

18 September 2024

Foresight Solar Fund Limited
(Foresight Solar, FSFL or the Company)

Interim results to 30 June 2024 and commencement of Australia divestment

Foresight Solar, a sustainability-focused fund investing in solar and battery storage assets in the UK and internationally, announces its results for the six months ended 30 June 2024.

Highlights

- Net Asset Value (NAV) of £656.8 million and NAV per Ordinary Share of 114.9 pence (31 December 2023: £697.9 million and 118.4 pence), principally driven by lower-than-budgeted generation due to poor weather and a fall in power price forecasts.
- Despite one of the wettest first quarters in UK recorded history and poor weather in Spain and Australia, an improved performance in the second quarter led to revenue of £74.5 million, only 6.6% behind budget.
- The Board initiated the second phase of the divestment programme with the commencement of the sale process of the Australian portfolio. Closing is expected in the first half of 2025 and the current intention is that proceeds will be predominantly used to pay down debt further.
- In August, the Board extended the share buyback programme, increasing it by £10 million to a total allocation of up to £50 million. Since the programme's launch in 2023, FSFL has repurchased more than £35 million of stock, adding 1.9 pence per share of NAV upside.
- Foresight Solar unveiled a 400MW framework agreement with Chelion Iberia to develop early-stage battery storage (BESS) projects in Spain. The deal required no upfront investment and nearly doubled the Company's proprietary development pipeline, laying the foundation for future growth.
- Foresight Solar is well on track to deliver its 8.00 pence per share dividend target for 2024 with a 1.4x forecast dividend cover. Based on current assumptions, the Board expects the 2025 dividend to be at least 1.3x covered.

Key investment metrics

	Six months to 30 June 2024	Six months to 30 June 2023
Net Asset Value (NAV) ¹	£656.8m	£726.6m
NAV per share	114.9p	119.1p
Dividend declared per share for the period	4.00p	3.775p
Gross Asset Value (GAV)	£1,085.2m	£1,237.2m
UK portfolio valuation	£1.16m/MW	£1.25m/MW
Operating revenue	£74.5m	£92.2m
Operating expenses	£(13.9)m	£(13.1)m
Total operating profit (EBITDA)	£60.6m	£79.1m

Key operational metrics

	30 June 2024			30 June 2023		

	Total generation (GWh)³	Generation variance in relation to base case⁴	Irradiation variance in relation to base case	Total generation (GWh) ³	Generation variance in relation to base case ⁴	Irradiation variance in relation to base case
Global portfolio	531	-7.1%	-3.3%	621	2.8%	4.9%

Australian portfolio divestment

Following the sale of a 50% stake in the Lorca portfolio last year, Foresight Solar has now commenced a process to sell its Australian holdings of 170MW of operational solar and 122MWp of internally advanced development-stage BESS.

With closing expected in the first half of 2025, this is a strategic priority to re-focus the Company on the UK and Europe. Proceeds are intended to repay the revolving credit facility and overall gearing as a percentage of GAV should fall by several percentage points when the assets and their associated long-term debt are removed from FSFL's balance sheet.

Commenting on the Company's results, Alexander Ohlsson, Chair of Foresight Solar, said:

"Foresight Solar has delivered resilient performance, once again proving solar power's effectiveness and, as an asset class, showing its stability against a complex macroeconomic backdrop.

"During the period, we faced some of the worst weather conditions in the fund's history in addition to falling power prices. Despite this challenging environment, Foresight Solar closed the six months to 30 June 2024 only moderately behind expectations and on track to deliver its 8.00 pence per share dividend target for the year.

"The Board's focus remains on protecting shareholders' interests. During the period, we continued to return capital and increased the share buyback programme to up to £50 million, which is proportionately the largest in the renewable investment trust sector.

"Progress has also been made with the second phase of the divestment programme following the 50% stake sale in the Lorca portfolio last November. The sale of our Australian portfolio will be a key milestone and, once complete, will re-focus our efforts on the UK and Europe, where we have an exciting pipeline of opportunities fitting with our capital allocation priorities.

"The anticipated completion of the transaction in 2025 will not only help lower debt but will place the fund in a competitive financial position for when favourable market conditions return - supporting our ability to drive shareholder value.

"We have also taken steps to deliver higher total shareholder returns through modest investments in development-stage or pre-construction pipelines. The BESS framework agreement with Chelion Iberia demonstrated the potential of this approach, with no upfront cost and numerous opportunities to crystallise value as the projects move through the development cycle.

"As outlined in our Capital Markets Event in May, this total shareholder return strategy will lay the foundations to generate income and deliver growth for our shareholders.

"For the first time in our history, Foresight Solar faced a discontinuation vote at its AGM as its shares traded at an average discount of more than 10% to NAV. Most shareholders (76% of votes cast) voted against the resolution. We acknowledge that a sizeable minority opted for change, and we have consulted with them to understand the reasons.

"This scenario is not unique to Foresight Solar, it is an issue facing the entire market. While the Board continues to exercise all options available, the discount persists - and we share the frustration this brings. We continue to challenge ourselves, and the Investment Manager, to do more.

“Whilst the journey through this evolving macroeconomic environment may continue to be challenging, there are plenty of reasons for cautious optimism. Interest rate cuts in the UK and the EU during the summer offered positive early signs that the fiscal outlook may be easing as inflation softens.

“The new government in the UK has also set out ambitions to grow the economy whilst making Britain a clean energy superpower. There are signs that renewables will play an important role, with a target to triple solar capacity by 2030 potentially creating tailwinds for the sector.

“The transition to a lower carbon economy is one of the largest investment opportunities for a generation, and we are confident Foresight Solar is well positioned to capitalise on it.”

Half-year report

A copy of the half-year report has been submitted to the National Storage Mechanism and is available at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

The half-year report is also available on Foresight Solar's website, where you can find all information about the Company: <https://fsfl.foresightgroup.eu/shareholder-centre>.

Results presentation

A meeting for analysts will be held today at 09:30 at the Company's London offices at The Shard, 32 London Bridge Street, London, SE1 9SG.

To register your interest in attending the presentation, please contact Sodali & Co at fsfl@sodali.com.

For those unable to join in person, an audio webcast will be available.

Ross Driver, Managing Director, and Toby Virno, Associate Director, will present the interim results to retail investors via Investor Meet Company (IMC) on Monday, 23 September 2024, at 11:00.

The meeting is open to all existing and potential shareholders. Questions can be submitted before the event through the IMC dashboard or at any time during the presentation.

Investors can sign up to Investor Meet Company for free, follow Foresight Solar and gain access to the meeting via: www.investormeetcompany.com/foresight-solar-fund-limited/register-investor.

Investor feedback

Please take a moment to share your feedback on Foresight Solar and your thoughts on this announcement here: <https://www.investormeetcompany.com/feedback/9cfe4b37-895f-4009-a293-00f296c6bcb3>

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