

STRATEGIC REPORT

BUSINESS REVIEW

WHAT'S IN THIS SECTION

INFRASTRUCTURE	23
PRIVATE EQUITY	30
FORESIGHT CAPITAL MANAGEMENT	38
SUSTAINABILITY	45
OUR STAKEHOLDERS	55
SECTION 172(1) STATEMENT	62

MANFREDONIA, ITALY
an energy-from-waste plant, part
of Foresight's and JLEN's portfolios.

BUSINESS REVIEW

Foresight's investment strategies are designed to generate long-term investment returns while making a positive impact on the world and creating a sustainable legacy for future generations.

Investment

INFRASTRUCTURE

Our Infrastructure division is one of Europe's and Australia's most established real assets investors, with an investment strategy which focuses on all forms of renewable energy and waste projects, as well as batteries, reserve power and interconnectors. In addition, we invest in transport businesses, social infrastructure, broadband companies and natural capital.

£9.5bn
AUM 78%



61%
of revenue

PRIVATE EQUITY

Our Private Equity division is one of the most active UK regional SME investors, supporting companies through various economic cycles. We partner with promising SMEs across all sectors and deal stages, and work together to achieve long-term sustainable growth. Each year we review over 2,500 business plans and are currently supporting more than 250 SMEs.

£1.4bn
AUM 11%



28%
of revenue

FORESIGHT CAPITAL MANAGEMENT

Our Foresight Capital Management ("FCM") Team applies private market expertise to opportunities in listed markets. The FCM Team and investment approach were established in 2017 to facilitate retail and institutional investors accessing infrastructure, renewables and real estate investment opportunities through actively managed open-ended funds investing in listed securities.

£1.3bn
AUM 11%



11%
of revenue

Distribution

INSTITUTIONAL AUM



69%

RETAIL AUM



31%

BUSINESS REVIEW CONTINUED

INFRASTRUCTURE

AT A GLANCE

As one of Europe's and Australia's most established real asset investors, we set our sustainable investment strategies in the context of the trends shaping our planet and society.

Total team of 173 consisting of:

58 investment professionals with broad infrastructure experience

90 asset management experts, creating value across our portfolio

25 technical professionals and support staff

MOUNT MERCER, AUSTRALIA
part of Foresight's portfolio.

BUSINESS REVIEW CONTINUED

Our sustainable investment strategies focus on renewable energy generation, renewable energy enabling projects (such as flexible generation and battery storage), and energy efficiency management solutions, alongside social infrastructure, transport businesses, digital infrastructure and natural capital.

406

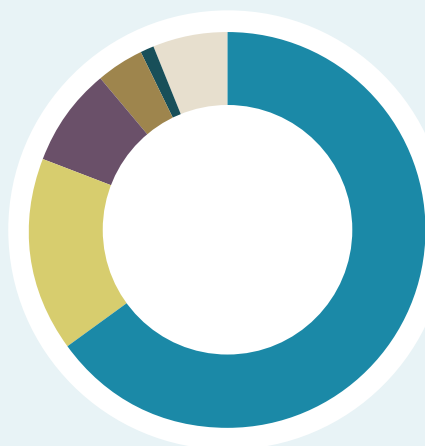
ASSETS
MANAGED

4.4GW

TOTAL GREEN TECHNOLOGY
CAPACITY

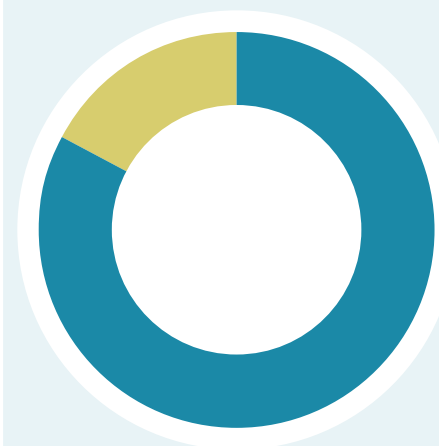


Infrastructure AUM by sector



- Energy transition 65%
- Transport 16%
- Social 8%
- Sustainable land and food 4%
- Digital 1%
- Uninvested 6%

Infrastructure AUM by client type



- Institutional 83%
- Retail 17%

UK
266 assets

Italy
59 assets

Spain
26 assets

Australia
42 assets

Germany
4 assets

Portugal
2 assets

Netherlands
3 assets

Finland
1 asset

Sweden
2 assets

Norway
1 asset



VERWOOD MANOR FARM, UK
part of Foresight Solar Fund Limited's portfolio.

BUSINESS REVIEW CONTINUED

MARKET OPPORTUNITY

The infrastructure market is characterised by powerful long-term structural trends, in particular the transition to a low-carbon energy system and the decarbonisation of core infrastructure industries and services. We are also seeing increasing emphasis on sustainable agriculture, aquaculture and natural capital, including the role of forests, soil and oceans in sequestering carbon and maintaining biodiversity.

Strong global decarbonisation and green recovery agendas

Energy security is a much greater priority for many governments, with Russia's invasion of Ukraine acting as a driver to the market penetration of renewable energy

Sustainability-led investment is increasing across key markets

Investors increasingly attracted to uncorrelated returns offered by sustainable infrastructure

Overview

Foresight's Infrastructure division is one of Europe's and Australia's most established real assets investors. As at 31 March 2023, we managed 406 infrastructure assets across 12 distinct infrastructure sectors, including assets with 4.4GW of total green energy technology capacity.

The team comprises 173 investment, commercial and technical professionals who provide a complete end-to-end solution for retail and institutional investors, from investment origination and execution, including sourcing and structuring transactions, to the ongoing and active technical, commercial and operational management of our assets. We have continued to thoughtfully expand the team in FY24, reflecting our commitment to growing and strengthening our infrastructure offering for investors.

We utilise our established international networks to access the best available markets at any given time. The division is able to deploy and manage capital across a wide range of infrastructure sectors at various stages of an asset's life, through development, construction and operational stages. This creates further investment opportunities and enables us to maximise return on investment.

Our in-house asset management team focuses on operational performance, asset optimisation, commercial and operational management as well as useful life enhancement, with the objective of generating sustainable long-term asset operations and associated economic benefits. We believe this team provides the wider Foresight Group with a competitive advantage that few in the market can offer.

Our sustainable investment approach

Our sustainability-led investment strategy remains central to the investment decisions we make and actions we take. We strive to create a sustainable legacy for future generations, through investments that offer attractive risk-adjusted returns and measurable positive impact.

In order to ensure we invest in assets that will deliver this, we utilise our proprietary Sustainability Evaluation Tool ("SET"), which allows us to integrate ESG factors throughout the investment lifecycle. With this, we not only evaluate its performance but identify areas that would benefit from strategic improvement.

We score investments against key assessment parameters across five key areas:

- i) Sustainable development contribution – the contribution made towards the global sustainability agenda
- ii) Environmental footprint – the environmental impact of an investment
- iii) Social welfare – the interaction with local communities and the welfare of employees
- iv) Governance – the compliance with relevant laws and regulations
- v) Third-party interactions – the sustainability of key counterparties and the broader supply chain

These criteria act as a guide for us to review and consider all possible investments. The SET has been designed to be flexible so that it can easily be adapted to new sectors, frameworks and standards that continue to develop as the sustainability agenda matures. This gives us further confidence in the investments we make, knowing each of our assets will continue to make a measurable contribution to our sustainability standards.

BUSINESS REVIEW CONTINUED

Our sustainable investment approach continued

Our efforts with regard to sustainability have been recognised in the year as our Foresight Sustainable Forestry Company became the first listed fund to receive the London Stock Exchange's Voluntary Carbon Market designation. This helps us stand out to those investors proactively looking for funds that make a tangible difference in the world; our Foresight Sustainable Forestry Company strives to do this, for example, through its UK afforestation pipeline, helping the UK's carbon offsetting efforts.

Performance, fundraising and capital deployment

Our divisional AUM increased by 50% to £9.5 billion (FY22: £6.3 billion) in the period, with the transformational acquisition of Infrastructure Capital Group in Australia during September 2022 adding c.£3.0 billion to AUM. Foresight Australia is already benefiting from the integration of the acquisition, continuing to invest in attractive investment opportunities. One of the flagship funds, Australian Renewables Income Fund ("ARIF"), raised A\$75 million (£41 million¹) of committed capital in Q4 FY23. With the already high demand for renewable energy only increasing, we have an FY24 infrastructure fundraising pipeline in place and have already received further commitments for ARIF post period end.

We also continue to build scale through substantially increased capital deployment in FY23, with 54 transactions completed (2022: 41) at a total value of £690 million (2022: £484 million), rising to £2,347 million (2022: £911 million) when including future deployment rights of £1,657 million (2022: £427 million).

1. Converted from AUD to GBP at an exchange rate of 0.5424 as at 31 March 2023.

ARIF CASE STUDY

Foresight has always seen Australia and New Zealand as nascent markets that would, over time, provide considerable opportunities for the division, and this was strengthened by the acquisition of Infrastructure Capital Group in September 2022. Now fully integrated, Foresight Australia benefits from enhanced investment, product development and distribution capabilities.

Our Infrastructure division manages three open-ended funds in Australia: Diversified Infrastructure Trust ("DIT"); Energy Infrastructure Trust ("EIT"); and Australian Renewable Income Fund ("ARIF").

ARIF holds a diversified portfolio of wind, hydro and solar assets, which we operate directly, across Australia. It also has partnerships with major global utilities investing in renewable energy in Australia, including Engie, ANZ and Shell. Geographical and technological diversity across the portfolio ensures that investment returns are resilient and not dependent on the performance and conditions at a single site, market or technology, with an investment pipeline across wind, solar and BESS projects.

We are currently actively fundraising for ARIF, which remains focused on the renewable energy sector across Australia and New Zealand. This fundraising activity will continue in FY24 and beyond through our existing Australian investors, the Group's wider investor base and reaching out to new investors.

Current interest in sustainable funds such as ARIF is driven by the ongoing investment being made in Australia into renewable energy assets. This largely reflects the ongoing and active transition from legacy coal-fired power stations to new renewable energy provisions.

ARIF also stands to benefit from the Australian Government's commitment to being net zero by 2050. When combined with the significant corporate support committed to achieving this milestone, this drives the long-term and growing demand for renewable energy assets.

We look forward to delivering further value from the fund over time, whilst supporting the Australian Government in meeting their decarbonisation commitments.

ZENITH, AUSTRALIA
part of Foresight's portfolio.

BUSINESS REVIEW CONTINUED

Performance, fundraising and capital deployment continued

As part of our Foresight Energy Infrastructure Partners (“FEIP”) strategy, we endeavour to drive strong diversification across technologies and geographies, acquiring complementary and negatively correlated assets to deliver a superior risk-adjusted return. Since the conclusion of our FEIP I fundraising, we have made good progress with the deployment of the Fund. Of total commitments, 90% have been reserved for 13 existing investments spread across all areas of the strategy, including solar, onshore and offshore wind, green hydrogen production, battery storage and an international interconnector.

Alongside the growth of our AUM and scale of deployment in the period, we have executed a number of profitable realisations. For example, the sale of Foresight Solar & Technology VCT’s portfolio of solar assets and Foresight’s EIEIS portfolio of Spanish and Portuguese solar assets enhanced the profitability of the wider Group through the generation of £3.6 million in performance fees.

Market developments

In line with the Paris Agreement, many countries continue to push to be carbon net zero by 2050. Given the scale of this task and the considerable effort and investment needed, increasing governmental regulations are helping to drive the large-scale changes needed globally to make the transition to renewables to achieve decarbonisation. This will be a major driver for investment decisions and is presenting further opportunities for sustainable growth for those funds with ambitions to make a positive impact. A number of strategic plans and new regulations have been announced over the year that will facilitate this transition.

FORESIGHT SOLAR & TECHNOLOGY VCT CASE STUDY

What sets us apart in the market is our strong investment strategies, our asset management capabilities and the value we add to our investment assets throughout their lifecycle. Having successfully exited the solar asset portfolio held in our Foresight Solar & Technology VCT in the year, this stands out as an excellent example of our approach to asset management.

Investment portfolio: The Foresight Solar & Technology VCT invested in a 75MWp portfolio of 11 ground-mounted and one rooftop solar projects across England, Wales and Northern Ireland.

Asset management and value creation: Our scale and expertise allowed us to add value in a number of ways, including establishing extended asset life, negotiating strong performance guarantees, which generate compensation for the Fund if not met, and undertaking detailed investigations into, and rectification of, any construction-related defects to ensure the long-term reliability of components.

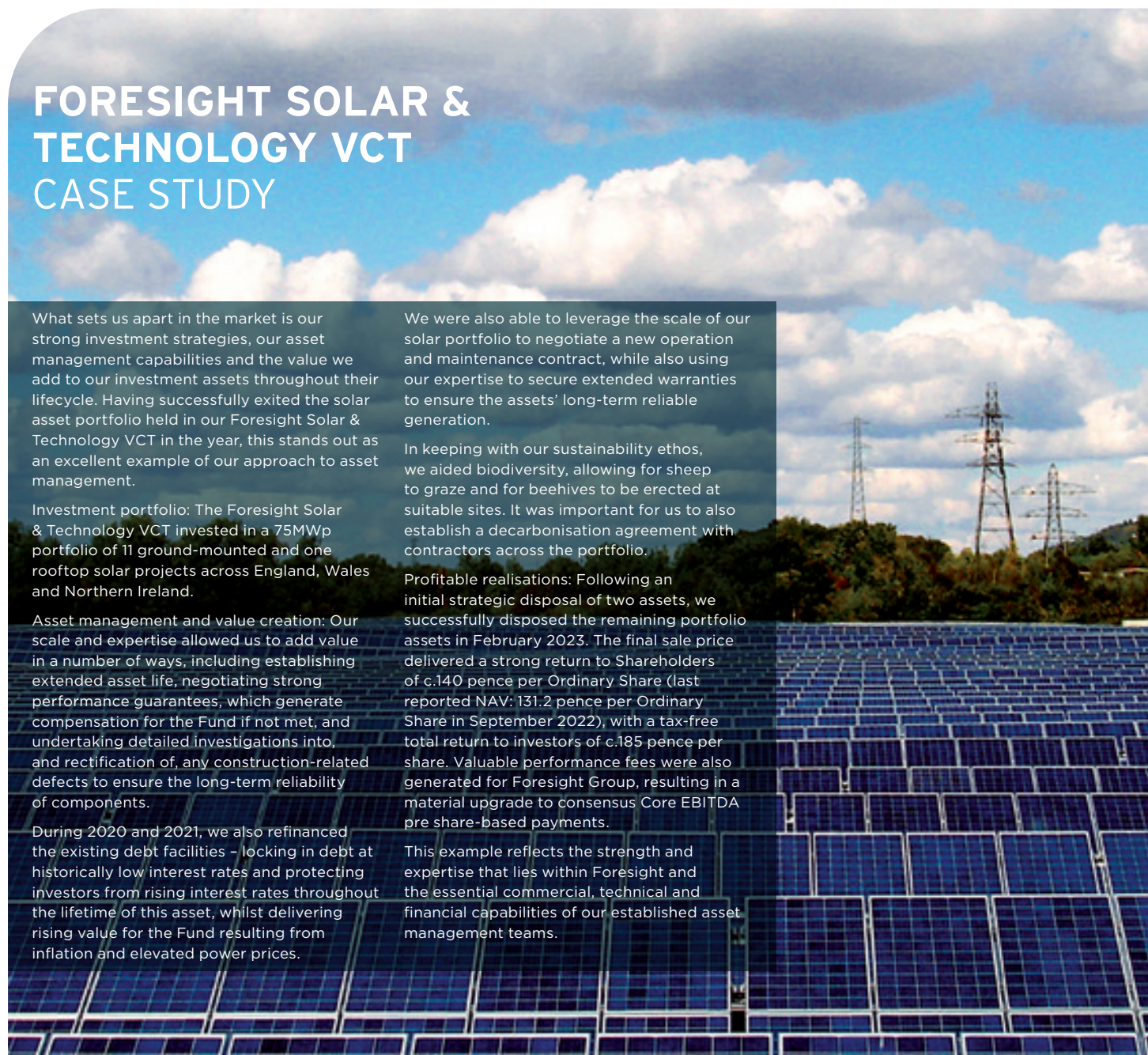
During 2020 and 2021, we also refinanced the existing debt facilities – locking in debt at historically low interest rates and protecting investors from rising interest rates throughout the lifetime of this asset, whilst delivering rising value for the Fund resulting from inflation and elevated power prices.

We were also able to leverage the scale of our solar portfolio to negotiate a new operation and maintenance contract, while also using our expertise to secure extended warranties to ensure the assets’ long-term reliable generation.

In keeping with our sustainability ethos, we aided biodiversity, allowing for sheep to graze and for beehives to be erected at suitable sites. It was important for us to also establish a decarbonisation agreement with contractors across the portfolio.

Profitable realisations: Following an initial strategic disposal of two assets, we successfully disposed the remaining portfolio assets in February 2023. The final sale price delivered a strong return to Shareholders of c.140 pence per Ordinary Share (last reported NAV: 131.2 pence per Ordinary Share in September 2022), with a tax-free total return to investors of c.185 pence per share. Valuable performance fees were also generated for Foresight Group, resulting in a material upgrade to consensus Core EBITDA pre share-based payments.

This example reflects the strength and expertise that lies within Foresight and the essential commercial, technical and financial capabilities of our established asset management teams.



BUSINESS REVIEW CONTINUED

Market developments continued

In April 2022, the UK Government published its energy security strategy and in May 2022 the European Commission presented its REPowerEU plan, both of which aim to drive improved energy efficiency and the integration of renewable energy options into the power matrix. The political impetus behind these policies to achieve energy security creates increased investment opportunities for us.

In November, the 2022 United Nations Climate Change Conference, COP27, delivered limited progress in strengthening the objective of reducing emissions and not exceeding the 1.5 degrees Celsius threshold. We remain confident that the commitment to climate change initiatives will grow stronger in the coming years and more global emissions will be covered by net zero pledges, supporting further investment in the energy transition.

In March 2023, the UK Government published its Net Zero Growth Plan and the Energy Security Plan, which together form the Powering Up Britain Plan. This outlines a range of new commitments for the ongoing energy transition, including £20 billion for carbon capture, £380 million for electric vehicle charging and £240 million for new green hydrogen projects. It also created Great British Nuclear ("GBN"), with the target to deliver 25% of the energy mix by 2050.

Two important pieces of European legislation were also announced in March 2023, the Net-Zero Industry Act, which aims to accelerate the rollout of key renewable technologies, and the Critical Raw Materials Act, which aims to ensure the supply of critical minerals required for the build out of zero-carbon energy infrastructure. Both Acts are to be discussed and agreed upon by the European Parliament and the Council of the European Union before adoption.

The UK Autumn Statement introduced the Electricity Generator Levy from 1 January 2023, a 45% temporary tax on exceptional renewable generation revenues resulting from high wholesale electricity prices. Similar levies and power price caps have been announced across Europe. The temporary introduction of the new levy will impact investment returns at a period when the cost of capital for energy transition investments is increasing, potentially impacting the development of new projects. However, we remain committed to investing in energy transition strategies and will continue to engage with the UK Government to create an investment landscape that delivers high-quality energy infrastructure which is crucial for boosting energy security and economic productivity.

Infrastructure outlook

Despite increased inflation and interest rates, powerful long-term structural and regulatory tailwinds within the sustainable infrastructure market remain. This will support the growth of our established strategies whilst also providing opportunities to expand into adjacent asset classes.

There continues to be a global focus on achieving decarbonisation, through the core renewables market and decarbonisation of core infrastructure industries and services, whilst also establishing alternative approaches to energy generation, storage and distribution. Governments have set targets to deliver on this, and to achieve the EU's target of being net zero by 2050, wind and solar capacity needs to grow 20-25% each year to 2030. This equates to around €1.2 trillion of much-needed investment in this decade alone. With our extensive experience in solar and wind across all aspects of the value chain, we are well placed to act as the long-term holder and manager of these assets. We will continue to build diversified portfolios to deliver attractive, risk-adjusted returns, while keeping the key principles of sustainability at the heart of what we do.



WILDFLOWER SEED COLLECTION
at Fordie Estate, Scotland, part of Foresight Sustainable Forestry Company Plc's portfolio.

BUSINESS REVIEW CONTINUED

Infrastructure outlook continued

Within the renewables market, our energy transition mandates will continue to target clean energy generation investments as well as the infrastructure that is necessary to support and enable the resulting power systems. We aim to undertake fundraising for FEIP II in FY24/25, building on the strong foundations of FEIP and benefiting from accelerated decarbonisation targets resulting from the increased focus on net zero, security of supply concerns emanating from geopolitical shocks and the regulatory tailwinds of the US Inflation Reduction Act and EU Net-Zero Industry Act.

Another key area emerging from this ongoing effort to reach net zero is the low-carbon, or green, hydrogen market. We believe there will be a complex transition in the hydrogen market, driven by the simultaneous electrification of industry and the growth in new demand from energy users. With analysts predicting significant growth in the hydrogen market by 2050, this could equate to a €5.0 trillion investment needed in the infrastructure to achieve ambitious net-zero targets by this date. As a result of our existing hydrogen infrastructure portfolio and our experience in developing renewable energy projects, we have a clear competitive advantage, enabling us to deliver successfully in this evolving marketplace.

The future foods market also presents us with a significant opportunity. Currently under-reported, global food systems are under increasing pressure because of growing populations, climate change and greater geopolitical conflict. Greater environmental concerns have been raised about traditional forms of food production, resulting in the development of technology-based food production solutions that promise increased productivity, efficiency and sustainability. Institutional investors have an important role in driving the transition to more sustainable and resilient food systems. The Group's proven ability to support management teams to build out their business platforms can create attractive real asset investment opportunities for private investors whilst also helping the food sector deliver against challenging net-zero targets and corporate responsibility agendas.

Global decarbonisation targets will require increasing amounts of private capital to deliver the necessary infrastructure projects, providing our experienced team with a wealth of near-term and multi-year opportunities across several markets.



BUSINESS REVIEW CONTINUED

PRIVATE EQUITY



We aim to be the capital provider of choice for small companies in the UK, Ireland and beyond. We provide equity and credit across a broad range of sectors and development stages, partnering with promising companies to help them achieve their ambitions and create long-term sustainable growth.

£1.4bn

ASSETS UNDER
MANAGEMENT

250+

PORTFOLIO COMPANIES

2,500+

BUSINESS PLANS
REVIEWED EVERY YEAR

21

DIFFERENT INVESTMENT
VEHICLES

9

UK AND IRELAND
OFFICES

47

INVESTMENT
PROFESSIONALS

£174m

INVESTED IN EQUITY
AND PRIVATE CREDIT
TRANSACTIONS IN FY23

69

EQUITY TRANSACTIONS
DURING FY23

What we do

Growth Private Equity

Venture Capital

Private Credit

200 DEGREES COFFEE

a collection of distinctly independent coffee shops, part of the Private Equity portfolio.

BUSINESS REVIEW CONTINUED

Foresight's Private Equity division offers a variety of fund structures to facilitate investment by both institutional and retail investors. We make venture capital, growth private equity and private credit investments through our growing network of eight UK offices and our Dublin office. In addition, we provide private credit to secured lending companies, the majority of which service the UK SME market.

Overview

Our Private Equity division manages investments in over 250 small companies across the UK and Ireland. In line with the Group's diversified business model, investments cover a wide range of sectors, including healthcare, business services and Telecommunications, Media and Technology ("TMT"), providing greater portfolio resilience throughout economic cycles.

AUM at 31 March 2023 was £1.4 billion, a significant increase of 54% on the prior year (2022: £0.9 billion), representing our strongest performance to date through both organic and acquisition activity.

In the year we grew our distinctive regional footprint further; increased our investment team by 15 (+47%), we opened a new office in Leeds and partnered with the AIB in Ireland to open our first office outside the UK. This ongoing commitment to growing the division reflects the confidence we have in our investment decisions and alignment with key growth markets. Whilst we recognise the impact that consumer pressures have had, including the softening of some of our end markets, we are still achieving strong returns that evidence the strength, capabilities and experience of our Private Equity division.

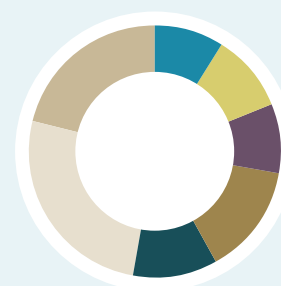
The successful acquisition and integration of the technology ventures division of Downing LLP substantially increased Foresight's existing ventures offering and added £275 million of AUM, with these funds complementing the Foresight Williams Technology fund's hard tech and industrial software focus. The investment teams focusing on these funds complement each other and have created a larger and more resilient centre of excellence focused on venture investing within the Foresight Private Equity division.

Division AUM split



- Growth Private Equity: £837m
- Venture Capital: £391m
- Private Credit: £201m

Portfolio split by carrying value



- Business services: 9%
- Consumer/leisure: 10%
- Engineering/industrials: 9%
- Healthcare: 14%
- Industrial and manufacturing: 11%
- Technology, media and communications: 26%
- Private credit: 21%

Division investment vehicles

13

**GROWTH PRIVATE
EQUITY FUNDS**
(FY22: 9 funds)

6

VENTURE CAPITAL FUNDS
(FY22: 3 funds)

2

PRIVATE CREDIT FUNDS
(FY22: 2 funds)

BUSINESS REVIEW CONTINUED

MARKET OPPORTUNITY

Foresight Private Equity is one of the most active regional small company investors in the UK and Ireland. We target investment in sectors with favourable long-term trends and structural growth drivers, partnering with promising companies to achieve long-term sustainable growth. Investments cover a range of maturity profiles, from early stage to more established companies. Annual revenues at portfolio companies are typically in the £2 million to £20 million range, although venture and seed investments can be into high tech, pre-revenue companies, which include university spinouts.

Our regional focus aligns with the UK Government's agenda to invest in and grow regional economies outside London and the South East

We believe transactions requiring up to £10 million are the most attractive in the UK market from a value creation perspective

Opportunities are increasing in the secured lending and private credit market, as SMEs look for alternatives to the high street banks for borrowing

We target sustainable companies that can deliver local impact. Progress on ESG is synergistic with value creation

We are well placed to capitalise on the SME funding gap and cyclical nature of banking appetite

Sustainable investment approach

As the Group's ethos, sustainability is key to our investment management approach. We look to invest in those small companies that can deliver impact and demonstrate a continuous improvement approach to environmental, social and governance practices. Our expertise in growing businesses has long been recognised, but central to this is our ability to grow responsible, self-sufficient, sustainable businesses. We believe this not only improves business performance, but helps companies stand out from their peers and enables us to drive real additional value through to an exit.

We review investments across four Sustainable Development Goal aligned themes, to understand where each investment may have the greatest impact:

- Health
- Research and innovation
- Quality employment at scale
- Local infrastructure and the environment

Our investment team also apply five ESG principles to evaluate, monitor and encourage portfolio companies to make improvements:

1. Awareness: ESG/sustainability issues on the agenda at board meetings
2. Environmental: Environmental policies and track record
3. Social engagement: Community and stakeholder engagement
4. Governance: Policies and risk management
5. Third-party interactions: Supply chain transparency and interactions with other stakeholders

We are delighted that our achievements in this field continue to be acknowledged by the industry, and we received several awards during the year. This allows us time to reflect on our success at establishing our division as leading sustainability investment specialists. Investing sustainably is core to our investment approach – we do business responsibly and help our portfolio companies do the same.



BECKETT INVESTMENT MANAGEMENT
one of the UK's largest regional providers of financial advice, part of the Private Equity portfolio.

BUSINESS REVIEW CONTINUED

Performance

The division delivered an outstanding performance across the year. We demonstrated our capabilities in sourcing and completing investments, and delivered strong exits despite the volatility in the economic environment.

The funds deployed came from 21 vehicles, of which 17 continue to make new investments, and cover a wide variety of sectors and investment types. All our funds are making good progress with deployment and are investing capital at the rates we anticipated.

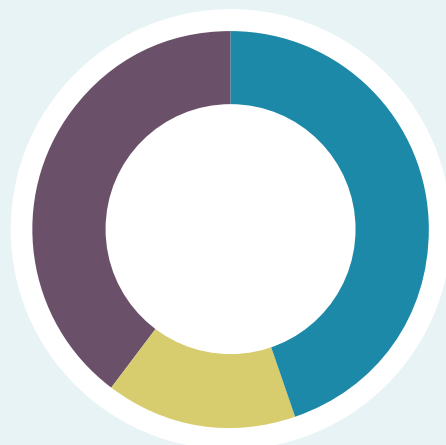
Throughout the year we have made 21 exits at an average cash-on-cash return of 3.7x. The most recent exits in Q4 FY23 included the following portfolio companies:

- Datapath is a true global market leader in the design and development of video wall, multiscreen displays and control room solutions. Foresight supported the company through a period of material growth, which saw revenue rise from £7 million to £25 million. The exit delivered an 11.7x cash-on-cash return for Foresight managed funds.
- Innovation Consulting Group Limited (Gov Grant) is a leading innovation tax specialist which utilised Foresight's experience to help it through a period of considerable growth, strengthen the management team and get it ready for the next stage of its growth journey. The sale delivered a 4.5x cash-on-cash return for Foresight managed funds.

- Mowgli has become one of the UK's most popular restaurant chains, thanks in part to investment from Foresight. The Group invested when there were only three restaurants and helped the company grow to become the leading Indian casual dining group in the UK, with 15 sites now nationally. The exit returned 3.5x cash-on-cash to Foresight managed funds. Please see page 34 for further details.

These exits build on the strong track record evidenced in the prior year and reflects our insight into market trends and understanding of the investment lifecycle despite the currently challenging macroeconomic backdrop.

Capital deployed (£m)



- Growth Private Equity: £78m (FY22: £61m)
- Venture Capital: £27m (FY22: £20m)
- Private Credit: £69m (FY22: £49m)



BUSINESS REVIEW CONTINUED

MOWGLI CASE STUDY

Established in 2014, Mowgli is a fast-growing chain of casual, authentic Indian street food restaurants, that offers a home-from-home environment for customers. We invested in Mowgli in 2017 when it had two sites in Liverpool and one in Manchester, due to its differentiated market proposition, market-leading financials and brand proposition.

The hands-on approach we take with our SME investments let us work together with Mowgli to strengthen the management team, shape their strategy and site rollout plan, and support improved governance at board level.

We also shared a common passion for sustainability with them, with ESG principles a key aspect of our investment ethos and core to the Mowgli brand proposition. In alignment with our "Quality Employment at Scale" theme, we helped Mowgli create more than 500 new sustainable jobs. The restaurants raise money for both The Mowgli Trust and local charities and follow environmentally friendly policies, including sustainable sourcing and energy usage.

Through our Mowgli investment we have generated strong returns for our investors, including local authority pension funds. Hands-on management has helped the company through COVID-19 and the recent downturn in the consumer economy. Mowgli is now established as one of the UK's most popular restaurant chains.

In January 2023 we announced our successful exit from Mowgli, delivering a 3.5x cash-on-cash return to Foresight managed funds. Having supported the group to grow from three sites to 15, we helped position the company for success in the next stage of its journey.



BUSINESS REVIEW CONTINUED

EKKOSENSE CASE STUDY

EkkoSense, headquartered in Nottingham, is a leading provider of thermal consultancy services, monitoring software and sensors for data centres.

The world is creating more data than ever before and as demand continues to grow this is putting more strain on the data centres that gather, store and share data. The processing systems in data centres are very energy-intensive and generate a lot of heat. This in turn requires a lot of energy to cool the servers to the optimum operating temperatures. Providers are under pressure to run cost-efficient centres with reduced power consumption and lower carbon emissions. This is a key area where EkkoSense solutions make a real difference. As the amount of data increases exponentially, so too does the market opportunity for EkkoSense.

In November 2016, we made our initial investment in the company to enhance and fully develop its market-leading software. In line with our sustainability ethos and objectives, EkkoSense solutions are helping reduce the energy used to cool data centres by up to 30%, with the equivalent reduction in carbon emissions. Given the scaling up needed in data centres to meet future demands, these emission savings will play an even bigger part in reducing the future impact data centres have on the environment.

Utilising our international expertise we have worked with EkkoSense to help strengthen its management and leadership capabilities, encouraged further investment into sales and marketing channels and supported expansion into the US. We believe there are further expansion opportunities for the company globally, helping the world's largest data centre companies and operators manage risk, increase capacity, reduce energy consumption and lower carbon emissions.



BUSINESS REVIEW CONTINUED

Fundraising

During the period we delivered exceptional organic fundraising primarily through our private equity Limited Partner vehicles, with retail inflows also achieved across our venture capital and private credit offerings.

Private equity institutional inflows were driven by successful first closes of four new funds (+£132 million)¹, with additional commitments to existing and new institutional funds totalling £40 million¹. As a result of these fundraising activities, offices have now opened in Dublin and Leeds, with a presence established in each region.

- The Foresight Regional Investment IV LP is a continuation of our regional investment strategy and will support the growth of smaller companies throughout the North-East of England, North Yorkshire, West Yorkshire, the East Riding of Yorkshire and North Lincolnshire. The fund is cornerstoned by Durham County Council, with support from Teesside Pension Fund and the British Business Investment Bank (the commercial arm of the British Business Bank) at second close. First and second closes totalled £24 million¹ and £20 million respectively.
- We have also been appointed by the West Yorkshire Combined Authority to manage a new £20 million fund to support SMEs throughout West Yorkshire. The Foresight West Yorkshire SME Investment Fund will make a significant contribution to West Yorkshire's economy by supporting companies' growth plans and creating high-quality, local jobs.
- AIB, Ireland's largest financial services provider, appointed Foresight to manage a new SME equity fund. The AIB Foresight SME Impact Fund, which is aiming to raise €75 million, raised €30 million at first close and will support small and medium enterprises in building a greener future for Ireland.

- Foresight Regional Investment Fund V LP, our second fund focused on SMEs in Scotland, achieved a £62 million first close from institutional investors. This Fund is dedicated to investment in Scotland and has cornerstone support from Strathclyde Pension Fund and British Business Investments, a wholly owned commercial subsidiary of the British Business Bank. The Fund will invest into SMEs across Scotland; supporting the local Scottish economy, delivering a positive social impact and creating high-quality, local jobs.
- Additional commitments were raised in two further institutional funds. The Foresight Regional Investment III LP secured additional capital of £4 million¹ from both existing and new investors, enabling it to further its impact and support of established, profitable small cap companies in the North-West region. Foresight manage part of the Midlands Engine Investment Fund, focused on the East Midlands, and received a further £16 million additional commitment this year from the British Business Bank, evidencing the strength of this important strategic relationship.

Retail inflows in the period included a number of our venture capital funds launching offers for subscription, successfully raising £64 million in aggregate.

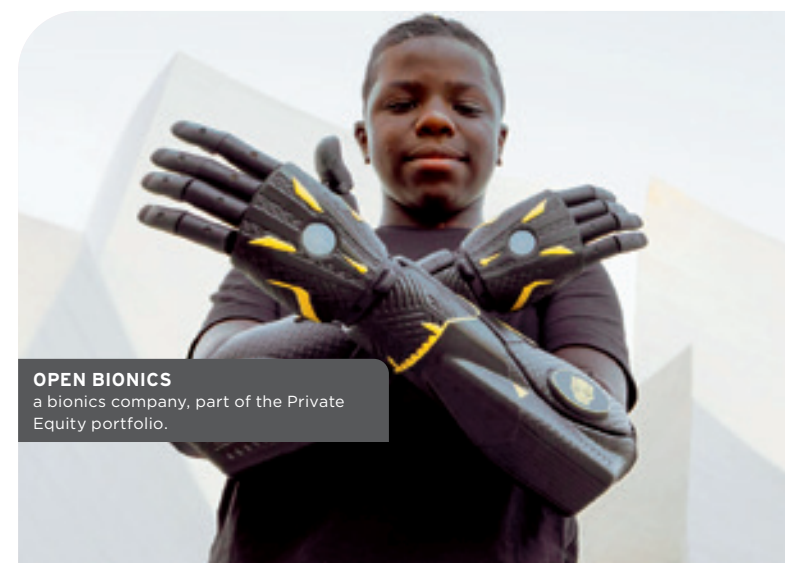
In addition, our Foresight Inheritance Tax Fund, which also invests into private credit assets which are then managed by the Private Equity division, allocated £51 million of total FY23 fundraising to our private credit strategy.

1. Excluding funds already under Foresight management.

Funds raised (£m)



- Growth Private Equity: £172m¹
- Venture Capital: £64m
- Private Credit: £51m



OPEN BIONICS
a bionics company, part of the Private Equity portfolio.

BUSINESS REVIEW CONTINUED

Private equity market outlook

We expect the coming year to build upon the exceptional performance and fundraising activity delivered in FY23. We will utilise our experience and differentiated operating model to remain one of the most active SME investors, whilst also benefiting from a full 12 months of revenues generated from the funds raised in FY23.

The investment portfolio is well diversified against the backdrop of a challenging economic environment, with a broad base of both well-established smaller companies and earlier-stage high-quality growth companies across a range of sectors. This diversification, as well as our experience of investing through various economic cycles and the low interest rate exposure of our portfolio companies, continues to enable us to successfully navigate the volatility that has been felt across many of our markets recently.

The investment pipeline for FY24 is strong, with the significant fundraising delivered during FY23 providing a platform to deploy capital into attractive investment opportunities that we source through our differentiated network, both regionally across the UK and Ireland and more internationally in the case of venture capital investments. By targeting markets supported by favourable long-term trends and structural growth drivers, such as the UK Government's levelling-up agenda, which aims to support business growth in the regions, our division is well positioned to continue to deliver strong performance. Current market conditions will also only widen the SME funding gap and suppress bank appetite, increasing the number of attractive opportunities available to our funds.

In line with the increasing global focus on decarbonisation, we recognise the opportunities that are arising as governments and companies look to progress their efforts to achieve their net-zero targets. For example, we appreciate the role of hydrogen in the broader energy market transition and therefore this is something we are following closely. Foresight Group has been developing its experience in hydrogen through the Infrastructure division, and we are working to utilise and build on this to put Private Equity in a position of strength to undertake venture deals in the hydrogen market. We believe that hydrogen is a long-term energy source that will come to prominence over the medium term. We are teaming up with the leading hydrogen investors and potential users to build our presence in this market and ensure that we are ready for this expansion. This knowledge-sharing is a key strength of being a part of the wider Foresight Group; we benefit from the wealth of experience and expertise in place across the business, allowing us to learn from the combined experience of our Infrastructure and Venture Capital approaches in the market. This is one of the factors that helps us secure a leading position in new and emerging markets.

We are confident that FY24 will deliver another year of strong performance for the division as the full-year effect of the progress delivered in FY23 becomes apparent. Our diverse business model, across investment stage sectors and end markets, remains well positioned to respond to new developments as the market adapts to a challenging macro landscape and also to take advantage of new opportunities as they arise.



200 DEGREES COFFEE
a collection of distinctly independent coffee shops, part of the Private Equity portfolio.

BUSINESS REVIEW CONTINUED

FORESIGHT CAPITAL MANAGEMENT

AT A GLANCE

We leverage Foresight's deep knowledge of private markets to provide access to real assets and sustainable investment opportunities in listed markets.

Investment strategies

UK Infrastructure Income

Global Infrastructure

Sustainable Real Estate

Sustainable Future Themes

BUSINESS REVIEW CONTINUED

As a leader and innovator in sustainability-led investment strategies, FCM is well placed to develop and implement actively managed investment strategies to address the evolving investment landscape. Core investment competencies cover renewable energy, the energy transition, infrastructure, real estate and sustainable equity.

£1.3bn

ASSETS UNDER
MANAGEMENT

4

DIFFERENTIATED
INVESTMENT STRATEGIES



7

INVESTMENT VEHICLES

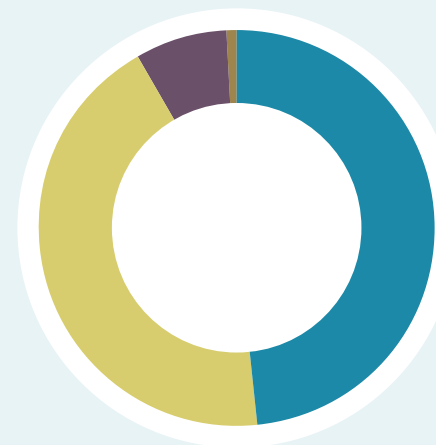
12

DEDICATED
PROFESSIONALS

2

INSTITUTIONAL SUB-ADVISORY
MANDATES

AUM by strategy as at year end



● UK Infrastructure Income **£632.8m**
● Global Infrastructure **£565.0m**

● Sustainable Real Estate **£97.9m**
● Sustainable Future Themes **£10.2m**



BUSINESS REVIEW CONTINUED

MARKET OPPORTUNITY

Globally, there continues to be demand from retail and institutional investors for access to sustainability-orientated investment products that hold listed securities in asset classes such as infrastructure and real estate. Our differentiated approach to this market sets us apart from others, drawing on Foresight Group's experience in investing in private markets through the Infrastructure and Private Equity divisions. This allows us to effectively apply this knowledge and skills base to make compelling investments in public markets.

Continued demand for our open-ended funds

International investors demanding access to sustainable investment strategies, with FCM vehicles now covering the US as well as Europe

Opportunity for us to launch further investment vehicles globally to provide access to our existing strategies

Our FCM platform is scalable and has significant capacity for further growth in AUM

Potential to expand the existing investor base beyond the current focus on IFAs and wealth managers

Overview

Our team of specialist listed securities professionals follows a sustainable, active and bottom-up investment strategy. The team of 12 draws on the wider Group's experience of investing in private markets through the other divisions and applies these skills and knowledge to investing in public markets.

This experience, combined with dedicated internal resource focused on sustainability due diligence and analysis aligned to our sustainable investment policy, creates valuable capabilities and insights that are hard to replicate. By establishing our position as thought leaders, we have also enhanced the sophistication of our approach beyond others in the market.

Our division's UK distribution is primarily through independent financial advisers ("IFAs"), wealth managers and private banks. We work to develop strong relationships with these intermediaries, aiding capital retention. We also act as sub-adviser to two external fund groups: VAM Funds in Europe and Cromwell Funds in the US.

Our investment approach is to target those companies at the leading edge of global sustainable development. We seek to support those businesses that are at the forefront of driving change and making a tangible, sustainable difference. To achieve this, we follow a rigorous process to ensure that we continue to identify those companies in growth markets that can offer ongoing resilience, especially during periods of macroeconomic uncertainty.



BUSINESS REVIEW CONTINUED

Investment strategies and funds

FCM offers four investment strategies, which can be accessed through four UK, one US and two Luxembourg domiciled funds:

Strategy	Funds	Investment focus
UK Infrastructure	FP Foresight UK Infrastructure Income Fund ("FIIF")	Harnesses Foresight's infrastructure investment expertise and taps into the demand for lower-volatility, predictable inflation-linked income. Launched in 2017, the strategy has grown to total net assets of £633 million at 31 March 2023. The portfolio comprises listed companies active across renewable energy and core infrastructure with a UK focus.
Global Infrastructure	FP Foresight Global Real Infrastructure Fund ("GRIF") VAM Global Infrastructure Fund ("VAM") Foresight Global Real Infrastructure (Lux) Fund ("Foresight SICAV") Cromwell Foresight Global Sustainable Infrastructure Fund	Invests in the publicly traded shares of companies located in developed economies, which own or operate real infrastructure or renewable energy assets anywhere in the world. With a growth-focused investment objective, the strategy was launched in June 2019 and has grown its total net assets to £565 million at 31 March 2023.
Sustainable Real Estate	FP Foresight Sustainable Real Estate Securities Fund ("REF")	This strategy was launched in June 2020 to provide investors with exposure to a highly liquid and globally diversified portfolio of Real Estate Investment Trusts. Given the lack of liquid open-ended funds in the UK that address sustainable real estate in a focused manner, REF is a highly differentiated strategy. As at 31 March 2023, the strategy's total net assets were £98 million.
Sustainable Future Themes	FP Foresight Sustainable Future Themes Fund ("SFT")	The Sustainable Future Themes strategy aims to grow capital over a five year period by investing in companies that meet the investment manager's sustainability criteria for positive environmental and/or social impact. The strategy targets attractive risk-adjusted returns by investing in a global portfolio of scalable listed companies that address the core themes of sustainable development and decarbonisation as a key sustainable investment focus. As at 31 March 2023, the strategy's total net assets were £10 million.

BUSINESS REVIEW CONTINUED

Performance

We delivered a resilient performance in FY23, which was characterised by highly volatile and challenging market conditions caused by increased macroeconomic and geopolitical uncertainty.

Persistent inflation and central banks raising interest rates at a fast pace resulted in markets experiencing a reset in valuations. This impacted pricing across risk assets and notably in listed real assets where changes to the discount rate caused repricing based on the long duration nature of cash flows. The market also seemed to under-price the defensive business models and inflation-linked contractual uplifts that the companies in the listed real assets sector benefit from in the prevailing inflationary environment. Geopolitical uncertainty exacerbated the situation, through political instability in the UK and sterling volatility. The Ukraine war was not only a humanitarian crisis but highlighted further weaknesses in global supply chains as commodity prices sharply increased and initially drove the inflation spike. Overall, energy was the best performing sector within equity markets.

Against this challenging backdrop we delivered a robust relative performance, with AUM reduced by 19% to £1.3 billion (FY22: £1.6 billion), reflecting net outflows of £(0.1) billion and market performance of £(0.2) billion. We continued to meet the investment objectives of all our funds in FY23.

The FP Foresight Sustainable Future Themes Fund (“SFT”) launched at the end of FY22 and the strong relative YTD performance of -1.5%, being ahead of the benchmark and comparable peer strategies, provides the foundation for ongoing delivery in FY24.

CROMWELL CASE STUDY

Building on FCM’s capabilities and growing track record as a sub-adviser, on 31 January 2023 we launched the Cromwell Foresight Global Sustainable Infrastructure Fund. Our partnership with Baltimore-based Cromwell Funds enables us to build on our success as a sub-adviser, whilst enhancing our reach into the important US asset management market.

A key element of our strategy is to expand our geographic footprint and our expansion into the US delivers on this and further strengthens the resilience of our diversified business model. This new sub-advisory partnership presents us with a low-cost opportunity to build scale within the Fund, as well as elevate the US profile of the Foresight brand.

The Fund mirrors our existing global real infrastructure strategy, whilst being underpinned by our sustainability-led, active and bottom-up investment approach that draws on the wider Group’s experience in investing in private markets and applying these skills and knowledge to investing in public markets.

The Fund offers US investors an attractive entry into a portfolio that is focused on sustainable energy infrastructure. We are encouraged by the continued focus on global policies on decarbonisation and believe the recent US Inflation Reduction Act will generate further opportunity for us in the market.

The Inflation Reduction Act focuses on addressing the real threat of climate change and driving the global clean energy economy forward. We are well placed through our fund to capitalise on our extensive capabilities and experience alongside the strong and well-established distribution capabilities of Cromwell Funds to maximise the potential for future inflows.

By partnering with Cromwell Funds in this Fund, we are enhancing the Fund’s growth potential, recognising the strong distribution and marketing channels Cromwell Funds has established. We look forward to sharing our successful high-quality investment approach with the Cromwell Funds sales teams and extensive broker and financial adviser network, as we work together to deliver ongoing sustainable investment opportunities and performance.



BUSINESS REVIEW CONTINUED

Performance continued

We are confident that the Fund should benefit from opportunities in sectors that have secular tailwinds, as well as the strong tailwinds supported by legislation, such as the Inflation Reduction Act, REPowerEU and the Green Industrial Plan in the EU, a response to the US that aims to boost European manufacturing of key transition technologies. SFT is our first mainstream equity fund and its success to date has been built on our in-house expertise in sustainable investing.

In Q4 FY23, we expanded the Group's geographic footprint into the US market through our appointment as sub-adviser to the Cromwell Foresight Global Sustainable Infrastructure Fund. This is our first US fund and provides an important route into the US market, which remains the largest asset management market globally. We have been pleased by the performance of the fund to date with initial inflows already achieved. We are focused on diversifying our geographical presence and the successful launch of this fund is a significant step on this journey, allowing us to access differentiated sources of capital and a wider selection of markets to operate within.

Fund	Inception date	12-month TSR	TSR since inception
FP Foresight UK Infrastructure Income Fund	4 December 2017	(11.32)%	25.37%
FP Foresight Global Real Infrastructure Fund¹	3 June 2019	(14.18)%	26.27%
FP Foresight Sustainable Real Estate Securities Fund	15 June 2020	(27.49)%	(8.88)%
FP Foresight Sustainable Future Themes Fund	28 March 2022	(5.70)%	(5.87)%

FCM market outlook

We have navigated the challenging macroeconomic conditions experienced by equity markets in FY23 and remain confident in the underlying fundamentals and earnings quality of our sustainable investments. We will continue to invest in those companies that demonstrate robust approaches to addressing the ongoing challenges being faced in the current economic environment.

In FY24, the division remains well positioned, with underlying sectors such as sustainability, decarbonisation and renewable infrastructure expected to benefit from long-term structural tailwinds. Material legislation passed in recent months, such as the Inflation Reduction Act in the US, should ensure continued flows of investment capital over many decades into core FCM investment themes such as the energy transition.

Our division's expansion into the US market provides a growth opportunity that could exceed that of the current UK business. Additionally, we are actively pursuing further distribution opportunities, with Europe being a key focus in the near term.

A number of our strategies invest into underlying asset classes and sectors that can provide exposure to companies with inflation-linked returns. This element of inflation-linkage should remain valuable to our target investor base and support positive inflows into the funds as IFAs, wealth managers and Discretionary Fund Managers ("DFMs") seek to protect client portfolios from the effects of inflation.

We remain confident in the long-term value of the renewable energy assets within the FCM portfolio. We feel positive about our strategic position and our focus remains on expanding into those adjacent markets that enable us to broaden our current suite of funds, strengthen our offering and differentiate us from others in the market.

1. FP Foresight Global Real Infrastructure Fund strategy has other available access points through funds with various currency classes.

BUSINESS REVIEW CONTINUED

SFT CASE STUDY

To limit global warming to 1.5°C above pre-industrial levels emissions need to fall by 7% year-on-year over the next decade. This is against the backdrop of an increasing global population, expected to be just under 10 billion by 2050, living more carbon-intensive lives. Stopping economies from performing carbon-intensive activities will not be enough to hit global decarbonisation targets; economies must innovate their way towards emissions reductions through the commercialisation of new technologies and processes. To do this, funding and investment must be available to support those helping deliver on this ambition, which aligns with Foresight's investment ethos.

We launched our FP Foresight Sustainable Future Themes Fund ("SFT") in March 2022 to support our drive to invest into securities positioned to both benefit from and positively impact the global agenda to decarbonise and ensure sustainable economic development. FCM believes that the operational footprint and economic activity of a company is integral in the transition to a decarbonised, more climate-resilient economy. The Fund's sustainable investment process analyses a prospective holding's strategy, economic

activity and fundamental purpose; ensures UN Global Compact, UN SDG and revenue alignment; and includes technology assessments to ensure all companies in the fund portfolio reach the sustainable investment threshold required for inclusion. As a result, the Fund's portfolio has a deep grounding in climate science, overlaying a climate-analytical lens on social issues, and fundamentally impacting the real economy through the products and the services of its underlying holdings.

SFT's sustainable investment pillars have been chosen to ensure capital is invested into companies addressing this global challenge.

1. Sustainable energy: There will be substantial energy system changes to reduce emissions over the next 30 years, including reduced fossil fuel consumption, increased production from zero-carbon energy sources, increased electrification, and the use of alternative energy carriers.

2. Sustainable food, land and forestry: Agricultural production and land use must undergo transformations to protect limited natural resources, generate lower carbon emissions, and secure food for the world's growing population.

3. Waste, water and the circular economy: The circular economy contrasts with the current "take/make/waste" linear approach that focuses on the unsustainable use of natural resources to drive economic growth.

4. Health and education: Education is the most powerful lever available for breaking intergenerational poverty.

5. Digital world: The proper development and deployment of digital technology will be necessary for the world to hit its 2030 SDG targets.

The foundation of SFT's sustainable investment approach is based upon the concept of "double materiality". A double materiality approach focuses on a company's operational footprint whilst also assessing the environmental and social impacts of the products and services that company provides. This sets our fund apart from many others, which only assess the internal operational performance of a company, omitting the crucial assessment of the impact of their goods and services. By considering both, we are reassured that we are supporting those companies who ultimately are making the vital tangible and material difference to the decarbonisation of the global economy.