

Foresight Inheritance

Tax Solution Factsheet

Q4 2023

Consistent with typical investor goals, the Foresight Inheritance Tax Solution (Foresight ITS) aims to deliver modest, stable returns and reduce risk wherever possible.

Foresight ITS achieves these goals by investing in a diverse portfolio of sustainable infrastructure and real asset backed businesses.

Foresight ITS invests predominantly in solar and wind power generation, reserve power, sustainable land and agriculture, forestry, district heating and digital infrastructure such as fibre broadband. These businesses typically provide returns derived from long term revenue streams or other protected market positions and a measure of inflation linkage with limited correlation to listed markets. This factsheet provides information on the businesses within the Foresight ITS.

Key information

Launch date	January 2012
Investee Company NAV	£1.414 billion (31/12/23)
Target sectors	Infrastructure and related businesses
Minimum subscription	£25,000
Top up facility	£10,000 or more at any time*
Max subscription	- Foresight ITS: No upper limit - Foresight Accelerated ITS: £1m single and £2m joint on net investment
Target return for investors	3.0% - 4.5% per annum net of charges
Regular withdrawals	Available from 1st anniversary**
Holding period until IHT exemption	2 years **

* NB a top up subscription into your portfolio will require 2 years from date of allotment to achieve IHT exemption.

** IHT exemption will be lost on any amount withdrawn from your holding.

Discrete Annual Performance for Foresight ITS

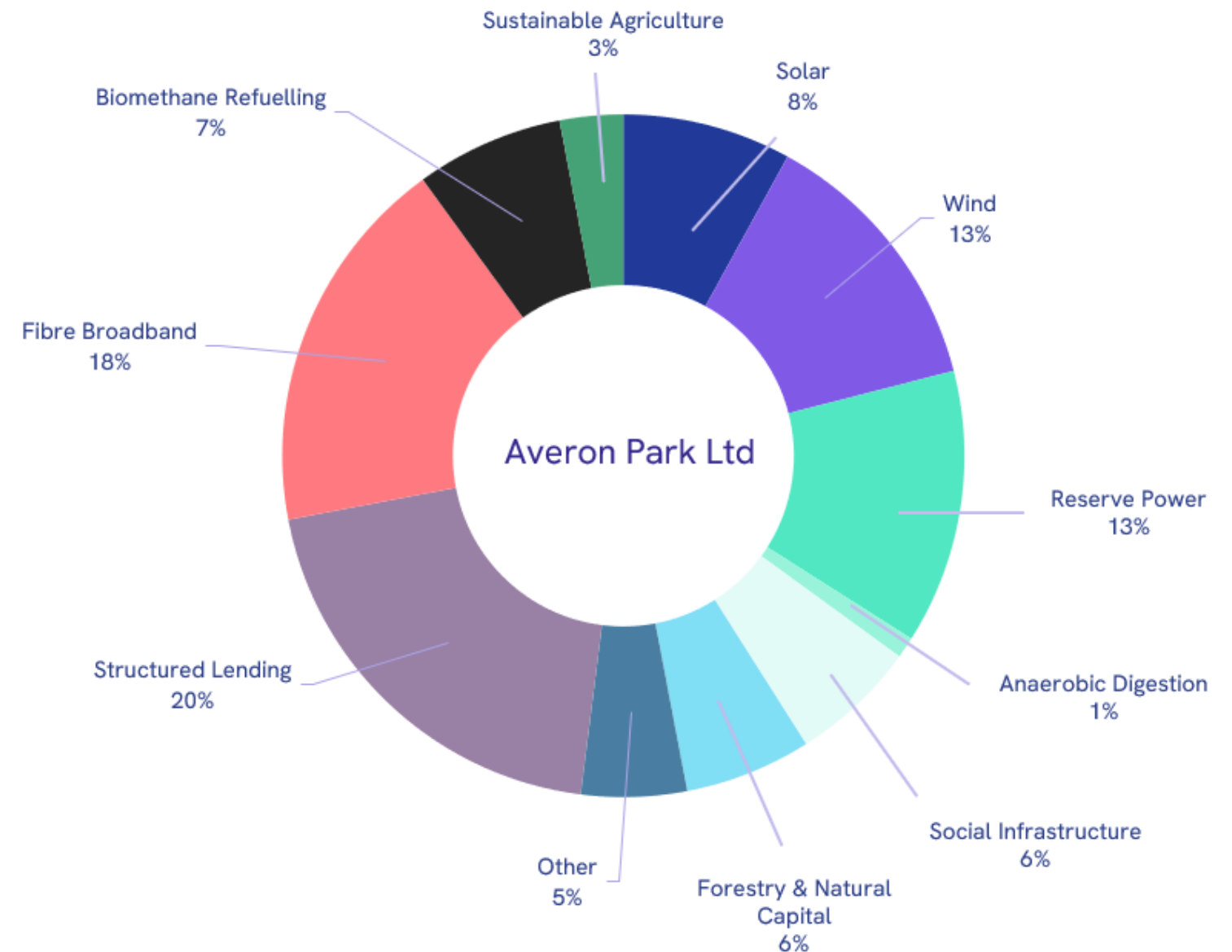
2019	2020	2021	2022	2023
3.5%	-3.6%	3.8%	11.9%	4.6%

Annual performance data is displayed for 12 month periods running from 1 April to 31 March beginning with the 12 month period from 1 April 2018 to 31 March 2019. Performance is net of all costs and charges.

Foresight ITS Performance

Foresight Inheritance Tax Fund Portfolio, 31 December 2023.

In the period 1 October 2023 to 31 December 2023 the value of holdings in the Foresight ITS increased by 0.8%.





Performance Commentary for the Period 01/10/2023 - 31/12/2023

In the three months to 31 December 2023, the value of the businesses held by the Foresight ITS increased by 0.8%. Over the period, the share price increased from 120.52p at 30 September 2023 to 121.52p at 31 December 2023.

There was good operational performance across the portfolio. Development and construction activities taking place within the portfolio also progressed well in the quarter. While the energy generation assets in the portfolio continue to operate well, it is pleasing to see that the more recent trades are now maturing. The portfolio of fibre investments continues to gain new customers at pace while investments into solar, wind and green hydrogen developers are seeing an increasing number of projects reaching shovel ready stage, crystallising the proprietary pipeline available to the Foresight ITS.

It was a busy quarter with commitments made to two new Structured Lending businesses, Pivot Finance which is a Development Financing business and Belfast Commercial Funding which is a provider of development, agricultural and SME funding. More generally, the rest of the Structured Lending portfolio continued to perform well, and we are pleased to see continuing low levels of default and distress in the underlying loanbooks, particularly in this inflationary and high interest rate period. During the quarter increased commitments were also made to F&W Networks, an existing fibre portfolio company and the biomethane refuelling network being developed and constructed alongside CNG Fuels. Both of these additional commitments provide further support to the companies to continue expansion of their networks and further grow their customer base.

Looking ahead, the macroeconomic environment is beginning to show signs of stabilising as levels of inflation settle at lower levels and the UK Base Rate has stopped rising. Investment in the UK Infrastructure Asset base continues to be at the forefront of government policy as the drive to Net Zero continues. The diverse portfolio of uncorrelated assets within the Foresight ITS is well positioned against this macroeconomic and political backdrop, providing a

portfolio with more stable returns and one which is not overly exposed to any single asset class. The pipeline of new opportunities available to the Foresight ITS is strong allowing for the selection of the most attractive new investments.

Matt Hammond, Fund Manager

Case Study: Hima Rjukan

Sector: Sustainable Agriculture | Location: Rjukan, Norway | Original Investment Date: July 2022

Hima Rjukan is a land-based Recirculating Aquaculture System ("RAS") facility, aiming to produce fish more sustainably and to enable the transition of global protein supply and consumption towards a more efficient system that is less detrimental to the environment than the traditional alternative protein sources.

Description:

Fish, including salmonids such as salmon and trout, are considered one of the most efficient sources of high-quality animal protein due to the rate at which they convert feed into edible mass, their high protein retention and high rate of edible meat per kilogram, as well as various nutritional benefits. Land-based RAS facilities, such as the one being built in Rjukan, can provide a range of benefits compared to alternative methods of aquaculture, such as reduced fish mortality rates, less local environmental degradation, and a lower use of antibiotics and other chemicals to control disease and parasites.

Foresight ITS invested in the Project in July 2022, alongside JLEN, a fund managed by Foresight Group. Hima Rjukan consists of a land-based aquaculture facility that will use the established RAS technology. Partial operations, alongside the construction of the remainder of the facility, commenced in January 2024 with full operations expected in 2025. Following this, the facility will be 27,000 square metres and is forecasted to produce approximately 8,000 tonnes of trout annually. Hima Seafood, the developer of and co-investor in Hima Rjukan, states that 99.3% of the water will be recycled in its RAS plant, thereby significantly reducing the need for fresh water. The fish will be sold to European and international salmonid markets via an established Norwegian seafood distribution company with a global reach. As of February 2024, forecast fish prices are at an elevated level relative to the original budget, which, if sustained, would be accretive to the returns of the investment.

Hima Rjukan has been progressing well, with construction timeline and capital expenditures in line with the budget. In the December 2023 quarter, biomedica were introduced to the facility. Once matured, these bacteria will be breaking down ammonia, nitrites, and nitrates in the water produced by the fish, thereby enabling the recirculation of the water. In January 2024, the first eggs were introduced into the facility, which have since hatched, with the fingerlings now transported to the start feed department.

Foresight Inheritance Tax Fund sustainability statistics

Underlying ITS businesses produced
313,485 MWh
of electricity in the year






That's enough to power
108,098
UK households

The carbon saved is the equivalent to
41,947 people
taking round-the-world flights

Source: Foresight Group using Ofgem TDCV and data from IPCC's SRREN report. Data taken from 1 January 2023 - 31 December 2023.

Contribution to the Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a set of 17 goals or sustainable development. To be achieved by 2030, they recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection. Foresight has considered the performance of the businesses owned by the Foresight Inheritance Tax Fund against these SDGs and believes these directly contribute to the following targets:

Goal	SDG Target	Contribution for the quarter
	3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Foresight Inheritance Tax Fund businesses enabled pollutant savings of: - 70,856 tonnes CO2 equivalent - 48 tonnes of NOx (Nitrous Oxide) - 35 tonnes of SOx (Sulphur Dioxide) - 0.8 tonnes of PM10 (µm10 Particulate Matter) - 0.4 tonnes of PM2.5 (µm2.5 Particulate)
	7.2 Increase substantially the share of renewable energy in the global energy mix.	Foresight Inheritance Tax Fund businesses produced: - 88 GWh of renewable energy - Enough electricity to power 30,421 homes
	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	Foresight Inheritance Tax Fund businesses added: - 212 MW of renewable generation capacity to the grid.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Foresight Inheritance Tax Fund renewable generation businesses raise awareness and improve human capacity for climate change mitigation.
	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2030, protect and prevent the extinction of threatened species.	Contributing to the avoidance of fossil fuel use, Foresight Inheritance Tax Fund businesses saved: - 7,586 Tonnes of Oil Equivalent (TOE) - 10,837 Tonnes of Coal Equivalent (TCE)

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Important Information

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This document relates to the Foresight Inheritance Tax Solution ("Foresight ITS") which is part of the Foresight Inheritance Tax Fund ("Fund").

This document is addressed and distributed by Foresight to (i) existing investors in the Fund through the Foresight ITS and (ii) financial advisers that are authorised and regulated by the Financial Conduct Authority. Investment in the Fund through Foresight ITS is only permitted through financial advisers. Financial advisers are required to explain to clients the risks of investing in the product and confirm the product is suitable for their clients. Financial advisers should only provide this document to potential investors if provided together with the Foresight ITS Investor Guide ("Investor Guide"), highlighting the FCA Prescribed Risk Warning section at the beginning of that document.

It is important to read the Investor Guide in full, in particular the customer agreement, and understand the key risks that are set out in that document, before a potential investor comes to an investment decision. An investment in the Fund is NOT suitable for all investors.

Applications to invest in the Fund through the Foresight ITS will only be accepted on the basis of the content and terms of the Investor Guide.

Foresight cannot provide legal, tax, financial or investment advice. Foresight has taken all reasonable care to ensure that all the facts stated in this document are true and accurate in all material respects. Assumptions, estimates and opinions contained in this document constitute our judgement as of the date of the document and are subject to change without notice. Any forward-looking statements or projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved.

Tax reliefs are dependent on individual circumstances and any reference to tax laws or levels in this document is subject to change. There can be no guarantee that the Fund's investments will continue to qualify for Business Relief ("BR"). A failure to meet the BR qualifying requirements could result in the investments losing their inheritance tax exempt status, resulting in adverse tax consequences for investors. The value of an investment could go down as well as up and it should be considered a long-term investment. Investing in unquoted shares may expose you to a significant risk of losing all of the money you invest. Past performance is not a guide to future performance and may not be repeated.