BUSINESS REVIEW CONTINUED

INFRASTRUCTURE

AT A GLANCE

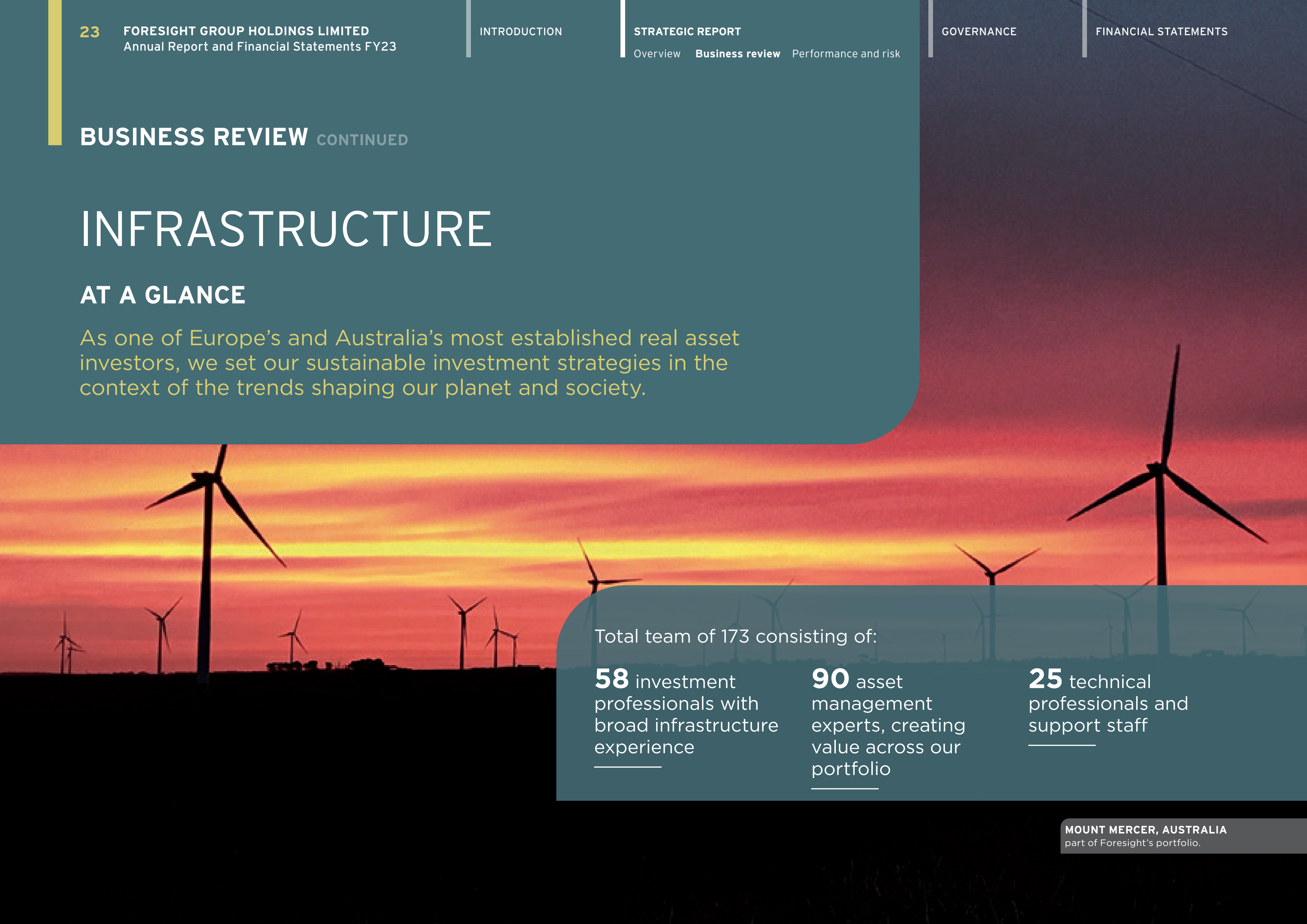
As one of Europe's and Australia's most established real asset investors, we set our sustainable investment strategies in the context of the trends shaping our planet and society.

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

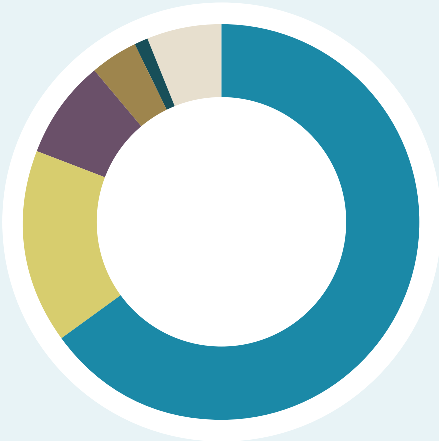
Our sustainable investment strategies focus on renewable energy generation, renewable energy enabling projects (such as flexible generation and battery storage), and energy efficiency management solutions, alongside social infrastructure, transport businesses, digital infrastructure and natural capital.

406
ASSETS MANAGED

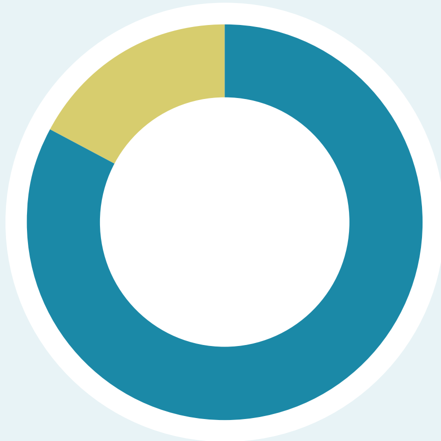
4.4GW
TOTAL GREEN TECHNOLOGY CAPACITY

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**		

Infrastructure AUM by sector



Infrastructure AUM by client type



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 million[1]) 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

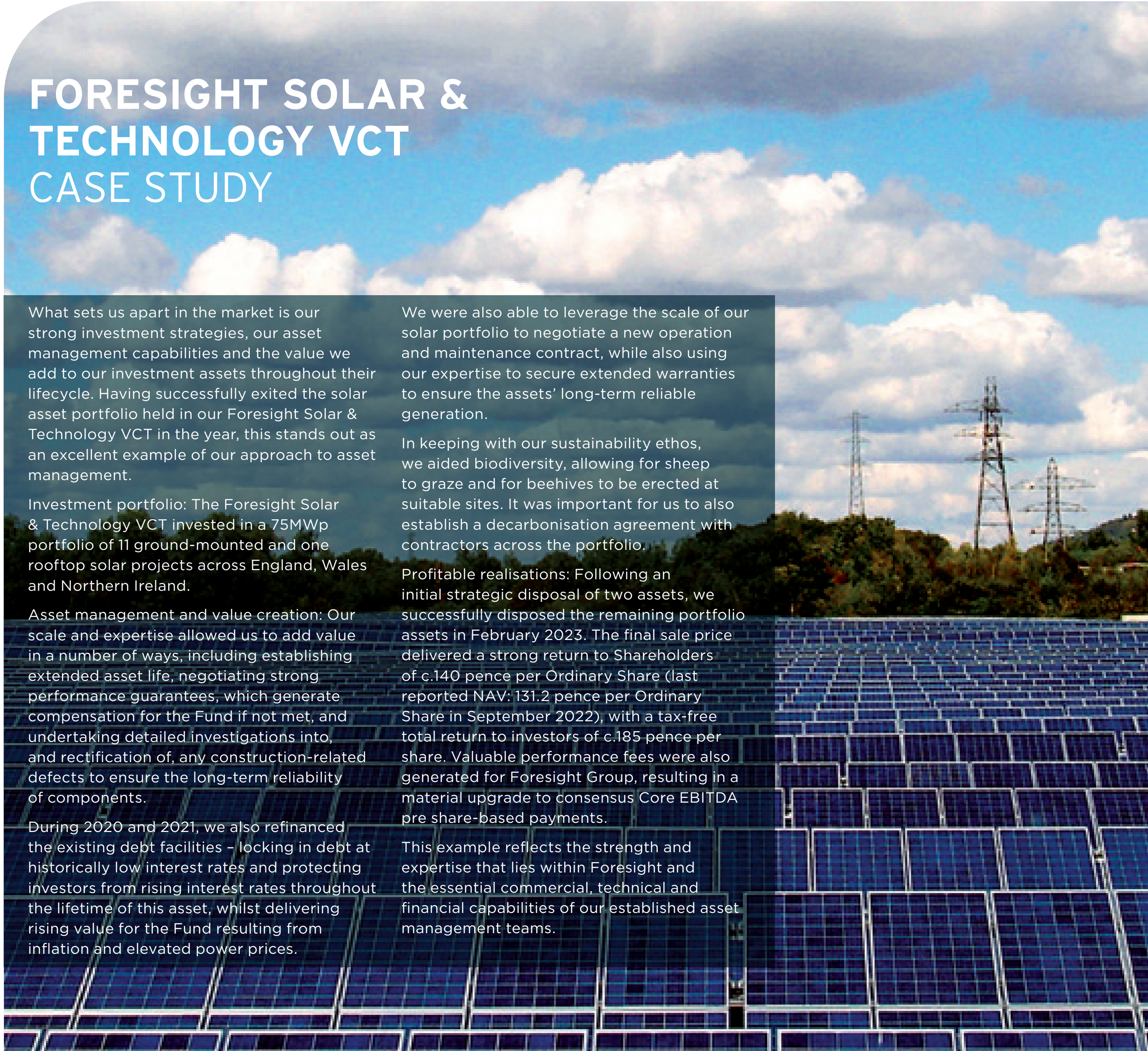
Performance, fundraising and capital deployment continued

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.