an Economics degree from the University of Liverpool.

#### **Diomidis Dorkofikis**

##### **Director**

Diomidis brings to Foresight extensive experience in funding and managing renewable energy projects in Greece, along with a strong network of contacts. Prior to joining Foresight in September 2009, he worked at Millennium Bank in Athens where he was involved in debt financing of some of the first PPPs in Greece, including all the main toll roads (Moreas, Olympia and Ionia odos) hospitals and police stations with a total transaction value in excess of €500m. Previously he worked at Alpha Bank in the Loans and Syndications dept. and as equity analyst in the Research dept of National Securities. Now based in Foresight's Rome office, Diomidis is primarily responsible for managing Foresight's existing solar portfolio and assisting on new Italian and Greek PV transactions.

#### **Carly Magee**

##### **Senior Investment Manager**

Carly joined Foresight in 2014 and is focused on leading solar transactions in the UK. Prior to Foresight, Carly worked in Ingenious' Clean Energy team where she led UK solar transactions for their EIS funds. Carly started her career at Ernst & Young and qualified as a Chartered Accountant in 2010. She spent 5 years in the Environmental Finance team working across the renewable energy, energy efficiency and waste management sectors and gained strong experience of fund raising, due diligence and financial modelling. Carly is IMC qualified and holds a BSc (Hons) in Pharmacology from the University of Bristol.

#### **Hadder Jalil**

##### **Investment Manager**

Hadder is overall lead for financial modelling and analysis across the Foresight Infrastructure team. He joined Foresight Group from KPMG Corporate Finance, where among other PFI and PPP projects he led the financial modelling work stream (for KPMG and the UK Department of Energy & Climate Change) on the landmark £20bn+ Hinkley Point C new-nuclear transaction. Prior to joining KPMG, Hadder worked in the Investment Banking Division at Merrill Lynch in London where he was involved in a number of M&A and capital-raising transactions. He holds a First Class Honours

degree in Economics from the London School of Economics.

## **Fees and expenses**

### *Annual fees and expenses*

Foresight is entitled to an annual fee of 1.75% of the Net Asset Value of the D Shares fund in respect of investment management services. An annual fee of 0.3% of the net funds raised by the Offer (subject to a minimum index-linked fee of £60,000) will be payable in respect of secretarial and accounting services provided by its subsidiary Foresight Fund Managers Limited to the Company. The costs of a VCT also include the cost of the board, audit and professional fees, the cost of communicating with investors and the launch costs detailed on page 21.

The total expenses ratio at maximum subscription is expected initially to be 2.9% per annum (calculated before any performance incentive to Foresight and assuming that the Offer is fully subscribed by Execution-Only Investors). Overall, for Foresight Solar & Infrastructure VCT plc as a company, the total annual expenses ratio is capped at 3.6%, above which any excess will be borne by Foresight in any event. Foresight may retain for its own benefit and without liability to account to the Company (subject to full disclosure having been made to the Board) any arrangement fees and directors' or monitoring fees which it receives in connection with any investments made by the Company. The Company will not be liable for legal, accounting and any other fees incurred on potential investments which do not proceed to completion.

### *Performance incentive*

After Distributions of 100p (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 will become entitled to a performance incentive which will be calculated at the rate of 20% of Distributions in excess of 100p (per D Share issued under the Offer and remaining in issue at the date of calculation) until total Distributions reach 115p (per D Share issued under the Offer and remaining in issue at the date of calculation) and 30% above that level. Total Distributions of 115p would represent a tax-free cash profit of 64.3% of the net cost of investment for an investor benefiting from full VCT tax reliefs.

## **CLIENT CATEGORISATION**

In order for an authorised independent financial adviser (IFA) who gives a personal recommendation to receive the commission payable by the Company as outlined on page 6, the investor must have been classified by the IFA as an elective professional client for the purposes of the FCA Rules ("Professional Client Investor").

This means that IFAs must undertake an adequate assessment of individual investors expertise, experience and knowledge that gives reasonable assurance, in light of the nature of an investment in the Company, that an investor is capable of making his or her own investment decisions and understanding the risks involved.

If an investor is classified as a Professional Client Investor by their IFA he or she will lose the protections applicable exclusively to retail clients under the FCA rules. As set out below, certain of the FCA rules will automatically be limited or modified in their application to such investors and certain of the FCA rules will be capable of modification in their application to those investors in relation to any business carried out by their IFA.

In respect of Professional Client Investors:

(i) An IFA will not be obliged to take reasonable steps to ensure, when making a personal recommendation, that it is suitable for those investors having regard to the investor's knowledge and experience of similar investments, the investor's financial situation and investment objectives.

(ii) An IFA will not be obliged to warn the investor of the nature of any risks involved in any potential investments in the Company. The risks of investing in the Company are set out on pages 4 – 5 of this document.

(iii) An IFA will not be obliged to disclose the basis or amount of its charges for any services it provides to an investor or on his or her behalf or the amount of any other income that may be received from third parties in connection with such services.

(iv) An IFA will not be obliged to set out any of the prescribed contents, disclosures or risk warnings needed for retail customers in

prospectuses, marketing brochures and other non-real time financial promotions material, nor will they be subject to the restrictions that apply to a retail client in relation to unsolicited real time communications.

(v) An IFA will not be required to give an investor the warnings required for retail clients in relation to material which may lead them to deal with or use overseas firms which are not regulated by the FSMA nor have to satisfy itself that the overseas firm will deal with an investor in an honest and reliable way.

(vi) An IFA will also not be required to comply with the FCA rules relating to restrictions on and the content of direct offer advertisements.

The following rules will be limited or modified in their application to Professional Client Investors.

(i) The majority of the FCA rules in relation to the form and content of financial promotions will not be applicable in respect of any financial promotion communicated or approved by an IFA.

(ii) An IFA will not be required by the FCA to provide an investor with a periodic statement on the value and composition of his or her portfolios of investments where he or she has requested the IFA not to do so or where the IFA has taken reasonable steps to establish that such an investor does not want this.

(iii) In complying with the FCA requirement that an IFA should take reasonable steps to obtain, when executing orders, the best possible result for his clients taking into account the following execution factors: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to making investments an investor's IFA may take into account the following criteria for determining the relative importance of these execution factors: an investor's categorisation as a professional client (rather than as a retail client); the characteristics and investment objectives of the Company and the VCT rules and the normal commercial practice of the counterparties and strategic partners with which the Company will do business. In particular, factors such as the suitability, expertise and market position of counterparties and strategic partners may be more important than price in obtaining the best possible execution result in the context of achieving the investment objective.

## Other information

### i. Use of proceeds

It is intended that the proceeds of the Offer will be used in accordance with the investment policy set out on pages 13 to 14 of this document.

### ii. The offer for subscription

It is proposed to allot pursuant to the Offer up to 1,000,000 shares to the public, unless the amount of the Offer is increased at the discretion of the Directors, subject to the issue of a supplementary prospectus. The D Shares will be offered to individual investors at a price determined in accordance with the Pricing Formula on page 12, such price per share to be payable in full, by cheque or bankers draft, on application. Application has been made to the UK Listing Authority for all of the D Shares issued pursuant to the Offer to be admitted to the Official List. Applications will also be made to the London Stock Exchange for Admission to trading on the London Stock Exchange's market for listed securities. The Offer will open on 27 March 2017 until 3 April 2017, but may close earlier if fully subscribed or otherwise be extended, in either case at the discretion of the Directors. The Offer will not be extended beyond 12 months from the date of the Prospectus.

The D Shares will be issued notwithstanding that the Offer is not fully subscribed. In the event that the Offer is oversubscribed, allotment will be made to investors on a first come- first served basis. Any excess amounts paid by applicants will be refunded by cheque to the person named in Section One of the Application Form.

The Company is seeking to raise up to £1,000,000 under the Offer (before expenses and unless increased by the Directors). The D Shares will be issued on a fully paid basis in registered form. D Shares will be allotted and issued in respect of valid applications under the Offer at any time as the Directors decide. Details of allotments will be announced through a Regulatory Information Service provider by no later than the end of the Business Day following the allotment and dealings in such Shares are expected to commence within 3 Business Days following allotment. If the Company is required to publish a supplementary prospectus, subscribers who have yet to be entered on to the Company's registers of members will be given two days to withdraw from the subscription. In the event that the notification of withdrawal is given by post, such notification will be effected at the time the subscriber posts such notification rather than at the time of receipt by the Company.

### iii. Minimum and maximum investment

The minimum subscription under the Offer will be £3,000. Applications in excess of £3,000 may be made for any higher amount in multiples of £1,000. The maximum investment on which income tax relief can be claimed by any individual is £200,000 in the £200,000 in the 2016/2017 tax year.

### iv. Claiming income tax relief

The Company will send you share certificates and a tax certificate as quickly as possible after Shares are allotted to you. You then have two options on how to reclaim the tax relief: You can write to your HM Revenue & Customs office to ask them to change your tax coding under the PAYE system (this is the system that calculates how much tax you pay each month), so you will receive your income tax relief on a monthly basis through your pay cheques. Alternatively, you can claim income tax relief as part of your annual tax return.

### v. Launch costs

The Company, through the mechanism of the Pricing Formula, will pay to Foresight a fee of:

- a) up to 2.5% of the NAV per D Share issued to investors who subscribe through authorised intermediaries; or
- b) 5.5% of the NAV per D Share issued to investors who subscribe directly to the Company,

in consideration of its acting as Promoter of the Offer. All costs, charges and expenses of or incidental to the Offer including the fees of BDO LLP and RW Blears LLP shall be paid by Foresight from its promoter fee, and the Company shall, pursuant to the terms of the Offer pay to Foresight an annual trail commission of 0.5% per annum of the NAV of the Offer Shares until a maximum of 3% of the amount subscribed for them has been paid out of which Foresight will pay annual trail commission to the IFAs of Professional Client Investors and Execution-Only Investors. The Company will be responsible for paying such Initial Commission and Adviser Charge facilitation payments to financial intermediaries as are calculated in accordance with the Pricing Formula set out on page 15.

### vi. Category of potential investors

A typical investor for whom the Offer is designed is a UK higher-rate income tax payer over 18 years of age with an investment range of between £3,000 and £200,000 who, having regard to the risk factors set out at the front of this document, considers the investment policy as detailed in Part 1 of this document to be attractive. Investment in a VCT may not be suitable for all investors and should be considered as a long-term investment.

**Before deciding whether to apply for D Shares under the terms of the Offer you are recommended to consult an independent financial adviser.**

**vii. Investor communications**

The Directors recognise the importance of maintaining regular communications with Shareholders. In addition to the announcement and publication of the annual report and accounts and the interim results for the Company as detailed below, the Company will also publish quarterly statements of Net Asset Value. Foresight will also publish information on new investments and the progress of companies within the Company's portfolio from time to time.

**viii. Reporting dates**

Year end	30 June
Announcement and publication of annual report and accounts	October
Announcement and publication of interim results	March

**ix. Working capital**

In the opinion of the Company, the working capital available to the Company is sufficient for at least 12 months following the date of this document.

**x. Net assets**

The Offer will have a positive impact on the net assets of the Company by increasing its net assets by the same amount as the net funds raised and is expected to have a positive impact on earnings.

**xi. Capitalisation and indebtedness**

As at 24 March 2017, the latest practicable date prior to the publication of this document, the Company has no indebtedness, whether guaranteed, unguaranteed, secured, unsecured, indirect or contingent. The Company has the power to borrow, details of which are set out on page 14, although the Directors have no present intention of utilising this.

The capitalisation of the Company as at 31 December 2016, extracted without material adjustment from the Company's unaudited interim financial statement to that date was as follows:

<b>Shareholders' Equity</b>	<b>£'000</b>
Share Capital	543
Legal Reserve	5,005
Other Reserves	2
Profit and Loss Account	47,843
<b>Total</b>	<b>53,393</b>

There has been no material change to the Company's capitalisation between 31 December 2016 and 24 March 2017 the latest practicable date prior to the publication of the Prospectus.

As at 24 March 2017, being the latest practicable date prior to the publication of this document, the Company is not aware of any person who, directly or indirectly, has or will have an interest in the capital of the Company or voting rights which is notifiable under UK law (under which, pursuant to the Act and the Listing Rules and Disclosure Guidance and Transparency Rules of the FCA, a holding of 3% or more will be notified to the Company)

The Company and the Directors consent to the use of this Prospectus by financial intermediaries and accepts responsibility for the information contained in this document in respect of any final placement of D Shares by any financial intermediary which was given consent to use this document. The offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this prospectus is given commences 27 March 2017 and closes on 3 April 2017. Information on the terms and conditions of the Offer by any financial intermediary is to be provided at the time of the Offer by the financial intermediary. Financial intermediaries may use this Prospectus in the UK.

**Any financial intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent and the conditions attaching thereto. Financial intermediaries are required to provide the terms and conditions of the Offer to any prospective investor who has expressed an interest in participating in the Offer to such financial intermediary. No financial intermediary will act as principal in relation to the Offer.**

## Part 2: Taxation considerations for investors

### Tax reliefs

The following is only a summary of the law concerning the tax position of individual investors in VCTs. Potential investors are recommended to consult a professional adviser as to the taxation consequences of an investment in a VCT. The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for Shares on their own behalf under the Offer. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

#### (a) Income tax

##### (i) Relief from income tax on investment

An investor subscribing up to £200,000 in the 2016/17 tax year for eligible shares in a VCT will be entitled to claim income tax relief, at the rate of 30%, although this relief will be withdrawn if either the shares are sold within five years or the investor takes out a loan which would not have been made, or would not have been made on the same terms, save for the acquisition of such shares. If an Investor has sold, or if they sell, any shares in Foresight Solar & Infrastructure VCT plc within six months either side of the subscription for the D shares, then for the purposes of calculating income tax relief on the D shares the subscribed amount must be reduced by the amount received from the sale. Relief is also restricted to the amount which reduces the investor's income tax liability to nil.

##### (ii) Dividend relief

An investor who subscribes for or acquires eligible shares in a VCT (up to a maximum of £200,000 in the 2016/17 tax year) will not be liable for UK income tax on dividends paid by the VCT. The income received by the VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). The VCT's income, reduced by the payment of tax (if applicable), can then be distributed tax-free to investors who benefit from this dividend relief. There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for the withholding of tax at source.

##### (iii) Purchasers in the market

An individual purchaser of existing VCT shares the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

#### (b) Capital gains tax

##### (i) Relief from capital gains tax on the disposal of D Shares

A disposal by an investor of D Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax provided that the approval of the company as a VCT has not been withdrawn by HM Revenue & Customs prior to the time of disposal. This relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

##### (ii) Purchasers in the market

An individual purchaser of existing VCT shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph (i) above). If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt, but gains thereafter will be taxable.

### 2. Illustration of effect of tax relief for investors

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a qualifying investor subscribing for VCT shares to only £7,000:

	Effective cost	Tax relief
Investor unable to claim any tax reliefs	£10,000	Nil
VCT investor able to claim full 30% income tax relief	£7,000	£3,000

The combined effect of the initial income tax relief, tax free dividends and tax-free capital growth can substantially improve the net returns of an investment in a VCT. For example, after the costs of the Offer (5.5p per Share assuming subscription by Professional and Execution-Only Investors) an investment of £10,000 would show an immediate return of 35% over the base cost of £7,000 after 30% income tax relief, which is only available if the shares are held for the minimum holding period of five years. Although there is



no maximum size of investment, VCT tax reliefs are available on investments in VCTs up to a maximum per individual of £200,000 in any one tax year.

### **3. Obtaining tax reliefs**

The Company will provide to each investor certificates which the investor may use to claim income tax relief, either by obtaining from HM Revenue & Customs an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his tax return to claim relief.

### **4. Investors not resident in the UK**

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

## Part 3: Conditions to be met by venture capital trusts

The Company must satisfy a number of tests to qualify as a VCT.

A summary of these tests is set out below.

### 1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by HM Revenue & Customs. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital listed on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70% by VCT Value of its investments in shares or securities in Qualifying Companies, of which 70% by VCT Value must be in eligible shares;
- (e) have at least 10% by VCT Value of each investment in a Qualifying Company in eligible shares;
- (f) not have more than 15% by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (g) retain more than 15% of its income derived from shares and securities in any accounting period;
- (h) not repay capital to shareholders, derived from relevant shares issued after 5 April 2014, until a period of three years beginning at the end of the accounting period of the VCT in which the relevant shares were issued has elapsed;
- (i) not make investments in businesses whose first commercial sale was over seven years ago (save where the amount invested is more than 50% of the company's average turnover for the previous five years or where the company has previously received a risk finance investment within its first seven years of operation); and
- (j) not make investments where the invested funds are used by the investee company to purchase another business.

### 2. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a company satisfying the conditions set out in Parts 3 and 4 of Chapter 6 of the Tax Act and which does not cause that company to have received more than £5 million of state aided investments (including from VCTs) in the year ending on the date of the investment. The conditions are detailed but include that the company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods, have less than 250 employees and not be controlled by another company. In certain circumstances, an investment in a company by a VCT can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

### 3. Qualifying Company

A Qualifying Company must be unquoted (for VCT purposes this includes companies whose shares are traded on AIM and the market segments of the ICAP Securities and Derivatives Exchange Limited) and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51% owned and must not be under the control of another company (including the VCT).

### 4. Approval as a VCT

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

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

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

The Company has received HM Revenue & Customs approval as a VCT.

## **5. Withdrawal of approval**

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

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

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

## Part 4: Definitions

The following definitions apply throughout this document unless the context requires otherwise

the Act	the Company Act 2006
Admission	the date on which the D Shares allotted pursuant to the Offer are listed on the Official List of the UKLA and admitted to trading on the London Stock Exchange's market for listed securities
Articles	the current articles of association of the Company
BDO	BDO LLP, which is authorised and regulated by the FCA as a UKLA regulated sponsor
Board or Directors	the board of directors of the Company
Business Days	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
Company	Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc)
C Share Fund	the aggregate of the capital raised by subscriptions for C Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto
C Share Offer	the offer for subscription of C Shares described in a prospectus dated 19 February 2013
C Shares	the C ordinary shares of one penny each in the capital of the Company
Closing Date	3 April 2017 unless extended at the discretion of the Directors
Close Period	as defined in paragraph 1(a) of the Model Code
Company	Foresight Solar & Infrastructure VCT plc (formerly Foresight Solar VCT plc)
D Share Fund or Fund	the aggregate of the capital raised by subscriptions for D Shares issued by the Company under the Offer, all income and assets derived therefrom and all expenses and liabilities attributable thereto
D Shares or Offer Shares	"D" ordinary shares of one penny each in the capital of the Company proposed to be issued pursuant to the Prospectus
Distributions	amounts paid by way of dividends, tender offers, share buy-backs, proceeds on a sale or liquidation of the Company and any other proceeds or value received, or deemed to be received, by Shareholders in the Company in respect of Shares, excluding any income tax relief on subscription
Eligible Shares	in relation to a company which is a Qualifying Company, means shares which may carry a non-cumulative and non-discretionary preferential right to dividends but not to the assets of the Company on its winding up, and which may carry no present or future right to be redeemed
Execution-Only (Investor)	a transaction which is executed by an FCA authorised firm upon the specific instructions of a client where the firm does not give advice relating to the merits of the transaction or make a personal recommendation
FCA	the Financial Conduct Authority
Foresight or the Manager	Foresight Group CI Limited, the Company's investment manager, which is licensed by the Guernsey Financial Services commission
Foresight Funds	funds managed or advised by Foresight
FSMA	the Financial Services and Markets Act 2000, as amended
IFA	Independent financial adviser
Initial NAV	NAV as at the date of admission of D Shares to the UKLA's Official List
Investee Companies	the underlying companies in which the Company will invest through its D Share Fund
Listing Rules	the listing rules of the UKLA
London Stock Exchange	London Stock Exchange plc

or LSE

NAV or Net Asset Value	the net asset value attributable to the Shares calculated in accordance with the Company's normal accounting policies in force at the date of circulation
Offer or D Share offer	the offer for subscription to raise in aggregate up to £1,000,000 of D Shares by the Company pursuant to the Prospectus published on 27 March 2017 and prepared in accordance with the prospectus rules made under Section 84 of FSMA and approved by the FCA in accordance with FSMA and the previous offer for subscription of £20 million by issues of D Shares by the Company pursuant to the Prospectus published on 1 February 2016 and prepared in accordance with the prospectus rules made under Section 84 of FSMA and approved by the FCA in accordance with FSMA, as the context requires
Official List	the official list of the UK Listing Authority maintained in accordance with section 74(1) FSMA
Ordinary Share Fund	the aggregate of the capital raised by subscriptions for Ordinary Shares issued by the Company, all income and assets derived therefrom and all expenses and liabilities attributable thereto
Ordinary Share Offer	the offer for subscription of Ordinary Shares described in a prospectus dated 31 August 2010
Ordinary Shares	ordinary shares of one penny each in the capital of the Company
Pricing Formula	the pricing formula relating to the price at which D Shares are issued to investors under the Offer set out in this document
Professional Client Investor	Investor who applies for D Shares through their IFA where the IFA has classified that Investor as an elective professional client for the purposes of the FCA rules and their IFA is an Article 3 MiFID exempt firm
Prohibited Period	any Close Period or any period when there exists any matter which constitutes inside information in relation to the Company
Promoter	Foresight Group LLP, the promoter of the Offer, which is authorised and regulated by the FCA
Promoter's Fee	the fees payable to the Promoter under the Offer, set out on pages 6 and 7 of this document
Prospectus	together the Summary, the Securities Note and the Registration Document
Qualifying Company	an unquoted (including an AIM-listed) company which satisfies the requirements of Part 4 of Chapter 6 of the Tax Act
Qualifying Investments	shares in, or securities of, a Qualifying Company held by a venture capital trust which meets the requirements described in Parts 3 and 4 of Chapter 6 of the Tax Act
Receiving Agent	The City Partnership (UK) Limited
Registrar	Computershare Investor Services PLC
Registration Document	the registration document dated 27 March 2017 in connection with the Company
Retail Client Investor	Investors who apply for D Shares through their IFA where the IFA has classified the Investor as a retail client for the purposes of the FCA rules
Shares	Ordinary Shares and/or C Shares and/or D Shares as the context requires
Shareholders	the holders of Shares (and each a "Shareholder")
Securities Note	this document
Smart Data Equipment	a gas or electricity meter that is capable of two-way communication. It measures energy consumption in the same way as a traditional meter, but has a communication capability that allows data to be read remotely and displayed on a device within the home, or transmitted securely externally. In the Industrial and Commercial market meters are known as Advanced Meters and in the residential market known as Smart Meters. For the purpose of this document both will be referred to as Smart Meters
Summary	the summary issued by the Company dated 27 March 2017 in connection with the Offer
Tax Act	the Income Tax Act 2007 (as amended from time to time)
UKLA	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the

	competent authority for the purposes of Part VI of FSMA
VCT Rules	the legislation, rules and HMRC interpretation and practice regulating the establishment and operation of venture capital trusts
VCT Value	the value of an investment calculated in accordance with Section 278 of the Tax Act
Venture Capital Trust or VCT	a venture capital trust as defined in Section 259 of the Tax Act
Zero Discount Buyback Policy	the policy of the Company to purchase D Shares at a zero discount to their net asset value, less transaction costs payable to market makers and stockbrokers, for the first five years following the close of the Offer

## Part 5: Applications for Foresight Solar & Infrastructure VCT D Shares

### Terms and conditions of application

1. The contract created by the acceptance of applications in the manner herein set out will be conditional upon the Admission of the D Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities unless otherwise so resolved by the Board. If any application is not accepted or if any application is accepted for fewer D Shares than the number applied for, or if there is a surplus of funds from the application amount, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by the relevant Company in a separate client account.
2. The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.
3. By completing and delivering an Application Form, you (as the applicant):
  - (a) irrevocably offer to subscribe for the amount of money specified in your Application Form which will be applied to purchase D Shares, subject to the provisions of (i) the Prospectus, (ii) these Terms and Conditions and (iii) the Memorandum and Articles; and (iv) any document mentioned in paragraph (h) below;
  - (b) authorise the Company's Registrars to send definitive documents of title for the number of D Shares for which your application is accepted and to procure that your name is placed on the registers of members of the Company in respect of such D Shares and authorise the Receiving Agent to send you a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
  - (c) in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any D Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked until the closing date of the Offer, and that this paragraph constitutes a collateral contract between you and the Company which will become binding upon despatch by post or delivery by hand of your Application Form duly completed to the Receiving Agent;
  - (d) understand that your cheque or banker's draft will be presented for payment on receipt, and agree and warrant that it will be honoured on first presentation and agree that, if it is not so honoured, you will not be entitled to receive certificates for the D Shares applied for or to enjoy or receive any rights or Distributions in respect of such D Shares unless and until you make payment in cleared funds for such D Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such D Shares, the Company may (without prejudice to their other rights) treat the agreement to allot such D Shares as void and may allot such D Shares to some other person in which case you will not be entitled to any refund or payment in respect of such D Shares (other than return of such late payment);
  - (e) agree that monies subscribed for D Shares will be held for the account of the Company pending allotment of D Shares (which may not take place until several weeks after cleared funds have been received) and that all interest thereon shall belong to the Company and further that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;
  - (f) agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of either Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
  - (g) agree that, in respect of those D Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by inclusion in an allotment of D Shares to you by the Receiving Agent;
  - (h) agree that, having had the opportunity to read the Prospectus and any supplementary prospectus issued by the Company and filed with the FCA, you shall be deemed to have had notice of all information and representations concerning the Company contained herein and in any supplementary prospectus issued by the Company and filed with the FCA and in any announcement made by the Company on an appropriate Regulatory Information Service (whether or not so read);
  - (i) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent by post to you at your address as set out in the Application Form;
  - (j) confirm that in making such application you are not relying on any information or representation in relation to the Company other than those contained in this document and any supplementary prospectus filed with the FCA and you accordingly agree that no person responsible solely or jointly for this document and/or any supplementary prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
  - (k) confirm that you have reviewed the restrictions contained in this paragraph 3 and paragraph 4 below and warrant as provided therein;
  - (l) warrant that you are not under the age of 18 years;
  - (m) agree that such Application Form is addressed to the Company, BDO LLP and the Receiving Agent;
  - (n) agree to provide the Company and/or the Receiving Agent with any information which either may request in connection with your application and/or in order to comply with the Venture Capital Trust or other relevant legislation and/or the Money Laundering Regulations 2007 (as the same may be amended from time to time);

**(o)** warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, BDO LLP, the Receiving Agent or Foresight acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;

**(p)** agree that neither BDO LLP nor Foresight will regard you as its customer by virtue of you having made an application for D Shares or by virtue of such application being accepted; and

**(q)** declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring D Shares and that the D Shares are being acquired for bona fide commercial purposes and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

**4.** No action has been or will be taken in any jurisdiction by, or on behalf of, the Company which would permit a public offer of D Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the United Kingdom. No person receiving a copy of this document or any supplementary prospectus filed with the FCA or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application for D Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

**5.** The basis of allocation will be determined by the Company (after consultation with BDO LLP) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received. The Offer will be closed on 3 April 2017 or as soon as full subscription is reached (unless extended by the Directors or closed earlier at their discretion). The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/ or scale down any application, in particular multiple and suspected multiple applications which may otherwise be accepted. Application monies not accepted or if the Offer is withdrawn will be returned to the applicant in full by means of a cheque, posted at the applicant's risk. The right is also reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects complying with the application procedures set out herein. In particular, but without limitation, the Company (after consultation with BDO LLP) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these terms and conditions. The Offer is not underwritten. The Offer will be suspended if at any time, the Company is prohibited by statute or other regulations from issuing D Shares.

**6.** Save where the context requires otherwise, terms defined in this document and any supplementary prospectus filed with the FCA bear the same meaning when used in these terms and conditions of application and in the Application Form.

**7.** Authorised financial intermediaries who, acting on behalf of their clients where those clients are Execution-Only Investors or Professional Client Investors, return valid Application Forms bearing their stamp and FCA number will normally be paid 3% commission on the amount payable in respect of the D Shares allocated for each such Application Form. In addition, provided they continue to act for their client and the client continues to hold such Offer Shares, such intermediaries will be paid an annual trail commission of 0.5% of the net asset base value for each such D Share. For this purpose, "net asset base value" means the net assets attributable to the D Share in question as determined from the audited annual accounts of the Company as at the end of the preceding financial year. It is expected that annual trail commission will be paid 5 months after the year end of the Company in each year. The administration of annual trail commission will be managed on behalf of the Promoter by Foresight Fund Managers Limited which will maintain a register of intermediaries entitled to trail commission. The Promoter shall be entitled to rely on a notification from a client that he has changed his adviser, in which case, the trail commission will cease to be payable to the original adviser and will be payable to the new adviser if one is appointed. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 3% of the Offer price of each such D Share or in respect of any period commencing after the sixth anniversary of the closing date of the Offer. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for commission. The Receiving Agent will collate the Application Forms bearing the financial intermediaries' stamps and calculate the initial commission payable which will be paid within one month of the allotment.

**8.** Financial intermediaries may agree to waive initial commission in respect of your application. If this is the case then the amount of your application will be increased by an amount equivalent to the amount of commission waived.

**9.** Where Application Forms are returned by you or on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application having first categorised you as a Retail Client Investor, the Company will facilitate the payment of any Adviser Charge agreed between you and your intermediary, as validated by your completion of Box 3 on the Application Form. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment equal to the Adviser Charge direct to the intermediary which will be taken into account when applying the Pricing Formula to your subscription, and will reduce, the number of D Shares which are issued to you on the basis set out on page 15.



**10.** There has been no material disparity in the past year (from the date of this document), nor shall there be under the Offer in the effective cash cost of Offer Shares to members of the public as compared with the effective cash cost of Offer Shares to members of the Company's management (including its administrative and supervisory bodies) or their affiliates.

**11.** Where Application Forms are returned on your behalf by an authorised financial intermediary, the Promoter at its sole discretion will determine the Promoter's Fee applicable to your application for D Shares, subject to a maximum of 2.5% of the Net Asset Value per D Share.

**12.** The Company may, in its absolute discretion, make non-material amendments to these terms and conditions without giving notice to investors.

## **Lodging of application forms and dealing arrangements**

Completed Application Forms with the appropriate remittance must be posted or delivered by hand on a Business Day between 9.00am and 5.30pm to the Receiving Agent. The Offer opens on 27 March 2017 and will close on 3 April 2017, or earlier at the discretion of the Directors. The Directors in their absolute discretion may also decide to extend the Offer to 24 March 2018 at the latest. If you post your Application Form, you are recommended to use first class post and to allow at least two Business Days for delivery. It is expected that dealings in the D Shares will commence three Business Days following allotment and that share certificates will be despatched ten business days of allotment of the D Shares. Allotments will be announced on an appropriate Regulatory Information Service. Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all. To the extent that any application is not accepted any excess payment will be returned without interest by returning the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the risk of the person entitled thereto.

### **DIRECT INVESTMENT FROM PLATFORMS AND WRAPS**

In April 2014, legislation was introduced which has made it possible to subscribe for new VCT share offers directly from Platforms or Wraps.

Foresight Group is in discussions with several providers over making new shares in its VCTs available, and at time of going to press, shares in Foresight Solar & Infrastructure VCT are available to purchase directly via Transact.

Trail commission will not be payable to financial intermediaries providing a platform service.

If you would prefer to access Foresight Solar & Infrastructure VCT via an alternative Platform or Wrap provider, please contact a member of the Foresight Sales Team on 020 3667 8199 and we will work with you and your platform provider to try to achieve this.

## Corporate Information

### Directors (Non-executive)

David Hurst-Brown (Chairman)  
Tim Dowlen  
Mike Liston

### Registered Office and Head Office

The Shard  
32 London Bridge Street  
London SE1 9SG

### Company Registration Number

07289280

### Website

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

### Telephone Number

020 3667 8100

### Company Secretary

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

### Registrars

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

### Investment Manager & Administration provider

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

### Promoter

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

### Solicitors and VCT Tax Advisers

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

### Broker

Panmure Gordon (UK) Limited  
One New Change  
London EC4M 9AF

### Sponsor

BDO LLP  
Two Snowhill  
Birmingham B4 6GA

### Receiving Agent

The City Partnership (UK) Limited  
110 George Street  
Edinburgh EH2 4LH

### Bankers

Barclays Bank plc  
54 Lombard Street  
London EC3P 3AH

### Auditors

KPMG LLP  
15 Canada Square  
London E14 5GL