

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other financial adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are in the United Kingdom (UK), or from another appropriately authorised financial adviser if you are outside the UK.

If you have sold or otherwise transferred all of your shares in Foresight VCT plc (**Company**), please send this document (but not any personalised forms of proxy), as soon as possible, to the purchaser or transferee or to the stockbroker, financial adviser or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee. Please contact Computershare Investor Services PLC on the details below if you have acquired shares in the Company since the publication of this document.

The Company and the Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Shakespeare Martineau LLP, which is regulated in the UK by the Solicitors Regulation Authority, is acting as legal adviser to the Company and no one else and will not be responsible to anyone other than the Company for the advice in connection with any matters referred to in this document.

FORESIGHT VCT PLC

(Registered in England and Wales with registered number 03421340)

Notice of General Meeting and Recommended proposals to approve changes to the performance incentive arrangements with the Company's manager

Your attention is drawn to the letter from the chair of the Company in Part I of this document which contains a recommendation to vote in favour of the resolution to be proposed at the general meeting of the Company to be held at 2.30 p.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company convened for 2.00 p.m.) on 15 June 2023 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG (**General Meeting**).

Where a shareholder has elected to receive hard copies of Company documentation, personalised forms of proxy are enclosed with their copy of this document. To be valid, forms of proxy should be returned so as to be received not less than 48 hours before the General Meeting, either by post or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. A pre-paid envelope is enclosed for use in the UK only.

Proxy votes may also be submitted electronically, to be received no later than 48 hours before the General Meeting, through Computershare's Investor Centre at www.investorcentre.co.uk/eproxy (shareholders will be asked to provide the Control Number, their individual Shareholder Reference Number (SRN) and PIN, details of which are contained on the form of proxy).

For information on the completion and return of a form of proxy please telephone Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. (GMT) Monday to Friday (except UK public holidays) on 0370 703 6388 or, if telephoning from outside the UK, on +44 370 703 6388.

For information generally on the General Meeting please contact Foresight Group LLP investor relations on 0203 667 8181 or email: investorrelations@foresightgroup.eu.

Calls may be recorded and randomly monitored for security and training purposes. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that for legal reasons Computershare Investor Services plc and Foresight Group LLP cannot give advice on the merits of the proposals or provide financial, legal, tax or investment advice.

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DEFINITIONS

1% Cap	as defined on page 5
Average Annual Hurdle	as defined on page 4
Average Total Return	as defined on page 4
Associate	has the meaning given in the Listing Rules
Board	the board of directors of the Company
COPIA Agreement	as defined on page 8
Company	Foresight VCT plc
Deed of Amendment	as defined on page 5
Director	a director of the Company (together the Directors)
FCA	the Financial Conduct Authority, or its successor regulator
Financial Period	a financial period of the Company (assuming a 12 month period)
Foresight CI	Foresight Group CI Limited, which is licensed by the Guernsey Financial Services Commission
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting	the general meeting of the Company to be held on 15 June 2023 (or any adjournment thereof)
Listing Rules	the listing rules issued by the FCA in accordance with section 73A of FSMA
Manager	Foresight Group LLP, the investment manager, administrator and Company secretary to the Company, which is authorised and regulated by the FCA
NAV	net asset value
Proposals	the proposals to replace the current performance incentive arrangements with the Manager with the new performance incentive arrangements, as summarised in Part I of this document
Resolution	the resolution to be proposed at the General Meeting
RPI	the retail prices index as compiled by the Office for National Statistics
Shareholders	holders of Shares
Shares	ordinary shares of 1 penny each in the capital of the Company with an International Securities Identification Number: GB00B68K3716 (and each a Share)
VCT	a venture capital trust as defined in section 259 of Income Tax Act 2007 (as amended)

PART I: LETTER FROM THE CHAIR

Directors:

Margaret Littlejohns (Chair)
Patricia Dimond
David Ford
Jocelin Harris
Gordon Humphries
Dan Sandhu

Registered Office:

The Shard
32 London Bridge Street
London
SE1 9SG

Company Number:

03421340

18 May 2023

Dear Shareholder

Notice of General Meeting and recommended proposals to approve changes to the Company's performance incentive arrangements with its manager, Foresight Group LLP (Manager)

Introduction

The Board has been pleased to note good performance of the portfolio in recent years and several strong exits, including the exceptional exits of Codeplay Software Limited for 15.4 times and TFC Europe Limited for 12.6 times the respective initial investment. This strong performance by the Manager is shown through the NAV total return (NAV plus cumulative dividends paid) results in the table below.

Five-year performance to the Company's most recent audited financial period end*

	1 Year to 31 December 2022	3 Years to 31 December 2022	5 Years to 31 December 2022
NAV as at the start of the period	90.1p	76.5p	80.0p
NAV as at the end of the period	87.5p	87.5p	87.5p
Cumulative dividends paid during the period	8.5p	15.5p	25.5p
Total Return as at end of period (NAV plus cumulative dividends paid in period)	96.0p	103.0p	113.0p
Total Return performance over the period	6.5%	34.6%	41.3%

* Past performance is not necessarily a guide to future performance.

The above performance does not include the proposed final dividend of 4.4p per Share for the year ended 31 December 2022 payable (subject to shareholder approval at the annual general meeting of the Company to be held on 15 June 2023) on 30 June 2023 to Shareholders on the register on 16 June 2023.

Despite this strong performance, the Company's current performance incentive arrangements with the Manager have not crystallised into performance related payments. The current arrangements, as summarised below, were introduced during a period of low interest rates and low inflation in the UK. In light of recent economic conditions, in particular significant rises in inflation, the hurdles under the current arrangements have become extremely difficult to achieve (due to the hurdle's direct linkage to RPI) even where there is exceptional investment performance. In addition, the arrangements are complex and require continual assessment and monitoring with any payment being made long after the relevant investment exit.

The Board has, therefore, been reviewing and considering changes to the Company's current performance incentive arrangement with the Manager with the aim of implementing simpler arrangements that better incentivise and appropriately reward the Manager's performance, whilst continuing to align with the interests of Shareholders.

Following an extensive review by the Board, I am therefore writing to you with details of, and to seek your approval to, the resulting proposals (**Proposals**), which are explained in further detail below. In summary, it is proposed to replace the current arrangements, which provide for performance fees in respect of returns on individual investments against various growth and NAV total return hurdles, with new arrangements, which would provide for annual performance fees based on an average annual NAV total return growth, over a rolling five year period, in excess of an average annual growth hurdle.

Under the Listing Rules, the Manager is a related party of the Company. The Proposals therefore constitute a 'related party transaction' for the purposes of the Listing Rules and require the approval of the Shareholders. Such approval is being sought pursuant to the Resolution to be proposed at the General Meeting.

If the Resolution is passed, the new arrangements will supersede the current arrangements and any potential outstanding liabilities relating thereto will end. If the Resolution is not passed the existing performance incentive fee arrangements will continue in place.

Summary of the Current Performance Incentive Arrangements

Under the current arrangements, the Manager will potentially be entitled to a performance incentive payment in respect of investments made by the Company in new investee companies on or after 31 March 2017 (including follow-on investments in such companies).

The Manager is entitled to a performance incentive fee in respect of the cash proceeds received by the Company in respect of a realisation of an investment subject to (i) an 'Investment Growth Hurdle' and (ii) a 'Total NAV Return Hurdle'.

The 'Investment Growth Hurdle' requires that the cash return received in respect of all investments in the relevant investee company is greater than the cost of those investments increased annually by 4% plus RPI (on a compound basis).

The 'Total NAV Return Hurdle' requires that the NAV total return per Share must be at least the 'Hurdle TR' (i) at the time of the exit of the relevant investment and (ii) at the end of the three year period following the relevant exit.

For these purposes:

- 'NAV total return per Share' means, as at the date of assessment, the NAV per Share plus Dividends paid per Share since 18 December 2015;
- 'Dividends paid per Share' means the aggregate of the amount of dividends actually paid, divided by the number of Shares in issue at the point of the assessment, to give a rebased amount of dividends per Share; and
- 'Hurdle TR' means 100p as increased from 1 January 2020 to the date of the relevant total return assessment by the greater of (i) the percentage increase in RPI and (ii) 3.5% per annum (such increase to be compounded yearly by the greater of the RPI increase and 3.5% for the relevant year).

As at 31 December 2022, the 'NAV total return per Share' was 121.1p (being the aggregate of the NAV per Share as at 31 December 2022 of 87.5p and dividends paid per share (rebased) since 18 December 2015 totalling 33.6p). This compares to the Total NAV Return Hurdle as at 31 December 2022 of 126.3p.

Should both of the above hurdles be met, the Manager will receive a fee equal to 20% of the amount by which the cash proceeds received by the Company exceed the 'Investment Growth Hurdle'.

The fee will only be paid after three years following the exit of the relevant investment, once the 'Total NAV Return Hurdle' can be measured in full. The Company may issue Shares in lieu of a cash payment.

No performance incentive fees under these arrangements have been paid to date. Although a number of recent successful exits have met the Investment Growth Hurdle, recent significant increases in RPI have meant that they did not meet the initial 'Total NAV Return Hurdle' at the point of the relevant exit. In addition, had they met the initial 'Total NAV Return Hurdle', it would be very unlikely that they would have met the end 'Total NAV Return Hurdle'. Similarly, it is unlikely that future successful realisations will meet the hurdles to trigger performance incentive fee payments.

As a result, the Board does not believe that the current arrangements provide any reward in respect of the recent performance, nor do they incentivise the Manager in respect of future performance.

Proposed New Performance Incentive Arrangements

The Board is of the view that appropriate performance incentive arrangements should align the interests of the Manager with those of Shareholders. Equally, the Board also believes performance incentive arrangements should properly incentivise the Manager to generate enhanced returns for Shareholders by being achievable, with appropriate reward for such enhanced performance.

The Board also recognises that, in the context of a highly competitive market for attracting and retaining investment professionals, well-constructed performance incentive arrangements enable the Manager to hire and retain experienced and skilled staff to continue to deliver the growth for the Company and consequential returns for Shareholders.

For the reasons referred to above the Board does not believe that the existing performance incentive arrangements are achieving these objectives.

Under the proposed new arrangements, a performance incentive fee would be payable in respect of each Financial Period commencing on or after 1 January 2023 where the Company achieves an average annual NAV total return per share (**Average Total Return**), over a rolling five year period, in excess of an average annual hurdle of 5% (**Average Annual Hurdle**).

In respect of the relevant Financial Period:

- **Average Total Return** means the movement in NAV per share over the period covering the relevant Financial Period and the four preceding Financial Periods (i.e. a rolling five year period) plus cumulative dividends per Share paid during that rolling five year period, divided by five.
- **Average Annual Hurdle** means an average return of 5% per annum (simple, not compounded) over the rolling five year period from the opening NAV per Share at the beginning of the five year period to the closing NAV per Share at the end of that five year period.

The use of a five year rolling period aligns with the minimum VCT holding period for Shareholders to benefit from the income tax reliefs on VCT share subscriptions and is considered by the Board to be a reasonable period. In addition, using the five-year average requires consistent longer term performance.

The Board believes a 5% hurdle is appropriate as it is in line with the Board's current dividend policy of targeting annual dividends of at least 5% of the NAV per Share (based on the latest announced NAV per Share), whilst also at least maintaining the NAV per Share on a year on year basis, and ensures performance incentives fees are due only after this dividend target has been achieved.

If the Average Annual Hurdle is met, the Manager would be entitled to an amount equal to 20% of the amount by which the Average Total Return exceeds the Average Annual Hurdle on a per share basis. For these purposes, 'per share basis' means the weighted average number of Shares in issue over the performance measurement period (i.e. taking into account increases and decreases in the number of Shares in issue over the rolling five year period). The maximum amount of any performance incentive fee payable in respect of a Financial Period will be subject to a cap of 1% of the Company's net assets at the end of that Financial Period (**1% Cap**). Any performance incentive fee shall be paid in cash within 30 business days following the date of publication by the Company of its annual report and financial statements for the relevant Financial Period. The Company may issue Shares in lieu of a cash payment.

Where there is a negative return at the end of any relevant Financial Period (i.e. the closing NAV per Share plus cumulative dividends paid in that Financial Period is less than the opening NAV per Share at the beginning of that Financial Period (the amount of such shortfall being the **Negative Return**)), no fee shall be payable even if the Average Annual Hurdle is exceeded. However, the potential fee will be carried forward and will become due at the end of the next Financial Period if the Negative Return is recovered in that next Financial Period (i.e. the closing NAV per Share (plus cumulative dividends paid) in that next Financial Period is greater than the opening NAV per Share for that next Financial Period plus an amount equal to the Negative Return), and the Average Annual Hurdle for that next Financial Period is achieved. Any such catch up fees will be paid alongside any fee payable for that next Financial Period, but subject to the 1% Cap for that Financial Period applying to both fees in aggregate. For the avoidance of doubt, catch up fees will not be rolled further forward to subsequent Financial Periods.

The first five year performance period is proposed to start on 1 January 2019 and will take into account the audited results of the five years ending 31 December 2023, with any fee payable being paid following the publication of the Company's annual report and financial statements for the year ending 31 December 2023. The new arrangements will also be subject to continual review by the Board to ensure continued alignment with the interests of Shareholders.

If the Resolution is passed, a deed of amendment and restatement to the existing COPIA Agreement will be entered into replacing the current performance incentive arrangements (and terminating any potential outstanding liabilities relating thereto) with the new performance incentive arrangements, together with consequential amendments and updates (**Deed of Amendment**). For the avoidance of doubt, the Manager's co-investment arrangements with the Company in the COPIA Agreement will continue and no changes are proposed to those arrangements.

An illustrative example of the proposed new arrangements is set out below:

Detail	Workings	Value
Year 1 opening NAV per Share		90.0p
Year 5 closing NAV per Share		100.3p
Cumulative dividends per Share		24.5p
5 year total return	$((100.3p + 24.5p) - 90.0p)$	34.8p
Average Total Return	$34.8p / 5$	7.0p
Average Annual Hurdle per Share	$(90.0p \times 0.25) / 5$	4.5p
Excess over Average Annual Hurdle per Share	$7.0p - 4.5p$	2.5p
5 year weighted average number of Shares		250,000,000 Shares
Total excess	$2.5p \times 250,000,000$	£6,150,000
Manager's performance incentive fee	$£6,150,000 \times 20\%$	£1,230,000
Company's closing net assets in year 5		£190,000,000
Performance incentive fee cap	$£190,000,000 \times 1\%$	£1,900,000

In the illustrative example, it is assumed that there is a positive total return per Share in year 5 (i.e. in respect of year 5, the closing NAV per Share plus dividends paid per Share is greater than the opening NAV per Share). As a result, the Manager is entitled to a performance incentive payment of £1.23 million on the basis that the Average Total Return per Share of 7.0p (an average NAV total return of 7.7%) has exceeded the Average Annual Hurdle of 4.5p per Share by 2.5p per Share (an average NAV total return hurdle of 5%). The excess per Share is then multiplied by a weighted average number of Shares over the period of 250 million. The performance incentive fee would be payable in full as it is below the cap of £1.9 million (this being 1% of the closing net assets in year 5 of £190 million).

If the overall 5 year rolling performance remained the same, but the total return per share in year 5 was negative 0.2p (this being the Negative Return), no performance incentive fee would be payable in respect of year 5. However, the potential to earn this fee (being the catch up fee) is carried forward to year 6. The catch up fee would be paid if (i) the total return per Share in year 6 is greater than 100.5p (i.e. the opening NAV per Share in year 6 of 100.3p plus the Negative Return of 0.2p) and (ii) in respect of year 6, the relevant Average Total Return exceeds the relevant Average Annual Hurdle (this being the rolling five year period performance assessment from the beginning of year 2 to the end of year 6 calculated from the opening NAV per Share in year 2). However, this catch up fee would be combined with any performance incentive fee potentially due in respect of year 6 and the aggregate would be capped at 1% of the Company's net assets at the end of year 6. Any excess over the cap would not be carried forward to the following year.

General Meeting

A notice convening the General Meeting to be held at 2.30 p.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company convened for 2.00 p.m.) on 15 June 2023 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG can be found on pages 10 to 11 of this document.

The resolution to be proposed at the General Meeting is an ordinary resolution to seek approval of the Proposals. The resolution will require a majority of those voting at the General Meeting to approve the resolution.

Action to be Taken

Shareholders who have elected to receive hard copies of Company documentation will find enclosed with this document a personalised form of proxy for use at the General Meeting. Whether or not Shareholders intend to attend the General Meeting, they are requested to complete and return the form of proxy for the Company's General Meeting. Completion and return of a form of proxy will not prevent a Shareholder from attending and voting in person at the General Meeting, should they wish to do so.

Forms of proxy for the General Meeting should be returned so as to be received not less than 48 hours before the General Meeting, either by post or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. A pre-paid envelope is enclosed for use in the UK only.

Proxy votes may also be submitted electronically, to be received no later than 48 hours before the General Meeting, through Computershare's Investor Centre at www.investorcentre.co.uk/eproxy (Shareholders will be asked to provide the Control Number, their individual Shareholder Reference Number (SRN) and PIN, details of which are contained on the form of proxy).

Shareholders are encouraged to submit their proxy votes electronically to help reduce the Company's carbon footprint.

Recommendation

In the Board's opinion the Proposals are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial shareholdings totalling 286,564 Shares (representing approximately 0.12% of the issued share capital as at 17 May 2023, this being the latest practicable date prior to publication of this document).

The Board considers that the Proposals are fair and reasonable as far as the Shareholders are concerned, and the Directors have been so advised by BDO LLP. In providing its advice, BDO LLP has taken account of the Directors' commercial assessment of the Proposals.

As the Manager is regarded as a related party under the Listing Rules, the Manager and its Associates cannot vote on the Resolution. The Manager does not hold any Shares (and, therefore, does not hold any entitlement to vote on the Resolution). The Manager has undertaken to take all reasonable steps to ensure that its Associates will not vote on the Resolution.

Yours faithfully

Margaret Littlejohns

Chair

PART II: ADDITIONAL INFORMATION

1. Issued Share Capital

- 1.1 As at 17 May 2023 (this being the latest practicable date prior to publication of this document), the Company has 245,731,254 Shares in issue (all fully paid up). All Shares rank pari passu in all respects. There are no other shares or loan capital in the Company in issue or under option or agreed conditionally or unconditionally to be put under option nor does the Company hold shares in treasury.
- 1.2 As at 17 May 2023 (this being the latest practicable date prior to 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 CA 2006, the Listing Rules and the Disclosure Guidance & Transparency Rules of the FCA, a holding of 3% or more must be notified to the Company).

2. Directors' and Other Interests

- 2.1 As at 17 May 2023 (this being the latest practicable date prior to publication of this document), the interests of the Directors' (and their immediate families) in the issued share capital of the Company were as follows:

	Shares	% of Issued Share Capital
Margaret Littlejohns	74,518	0.03
Patty Dimond*	49,381	0.02
David Ford	29,171	0.01
Jocelin Harris	77,294	0.03
Gordon Humphries	32,863	0.02
Dan Sandhu	23,337	0.01

*23,337 Shares held by Jon Gudelis, the spouse of Patty Dimond.

- 2.2 Save as disclosed above, no Director, nor (so far as is known to the relevant Director) any person connected with a Director, has any interest in the issued Shares.
- 2.3 None of the Directors has a service contract, nor are any such contracts proposed.

The Directors are appointed pursuant to appointment letters. Margaret Littlejohns was appointed as a Director on 1 October 2017 and became Chair of the Board on 27 May 2021. Jocelin Harris was appointed as a Director on 18 December 2015. Gordon Humphries was appointed as a Director on 20 February 2007. Patty Dimond was appointed as a director on 1 February 2021. David Ford and Dan Sandhu were both appointed as directors on 1 January 2023. The annual remuneration receivable by Margaret Littlejohns as a Director, chair of the Board and chair of the Management Engagement Committee and Nomination Committee is £35,300 (effective from 1 January 2023), by each of Patty Dimond, Jocelin Harris, Dan Sandhu and David Ford as Directors is £26,100 (effective from 1 January 2023) and by Gordon Humphries as a Director and chair of the Audit Committee and Remuneration Committee is £31,900 (effective from 1 January 2023), in each case plus employer's National Insurance Contributions. Travel and other expenses incurred are recoverable from the Company and may be considered benefits to the Directors. Where applicable, any associated tax liability will be settled by the Company.

3. Material Contracts

- 3.1 Save as set out below, the Company has not entered into, other than in the ordinary course of business, any contract which is or may be material to the Company within the two years immediately preceding the publication of this document or into any contract under which the Company has an obligation or entitlement which is material to the Company as at the date of this document.
- 3.1.1 An investment management agreement dated 21 June 2012 between the Company (1), the Manager (2) and Foresight CI (3) (as amended from time to time, including a side letter dated 3 January 2023 amending fees from 1 July 2022 to be paid in arrears rather than in advance), as novated to the Manager and amended on 27 January 2020 (including Foresight Group Holdings Limited being added as a party to the agreement) (as supplemented, amended and varied from time to time) pursuant to which the Manager provides investment management and administration (including secretarial and accounting) services to the Company.

The appointment may be terminated by not less than one year's notice in writing by either party. The appointment may also be terminated in circumstances of material breach by the Company or the Manager (or its delegates, subcontractors and service providers) or by the Company if the Manager is no longer authorised by the FCA to provide such services. The Company may appoint other parties in substitution of the Manager as investment adviser or manager in respect of the whole or part of the Company's investment portfolio if it believes that this is necessary to preserve the status of the Company as a VCT. The Manager

may delegate, subcontract and procure services from other parties subject to prior approval from the Board (the Manager, however, remains responsible to the Company for all such services).

The Board has permitted the Manager to procure investment management advisory services from Foresight CI in connection with delivering its investment management services to the Company. Foresight CI (the parent undertaking of the Manager) and Foresight Group Holdings Limited (the parent company of Foresight CI) have also provided a guarantee under the agreement in respect of the obligations of the Manager.

The Manager receives an annual management fee of an amount equal to 2.0% of the net assets of the Company, calculated and payable quarterly in arrears, together with any applicable VAT thereon in respect of investment management services. Management fees are paid in relation to new funds raised during the relevant quarter such funds are raised. It has been agreed by the Company and the Manager to reduce the annual management fee to 1% in respect of any cash within the net assets of the Company in excess of £20 million. The Manager also receives an annual administration fee. The fee for the current year to 31 December 2023 is £130,000 (this also being the annual fee for subsequent years having reached the agreed cap). The administration fee is calculated and payable quarterly in arrears and is subject to VAT. The normal annual expenses of the Company are capped at an amount equal to 2.4% of the Company's net assets. Any excess over this amount will be borne by the Manager. Normal annual expenses include the annual expenses of the Company incurred in its ordinary course of business, the annual investment management and administration fees, directors' remuneration and normal fees payable to the Company's registrars, stockbroker, auditors, solicitors and VCT status advisers. It does not include irrecoverable VAT, performance incentive fees, trail commission or exceptional items.

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

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

- 3.1.2 A co-investment and performance agreement dated 31 March 2017 between the Company (1) and Foresight CI (2) (as novated to the Manager on 27 January 2020 and as amended and supplemented from time to time) (**COPIA Agreement**) pursuant to which the Company has granted performance incentive entitlements and has agreed to co-investment arrangements with the Manager and the individual members of the Manager's Private Equity Team.

Pursuant to the co-investment arrangements, the Manager and individual members of the Manager's Private Equity Team will co invest, alongside the Company, for shares and loans in each new investee company at the same time and at the same price paid by the Company. In respect of investments made by the Company in new investee companies (including follow-ons) on or after 31 March 2017, the Manager and individuals in the Foresight Private Equity Team subscribe, in aggregate, for shares and loans equal to 1.0% (1.5% for the period from 31 March 2017 to 27 January 2020) of the total value being invested by the Company. This allocation will be split as to 75% to individual members of the Manager's Private Equity Team and 25% to the Manager. The co-investment will be in the lowest priority of securities in which the Company is investing, subject to not representing more than 3.33% (5% for the period from 31 March 2017 to 27 January 2020) of the amount the Company is investing in each security class.

If the co-investment arrangements are not complied with in respect of an investment the Board is entitled to withdraw or modify the co-investment arrangements in respect of future investments. In addition, the Board has reserved the right, but subject to consultation with the Manager, to amend or terminate the co-investment arrangements and the performance incentive entitlement on giving the Manager six months' notice in writing at any time in respect of investments made after the expiry of such notice if it believes that the objectives of the co-investment arrangements and the performance incentive entitlement are not being met and/or are no longer aligned with the best interests of the Company.

The current performance incentive arrangements are more particularly described in Part I of this document.

- 3.1.3 Letters of appointment with each of the Directors. The appointments may be terminated on written notice and all Directors are subject to retirement annually. Their appointment does not confer any right to hold office for any period or any right to compensation if they cease to be Directors. The office of non-executive director is also not pensionable. Annual remuneration receivable by the Directors is detailed in paragraph 2.3 above.
- 3.1.4 A promoter's agreement dated 20 January 2023 between the Company (1), the Directors (2), Foresight Group Promoter LLP (3) and the Manager (4) whereby Foresight Group Promoter LLP agreed to act as promoter in connection with the Company's offer for subscription contained in the prospectus dated 20 January 2023 (such offer for subscription having closed). The agreement contains warranties and indemnities given by the Company to Foresight Group Promoter LLP. The Company will pay to Foresight Group Promoter LLP a fee of 2.5% of the amount subscribed by retail client investors, professional client investors and execution-only

investors and 5.5% of the amount subscribed by direct investors. In consideration of this fee, the Promoter has agreed to meet all costs, expenses and charges of, or incidental to, the offer (other than financial intermediary commissions, adviser charges and payments to investors from which up-front adviser charges will be facilitated). All up-front costs and financial intermediary charges and commissions are borne by investors through the price which the investor pays for their Shares under such offer. The Manager has provided a guarantee under the agreement in respect of the obligations of Foresight Group Promoter LLP including the agreement to meet the costs of the offer for which Foresight Group Promoter LLP is responsible.

- 3.1.5 A letter of engagement dated 13 December 2022 (as amended by an addendum dated 2 May 2023) between BDO LLP (1) and the Company (2) pursuant to which BDO LLP was appointed as sponsor to the Company for the purposes of the Company's offer for subscription referred to in paragraph 3.1.4 above and in connection with the Proposals. The letter contains warranties and representations given by the Company to BDO LLP in connection with that prospectus. The engagement may be terminated if any statement in that prospectus is untrue or any material omission from that prospectus arises. The fees payable to BDO LLP in respect of the offer for subscription were part of the costs of such offer, for which Foresight Group Promoter LLP was responsible. The fees payable to BDO LLP in connection with the Proposals are the responsibility of the Company.
- 3.2 Subject to the approval by Shareholders of the Resolution at the General Meeting, the Company will enter into the Deed of Amendment pursuant to which the COPIA Agreement will be amended to replace the existing performance incentive arrangements (and terminate any potential outstanding liabilities relating thereto) with the proposed new performance incentive arrangements, as more particularly described in Part I of this document, together with consequential amendments and updates.

4. Other

- 4.1 The Company was incorporated and registered in England and Wales as a public company with limited liability on 19 August 1997 with registered number 03421340. The legal and commercial name of the Company is Foresight VCT plc. The Company's registered office and principal place of business is at The Shard, 32 London Bridge Street, London SE1 9SG. The Company is domiciled in England. The principal legislation under which the Company operates, and under which the Shares are created, is CA 2006 (and regulations made thereunder). The Company does not have, nor has it had since incorporation, any subsidiaries, or employees.
- 4.2 There has been no significant change in the financial or trading position of the Company since 31 December 2022, this being the date to which the last financial year of the Company for which audited financial information has been published.
- 4.3 Save for (i) entering into the agreement set out in paragraph 3.1.4 above (the fee paid to the Manager thereunder of £0.6 million, before settlement of expenses in connection with the offer for subscription to which the agreement relates, represents 0.3% of the Company's net assets as shown in the annual report and financial statements for the year ended 31 December 2022) and (ii) entering into the side letter dated 3 January 2023 referred to in paragraph 3.1.1 above (there being no monetary benefit to the Manager thereunder), the Company has not entered into any related party transactions within the meaning of IFRS or UK GAAP since 1 January 2023.
- 4.4 If the Resolution is not passed the existing performance incentive fee arrangements will continue in place. As the Board does not believe that the existing arrangements act as an incentive or appropriate reward, this may impact the Manager's ability to recruit and retain team members. This may adversely affect the performance of the Manager and, thereby, returns to Shareholders.
- 4.5 BDO LLP has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.

5. Documents available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG and can also be accessed via the Company's website at www.foresightvct.com from the date of this document until the conclusion of the General Meeting and will also be available for inspection at the place of the General Meeting during, and for at least 15 minutes before, the General Meeting:

- 5.1 the consent letter from BDO LLP referred to in paragraph 4.5 above;
- 5.2 this document; and
- 5.3 the memorandum and articles of association of the Company.

Date 18 May 2023

NOTICE OF GENERAL MEETING

FORESIGHT VCT PLC

(Registered in England and Wales with registered number 03421340)

Notice is hereby given that a general meeting of Foresight VCT plc (Company) will be held at 2.30 p.m. (or as soon thereafter following the conclusion of the annual general meeting of the Company convened for 2.00 p.m.) on 15 June 2023 at the offices of Foresight Group LLP, The Shard, 32 London Bridge Street, London SE1 9SG for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

Ordinary Resolution

That the Proposals (as defined in, and details of which are set out in, the circular issued to the Company's shareholders dated 18 May 2023), be and are hereby approved and that the Company be authorised to enter into the Deed of Amendment (as defined in that circular).

Dated 18 May 2023

By order of the Board
Foresight Group LLP
Company Secretary

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

Notes:

1. No director has a service contract with the Company. Directors' appointment letters with the Company and the Deed of Amendment will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes that may be cast thereat will be determined by reference to the register of members of the Company at the close of business on the day which is two days (excluding non-working days) before the end of the meeting or adjourned meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on their behalf. A proxy need not also be a member but must attend the meeting to represent the member. Details of how to appoint the chair of the meeting or another person as a proxy using the form of proxy are set out in the notes on the form of proxy. If a member wishes a proxy to speak on the member's behalf at the meeting the member will need to appoint their own choice of proxy (not the chair) and give their instructions directly to them.
4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy should be obtained by contacting the Company's registrar, Computershare Investor Services PLC on 0370 703 6388 or, if telephoning from outside the UK, on +44 370 703 6388. A member should indicate in the box next to the proxy holder's name the number of shares in relation to which the proxy is authorised to act as the member's proxy. A member should also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.
5. To be valid, forms of proxy should be lodged with the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received not later than 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. A member may return a proxy form in their own envelope with the address Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
6. You may appoint a proxy electronically at www.investorcentre.co.uk/eproxy. To appoint a proxy electronically, you will be asked to provide the Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically and all electronic proxy appointments must be received not later than 48 hours before the time appointed for the meeting.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) by 2.30 p.m. on 13 June 2023. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that

his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's registrar, Computershare Investor Services PLC. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged not later than 48 hours before the time appointed for the meeting in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the 'Discretionary' option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. As at 17 May 2023 (being the last business day prior to publication of this notice), the Company's issued share capital was 245,731,254 shares, each carrying one vote each (no shares were held in treasury). Therefore, the total voting rights in the Company as at 17 May 2023 was 245,731,254.
13. In accordance with section 325 of the Companies Act 2006 (**CA 2006**), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of CA 2006.
14. Any person to whom this notice is sent who is a person nominated under section 146 of CA 2006 to enjoy information rights (a **Nominated Person**) may under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
15. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 and 4 above do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
16. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should the member subsequently decide to do so. A member can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
17. Information regarding the meeting can be accessed via the Company's website: www.foresightvct.com.
18. Under section 319A of CA 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

CORPORATE INFORMATION

Directors (Non-Executive)

Margaret Littlejohns (Chair)
Patricia Dimond
David Ford
Jocelin Harris
Gordon Humphries
Dan Sandhu

Registered Office and Head Office

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SE1 9SG

Company Registration Number

03421340

Telephone Number

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Website

www.foresightvct.com

Investment Manager, Administrator and Company Secretary

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www.foresightgroup.eu

Solicitors to the Company

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EC3V 0HR

Sponsor

BDO LLP
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Broker

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One New Change
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Auditors

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20 Castle Terrace
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