

# Foresight

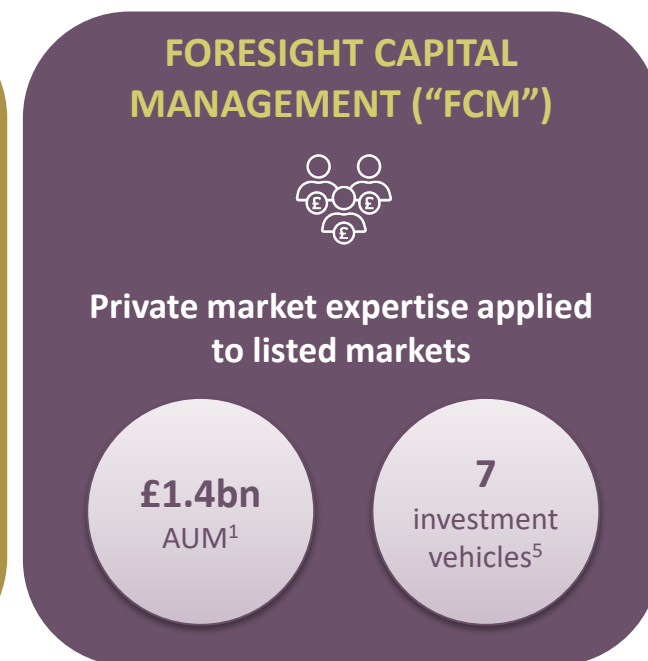
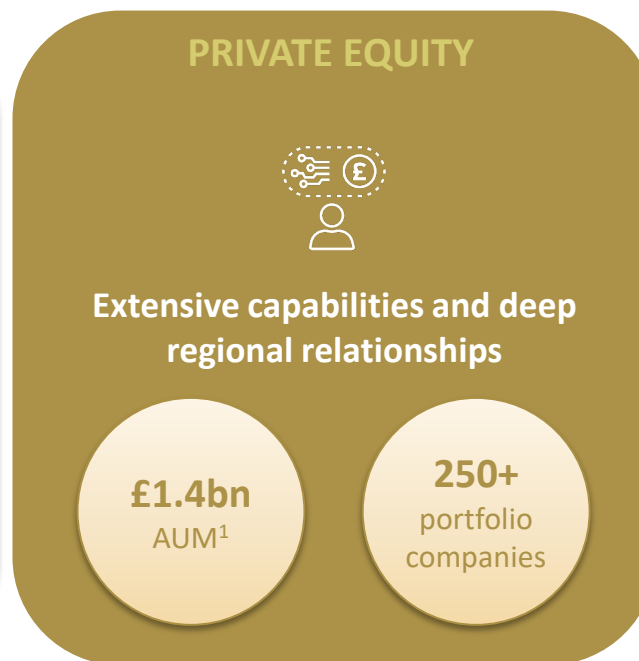
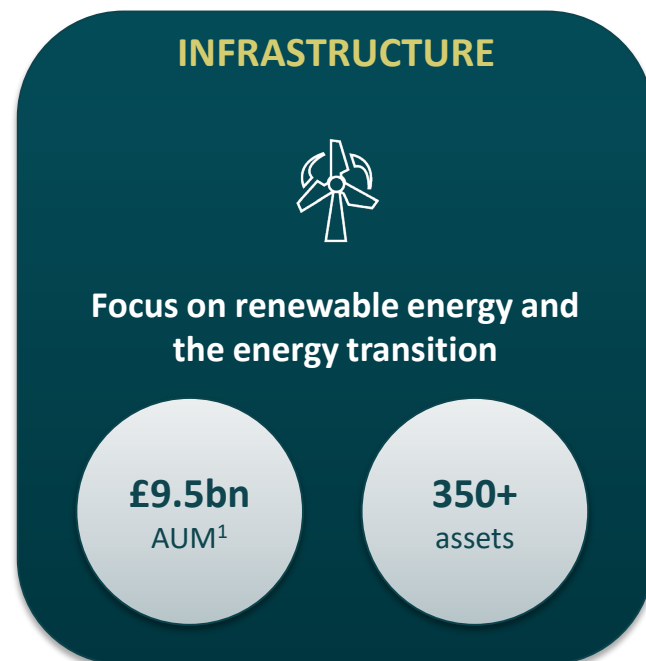
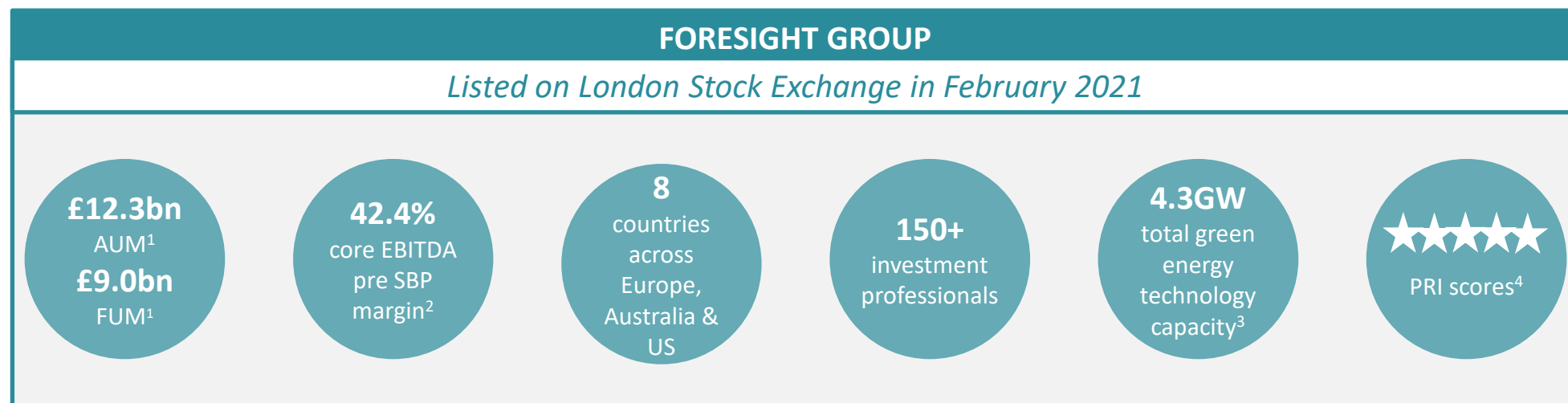
FOR A SMARTER FUTURE

## **Foresight Group** Private Equity Deep Dive

7 March 2023

# Foresight Group overview

A sustainability-led infrastructure and private equity investment manager, founded in 1984



All figures as at 30 September 2022 unless otherwise stated.

- As at 31 December 2022.
- £21.5 million as at 30 September 2022 (H1 FY23), including acquisition activity.
- As defined by the London Stock Exchange Green Economy Mark.

- Five-star PRI scores awarded across the Group, Private Equity and Infrastructure divisions. Issued in September 2022, see Foresight website for more details.
- Including launch of US based Cromwell Foresight Global Sustainable Infrastructure Fund in February 2023.

# Private Equity division overview

Investing in SMEs across multiple sectors and development stages, through economic cycles

## 1. Experienced team of private equity professionals

- c.50 investment executives
- 250+ investments managed by the team in their careers

## 2. Broad and diverse range of fund structures<sup>1,2</sup>

### Venture Capital



### Growth / Buyout



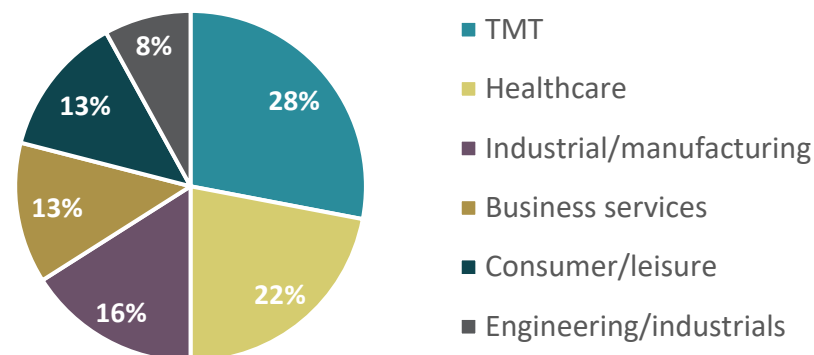
### Structured debt



## 3. Among the most active investment managers in the market

- Focused on initial investments up to £10m and structured debt
- 19 managed funds, including 12 regional<sup>2</sup>
- Well-balanced portfolio of over 250 portfolio companies
- Team synergies and structure, operating across funds

Private Equity portfolio split by carrying value<sup>5</sup>



All figures as at 30 September 2022 unless otherwise stated.

1. Approximate figures with certain Private Equity funds having overlapping mandates.

2. As at 31 December 2022.

3. Assets under Management ("AUM"), with AUM being materially equivalent to Funds under Management from a Private Equity division perspective.

4. Infrastructure division funds that invest into structured debt assets, with these assets being managed by the Private Equity team.

5. Excludes structured debt portfolio.

# Consistent strategy applied over a number of years

Has supported continued strong growth

## Strategy provides multiple fund raising avenues

### Regional SME focus

- Multiple sources of capital – both retail and institutional
- Differentiated local network driving deployment

### Multiple fundraising initiatives each year

- Retail funds – incremental, consistent inflows
- Institutional funds – always multiple fundraising opportunities
- Strategy avoids binary fundraising risk

### Targeting valuable funds

- Recurring revenues combined with attractive margins

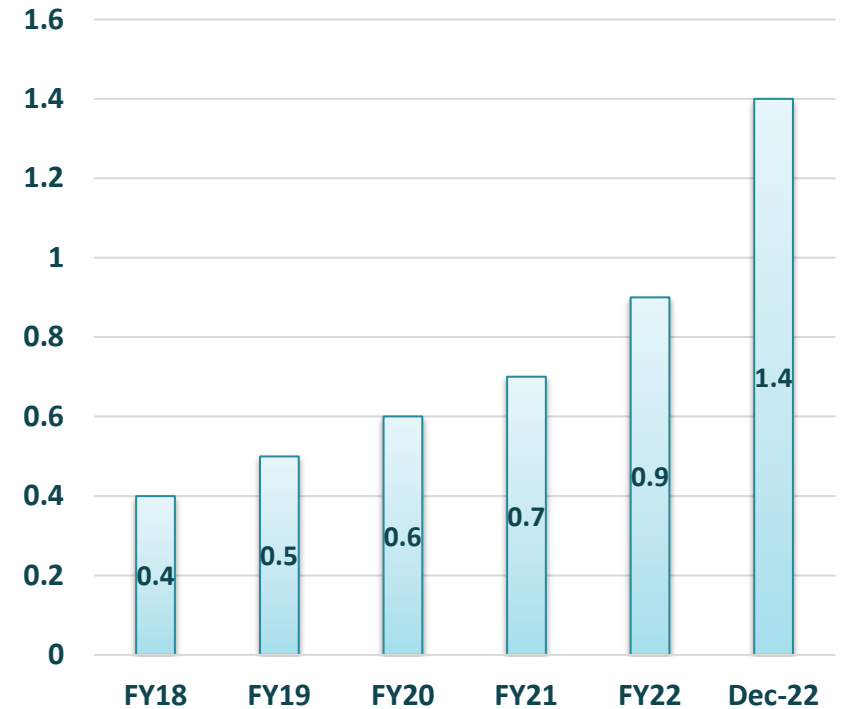
### Team structure and culture

- Drives synergy across funds
- Designed to operate at this end of the market

### Continue to seek out new asset classes and avenues for growth

- Recently – structured debt, litigation finance, standby power

## AUM by financial year ended 31 March, £bn



- **FY22:** £216 million raised across strategies
- **FY23 to December 22:**
  - Inclusive of Downing LLP acquisition (+£275m<sup>1</sup>) and first close of four new funds (+132m)

1. AUM at point of acquisition and excluding post acquisition valuation movements.

## Investment case studies

Partnering with portfolio companies to create value sustainably



### Indian street food restaurant chain

**Sector:** Consumer / Leisure

**Investment:** £3.5m (July 2017)

**Divested:** c.3.5x (Jan 2023)

- Built market leading management team
- Grown from three to fifteen restaurants
- Created > 500 jobs
- Ranked 16th best UK company to work for in 2022
- Exit to mid market PE



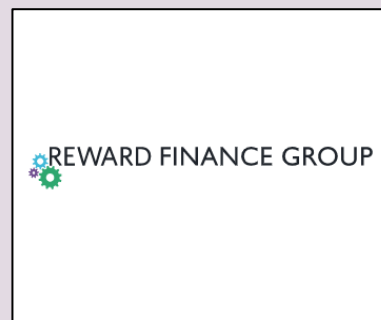
### Software tool developer

**Sector:** TMT

**Investment:** £3.1m (April 2018)

**Divested:** c.16.0x (June 2022)

- Developed suite of high-performance software assets
- Pivoted away from automotive
- Delivered IRR of nearly 100% per annum
- Exit to US corporate buyer



### SME lending

**Sector:** Structured debt

**Investment:** £114.5m  
(cumulative since August 2017)

- Foresight facility grown >3x after five extensions
- Currently has 470 SME clients
- Three new offices opened in last 12 months

# Divisional benefits to Foresight Group

Financially and strategically accretive

## Valuable and predictable high margin contribution to Group core EBITDA



Attractive fee margins  
earned on committed  
capital

Performance fees

100% of AUM  
in LP and evergreen  
vehicles<sup>2</sup>

10 year  
typical LP investor  
commitment

## Expertise and experience supporting other divisions - examples



### Infrastructure

Investing in strategies or business plans  
rather than single assets

### Regional network

Provides supplemental origination

## Strong and positive reputation, with ESG focused investment management



### Awards



### Shortlisted



1. Weighted by Private Equity fund AUM as at 31 December 2022.  
2. Evergreen funds defined as having no pre determined end of life and therefore have the capability to raise future capital.

## Division outlook

### Equity gap widened post COVID-19

Remain one of the most active SME investors, with differentiated operating model

#### Market leader in the up to £10 million transaction sector

- The most attractive in the UK & Ireland private equity market from a value creation perspective

#### Well positioned to support our diverse portfolio through prevailing market conditions

- Utilising our experience of investing through various economic cycles

#### Strong investment pipeline

- In the last 12 months, launched four funds and added capital to a number of others
- Foresight well placed to capitalise on SME funding gap and cyclical nature of bank appetite
- Aligned with the levelling up agenda

#### Low exposure to interest rate rises

- Low number of levered portfolio companies

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