

LEI: 213800NNT42FFIZB1T09

13 June 2022

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Foresight acquires Downing's ventures businesses

Acquisition will create a leading ventures proposition and drive Foresight's private equity AUM to £1.2 billion

Foresight Group Holdings Limited ("Foresight", "Foresight Group" or the "Group"), a leading infrastructure and private equity manager, is pleased to announce the acquisition ("Acquisition") of the technology ventures division of Downing LLP ("Downing"), including the management of Downing's venture capital trusts^[1] ("VCTs") and the Downing's Ventures Enterprise Investment Scheme ("EIS"). Foresight will pay an initial consideration of c.£13.6^[2] million, with a further consideration of up to £4.2 million payable over a three-year period subject to the achievement of certain criteria, and an additional capped fee sharing arrangement in respect of future performance and other fees. The Acquisition will be funded from existing financial resources.

Through this transaction, Foresight is acquiring the investment mandates of Downing ONE VCT Plc, Downing FOUR VCT Plc¹ and Downing Ventures EIS Scheme, representing a combined AUM of c.£275² million deployed across venture capital, AIM-quoted investee companies and a small number of legacy asset-backed debt investments. These venture-focused funds, with c.12,000 investors and assets predominantly across the UK as well as in the US and Israel, are complementary to the existing funds managed by Foresight's private equity team.

The combined offering will increase Foresight's VCT NAV to £542 million and, alongside fundraising and movements in investment valuations, will boost private equity AUM to £1.2 billion, up c.30% from 31 March AUM of £930 million. The Acquisition is expected to be earnings enhancing, with an anticipated core EBITDA pre-SBP of c.£2.8 million (annualised) in the first 12 months post completion, excluding exceptional deal costs.

With a thematic focus on enterprise software, deep technology and consumer, the Acquisition will diversify Foresight's existing ventures offering and complement the Foresight Williams Technology hard tech and industrial software focus. Additionally, as the Downing venture capital trusts hold shares in AIM-listed companies, the acquired portfolio provides Foresight's award-winning private equity team with a platform to potentially expand into a new asset class. This broader client offering, when combined with Foresight's regional footprint and strong retail sales platform is anticipated to provide enhanced growth opportunities.

This first acquisition following Foresight's IPO last year delivers a meaningful contribution to the Group's growth profile and provides further evidence of Foresight delivering on its stated strategy; to grow AUM by 20-25% per annum over the medium term, to maintain the contribution from recurring revenues within the 85-90% range, and to grow core EBITDA margin to 43% over the medium term. Foresight and its management team have a proven, successful track record of acquiring the investment mandates of mature funds and portfolios from third parties, including the Advent VCT portfolios, and more recently the JLEN and PiP funds.

The Acquisition is anticipated to complete by the end of June 2022. Foresight Group continues to actively engage in strategically compelling M&A opportunities that align with its core competencies.

Bernard Fairman, Executive Chairman of Foresight Group Holdings Limited, commented:

"The VCT and EIS businesses which we are acquiring are an excellent strategic fit for Foresight, complementing our existing portfolio and adding scale. We are investing in multi-stage, fast growing, scalable businesses with the potential to generate significant returns. The additional capabilities will deepen our retail investor offering and provide further opportunities for our extensive retail sales team to drive growth.

We said at the time of our IPO that M&A would be a core part of our growth strategy and I am delighted that we are successfully delivering on that promise. This transaction represents a significant strategic step, taking Group AUM to over £9 billion and private equity AUM to £1.2 billion today, while also providing us with a broader set of funds and capabilities.

We continue to actively pursue multiple further M&A opportunities across the wider business, alongside delivering strong organic growth."

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About Foresight Group Holdings Limited

Foresight Group was founded in 1984 and is a leading listed infrastructure and private equity investment manager. With a long-established focus on ESG and sustainability-led strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets. Foresight manages over 300 infrastructure assets with a focus on solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects, energy efficiency management solutions, social and core infrastructure projects and sustainable forestry assets. Its private equity team manages eight regionally focused investment funds across the UK and a SME impact fund supporting Irish SMEs. This team reviews close to 2,500 business plans each year and currently supports more than 130 SMEs. Foresight Capital Management manages four strategies across six investment vehicles with an AUM of over £1.6 billion.

Foresight operates from 12 offices across six countries in Europe and Australia. Foresight Group Holdings Limited listed on the Main Market of the London Stock Exchange in February 2021. <https://www.fsg-investors.com/>

Disclaimer - Forward-looking statements

This statement, prepared by Foresight Group Holdings Limited (the "Company"), may contain forward-looking statements about the Company and its subsidiaries (the "Group"). Such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "projects", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which are beyond the Company's control and are based on the Company's beliefs and expectations about future events as of the date the statements are made. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including those set out under "Principal Risks" in the Company's annual report for

the financial year ended 31 March 2021. The annual report can be found on the Company's website (www.fsg-investors.com). Forward-looking statements speak only as of the date they are made. Except as required by applicable law and regulation, the Company undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

[1] Excluding the Healthcare share class

[2] Subject to final marked to market adjustments on the AUM of the AIM portfolio

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