FORESIGHT SOLAR FUND LIMITED

UNAUDITED INTERIM REPORT

For the six months
to 30 June 2023

Foresight
FOR A SMARTER FUTURE

ABOUT US

FRONT COVER IMAGE
Shotwick solar farm, UK

Foresight Solar is a closed-ended investment company with almost £1.3 billion deployed in a diversified portfolio of solar PV and battery storage assets.

The sustainability-focused fund contributes to a lower carbon future by investing in and managing 1.1GW of renewable energy infrastructure.

Foresight Solar Fund Limited was awarded the Green Economy Mark in 2019. This recognises companies that derive 50% or more of their revenues from environmental solutions.

INVESTMENT OBJECTIVES

Preserve and enhance **capital value**

Deliver **sustainable**, progressive quarterly dividends

Develop further **portfolio diversification**

Strategic Report

Governance

Financial Statements

HIGHLIGHTS
AS AT 30 JUNE 2023

£726.6m
NET ASSET VALUE (“NAV”)
(31 December 2022: £771.5m)

119.9p
NAV PER SHARE
(31 December 2022: 126.5p)

£1,237.2m
GROSS ASSET VALUE (“GAV”)[1]
(31 December 2022: £1,296.3m)

621.1GWh
RENEWABLE ELECTRICITY GENERATED
(30 June 2022: 513.3GWh)

8.3%
ANNUALISED TOTAL NAV RETURN SINCE IPO
(31 December 2022: 9%)

5.6%
ANNUALISED TOTAL SHAREHOLDER RETURN SINCE IPO
(31 December 2022: 7.8%)

1. Refer to the Alternative Performance Measures (“APMs”) shown on page 39 for more details

- Active power price hedging and higher inflation mitigated downward NAV pressure from lower near-term power forecasts, discount rate rise
- Global electricity production 2.8% above forecast, driven by strong operational performance and good irradiation in the UK and Australia
- Revenue and EBITDA from underlying assets up 11.7% and 11.4% year-on-year, respectively. Cash receipts from portfolio 42% higher at £52.3 million
- Commencement of 200MWp divestment process. Proceeds will be used to reduce debt and recycle capital into yield-accretive investments
- Acquired rights to a 467MWp development-stage pipeline in Spain, providing further capital recycling opportunities
- Share buyback programme doubled to £20 million given disconnect between Company’s share price and the underlying value of its portfolio
- Revolving credit facility ("RCF") extended until 2026, reducing refinancing risk
- With 1.5x cover on a cash basis, Foresight Solar remains on track to deliver its full-year target dividend of 7.55 pence

CHAIRMAN'S STATEMENT

Foresight Solar continues to deliver against its core operational and financial objectives with robust cash distribution, well hedged debt positions and positive inflation correlation.

Alexander Ohlsson
Chairman

On behalf of the Board, I am pleased to present Foresight Solar Fund Limited's Unaudited Interim Report and Financial Statements for the six months ended 30 June 2023.

In the face of a challenging macroeconomic environment, the Company continues to deliver strongly against its core operational and financial objectives. Electricity production across the global portfolio was 2.8% above budget in the first half despite periods of adverse weather across Europe, and cash receipts from the portfolio were significantly higher than the same period last year.

European gas prices have fallen considerably since the end of 2022, with day-ahead electricity prices in the United Kingdom and Spain following suit. Against this backdrop, Foresight Solar's long-standing active price hedging strategy served to lock in higher power prices and continues to support a forecast dividend cover of more than 1.5x until at least 2025.

The Board is acutely aware of the discount to Net Asset Value ("NAV") at which the Company's shares trade, whilst noting that discounts across the entire real assets investment trust sector have widened during the year. Since last December, long-term gilt yields have risen consistently, steadily increasing the risk-free rate. In response to this evolving landscape, the Company increased the discount rate for its UK levered solar projects to 7.5% from 7% during the period and notes that there may be some further upward pressure to this.

Notwithstanding the above, the Directors believe that a disconnect has developed between asset values inferred by the current share price and asset pricing supported by third-party transactions during the first half of 2023. As such, the Board has allocated a further £10 million to the existing share buyback programme, taking its total value to £20 million.

Following a review of the Company's asset base, the Investment Manager has identified divestment opportunities to realise gains and recycle capital whilst retaining an attractively balanced portfolio. Alongside this phased sale process, the Company forecasts the release of a significant level of free cash generated by the portfolio. In the period, Foresight Solar has used surplus capital to meet milestone payments on its committed investment pipeline, limiting further borrowing requirements. With long-term debt fully hedged at attractive rates, additional capital will be available to repay the revolving credit facility ("RCF") and improve cash balances.

The Company remains highly selective in its approach to new investments, focusing on opportunities that are strongly returns-accretive. This is supported by the fact Foresight Solar has not purchased any operational assets since 2019 and does not believe pricing for such assets has become attractive yet, despite the significant increase in the risk-free rate pointing towards lower valuations. The limited upfront capital required for development-stage portfolios, allied with the potential to deliver NAV growth or realise gains as sites progress to construction and to operation, make this type of investment particularly appealing to the Company.

Operational performance

Electricity generation across the global portfolio was 2.8% above budget in the six months to 30 June 2023. Overperformance was driven primarily by good site availability across the portfolio and higher-than-expected irradiance in the UK and Australia. Production in these markets was 4.3% and 3% above forecast, respectively. Adverse weather impacted electricity generation in Spain, where production was 2.2% below budget.

The six-month period was one of active enhancement to the portfolio, with the Asset Manager overseeing a programme of inverter replacements across several smaller UK projects to improve performance.

CHAIRMAN'S STATEMENT CONTINUED

Key financials and returns

For the period to 30 June 2023, the NAV per Ordinary Share decreased to 119.9 pence (31 December 2022: 126.5 pence). This was principally driven by a fall in power price forecasts and higher discount rates.

Downward revisions in short and medium-term power price projections, based on independent advisors' forecasts, resulted in a decrease of 3.8 pence per share. Meanwhile, a 50 basis point increase in the discount rate for levered UK solar projects in the second quarter contributed to a reduction of 3.2 pence per share. These movements were partially offset by higher-than-forecast inflation and a reduction in assumed payments under the UK's Electricity Generator Levy ("EGL") because of the falling power prices.

Revenue to 30 June 2023 was £92.2 million, an increase of 11.7% in comparison to the first half of 2022, resulting in EBITDA of £79.1 million, 11.4% ahead of the prior year. With projects in all geographies operating well, cash generation for the period was exceptionally strong, with distributions from underlying assets of £52.3 million – 42% higher year-on-year. This is also a direct result of the Company's active power price hedging strategy, which built the position over time, culminating in an average fixed price of £197/MWh across the six months.

The Company continues to forward-fix its price exposure in the short and medium-term to provide greater revenue certainty and is now able to secure pricing out to 2028. Foresight Solar's contracted revenue, as a percentage of total expected revenue, is now 90% for the remainder of 2023, 85% for 2024 and 75% for 2025.

Dividends

Foresight Solar targets a sustainable and progressive quarterly dividend. The Company declared two interim dividends totalling 3.775 pence per share for the first half of 2023 and is well on track to deliver its 7.55 pence per share target for the year. The first interim dividend of 1.88 pence was paid on 25 August 2023.

Debt facilities

As at 30 June 2023, the total outstanding debt of the Company and its subsidiaries was £510.6 million (31 December 2022: £524.8 million), with long-term debt of £395.6 million (31 December 2022: £409.8 million). Total gearing represented 41.3% of GAV (31 December 2022: 40.5%). (Please refer to the Alternative Performance Measures ("APMs") shown on page 39.)

Long-term structural gearing represented 32% of GAV (31 December 2022: 31.6%), well within the 40% target. The Company's long-term debt is fully hedged against interest rate movements, while the RCF remains unhedged. (See pages 31 and 32 for details of GAV and gearing.) Foresight Solar had drawn £115 million of its £150 million RCF, and had £5 million committed to letters of credit at 30 June 2023. Furthermore, in August, the Company signed a one-year extension to the facility on the same terms, pushing out refinancing risk until 2026.

After existing funding commitments to projects under construction, the Company had £24.1 million of free cash at the mid-year and plans to release a further £24 million in free cash generated by the portfolio during the second half of 2023. This surplus cash is expected to be used to meet ongoing funding requirements and pay down the RCF. Whilst the Company is comfortably able to service its debt, it will prioritise paying down the variable-rate RCF in the near term.

SHOTWICK SOLAR FARM, UK

CHAIRMAN'S STATEMENT CONTINUED

Capital allocation

The Company has always carefully considered its options for capital allocation, but, in the current macroeconomic environment, there has been enhanced scrutiny of all possible investment decisions.

The discount to NAV that the Company's shares have recently traded at implies a discount rate as high as 12%, which represents a disconnect to the prices assets could reasonably be expected to trade hands at. Whilst it is reasonable to expect that discount rates have increased in relation to those supported by transactions earlier in the year, it is unlikely they will have done so by more than the rise in the corresponding risk-free rate itself. This dislocation has prompted the Board to allocate a further £10 million to the existing share buyback programme, taking the total to £20 million and driving NAV accretion for Shareholders.

Foresight Solar has also commenced a divestment programme to crystalise gains, release funds and recycle capital. The Investment Manager has identified approximately 200MWp of operational solar assets from across the portfolio and is proceeding with a phased sale process beginning this year and continuing into 2024.

Proceeds from disposals will be used to repay the RCF and to pursue additional investments that are strongly accretive to returns. Based on current forecasts, completion of the divestment programme would allow Foresight Solar to fully fund its expected pipeline until the end of 2025 without the need for additional external capital.

Investment update

In March, Foresight Solar secured the rights to a 467MWp development-stage pipeline in Spain for a modest upfront investment with the developer principally rewarded by payments tied to projects' successful consent milestones. The Board views such earlier-stage investments as attractive from a capital deployment and returns perspective and the Investment Manager is actively progressing further development-stage opportunities in solar and battery storage. Such investments provide access to future pipeline and the ability to recycle capital through divestments.

The Company intends to progress its existing pipeline of construction-stage battery projects with near-dated grid connections in due course. The Sandridge storage asset in England has faced delays due to long-running works on the main network connection. However, good construction progress has been made on site and the project is targeting energisation in early 2024.

The Investment Manager has negotiated a framework construction agreement that will allow it to proceed with both of its existing 50MW battery projects in Scotland on two-hour durations. The Investment Manager also has access to a strong pipeline of battery energy storage system ("BESS") opportunities.

These initiatives demonstrate Foresight Group's capabilities and provide attractive NAV uplift for Shareholders in addition to the steady income generated by the operating portfolio.

Corporate governance

Peter Dicks retired from the Board in June 2023 after nine years of service. On behalf of the Directors, I want to thank Peter for his commitment and contribution over the years and for his efforts supporting the Company's growth.

I am pleased to report that, in line with the Company's succession plan, the Nomination Committee has identified a candidate with deep finance and financial markets experience who can help Foresight Solar continue to grow. The documentation for the regulatory approval has been submitted and the Board awaits clearance from the Jersey Financial Services Commission to formalise the appointment. As disclosed in the 2022 Annual Report, the succession work continues, with the Nomination Committee executing the plan throughout 2023 and 2024 to ensure a combination of skills, experience and knowledge among Directors.

CHAIRMAN'S STATEMENT CONTINUED

Outlook

As Foresight Solar approaches its ten-year anniversary, I am proud of the achievements made over the last decade. The Company has met all dividend targets since its IPO in 2013, yielding Shareholders an annualised total NAV return of 8.3%. During this time, the dividend has grown from 6 pence per share to 7.55 pence per share, an increase of over 25%. An investment in one share at IPO would have delivered a total shareholder return of almost 70% to 30 June 2023. In the last three years, Foresight Solar has led peers in total NAV and total shareholder returns, delivering 52% and 9.4%, respectively.

Looking forward, while it is impossible to ignore the immediate macroeconomic challenges that the sector is facing, Foresight Solar remains well positioned to navigate this period of turbulence. Yields on government bonds, particularly those of short duration, may remain higher for longer, placing additional pressure on discount rates. However, the inflation-linked nature of a large proportion of the Company's revenue and the prospect of future NAV growth offer a differentiated and attractive investment opportunity.

Greater clarity on the regulatory environment will also support the investment case for renewables. The UK government's Review of Electricity Market Arrangements ("REMA"), for example, has the potential to lead to some of the most fundamental changes to energy markets in a generation. Post-period, the Department for Energy Security and Net Zero ("DESNZ") also launched a consultation for the potential transition of existing ROC projects to Fixed Price Certificates in the latter years of the subsidy life. The Company is engaged in both processes and is closely monitoring their developments.

The drive to achieve Net Zero targets is spurring significant investment in renewables, of which solar and battery storage are major beneficiaries due to their comparatively low costs and ability to be deployed quickly. More than 30 countries are scheduled to add at least one gigawatt of new solar capacity in 2023, up from 17 two years ago. A significant number of these countries are in Europe, which is unsurprising given nations are prioritising energy security to minimise dependence on Russia following the invasion of Ukraine.

The energy storage market is also forecast to experience considerable growth, with total global installations predicted to exceed 400GW by the end of 2030 – over 15 times the 27GW of storage capacity in operation at the end of 2021. Whilst the Company has visibility of a strong pipeline of UK opportunities, there is also plenty of potential in European markets that are now implementing supportive regulatory frameworks for BESS.

Foresight Solar can realise opportunities in these growth markets through the Investment Manager's experience in structuring development-stage partnerships and overseeing construction projects. Additionally, through its international presence, the Investment Manager brings local market experience to source new opportunities, along with construction and asset management oversight to ensure Foresight Solar continues to deliver steady, resilient income with a modest element of NAV growth over time.

Alexander Ohlsson
Chairman

14 September 2023

YARDWALL SOLAR FARM, UK

INVESTMENT PORTFOLIO

Portfolio summary

As at 30 June 2023, Foresight Solar's portfolio comprised 61 assets with a total net peak capacity of 1.093GW.

In the UK, the Company has 50 operational assets representing a total installed capacity of 723MW In addition, it has 50% shareholdings in three battery storage projects, equivalent to 75MW, that are currently under construction.

Foresight Solar also owns four operational solar assets in Australia, totalling 170MW of installed capacity, and another four operational sites in Spain, with installed capacity of 125MW.

The solar farms in the United Kingdom all benefit from regulatory support and are accredited under the Renewables Obligation ("RO") scheme, except for Yardwall, which is a Feed-in Tariff ("FiT") scheme accredited asset (representing less than 1% of the UK portfolio). The battery storage assets will predominantly trade on a merchant basis, although they will be able to bid for fixed price service contracts under National Grid ESO capacity auctions.

The Australian projects, meanwhile, benefit from Large-Scale Generation Certificate ("LGC") subsidies.

The Spanish assets do not benefit from regulatory support, but all have long-term Power Purchase Agreements ("PPAs"), providing a high proportion of contracted revenue. The Investment Manager has been successful in sourcing contracts, with the Virgen del Carmen project establishing a ten-year offtake agreement with Shell in September 2020, and the Lorca portfolio signing a decade-long agreement with Statkraft in December 2021.

Acquisitions

Project Lynx

In March, Foresight Solar acquired the full rights to a pipeline of development-stage solar farms with a total potential capacity of 467MWp. The six subsidy-free sites are in the south and east of Spain. Two have already sought grid connections under existing application routes and one of those, totalling 57MWp, has the potential to reach ready-to-build status by the second half of 2024. The remaining projects will apply for connections via future rounds of the capacity market auctions, which are likely to take place over the next few years.

ABERGELLI SOLAR FARM, UK

INVESTMENT PORTFOLIO CONTINUED

Current portfolio

Type	Asset	Installed peak capacity (MW)	Operational/ under construction	Acquisition cost[1] (£m)	Revenue type
UK					
1	Wymeswold[2]	34	Operational	45.0	ROC/Electricity sales
2	Castle Eaton	18	Operational	22.6	ROC/Electricity sales
3	Highfields	12	Operational	15.4	ROC/Electricity sales
4	High Penn	10	Operational	12.7	ROC/Electricity sales
5	Pitworthy	16	Operational	19.3	ROC/Electricity sales
6	Hunters Race	10	Operational	13.3	ROC/Electricity sales
7	Spriggs Farm	12	Operational	14.6	ROC/Electricity sales
8	Bournemouth	37	Operational	47.9	ROC/Electricity sales
9	Landmead	46	Operational	52.4	ROC/Electricity sales
10	Kencot Hill	37	Operational	49.5	ROC/Electricity sales
11	Copley	30	Operational	32.7	ROC/Electricity sales
12	Atherstone	15	Operational	16.2	ROC/Electricity sales
13	Paddock Wood	9	Operational	10.7	ROC/Electricity sales
14	Southam	10	Operational	11.1	ROC/Electricity sales
15	Port Farm	35	Operational	44.5	ROC/Electricity sales
16	Membury	16	Operational	22.2	ROC/Electricity sales
17	Shotwick	72	Operational	75.5	ROC/Electricity sales
18	Sandridge	50	Operational	57.3	ROC/Electricity sales
19	Wally Corner	5	Operational	5.7	ROC/Electricity sales
20	Coombeshead	10	Operational	36.6 (Acquired as portfolio)	ROC/Electricity sales
21	Park Farm	13			
22	Sawmills	7			
23	Verwood	21			
24	Yardwall	3	Operational		FiT/Electricity sale
25	Abergelli	8	Operational	3.7	ROC/Electricity sales
26	Crow Trees	5	Operational	1.8	ROC/Electricity sales
27	Cuckoo Grove	6	Operational	2.5	ROC/Electricity sales
28	Field House	6	Operational	3.1	ROC/Electricity sales
29	Fields Farm	5	Operational	1.7	ROC/Electricity sales
30	Gedling	6	Operational	1.9	ROC/Electricity sales
31	Homeland	13	Operational	5.2	ROC/Electricity sales
32	Marsh Farm	9	Operational	4.0	ROC/Electricity sales
33	Sheepbridge	5	Operational	1.9	ROC/Electricity sales
34	Steventon	10	Operational	4.2	ROC/Electricity sales
35	Tengore	4	Operational	1.3	ROC/Electricity sales
36	Trehawke	11	Operational	4.7	ROC/Electricity sales
37	Upper Huntingford	8	Operational	3.1	ROC/Electricity sales
38	Welbeck	11	Operational	4.4	ROC/Electricity sales
39	Yarburgh	8	Operational	3.4	ROC/Electricity sales
40	Abbey Fields	5	Operational	1.5	ROC/Electricity sales
41	SV Ash	8	Operational	3.4	ROC/Electricity sales
42	Bilsthorpe	6	Operational	1.9	ROC/Electricity sales
43	Bulls Head	6	Operational	2.2	ROC/Electricity sales
44	Lindridge	5	Operational	1.7	ROC/Electricity sales
45	Manor Farm	14	Operational	6.1	ROC/Electricity sales
46	Misson	5	Operational	2.0	ROC/Electricity sales
47	Nowhere	8	Operational	3.7	ROC/Electricity sales
48	Pen Y Cae	7	Operational	2.9	ROC/Electricity sales
49	Playters	9	Operational	4.0	ROC/Electricity sales
50	Roskrow	9	Operational	3.7	ROC/Electricity sales
51	Sandridge	25[3]	Under construction	12.7	Electricity sales
52	Clayfords	25[4]	Pre-construction	14.1	Electricity sales
53	Lunanhead	25[5]	Pre-construction	16.4	Electricity sales
	UK subtotal	**798**		**728.4**	

INVESTMENT PORTFOLIO CONTINUED

Current portfolio continued

Type	Asset	Installed peak capacity (MW)	Operational/ under construction	Acquisition cost[1] (£m)	Revenue type
Australia[6]					
1	Bannerton	53[7]	Operational	22.9	Long-term PPA
2	Longreach	17	Operational	5.7	Long-term PPA
3	Oakey 1	30	Operational	9.2	Long-term PPA
4	Oakey 2	70	Operational	34.0	Electricity sales
	Australia subtotal	**170**		**71.8**	
Spain					
1	Virgen del Carmen	26	Operational	18.0	Long-term PPA
Lorca portfolio					
2	Los Llanos	49	Operational	64.2 (Acquired as portfolio)	Long-term PPA
3	Los Salinas	30			
4	Los Picos	20			
	Spain subtotal	**125**		**82.2**	
	Total	**1,093**		**882.4**	

1. Original equity cost at time of acquisition, including transaction costs. For assets under construction, this includes estimated construction costs to start of operations. International acquisition costs were converted to GBP, including transaction costs, at the applicable rate at the time of purchase.
2. Includes the 2MW extension acquired in March 2015.
3. Accounts for the 50% stake the Company holds of Sandridge BESS (50MW).
4. Accounts for the 50% stake the Company holds of Clayfords (50MW).
5. Accounts for the 50% stake the Company holds of Lunanhead (50MW).
6. Australian assets all benefit from Large-Scale Generation Certificates ("LGCs").
7. Accounts for the 48.5% stake the Company holds of Bannerton (110MW).

PORT FARM SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT

Market developments

United Kingdom

The complex macroeconomic backdrop has loomed large over the listed real assets investment trust sector this year. Attempting to control stubborn inflation, the Bank of England raised the base interest rate 14 consecutive times since December 2021, representing the most aggressive period of fiscal tightening in over 40 years.

The pace of increase to the benchmark, and the subsequent impact on the risk-free rate, has resulted in a disconnect in asset pricing between owners, whose valuations are based on a constructed discount rate and recent transaction pricing, and investor sentiment on what a reasonable risk premium over "risk-free" government bonds should be.

Demand for UK subsidised renewable assets with a similar vintage to Foresight Solar's has remained strong into 2023. This was demonstrated in late February by the sale of 70MW of ROC-backed solar sites by Foresight Solar & Technology VCT plc for over £100 million, implying a valuation of at least £1.43 million/MW. Private, unlisted capital has been willing to transact at returns below those required by listed market participants, and significant levels of "dry powder" for secondary market activity still exist.

Whilst there has undoubtedly been downward pressure on asset prices since the first half of the year, it is unlikely that this has resulted in discount rates reaching the double-digit levels implied by the discounts to NAV that the shares of the listed renewable trusts are trading at. This is a key driver of the Company's decision to increase its share buyback programme. This disconnect may continue for some time, at least until UK inflation begins to fall meaningfully, which, in turn, should reduce the yield on longer-dated bonds, and secondary market transaction pricing adjusts.

The Board continues to closely monitor the Company's share price discount and work proactively to address it with the tools at its disposal.

The newly formed Department for Energy Security and Net Zero ("DESNZ") assumed the oversight role for the Review of Electricity Market Arrangements ("REMA"). The review has the potential to lead to some of the most fundamental changes to the UK's electricity market in a generation.

The proposals under consideration are important as the country's electricity grid pivots from a reliance on predominantly large-scale fossil fuel-driven baseload power stations to a far broader network of decentralised and intermittent renewable generation and energy storage.

The downside to radical reform is that implementation may take many years and could lead to investment uncertainty at the same time as the UK is seeking significant private sector investment to support the roll-out of clean energy generation.

Positively, DESNZ published a summary of responses to the Autumn 2022 consultation that indicated some of the more disruptive options for market reform, such as locational price signals and pay-as-bid pricing, were not being taken forward. The industry strongly engaged with the process, and it appears that the government is aware of the need to maintain positive investment signals. A further update on REMA is expected before the end of the year.

Post period, DESNZ also launched a consultation into a transition to Fixed Price Certificates ("FPC") for UK projects receiving Renewable Obligation Certificates ("ROCs"). Since this change has the potential to alter the Company's subsidy-backed revenue stream, the Investment Manager is taking proactive steps to participate in the process and shape its outcome.

The government's Electricity Generator Levy ("EGL") came into full legal effect during the period and the Company has been accruing tax payments. The reference price remains £75/MWh (index-linked to CPI from 2024), which will limit the levy's impact as power prices fall. An initial estimate of the tax payments was included in the Company's third quarter NAV in September, which has been revised and reduced as power prices have dropped.

The Investment Manager continues to review attractive pipelines of returns-accretive opportunities in the UK and internationally, notwithstanding what is currently a period of price adjustment for vendors, managers and investors.

Development-stage pipelines in both solar and battery energy storage systems ("BESS") are viewed favourably as, for a relatively modest upfront investment, they can provide the opportunity for NAV growth as valuations can be reappraised at the planning consent stage and at construction completion. The divestment of assets the Company has developed may also play a greater role, driving further value going forward.

The business case for BESS in the UK remains strong, although the Investment Manager is being highly selective about the transactions it recommends and is prioritising projects with near-dated grid connections. The Company already holds a share of the rights to two ready-to-build 50MW battery projects, which it will focus on constructing with a two-hour duration to diversify income streams and improve profitability.

Whilst operational BESS revenues have fallen and the revenue outlook has softened, sector tailwinds – including falling lithium prices and moves to longer duration systems – mean the asset class continues to offer attractive risk-adjusted returns. Therefore, the Investment Manager remains positive on batteries given the underlying fundamentals and the conservative assumptions used in its models so far.

INVESTMENT MANAGER'S REPORT CONTINUED

Market developments continued

Australia

Strong support for renewable energy continues in the country, with federal and local governments looking to build resilience by playing important roles in projects' viability.

In early 2023, for example, the Australian Renewable Energy Agency provided grants to 2GW/4.2GWh of grid-scale batteries scheduled to be operational by 2025. These "next generation" assets are expected to maintain grid stability without the need for coal and gas generators to balance the network.

The New South Wales ("NSW") government also announced the winners for the first round of Long-Term Energy Service Agreements ("LTESA") contracts across the Central West Orana and New England Renewable Energy Zones ("REZ"). These REZ will group new wind and solar power generation in areas where it can be efficiently stored and transmitted, guaranteeing reliable supply as coal-fired power stations retire. Several international investors were notable beneficiaries of the process, with multiple gigawatts of solar capacity awarded and scheduled to be operational by 2026. The second part of the tender includes awards for up to 380MW of long duration storage (up to eight hours) LTESAs for firming or demand response services.

In the first half of this year, lower commodity futures pushed down short-term electricity spot prices, with the biggest impacts in NSW and Queensland due to export-exposed coal plants.

These developments pushed down the near-term TWA (Time-Weighted Average) price lower than the first half of 2022, when the National Electricity Market ("NEM"), Australia's wholesale electricity market and physical power system, experienced volatility due to gas supply shortages.

Spain

The Spanish government recently revised its targets in an updated version of its Plan Nacional Integrado de Energía y Clima ("PNIEC") 2023-2030, which is the national local implementation of the EU-wide National Energy and Climate Plan. The new goals are even more ambitious than the original 2021-2030 outline.

Some of the most notable changes came in the form of more aggressive objectives for utility-scale solar roll-out, which was revised up by an impressive 37.2GW, and the deployment of energy storage systems, which were significantly increased to 16GW. Such adjustments are logical given Spain's high solar irradiation and growing deployment of intermittent renewable generation, requiring tools to stabilise its electricity grid.

Across the entire PNIEC, Spanish authorities expect €94 billion in investment, with 85% of the capital coming from private investors.

This commitment from the country's government will provide additional support to the renewable energy industry over the coming years, ensuring it remains active. Indeed, appetite for projects remains high, and multiple acquisitions and financings have been announced in the first half of 2023.

The Investment Manager, with its local presence and experienced team on the ground, continues to track yield-accretive opportunities.

Power prices

United Kingdom

Wholesale power prices fell from the record highs registered in 2022, with N2EX Day Ahead prices averaging £108/MWh across the first six months of 2023. The drop was driven mostly by lower commodity prices, particularly for natural gas – which traded above historical averages but significantly below the levels seen after Russia's invasion of Ukraine.

Throughout the period, the Company benefitted from its active price hedging strategy, locking in attractive power prices and securing income to underpin the dividend. Arrangements signed during 2022, for example, fixed prices at higher rates than the current wholesale price, with deals guaranteeing advantageous conditions into 2026 for some assets. As a result, the average realised price across the UK portfolio, including fixed price arrangements and merchant exposure, was £121.23/MWh – a 13.6% increase on the £106.69/MWh secured in the first six months of 2022 and 12% above the N2EX average for the period from January to June of 2023.

The Investment Manager continually monitors opportunities to enter new fixed price arrangements up to five years ahead to provide more certainty over future revenue and ensure dividend target cover.

In reaction to the unsustainably high energy prices of 2022, the UK government implemented the Electricity Generator Levy ("EGL") last autumn. This windfall tax is scheduled to remain in place until April 2028, and captures the Company's assets in the country. The EGL applies a 45% additional charge on generation revenue over £10 million and above a £75/MWh cap for 2023. This benchmark rate will rise in line with the Consumer Price Index ("CPI"), a measure of inflation, each year starting from April 2024 until the end of the levy.

INVESTMENT MANAGER'S REPORT CONTINUED

Power prices continued

Australia

During the first half of 2023, the time-weighted average power price across the NEM was A$102/MWh, a 42% decrease compared to the A$175/MWh average registered in the same period of 2022.

In Queensland, power prices normalised closer to historical averages. Additional deployment of rooftop solar continues to cause some negative pricing intervals, especially in the peak summer months of December and January. This resulted in the state recording an average price of A$116/MWh during the six months to 30 June 2023, compared to A$236/MWh in the same period the previous year.

In Victoria, the effect of negative spot prices during solar generation hours was even more pronounced, resulting in an average power price of A$72/MWh, compared to the A$140/MWh average of the first half of last year.

The expected Marginal Loss Factors ("MLFs"), which are the transmission losses impacting generators' annual revenues based on the location of an asset's grid connection, for 2024 were released in April. The renewed MLFs for Foresight Solar's four Australian sites have been subject to a mix of reviews, ranging from a 1.8% decrease at Longreach to increases between 0.2% and 0.7% at the other projects. Cumulatively, the net impact is marginally positive given the weighting across the portfolio.

Spain

During the first half of 2023, power prices remained above historical averages at €89/MWh. However, this is a significant reduction from the highs registered in 2022, when prices averaged €167/MWh.

The drop in power prices in Spain was primarily caused by a fall in natural gas prices, which is the key commodity setting marginal energy prices in the country. The level of the decline was such that it resulted in the price cap no longer being applicable.

The market forecasters the Company uses expect downward pressure on prices to continue in the short term, albeit with electricity prices gradually returning to a level similar to the long-term average prevailing before the Russian invasion of Ukraine.

Solar capture prices also declined to €69/MWh as more solar PV generation capacity was added to the grid.

The Virgen del Carmen project and the Lorca portfolio were well insulated from these moves since they have ten-year Power Purchase Agreements ("PPAs") in place for approximately 70% of their electricity production. The remaining 30% of energy sales for Lorca has been hedged until January 2024.

LONGREACH SOLAR FARM, AUSTRALIA

INVESTMENT MANAGER'S REPORT CONTINUED

Subsidy revenue

Buy-out prices for Renewables Obligation Certificates ("ROCs"), the United Kingdom's main support mechanism for large-scale renewable electricity projects, in the 2023/24 annual compliance period increased to £59.01 (2022/23: £52.88). The rise reflected the mean monthly percentage change in RPI, a measure of inflation, during 2022. On average, the Company received 1.41 ROC/MWh across the portfolio. Meanwhile, the 2023/24 Feed-in Tariff ("FiT") rate for the Yardwall project, the only UK asset to which the RO scheme does not apply, is £90.60/MWh (2022/23: £79.90/MWh).

In Australia, the average Large-Scale Generation Certificate ("LGC") price secured by the portfolio for the period was A$22.89 per certificate, more than double the A$11.31 registered in the first half of 2022. To limit the impact of LGC market price volatility on revenue, the Company entered new agreements to sell certificates at fixed prices out to 2028 and 2030. For Bannerton, the fixed price per megawatt hour of production received from the local government will increase for the period from July 2023 to June 2028 after the Victorian Department of Environment, Land, Water and Planning decided to exercise its call option and extend the agreement for another five years. The other two sites that benefit from government support, Longreach and Oakey 1, surrender their LGCs to the Queensland government as part of the Solar 150 PPAs that are in place until 2030.

Power price forecasts

The Investment Manager uses forward-looking power price assumptions to assess the likely future income of the portfolio's assets for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by three independent consultants, adjusted by the Investment Manager for the expected capture price discounts for solar generation as deemed appropriate.

For assets with fixed price arrangements in place, the contracted values are used instead of the blended forecast.

For assets with subsidy arrangements in place for a period shorter than their assumed useful economic life, the blended forecast is used for the remaining period.

PADDOCK WOOD SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

Power price forecasts continued

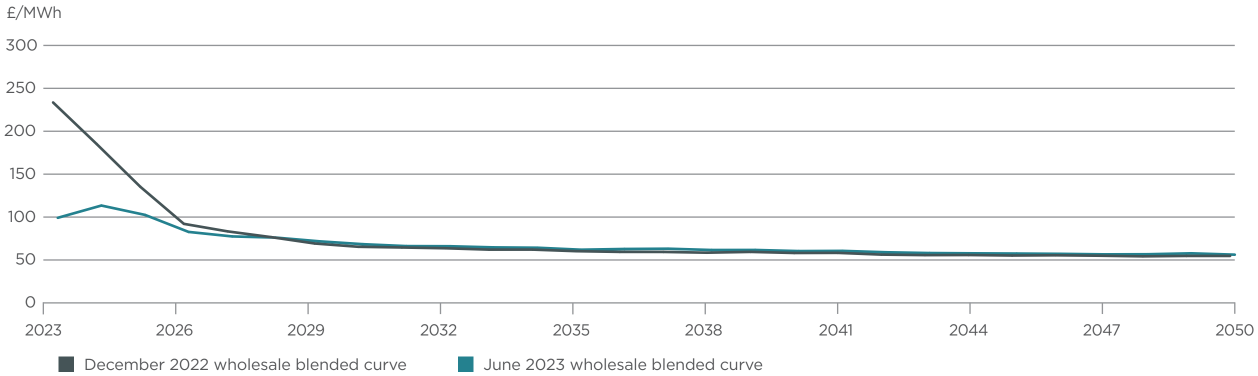
United Kingdom

Power price forecasts have decreased materially compared to December 2022 due to the corresponding fall in commodity prices, especially natural gas. As evidenced in the chart below, the most significant fall was in near term prices (from 2023-2026), which corresponds with the periods when the Company has already fixed high levels of energy sales, limiting the exposure to falls in merchant prices.

Overall, the average annual decrease in the longer term (post-2026) is 1.6%, largely reflecting Foresight Solar's view on capture price discounts.

When the assumed asset life extends beyond 2050, the Investment Manager expects no real growth in forecast power prices.The Investment Manager has secured positive prices for Renewable Energy Guarantees of Origin ("REGOs"), the certificates which demonstrate electricity has been generated from renewable sources, and current assumptions for future prices are conservative at: £5 for 2024, dropping to £3 for the following year and then 40p from 2026.

UK wholesale power prices (£/MWh)



BOURNEMOUTH SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

Power price forecasts continued

Australia

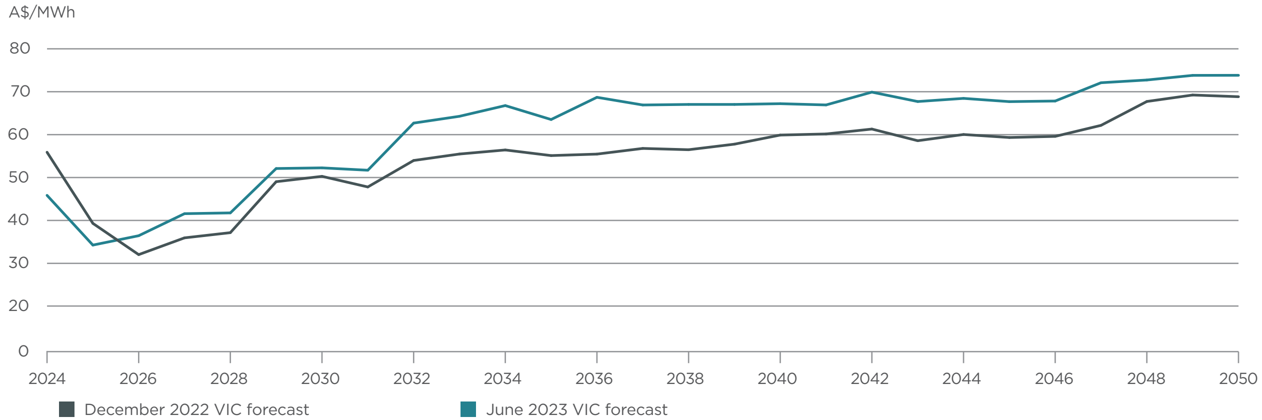
The significant increase in global thermal commodity prices experienced during 2022 was passed through to electricity prices, resulting in higher TWAs (Time Weighted Averages) and DWAs (Dispatch Weighted Averages). These costs, however, have reduced in 2023 and forecasters expect them to return to normal levels by 2025. In the medium to long term, power prices in the country are expected to continue rising as coal power plants retire, either due to economics or end-of-life, and as gas/storage generators are increasingly used at the margin.

As solar generation continues to grow and price cannibalisation increases, the gap between wholesale power prices and solar capture prices is expected to widen.

LONGREACH SOLAR FARM, AUSTRALIA

Queensland wholesale power prices (A$/MWh)

Victoria wholesale power prices (A$/MWh)



INVESTMENT MANAGER'S REPORT CONTINUED

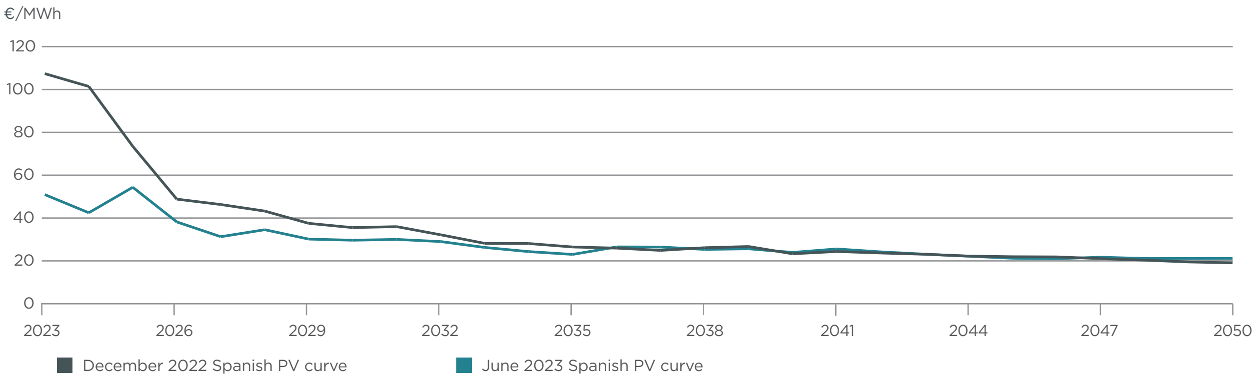
Power price forecasts continued

Spain

Power price projections have decreased materially in the short to medium term due to the decline in commodity prices, particularly natural gas. Higher-than-expected deployment of self-consumption solar capacity also added downward pressure.

In the long term, fundamentals in the Spanish energy market remain largely unaffected. A significant amount of new renewable energy capacity, particularly utility-scale solar, is expected to connect to the grid over the coming years due to the country's high solar resource. This is forecast to result in a decrease in power prices, particularly solar capture prices, although the expected addition of storage and interconnection capacity could serve to mitigate this.

Spain wholesale power prices (€/MWh)



BATTERY ENERGY STORAGE SYSTEM ("BESS")

INVESTMENT MANAGER'S REPORT CONTINUED

Revenue analysis

Foresight Solar's income is generated by assets producing and exporting electricity to the grid. The revenue predominantly arises from regulatory support mechanisms available in the markets in which the Company operates and from the sale of electricity to third-party offtakers – either at fixed or merchant prices.

The Company defines "contracted revenues" as those that are hedged under fixed price arrangements, and therefore have a high degree of payment certainty. Revenue from both subsidies and power purchase agreement ("PPA") fixes are considered contracted, whereas day-ahead electricity sales are considered merchant revenue or uncontracted.

During the first half of 2023, approximately 38% of total revenue was derived from subsidies, with the remaining 62% from the sale of electricity. With fixed price contracts mainly secured through PPAs, 92% of revenue in the period was considered contracted, with the remaining 8% merchant.

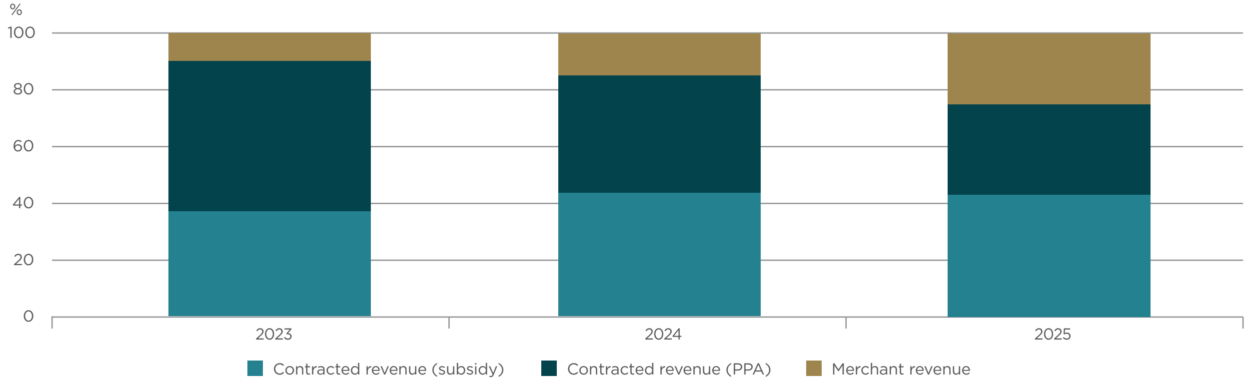
Contracted revenue for the portfolio, as a percentage of the total expected revenue, is now forecast to be 90% for the remainder of 2023, 85% for 2024 and 75% for 2025.

On a net present value basis, as at 30 June 2023, contracted revenue over the entire investment period represents 49% of the total forecasted revenue.

The Company will continue to minimise the impact of power price volatility on future cash flows by entering fixed price arrangements for the sale of electricity. The goal is to achieve a high percentage of annual fixed revenue in the short and medium term by actively managing the power price exposure of forecast production.

By way of example, the Company can fix an amount of electricity sales in the summer, due to the seasonal production profile of solar assets, to support the dividend policy, while leaving some exposure to market rates that allow it to capture potential upside from power price volatility.

Contracted vs merchant revenue breakdown




BOURNEMOUTH SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

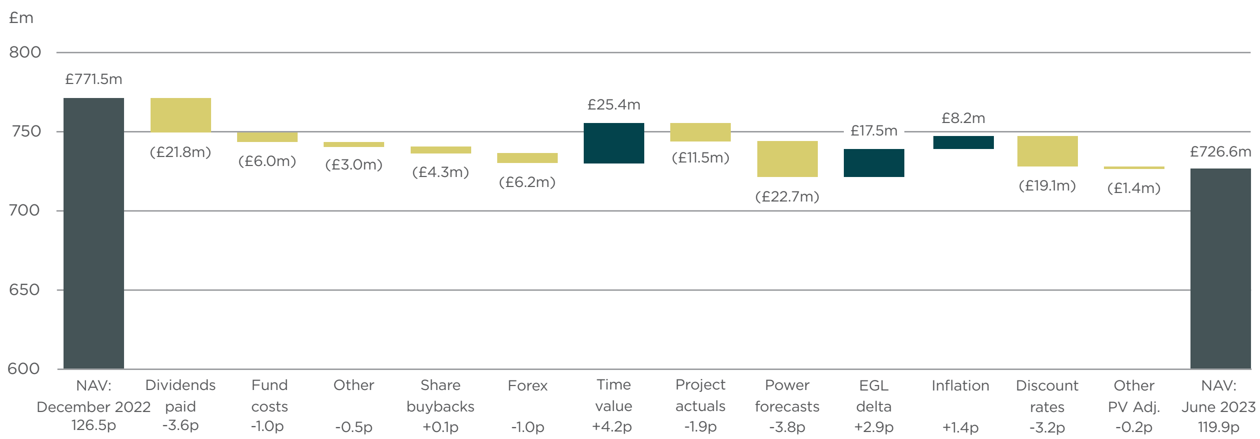
Key investment metrics[1]

	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Market capitalisation	**£593.8m**	£712.4m	£724.6m
Share price	**98.0p**	116.8p	118.8p
Ordinary Shares in issue[2]	**605,906,889**	609,958,720	609,958,720
Dividend declared per share for the period	**3.775p**	3.56p	7.12p
Gross Asset Value ("GAV")	**£1,237.2m**	£1,294.9m	£1,296.3m
Annualised total NAV return since IPO	**8.3%**	8.9%	9.0%
Annualised total Shareholder return since IPO	**5.6%**	7.7%	7.8%
Net Asset Value ("NAV")	**£726.6m**	£754.9m	£771.5m
NAV per share	**119.9p**	123.8p	126.5p
(Loss)/profit after tax for the period	**(£18.9)m**	£116.1m	£154.5m

1. The purpose and calculation methodology of the key APMs are shown on page 39.
2. During the period 4,051,831 shares were repurchased and are held in treasury. Further details on page 37.

Movements in Net Asset Value

A breakdown in the movement of Foresight Solar's NAV during the first six months of the year is shown in the graph below.



SHOTWICK SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

Valuation methodology

The Investment Manager is responsible for providing fair market valuations of the Company's underlying assets to the Board of Directors every quarter. A broad range of assumptions is used in the models. These assumptions are based on long-term forecasts and generally are not materially affected by short-term fluctuations, economic cycles, or portfolio technical performance unless they represent a significant movement. Material changes to long-term forecasts typically have a greater impact.

The Investment Manager values assets using discounted cash flows ("DCF") from the date of acquisition. Assets under construction are valued at cost until the date of commissioning and start of operations. Revenues and costs accrued during construction or during the commissioning process do not form part of the DCF calculation when arriving at a fair valuation.

The current portfolio consists of non-market-traded investments and valuations are based on a DCF methodology or are held at cost until the assets reach commissioning, at which point they move to a DCF methodology.

This approach adheres to both IAS 39 and IFRS 13 accounting standards (page 62), as well as the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

Based on the recommendation of the Investment Manager, the Board reviews and challenges the operating and financial assumptions, including the discount rates, used in the valuation of the portfolio before giving approval.

Discount rates for valuation

The Investment Manager regularly reviews the discount rates used across the portfolio to ensure they remain in line with any market changes and the Company's risk profile.

This analysis is based on valuation information from transactions with comparable assets, alongside confirmatory views from independent third parties and reviews of the risk premium above the risk-free rate.

In response to the evolving macroeconomic environment, which has led central banks around the world to raise interest rates, and therefore increase risk-free rates, Foresight Solar has increased its discount rate used to value the levered UK portfolio to 7.5% (31 December 2022: 7%).

The discount rate used for UK asset cash flows which have received lease extensions beyond the initial 25-year investment period is 8.5% for subsequent years, reflecting the merchant risk of the expected cash flows beyond the first two and a half decades.

For the Australian portfolio, assets are valued using a discount rate which is dependent on the level of contracted revenue in place. The weighted average discount rate across the levered Australian portfolio has increased to 8.05% (31 December 2022: 8%). This is due to assets with higher discount rates now forming a larger percentage of the Australian portfolio, rather than any underlying discount rate changes.

In Spain, meanwhile, the unlevered discount rate for Virgen del Carmen is 7%, and the levered discount rate for the Lorca portfolio is 7.5%. Both remain unchanged from 31 December 2022.

Non-UK asset valuations are updated quarterly to reflect movements related to exchange rates.

The weighted average levered discount rate across the portfolio is now 7.55% (31 December 2022: 7.16%).

Other assets under construction, such as Foresight Solar's three battery projects, are valued at cost and will continue to be held at cost until they are connected to the grid and fully operational, at which point their valuations will move to a DCF basis.

PADDOCK WOOD SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

Asset life

The expected weighted average life of the UK portfolio as at 30 June 2023 was 30.8 years (31 December 2022: 30.8 years) from the date of commissioning. This represents a remaining portfolio useful life of 22.6 years when the historical operational periods are taken into consideration.

The average useful economic life across 40 of the 50 operational UK assets goes beyond 25 years, averaging 32.3 years from the date of commissioning. Conservative operational and lifecycle costs are incorporated into the extended useful life period.

The expected useful economic life for Australian assets was 34.4 years (31 December 2022: 34.4 years), and 40 years for the projects in Spain (31 December 2022: 40 years).

Movements in NAV

Dividends paid

The Company paid dividends of £21.8 million during the six-month period to 30 June 2023.

Fund costs

Total costs were £6 million, predominantly management fees, financing and corporation tax the Company and its subsidiaries incurred.

Other adjustments

Working capital adjustments in relation to the Company and its subsidiaries resulted in a £3 million outflow.

Share buybacks

Foresight Solar deployed £4.3 million to repurchase 4.1 million shares since its initial £10 million share buyback programme was announced in May. This was accretive to NAV due to the purchase price being at a discount to the Company's holding Net Asset Value.

Foreign exchange movements

Fluctuations in the exchange rate over the period reduced the GBP valuation of Australian and Spanish assets by £6.2 million.

Time value

A value uplift of £25.4 million, resulting from moving the valuation date forward and, therefore, bringing future cash flows closer to the present (and discounting them less).

SANDRIDGE SOLAR FARM, UK

INVESTMENT MANAGER'S REPORT CONTINUED

Movements in NAV continued

Project actuals

Reflects the cash performance of the portfolio compared with the modelled forecast for the period to 30 June 2023. The reduction of £11.5 million reflects lower-than-expected realised prices from electricity sales across the portfolio.

Power price forecasts

The Company uses forward-looking power price assumptions to assess the likely future income of the portfolio assets for valuation purposes. The assumptions are based on a blended average of the forecasts provided by third-party consultants, which are updated every quarter.

The valuation change of £22.7 million during the period reflects the impact of the UK, Australian and Spanish price forecasts.

Electricity Generator Levy ("EGL") delta

Reflects a £17.5 million decrease in the EGL payments forecasted. This is a direct result of lower expected revenue because of falling power prices to April 2028, the proposed end date of the EGL.

Inflation

This update reflects actual inflation for the first half of 2023, which has been consistently above the Company's prudent forecast. Assumptions for the second half of the year remain 6.5% (annualised), and 3% from 2024 to 2030, dropping to 2.25% thereafter in the UK.

The 2023 inflation rate used for the Spanish portfolio has been updated to 4% (December 2022: 5.5%), and the estimate applied to the Australian assets has moved to 6.6% (December 2022: 3%).

The net result of these changes led to a £8.2 million uplift.

Discount rates

The Company has increased discount rates in the UK by 50 basis points to reflect the increase in the risk-free rate and the subsequent impact on prices for the asset class. The UK levered solar rate now sits at 7.5%, resulting in a £19.1 million reduction to valuations.

No changes to discount rates have been made in other geographies.

Other portfolio valuation adjustments

This step accounts for other updates across the portfolio, such as a small movement in fund-level working capital, and totalled a value reduction of £1.4 million.

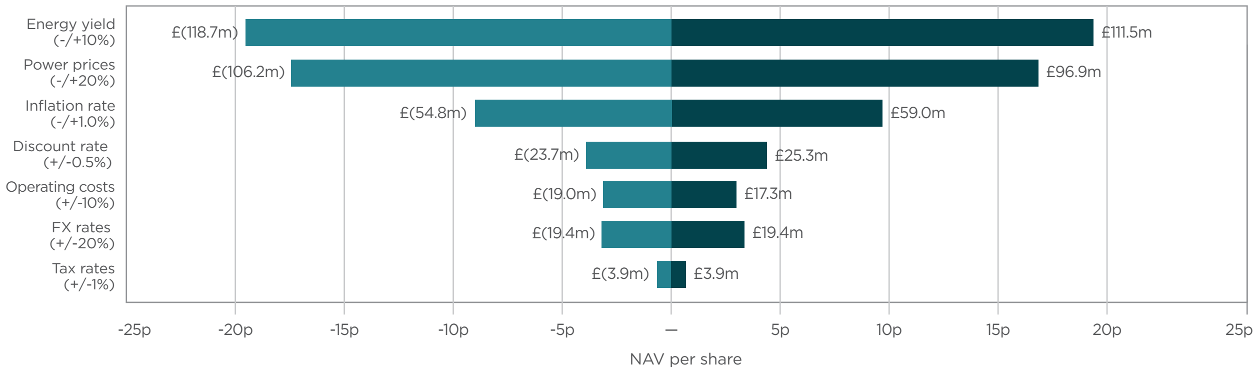
Valuation sensitivities

Where possible, assumptions are based on observable market and technical data. In many cases, such as forward power prices, independent advisors are used to provide evidenced information, enabling the Investment Manager to adopt a prudent approach.

The chart on this page shows the impact per share of changes in key valuation assumptions on NAV.

The Investment Manager has set out the inputs which it has ascertained would have a material effect on the NAV in note 16 of the Financial Statements. All sensitivities are calculated independently of each other.

Impact on NAV and NAV per share



LONGREACH SOLAR FARM, AUSTRALIA

OPERATIONAL REVIEW

Global portfolio performance

Across Foresight Solar's portfolio, electricity generation was 2.8% above base case, with irradiation levels 4.9% higher than budget and good operational performance. The period was one of portfolio enhancement, with an active programme of inverter replacements. There were, however, some challenges, with occasional negative power prices in Australia and lower-than-expected irradiation in Spain. Throughout, the Asset Manager played an important role ensuring global production was better than expected.

United Kingdom portfolio performance

Operational performance in the UK during the period was above budget, with electricity generation 4.3% above base case adjusting for minor compensation payments received from operation and maintenance ("O&M") counterparties and project insurance receipts. Performance was driven by good plant availability and irradiation 6.2% higher than expected.

As a general preventative measure, the Asset Manager is progressing with the repowering of inverters at a few sites. The work continues to improve performance of the portfolio and the goal is to complete the task this year.

Separately, as an initiative to optimise the value of sites, efforts continued to extend leases, with extensions signed and completed for 86MW of assets during the period, and projects with a further 25MW of capacity are currently in advanced discussions with landlords. Overall, the Investment Manager is prioritising lease extensions of projects with a total installed capacity of 260MW, roughly a quarter of the current operational portfolio.

The Asset Manager works hard to foster good relationships with local Distribution Network Operators ("DNOs"), and has regularly negotiated to reduce the number of days required for planned outages or to move them to periods of lower irradiation.

This proactive approach to reduce the length of stoppages is reflected in the portfolio's strong performance. Excluding DNO outages, production during the period would have been 4.6% above base case.

The Office of Gas and Electricity Markets ("Ofgem") continued to request audits, and the Asset Manager continued to respond. The Company is awaiting answers on open audits but does not anticipate any material issues. Several existing audit processes were closed in the first six months of 2023 and a programme with an external consultant is underway to complete mock audits across the portfolio to identify potential risks at assets still to be reviewed by Ofgem.

BOURNEMOUTH SOLAR FARM, UK

OPERATIONAL REVIEW CONTINUED

Australia portfolio performance

The operational performance of the four Australian assets was better than expected during the period, with electricity generation almost 3% above budget. The outperformance was predominantly driven by irradiation 6% above forecast.

Production at Bannerton was affected by the Australian Energy Market Operator's ("AEMO") network curtailment, although it was less impactful than in prior periods. Generation was also hampered at Longreach because of inverter station switchgear failures that caused part of the plant to be offline between March and June. The solar farm was brought back to full operation in July, when replacement parts were installed.

Spain portfolio performance

Operational performance across the four Spanish sites was lower than expected, with electricity generation 2.2% below budget after adjusting for project insurance receipts. The underperformance was predominantly a result of inclement weather. In the first six months of the year, the country suffered with heavy rainfall, which led to irradiation 0.8% below forecast, and unseasonably high temperatures.

Performance at Virgen del Carmen was below expectations due to lower-than-expected irradiation and delays in repairs and delivery of spare parts.The Asset Manager has filed an insurance claim to recover temporary production losses and material damages the delays have caused.

In Granada, where the Lorca portfolio is located, the picture was similar. Production at the three sites – Los Llanos, Las Salinas and Los Picos – was impacted by high temperatures and a lack of rain that led to dust accumulating on the panels and impacting performance.

Assets under construction

Sandridge battery storage system ("BESS")

Construction of the 50MW/50MWh battery storage project commenced in March after the network operator finished reinforcement works required to safely connect the project to the grid. Easing supply chain issues are also likely to facilitate build-out completion.

With all elements of the construction programme now in place, the project is expected to energise in the first half of 2024. Once it is operational, Sandridge BESS will be valued using a DCF methodology and the Company will be able to recognise the full NAV upside of taking it through the construction phase.

Lunanhead

Following a competitive tender process, the Investment Manager negotiated an engineering, procurement and construction ("EPC") agreement with the preferred provider to build the 50MW project with a two-hour (100MWh) duration. Construction completion is targeted for 2024, with energisation taking place in the first half of the following year.

The project's increased energy capacity will enable it to capture profits more effectively in the traded markets, providing a more diversified revenue stack in comparison to shorter duration sites, which are more reliant on increasingly saturated ancillary services auctions.

Claytords

The Company remains committed to building the 50MW battery to optimal specifications.

There is, however, more flexibility on the delivery timeline, and Foresight Solar is balancing construction with other near-term priorities, such as the repayment of the revolving credit facility ("RCF") and addressing its share price discount.

Pipeline update

Project Lynx

In March, the Company announced it had secured the rights to a pipeline of development-stage solar farms in Spain with a total potential capacity of 467MWp. The six subsidy-free projects are located across the south and east of Spain.

Two of the sites have requested grid connections under legacy application routes. One of them, totalling 57MWp, has already secured access and may reach ready-to-build status next year following receipt of its environmental licence.

The remaining projects will apply for connections via future capacity market auctions. The developers are carrying out preparatory studies to ensure the sites are competitively positioned for when the government unveils the details of the upcoming processes. Given recent elections in Spain, however, there is some uncertainty about exactly when they will begin.

OPERATIONAL REVIEW CONTINUED

Electricity generation

The generation figures below have been adjusted, where relevant, for events when compensation has been, or will be, received.

United Kingdom

Site	Connection date	MW	Total electricity generation (MWh)	Generation variance vs base case	Irradiation variance vs base case
Abbey Fields	March 2016	4.9	2,790	4.7%	3.7%
Abergelli	March 2015	7.7	3,965	0.2%	6.9%
Atherstone	March 2015	14.8	7,912	11.5%	7.9%
Bilsthorpe	November 2014	5.7	2,648	-6.5%	9.8%
Bournemouth	September 2014	37.3	20,448	-0.4%	4.1%
Bulls Head	September 2014	5.5	2,844	5.5%	9.0%
Castle Eaton	March 2014	17.8	8,817	4.2%	7.4%
Coombeshead	December 2014	9.8	5,673	5.7%	5.8%
Copley	December 2015	30.0	16,732	14.2%	9.5%
Crow Trees	February 2016	4.7	2,341	3.7%	8.3%
Cuckoo Grove	March 2015	6.1	3,245	-12.0%	-3.1%
Field House	March 2016	6.4	3,318	-1.8%	6.5%
Fields Farm	March 2016	5.0	2,741	11.0%	10.3%
Gedling	March 2015	5.7	2,803	1.2%	5.7%
High Penn	March 2014	9.6	7,459	8.0%	8.8%
Highfields	March 2014	12.2	5,040	5.1%	5.9%
Homeland	March 2014	13.2	7,459	0.4%	0.1%
Hunters Race	July 2014	10.3	5,525	-1.0%	5.5%
Kencot Hill	September 2014	37.2	19,668	5.2%	5.8%
Landmead	December 2014	45.9	23,574	5.9%	4.8%
Lindridge	January 2016	4.9	2,354	-4.9%	5.3%
Manor Farm	October 2015	14.2	6,809	4.3%	8.2%
Marsh Farm	March 2015	9.1	5,019	2.6%	3.8%
Membury	March 2015	16.5	8,391	1.3%	4.2%
Misson	March 2016	5.0	1,983	-21.0%	3.2%
Nowhere	March 2015	8.1	4,792	14.6%	11.5%
Paddock Wood	March 2015	9.2	5,256	10.1%	6.0%
Park Farm	March 2015	13.2	6,954	11.6%	6.4%
Pen Y Cae	March 2015	6.8	2,760	-20.1%	6.7%
Pitworthy	March 2014	15.6	8,533	12.2%	5.6%
Playters	October 2015	8.6	4,332	-5.0%	5.2%
Port Farm	March 2015	34.7	18,246	4.8%	3.4%
Roskrow	March 2015	8.9	4,733	-2.9%	-0.7%
Sandridge	March 2016	49.6	24,625	-3.0%	4.8%
Sawmills	March 2015	6.6	3,686	4.2%	2.1%
Sheepbridge	December 2015	5.0	2,504	2.6%	10.5%
Shotwick	March 2016	72.2	38,624	11.2%	10.3%
Southam	March 2015	10.3	5,563	10.0%	5.9%
Spriggs Farm	March 2014	12.0	6,486	7.2%	3.3%
Steventon	June 2014	10.0	5,399	3.5%	6.0%
SV Ash	March 2015	8.4	4,791	17.3%	15.1%
Tengore	February 2015	3.6	1,924	-0.9%	0.3%
Trehawke	March 2014	10.6	5,935	3.0%	6.9%
Upper Huntingford	October 2015	7.7	4,135	6.8%	3.4%
Verwood	February 2015	20.7	11,154	1.6%	5.0%
Wally Corner	March 2017	5.0	2,768	6.7%	4.0%
Welbeck	July 2014	11.3	5,831	3.6%	11.0%
Wymeswold	March 2013	34.5	17,473	6.4%	9.4%
Yarburgh	November 2015	8.1	3,833	-8.5%	7.3%
Yardwall	June 2015	3.0	1,769	5.1%	1.9%
Total		**723.1**	**380,537**	**4.3%**	
Weighted total					**6.2%**

OPERATIONAL REVIEW CONTINUED

Electricity generation continued

Australia

Site	Connection date	MW	Total electricity generation (MWh)	Generation variance vs base case	Irradiation variance vs base case
Bannerton	July 2018	53.4	35,588	-3.6%	2.23%
Longreach	March 2018	17.3	10,971	-23.0%	5.4%
Oakey 1	February 2019	29.7	23,831	12.4%	10.1%
Oakey 2	May 2019	70.0	56,385	11.00%	7.4.0%
Total		**170.4**	**126,776**	**3.0%**	
Weighted total					**6.0%**

Spain

Site	Connection date	MW	Total electricity generation (MWh)	Generation variance vs base case	Irradiation variance vs base case
Las Salinas	August 2022	29.7	26,481	-3.7%	-0.2%
Los Llanos	August 2022	49.1	43,730	-3.3%	0.4%
Los Picos	August 2022	19.7	17,529	-3.7%	0.3%
Virgen del Carmen	November 2022	26.1	26,111	2.7%	-4.3%
Total		**124.6**	**113,850**	**-2.2%**	
Weighted total					**-0.8%**

Overall portfolio

	MW	Total electricity generation (MWh)	Generation variance vs base case	Irradiation variance vs base case
Total	**1018.2**	**621,163**	**2.8%**	**4.9%**

LOS LLANOS SOLAR FARM, SPAIN

SUSTAINABILITY AND ESG

Approach to sustainability

Sustainability considerations are at the centre of Foresight Solar's strategy, helping inform its investment process and its asset management.

The nature of the Company's operations means it is well positioned to deliver attractive financial returns alongside positive environmental and social outcomes.

To demonstrate its commitment to achieving sustainable impact, Foresight Solar regularly presents quantitative reporting against the United Nations Sustainable Development Goals ("SDGs").

Sustainable Impact reporting[1]

Foresight Solar's assets have generated significant sustainable impact against the UN SDGs:

3.1 Good health & well-being

354,248kg
NOx (nitrous oxide) vs energy generated from gas

259,782kg
SOx (sulphur dioxide)

6,167kg
PM10 (µm10 particulate matter)

2,821 kg
PM2.5 (µm2.5 particulate matter)

HY23 623,018kg
HY22 522,184kg

7.2 Affordable & clean energy

656GWh[1]
Renewable energy generated

226,212
Homes powered for a year

HY23 656GWh
HY22 549GWh

9.1 Industry, innovation & infrastructure

1,150MW
Of renewable energy capacity added to the electricity grid

HY23 1,150MW
HY22 1,043MW

13.3 Climate action

235,744 tCO_2e
Emissions avoided compared to coal

HY23 235,744 tCO_2e
HY22 424,477 tCO_2e

15.5 Life on land

56,407 ToE avoided
(Tonnes of oil equivalent) contributing to the avoidance of fossil fuel use

HY23 56,407 ToE
HY22 47,278 ToE

1. The figures have not been adjusted to reflect ownership stakes. All projects managed by Foresight Group.

SUSTAINABILITY AND ESG CONTINUED

Emissions reporting

Although Foresight Solar's investment activities make a significant and quantifiable contribution to climate change mitigation, there are still emissions associated with the operation and maintenance of the portfolio.

To minimise its direct carbon footprint, the Company has reduced Scope 2 emissions and shifted even more of its assets to renewables tariffs. This effort has increased the share of projects relying on green electricity for on-site consumption to 97%, leading to a reduction of 32% in Scope 2 emissions in comparison to the first half of 2022.

Scope 1 update

Sulphur Hexafluoride ("SF_6") is a gas commonly used in electrical installations to insulate components. While not toxic or an air pollutant, it is a greenhouse gas due to its Global Warming Potential, which is 23,500 times more potent than CO_2.

Earlier this year, the Company contained two SF_6 leaks and launched investigations to determine their causes. Foresight Solar is studying the feasibility of switching to non-SF_6-dependent technology to prevent further issues.

Board gender diversity[2]

50% female
(FY2022: 40% female)
Average ratio of female to male Board members

50% male
(FY2022: 60% male)
Average ratio of male to female Board members

Key sustainability metrics (data as at 30 June 2023)

GHG emissions

109.44
(HY2022: Zero)
Scope 1 GHG emissions (tCO_2e)

178.35
(HY2022: 441.49)
Scope 2 GHG emissions (tCO_2e)

8,647.59
(HY2022: Unreported)
Scope 3 GHG emissions (tCO_2e)

8,935.38
(HY2022: Unreported)
Total GHG emissions (tCO_2e)

Carbon footprint

0.40
(HY2022: 0.58)
Carbon footprint (tCO_2e/£m invested)

Weighted Average Carbon Intensity ("WACI")[1] of investee companies

2.55
(HY2022: 5.05)
WACI of investee companies (tCO_2e/£m revenue)

Share of non-renewable energy consumption and production

97%
(HY2022: 88%)
% share of assets with a renewables tariff for on-site consumption

88%
(HY2022: 76%)
% of overall portfolio consumption from renewable sources

100%
(HY2022: 100%)
% of energy generated from renewable sources

1. Weighted Average Carbon Intensity ("WACI"), Total Carbon Emissions, Carbon Footprint, Carbon Intensity and Exposure to Carbon Related Assets.
2. Peter Dicks stepped down on 14 June 2023, as expected, and the Board has identified an experienced replacement who is awaiting regulatory approval before official appointment.

SUSTAINABILITY AND ESG CONTINUED

CASE STUDY
FORESIGHT SOLAR'S APPROACH TO NATURE RECOVERY

Approach

In June 2022, the Investment Manager announced its partnership with the Eden Project, the social enterprise looking to build relationships between people and the natural world. By partnering with an organisation focused on the protection, maintenance and improvement of biodiversity, Foresight Group aims to create social and environmental value across its portfolio, as well as highlight the role of business in facilitating nature recovery.

The objectives of the Investment Manager's alliance with the Eden Project are to:

- **Define** how a business such as Foresight Solar and the assets it manages can respond to nature recovery
- **Demonstrate** tangible positive outcomes for nature through Foresight Solar's portfolio of assets
- **Engage** with internal and external stakeholders to stress the importance of nature recovery and how they can participate

The UK Government's Dasgupta review, a detailed report focused on the economics of biodiversity, remarked that humankind's "demands on nature far exceed its capacity to supply". The document puts the need to "increase nature's supply relevant to its current level" front and centre if the country is to restore balance.

Given its management of a significant aggregated area within its portfolio, the Company has both a responsibility and an opportunity to positively steward the land it occupies towards nature-positive outcomes. In instances where the plots under the solar farms may have been degraded through years of intensive farming, for example, there is clear potential to create materially positive impacts for nature through efforts to regenerate the land and enrich biodiversity through better management practices and proactive ecological enhancements.

Progress so far

Foresight Group's Nature Recovery Ambition Statement, described in Foresight Solar's 2022 Annual Report, outlines the goal to promote nature recovery and enhance biodiversity across the portfolio. A key initiative underway is the composition of a "Nature Recovery Blueprint", which will provide guidance to land managers on the practical measures they can take to assess, control and enhance nature and biodiversity across their land holdings.

Foresight Solar's portfolio is the foundation for this blueprint. Specific sites have been selected for pilot projects and targeted approaches to sustainable land management and proactive, nature-focused interventions will be applied to maximise biodiversity gain.

SANDRIDGE SOLAR FARM, UK

SUSTAINABILITY AND ESG CONTINUED

Progress so far continued

Sandridge solar farm, with 50MW of capacity, is one of the Company's larger sites and has been identified as one with the greatest capacity to test some of the initiatives that may be implemented across the broader portfolio. As part of this, a thorough Preliminary Ecological Survey was conducted. Some of the highlights from the analysis include:

- Recognition of the improved soil health that has arisen due to cessation of conventional agricultural practices
- Improved and unmanaged grassland across the majority of the site, leading to greater biodiversity opportunities
- Ancient woodland indicator species detected across the site

The Investment Manager has also been collaborating with the Eden Project on a new initiative to install bioacoustic monitors on solar sites. These tools provide an innovative way to remotely assess biodiversity on projects.

The continuous observation they offer enables the collection of extensive data over wider areas on factors such as species diversity and interactions, population density, community structures, and ecosystem functionality.

This, in turn, provides valuable insights for Foresight Solar in designing suitable enhancements to improve biodiversity and promote nature recovery at the asset level.

Increasing pollinator presence

Sandridge, alongside other projects, has hosted another biodiversity initiative: bee farming. The black and yellow pollinators are vital to agricultural production and play an active role helping plants grow and produce food.

The Asset Manager has partnered with a local bee farmer to deploy 80 hives across eight strategically selected locations. Accessibility, proximity of neighbouring hives, and nectar availability have all been factors in site selection to give hives the greatest chances of success.

The other biodiversity measures Foresight Solar expects to introduce at these sites, such as the planting of wildflowers, may benefit from increased pollinator presence – and vice versa. So far, honey production at some of the Company's projects has improved as much as 40%. Meanwhile, distribution of the product is mostly concentrated in the areas near where it is harvested, generating additional localised economic benefit.

SANDRIDGE SOLAR FARM, UK

RISK AND RISK MANAGEMENT

Foresight Solar is exposed to multiple risks that have the potential to materially affect its valuation, reputation and financial or operational performance. The nature and levels of risk are identified according to the Company's investment objectives and existing policies, with the levels of risk tolerance ultimately defined by the Board.

The principal risks and uncertainties affecting the Company are considered broadly similar to those reported from page 64 of the audited Annual Report and Financial Statements for the year ended 31 December 2022, albeit with some changes to emphasis given current market conditions. Read more about risks in the full document, which can be found at: **fsfl.foresightgroup.eu/shareholder-centre.**

Changes to the level of risk and uncertainty assessed by the Board during the period or principal risks that can have a short to medium-term impact are identified below.

At this time, the Directors consider the following as the principal risks and uncertainties to the Company:

- — Risks related to regulatory changes including changes to subsidies
- ▲ Risks related to access to capital
- ▼ Risks related to near-term and long-term energy prices
- ▲ Risks related to financial gearing
- ▲ Risks related to fund performance
- ▼ Risks related to counterparties
- ▼ Risks related to the development and construction of solar PV and BESS assets
- — Risks related to supply chain procurement
- — Risks related to climate and weather-specific events

The following provides a summary of the key updates to the principal risks as viewed by the Board and the Investment Manager:

Risks related to regulatory changes, including changes to subsidies (—)

Changes in political support for renewable energy have the potential to adversely impact the levels of subsidy and incentives available for renewable generation, whether on a prospective or retrospective basis. Any changes having a prospective effect – which was the case with the closure of the Renewable Obligation scheme for projects commissioned after 31 March 2017, for example – may impact the availability of assets for acquisition and the Company's future growth prospects. If a government were to implement a change with retrospective effect in a market where Foresight Solar operates, it could adversely impact the Company's valuation and ability to meet its return targets.

Following a period of elevated energy prices and cost of living pressures, there is a heightened risk of governments considering changes to subsidy regimes to save costs and reduce prices.

As more intermittent renewable generation is connected to electricity grid, the networks and their systems, built for fossil fuel-stabilised baseload power, need to be updated. So, initiatives such as the UK's Review of Electricity Market Arrangements ("REMA") have the potential to result in fundamental changes to the way energy is distributed and generation is remunerated.

After the period ended, the UK government launched a different consultation into the potential effects of a move to Fixed Price Certificates ("FPCs") with the aim of providing market stability as the Renewable Obligation Certificate ("ROC") scheme comes to end between 2027 and 2037.

Among potential positive outcomes are lower price volatility, reduced risk of supplier default, reduced scheme costs and the rebalancing of electricity costs.

Balancing the government's intentions for such fundamental changes are examples of retrospective actions that had highly detrimental impacts on private investment. Since countries around the world continue to pursue Net Zero targets, which require significant deployment of renewable technologies, it is logical for them to work collaboratively with industry to find ways to lower electricity prices and improve energy security without deterring private capital.

Risks related to access to capital (▲)

Demand for real assets investment trust shares has weakened in 2023. The sharp rise in the UK base rate created a disconnect between project valuations and investors' views of the attractiveness of the asset class. This has resulted in the sector's shares trading at double-digit discounts to Net Asset Values, effectively locking the Company out of equity markets for new fundraises.

Foresight Solar has prudently only committed to investments that are fully funded. Without access to further capital, however, the Company will be unable to invest in new opportunities. If prolonged, this scenario may ultimately lead to downward pressure on the NAV.

The Company is in the process of addressing this issue with a divestment programme of approximately 200MWp of operational assets. The proceeds will initially be used to pay down the revolving credit facility but could later also be recycled into new return-accretive investments. As the risk has crystallised, however, the risk rating has been increased.

RISK AND RISK MANAGEMENT CONTINUED

Risks related to near-term and long-term energy prices (▼)

A decline in long-term power prices has the potential to affect the price of electricity generated by Foresight Solar's assets, impacting the NAV and the Company's ability to meet its future obligations and dividend payments.

Power curve forecasts issued by independent consultants in recent years have generally assumed that long-term prices for the UK will trend down to 2030 and then remain broadly flat in real terms until 2050. A similar trajectory is expected in Spain, with prices expected to fall until 2035, after which they will remain mostly stable. In Australia, real power prices are forecast to rise until around 2035 and then trend down to 2050.

In the UK, the Review of Electricity Market Arrangements ("REMA") is being led through consultation by the Office of Gas and Electricity Markets ("Ofgem"). REMA represents the most comprehensive review of the country's electricity market arrangements in over 30 years. Under consideration are proposals that include: separating the wholesale market between renewable energy and other generation; location-based pricing; and evolutionary change to existing markets, such as contracts for difference ("CfDs"), capacity markets and system operation.

Whilst some of the more disruptive proposals have been ruled out, it remains too early to speculate what the direct impact will be on the renewables industry and the Company's portfolio. The government's stated intention, however, is to restructure the market to accommodate factors such as increased renewable energy penetration, which can be supportive of investment.

Risks related to financial gearing (▲)

The Company utilises third-party debt facilities across the portfolio and at asset level to assist in providing its target return requirements. The Investment Manager closely tracks the portfolio's leverage, and the maximum level of gearing the Company is permitted to hold is 50% of GAV.

Excessive levels of financial gearing have always been considered a principal risk. However, this risk has increased following a significant rise in central bank base rates at the same time as valuations have come under pressure, reducing asset values.

At the mid-year, the Company's total outstanding debt was £510.6 million, representing 41.3% of GAV. Of this, £395.6 million represented long-term structural gearing, which is 99.7% hedged against interest rate movements. There was also £115 million of short-term debt drawn on the Revolving Credit Facility ("RCF"), which is subject to floating rates linked to SONIA and, thus, has seen interest costs rise.

The Investment Manager has updated its valuation models with the latest forecast interest rates to consider higher payments. The Company remains well covered from a cashflow and covenant perspective, however, higher interest payments under the RCF will reduce available cash and the Company will therefore aim to reduce the balance.

Foresight Solar has extended the existing terms of its RCF until 2026, limiting refinancing risk by a further year. It also intends to pay back the RCF using proceeds realised from the divestment of assets.

Risks related to fund performance (▲)

Meeting the Investment Objective in a dynamic and competitive marketplace is a challenge that requires the Investment Manager and the Board to implement good strategic decisions and stay on top of key market developments. There has always been risk that reduced appetite for its shares means that the Company may struggle to raise additional capital for new investments and be unable to grow, which would result in a long-term decline in the NAV.

This risk is especially relevant in the current market conditions, which have the potential to define a period of heightened risk as the Company navigates elements not seen in its ten-year history and deals with factors that may redefine real asset investment markets.

This risk is not limited to the Company alone. In any case, the Board and the Investment Manager have been implementing a series of proactive measures, including buybacks and asset disposals and will continue to closely monitor how market conditions develop.

FINANCIAL REVIEW

The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28, which states that investment entities should measure all their subsidiaries that are themselves investment entities at fair value. The Company accounts for its interest in its wholly owned direct subsidiary Foresight Solar (UK Holdco) Limited as an investment at fair value through profit or loss.

The primary impact of this application, in comparison to consolidating subsidiaries, is that the balances, the working capital balances and the borrowings in the intermediate holding companies are presented as part of the Company's fair value of investments.

Foresight Solar's intermediate holding companies provide services that relate to the Company's investment activities on behalf of the parent which are incidental to the management of the portfolio.

The Company and its intermediate holding companies (the "Group") hold investments in 61 assets which make distributions in the form of interest on loans and dividends of equity as well as loan repayments and equity redemptions.

For more information on the basis of accounting and Company structure please refer to the Notes to the Financial Statements starting on page 44.

Net assets

Net assets decreased from £771.5 million at 31 December 2022 to £726.6 million at 30 June 2023, primarily due to lower power price forecasts and higher discount rates. This is detailed in the Investment Manager's report on page 9.

The net assets of £726.6 million comprise the £1,136.7 million portfolio of UK, Australian and Spanish solar and UK battery storage investments, the Group's cash balance of £103.5 million offset by £395.6 million long-term debt, £115 million of RCF outstanding debt and other net liabilities of £3.0 million.

Key financial metrics for the period ended 30 June 2023

All amounts presented in £million (except as noted)	**Period ended 30 June 2023**	Period ended 30 June 2022	Year ended 31 December 2022
Net Asset Value ("NAV")[1]	**726.6**	754.9	771.5
Gross Asset Value ("GAV")[2]	**1,237.2**	1,294.9	1,296.3
Operating income and (losses)/gains on fair value of investments	**(14.6)**	120.2	163.0
NAV per share	**119.9p**	123.8p	126.5p
Distributions from underlying investments	**52.3**	36.9	111.8
(Loss)/profit before tax	**(18.9)**	116.1	154.5

1. Total equity as per the Statement of Financial Position on page 44.
2. Calculated as the sum of the NAV and total outstanding debt on page 34.

Analysis of the Group's net assets at 30 June 2023

All amounts presented in £million (except as noted)	**At 30 June 2023**	At 30 June 2022	At 31 December 2022
Gross portfolio value[1]	**1,136.7**	1,211.7	1,196.9
Intermediate holding companies' cash	**102.3**	81.9	90.1
Intermediate holding companies' long-term debt	**(395.6)**	(414.1)	(409.8)
Intermediate holding companies' revolving credit facility	**(115.0)**	(125.9)	(115.0)
Intermediate holding companies' other liabilities	**(2.7)**	(1.5)	(1.5)
Fair value of the Company's investment in portfolio[2]	**725.7**	752.1	760.7
Company's cash	**1.2**	3.0	11.1
Company's other liabilities	**(0.3)**	(0.2)	(0.3)
Net Asset Value	**726.6**	754.9	771.5
Number of Ordinary Shares	**605,906,889**	609,958,720	609,958,720
Net Asset Value per share	**119.9p**	123.8p	126.5p

1. Classified as the gross fair value of the underlying assets in the portfolio.
2. Equal to investments held at fair value through profit or loss and interest receivable as per the Statement of Financial Position on page 44.

FINANCIAL REVIEW CONTINUED

Third-party debt arrangements and gearing position

As at 30 June 2023, total outstanding long-term debt was £395.6 million, representing 32.0% of the GAV of the Company and its subsidiaries (31 December 2022: £409.8 million or 31.6% of GAV).

As at 30 June 2023, total outstanding debt including the revolving credit facility ("RCF") was £510.6 million, representing 41.3% of GAV (31 December 2022: £524.8 million or 40.5% of GAV).

The Company's net debt position, after deducting existing cash balances, was £407.1 million, representing 32.9% of GAV (31 December 2022: £423.7 million or 32.7% of GAV).

Long-term facilities

As at 30 June 2023, of the £395.6 million long-term debt facilities, a total of £90.9 million was linked to inflation.

At the six-month mark, the average cost of long-term debt was 2.70% per annum, including the cost of inflation-linked facilities of 1.25% per annum but excluding the inflationary increase of the nominal balances of the indexed-linked facilities of £90.9 million. The cost of these facilities is expected to increase over time assuming the Company's long-term annual Retail Prices Index ("RPI") expectations of 3% in the medium term and 2.25% post-2030.

The Foresight Solar portfolio is largely hedged against interest rate exposure. However, the £5.4 million variable-rate loan for FS Holdco, which is scheduled to be repaid in full by March 2024, remains 20% undhedged, which means the Company's long-term debt is 99.7% hedged.

Revolving credit facilities

As at 30 June 2023, the Company had used £115 million of its RCF, with £35 million remaining undrawn. Of the undrawn balance, £5.1 million was allocated to letters of credit due to expire in 2023 and 2024.

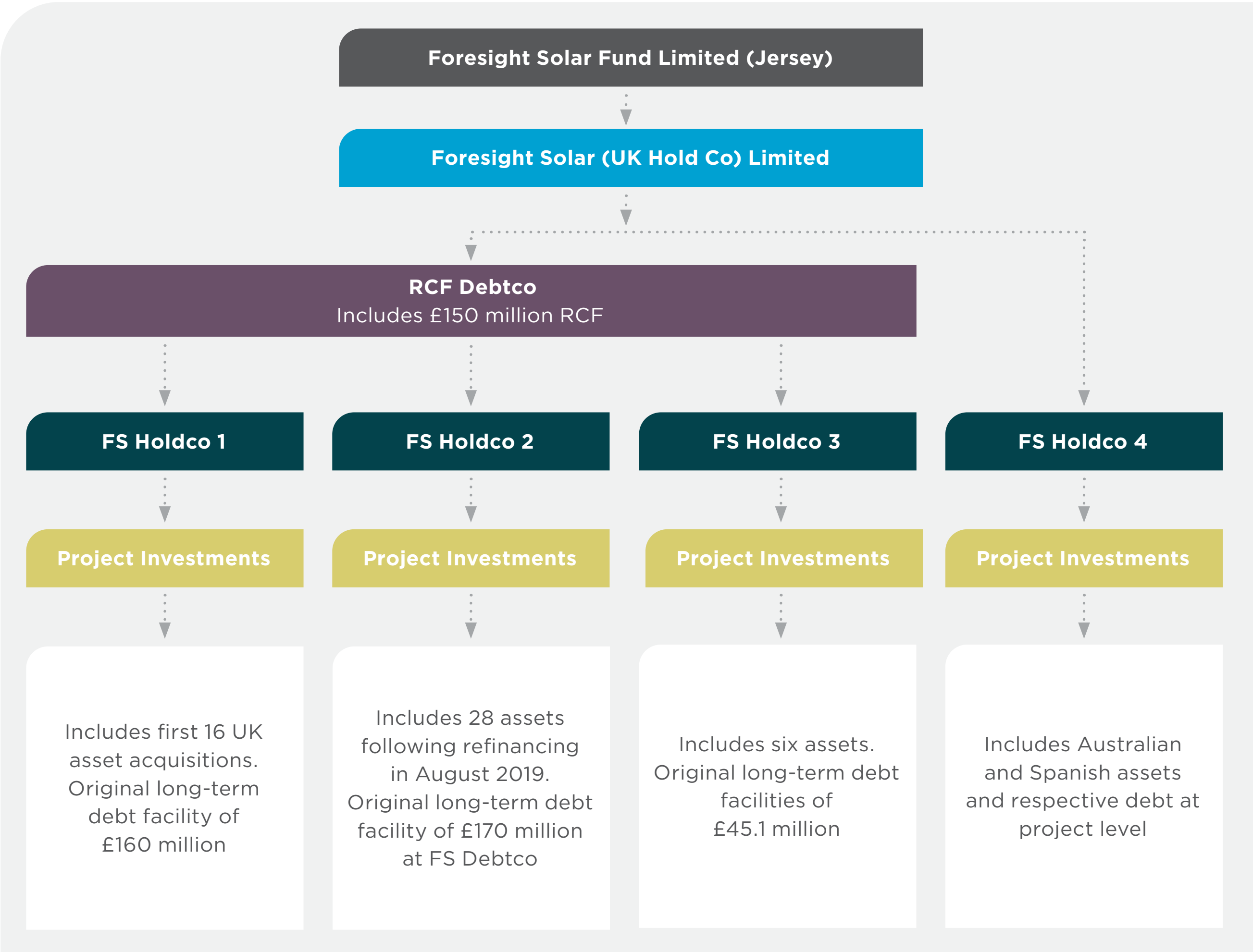
Post-period end, Foresight Solar pushed out refinancing risk by agreeing a one-year extension of its revolving credit facility under existing terms.

At the half-year mark, the weighted total cost of the RCF was 4.13% per annum (2022: 2.08%).

LAS SALINAS SOLAR FARM, SPAIN

FINANCIAL REVIEW CONTINUED

Debt structure[1]



1. Simplified for illustrative purposes. For outstanding debt balances please refer to the table on page 34.


BANNERTON SOLAR FARM, AUSTRALIA

FINANCIAL REVIEW CONTINUED

Debt structure continued

The Company continues to have limited exposure to benchmark interest rate movements in the UK, Australia and Spain as a result of the long-term interest rate swaps in place. In total, 99.7% of the £395.6 million of long-term debt is not exposed to interest rate movements. The short-term £115 million RCF, equivalent to 22.5% of total debt, is subject to interest rate volatility.

Sterling-denominated long-term debt facilities priced over SONIA benefit from interest rate swaps hedging between 80% and 100% of the outstanding debt during the terms of the loans, depending on the facility.

In Australia, debt facilities with CEFC have no exposure to the Bank Bill Swap Bid Rate ("BBSY") as the rate was fixed at financial close or upon loan extension. The remaining debt facilities have interest rate swaps in place on a decreasing nominal amount for a notional tenor of 20 years.

In Spain, the debt facility priced over Euribor benefits from 100% interest rate swaps of the outstanding debt during the term of the loan.

Borrower	Holding vehicle	Provider	Facility type	Outstanding (m)	Maturity	Interest rate hedge	Applicable rate
FS Holdco	FS Intermediate Holdco	MIDIS	Fixed rate, fully amortising	£55.5	Mar-34	100%	3.78%
		MIDIS	Inflation linked, fully amortising	£64.3[1]	Mar-34	N/A	RPI Index + 1.08%
		Santander	Term loan, fully amortising	£5.4	Mar-24	80%	SONIA + 1.70%
Total				**£125.1**			
FS Debtco	FS Holdco 2	SMBC/ LBBW	Term loan, fully amortising	£146.8	Mar-36	100%	SONIA + 1.30% (margin step to 1.35% in 2029)
Total				**£146.8[2]**			
Second Generation Portfolio 1	FS Holdco 3	MIDIS	Fixed rate, fully amortising	£3.2	Aug-34	100%	4.40%
			Inflation linked, fully amortising	£26.6[1]	Aug-34	N/A	RPI Index + 1.70%
Total				**£29.8**			
Global Solar Energy 27 SL (Lorca)	FS Holdco 4	BayernLB	Senior loan	€25.4[3]	Dec-31	100%	Double tranche: €20m at 1.61% fixed rate, €8m at Euribor + 210bps
Total				**€25.4**			
Foresight Solar Australia Pty Ltd	FS Holdco 4	CEFC	Term loan	A$37.3[4]	Jun-26	100%	Base rate (0.96375%) + margin (2.00%)
Longreach		ANZ/ Deutsche	Term loan	A$21.8	Apr-27	100%	BBSY Base rate + margin (1.20%)
Oakey 1		ANZ/ Deutsche	Term loan	A$35.2	Apr-27	100%	BBSY Base rate + margin (1.20%)
Oakey 2 Finco Pty Ltd		CEFC	Term loan	A$43.3	Dec-23	100%	Base rate (2.48%) + 2.25%
Total				**A$137.5**			
Total long-term debt				**£395.6[5]**			
RCF Debtco	UK Holdco	AIB/ Barclays/ Lloyds/ NatWest	Revolving credit	£115.0	Feb-26	0%	SONIA + 1.9%
Total revolving debt				**£115.0**			
Total debt				**£510.6**			

1. Nominal loan balance as at 30 June 2023 with the applicable RPI applied.
2. Interest rate swap for 100% of the outstanding debt during the initial five years, 75% from years six to 10 and 50% thereafter.
3. EUR/GBP exchange rate of 0.8581 as at 30 June 2023.
4. Australian debt prorated for Company's share of asset ownership.
5. AUD/GBP exchange rate of 0.5235 as at 30 June 2023.

FINANCIAL REVIEW CONTINUED

Company performance

Profit and loss

The Company's loss before tax for the period was £18.9 million or 3.1 pence per share.

To 30 June 2023, the operating loss on fair value of investments was £14.6 million, which comprised the receipt of £16.4 million of interest on the Foresight Solar (UK Hold Co) loan notes and £31 million net losses on investments at fair value incurred in the period.

Operating expenses included in the income statement for the period were £4.3 million, in line with expectations. These comprise investment management fees of £3.7 million and £0.6 million of operating expenses. The details on how the investment management fees are charged are set out in note 5 to the Financial Statements.

Cash flow

The Company had a total cash balance at 30 June 2023 of £1.2 million (31 December 2022: £11.1 million). This amount excludes cash held in subsidiaries. The breakdown of the movements in cash during the year is shown across.

All amounts presented in £million (except as noted)	**Period ended 30 June 2023**	Period ended 30 June 2022	Period ended 31 December 2022
Interest received on Foresight Solar (UK Hold Co) loan notes	**16.4**	18.3	36.2
Net (losses)/gains on investments at fair value	**(31.0)**	101.9	126.8
Operating income and (losses)/gains on fair value of investments	**(14.6)**	120.2	163.0
Operating expenses	**(4.3)**	(4.1)	(8.5)
(Loss)/profit before tax	**(18.9)**	116.1	154.5
(Losses)/earnings per share	**(3.1p)**	19.0p	25.3p

Cash flows of the Company only for the period to 30 June 2023

All amounts presented in £million	**Period ended 30 June 2023**	Period ended 30 June 2022	Period ended 31 December 2022
Cash balance at 1 January	**11.1**	11.0	11.0
Interest on loan notes received from Foresight Solar (UK Hold Co)	**20.4**	17.3	51.5
Directors' fees and expenses	**(0.1)**	(0.1)	(0.3)
Investment management fees	**(3.7)**	(3.5)	(7.4)
Purchase of treasury shares[1]	**(4.2)**	—	—
Administrative expenses	**0.6**	(0.4)	(0.7)
Dividends paid in cash to Shareholders	**(21.7)**	(21.3)	(43.0)
Company cash balance at period end	**1.2**	3.0	11.1

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

FINANCIAL REVIEW CONTINUED

Combined profit and loss of the underlying investments

The underlying operating investments in the UK, Spain and Australia generated an operating profit, a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA"), of £79.1 million to 30 June 2023, 11.4% higher than the same period of last year. Falling merchant power prices in all markets, offset by above budget global production, resulted in revenue 1.2% above expectations for the six months and total operating profit 2.5% above forecast for the period.

Combined profit and loss of the underlying investments for the period to 30 June 2023

For the period ended 30 June 2023	UK £m	Australia A$m[1]	Spain €m[2]	Combined £m
Revenue				
Wholesale revenue	46.1	7.2	5.6	54.9
Subsidised revenue[3]	34.0	1.7	–	34.9
Other income	2.2	0.2	–	2.4
Total revenue	82.3	9.0	5.6	92.2
Operating expenditure				
O&M quarterly	(2.9)	(0.7)	(0.2)	(3.5)
O&M variable	(0.6)	(0.3)	–	(0.8)
Other operating costs	(6.9)	(2.3)	(0.7)	(8.7)
Total expenditure	(10.4)	(3.3)	(0.9)	(13.1)
Total operating profit	71.9	5.7	4.7	79.1

1. The profit and loss accounts of the Australian assets are combined based on the Company's ownership, using an average AUD/GBP exchange rate of 0.5235.
2. The profit and loss accounts of the Spanish assets are combined using an average EUR/GBP exchange rate of 0.8581.
3. Subsidised revenue consists of ROC, ROC recycle, Feed-in Tariff, embedded benefits and Large-Scale Generation Certificates ("LGCs").

FINANCIAL REVIEW CONTINUED

Cash flows of the Company and intermediate holding companies

During the six months to 30 June 2023, the underlying solar assets paid £52.3 million of ordinary distributions to the intermediate holding companies. Distributions were received from entities in the UK, Australia and Spain.

Cash received from underlying solar investments covers the long-term debt repayments, financing costs and the operating and administrative expenses of the Company and the intermediate holding companies, as well as the dividends declared to Shareholders.

The acquisition costs of £4.3 million relate to the investment in the Lorca portfolio, Sandridge Battery Storage Limited, Clayfords Energy Storage Limited and Lunanhead Energy Storage Limited, and further investment to secure the rights to a 467MWp development-stage solar pipeline in Spain.

During the six months to 30 June 2023, Foresight Solar repurchased 4.1 million of its shares through its announced £10 million buyback programme. As expected, the process proved to be in Shareholders' interest, delivering NAV accretion to the tune of 0.1 pence per share.

Cash flows of the Company and intermediate holding companies for the six-month period to 30 June 2023

All amounts presented in £million	**Six-month period ended 30 June 2023**	Six-month period ended 30 June 2022	12-month period ended 31 December 2022
Cash distributions from underlying investments	**52.3**	36.9	111.8
Administrative expenses	**(1.1)**	(1.0)	(1.7)
Directors' fees and expenses	**(0.2)**	(0.1)	(0.3)
Investment management fees	**(3.7)**	(3.5)	(7.4)
Financing costs (net of interest income)	**(6.1)**	(4.3)	(9.7)
Repayment of long-term debt facilities	**(7.8)**	(8.6)	(18.0)
Cash flow from operations	**33.5**	19.4	74.7
Compensation account payments	**—**	—	—
Acquisition of new assets	**(4.3)**	(2.5)	(12.2)
Net drawings and repayments of RCF	**—**	2.5	(8.4)
Refinancing proceeds	**—**	21.3	24.5
Debt arrangement fees	**—**	(1.9)	(1.9)
MRA transfer to FS Holdco subsidiaries	**(0.7)**	—	—
Movement on FX collateral account	**—**	—	(0.2)
FX (losses)/gains on cash flows	**(0.3)**	—	0.3
Share buyback	**(4.2)**	—	—
Dividends paid in cash to Shareholders	**(21.7)**	(21.3)	(43.0)
Cash movement in the period	**2.3**	17.5	33.8
Opening cash balance	101.2	67.4	67.4
Group cash balance	**103.5**	84.9	101.2

FINANCIAL REVIEW CONTINUED

Dividend cover

Strong operational performance has resulted in increased cash distributions from the Company's underlying investments. Based on the continuation of good operational performance and forecast fund level costs, the Investment Manager forecasts a target minimum dividend cover of 1.5 times for the 12 months to 31 December 2023.

Dividends

The Company is targeting full-year dividends in respect of the year ending 31 December 2023 of 7.55 pence.

The Company has met all target dividends since IPO and follows a progressive dividend policy, aiming to grow its dividend over time.

Dividend timetable for FY2023

	Amount	Status	Payment date
Interim 1	1.880p	Paid	25 August 2023
Interim 2	1.895p	Declared	24 November 2023
Interim 3	1.880p	Targeted	First quarter 2024
Interim 4	1.895p	Targeted	Second quarter 2024
Total	**7.55p**		

On 14 September 2022, the Board approved the second interim dividend relating to 2023 of 1.895 pence per share.

Dividend timetable – Interim 2	Date
Ex-dividend date	19 October 2023
Record date	20 October 2023
Payment date	24 November 2023

The Board will continue to assess the possibility of offering scrip dividends with respect to future quarterly dividends where the scrip reference price is above NAV per ordinary share.

Foreign exchange

The Company is exposed to foreign exchange movements in respect of its investments in Australia and Spain. As such, the Company continues to implement a hedging strategy to reduce the possible impact of currency fluctuations and to minimise the volatility of equity returns and cash flow distributions.

Foreign exchange hedging will not be applied to the cost of the equity investments, considering the Company's long-term investment strategy.

For the Australian assets, the Company has entered a rolling two-year forward contracts strategy for an amount equivalent to approximately 75% of its expected distributable foreign currency cash flows at project level. For the Spanish assets, the Company has implemented a ten-year rolling foreign currency hedging strategy covering c.80% of the annual future cash flows generated.

The Company reviews its foreign exchange strategy on a regular basis to limit the short-term volatility in sterling-distributable cash flows caused by foreign exchange fluctuations and to optimise the costs of the hedging instruments.

Ongoing charges

The ongoing charges ratio for the period to 30 June 2023 was 1.14% (31 December 2022: 1.14%). This has been calculated using methodology as recommended by the Association of Investment Companies. Asset management fees charged by Foresight Group LLP on an arm's length basis at project level are excluded from the ongoing charges ratio.

ALTERNATIVE PERFORMANCE MEASURES

APM	Purpose	Calculation	APM value	Reconciliation to IFRS
Annualised total NAV return since IPO	Annualised measure of financial performance, indicating the movement of the value of the Company since IPO and expressed as a percentage	Closing NAV per Ordinary Share as at 30 June 2023 plus all dividends since IPO assumed reinvested, divided by the NAV at IPO, to the power of 1 over the number of years since IPO, expressed as a percentage	8.3%	The calculation uses the closing NAV per Ordinary Share as per the Statement of Financial Position on page 44
Annualised total shareholder return since IPO	Annualised measure of financial performance, indicating the total return derived from holding the stock since IPO and expressed as a percentage	Closing share price as at 30 June 2023 plus all dividends since IPO assumed reinvested, divided by the share price at IPO, to the power of 1 over the number of years since IPO, expressed as a percentage	5.6%	The calculation uses the closing share price as per key investment metric table on page 17
Cash distributions from solar investments	A measure of performance from the underlying portfolio	Total cash received from investments in the period	£52.3 million	As per cash flows of the Company and intermediate holding companies on page 37
Cash dividend cover	A measure of excess cash generated by the Company after payment of the dividend	Net operating cash flow divided by dividend paid within the period, including potential scrip dividend impact	1.5x	The calculation uses the net cash flows from operations as per cash flows of the Company and intermediate holding companies on page 37 and the cash dividends paid as per the Statement of Cash Flows on page 46
Gearing	A measure of financial risk on the balance sheet of the Company	Total debt of the Company and underlying investments as shown on page 34 as a percentage of GAV	41.3%	The calculation uses the total debt on page 34 and the Net Asset Value as per Statement of Financial Position on page 44
Gross Asset Value (“GAV”)	A measure of the value of the Company’s total assets	The sum of total assets of the Company as shown on the Statement of Financial Position and the total debt of the Group and underlying investments as shown on page 44	£1,237.2 million	The calculation uses the total debt on page 34 and the Net Asset Value as per Statement of Financial Position on page 44
Market capitalisation	Provides an indication of the size of the company	Closing share price as at 30 June 2023 multiplied by the closing number of Ordinary Shares in issuance	£593.8 million	The calculation uses the closing share price as per key investment metric table on page 17 and closing number of Ordinary Shares as per note 17 of the Financial Statements on page 64

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM	Purpose	Calculation	APM value	Reconciliation to IFRS
NAV per Ordinary Share	A measure of the value of one Ordinary Share	The net assets divided by the number of Ordinary Shares	119.9p	As per the closing NAV per Ordinary Share and as per the Statement of Financial Position on page 44
Ongoing charges ratio	A measure of the annual reduction in shareholder returns because of operational expenses based on historical data	Total ongoing expenses including Investment Manager fees, legal and professional fees, administration fees, Director's fees and audit fees expressed as a percentage of average NAV through the period shown on page 31	1.14%	Details of the methodology on page 38
Total Shareholder Return	Annualised measure of financial performance, indicating the total return derived from holding the stock in the year and expressed as a percentage	Closing share price as at 30 June 2023 plus all dividends since IPO assumed reinvested, divided by the share price at 24 October 2013, expressed as a percentage	69.6%	The calculation uses the closing share price as per key investment metric table on page 17 and the cash dividends paid as per the Statement of Cash Flows on page 46

CORPORATE SUMMARY

Corporate summary

Foresight Solar is the largest UK-listed dedicated solar energy investment company by installed capacity and has a diversified portfolio invested in both solar energy and battery storage assets.

The Company is a closed-ended investment company with an indefinite life incorporated on 13 August 2013 in Jersey under the Companies (Jersey) Law 1991, as amended on 2 March 2021, with registration number 113721.

The initial public offering on 24 October 2013 raised £150 million, creating the largest dedicated solar investment company listed in the UK at the time.

Following reduced power price forecasts and increased discount rates since 31 December 2022, the value of the portfolio owned by Foresight Solar has decreased and it had a Gross Asset Value of £1,237.2 million as at 30 June 2023.

On that same date, the Company had 605,906,889 Ordinary Shares in issue on the Premium Segment of the Official List and traded on the London Stock Exchange's Main Market. After implementing a share buyback programme of up to £10 million in May, Foresight Solar has repurchased over four million of its own shares. These are kept in treasury and will not be liquidated.

Its inclusion in the FTSE 250 index, as of 1 August 2022, also reflects the Company's continued growth and progress.

Significant Shareholders

The Company's Shareholders include a mix of institutional and retail investors. Those with more than a 5% holding as at 30 June 2023 are:

Investor	% shareholding in fund
BlackRock Investment Management Ltd	11.93
Gravis Capital Management Ltd	6.76
CCLA Investment Management Ltd	5.92
Cazenove Capital Management Ltd	5.30
Legal & General Investment Management Ltd	5.01
Total	**34.92%**

LOS PICOS SOLAR FARM, SPAIN

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Disclosure Guidance and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Unaudited Half-Yearly Financial Report for the six months ended 30 June 2023.

The Directors confirm to the best of their knowledge that:

(a) The condensed set of Financial Statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer

(b) The interim management report includes a fair review of the information required by DTR 4.2.7 R

(c) The interim management report includes a fair review of the information required by DTR 4.2.8 R

Alexander Ohlsson
Chairman

For and on behalf of Foresight Solar Fund Limited

14 September 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

	Notes	**Unaudited period 1 January 2023 to 30 June 2023 £'000**	Unaudited period 1 January 2022 to 30 June 2022 £'000	Audited year 1 January 2022 to 31 December 2022 £'000
Revenue				
Interest income	4	**16,442**	18,339	36,146
Bank interest		**26**	—	6
(Losses)/gains on investments at fair value through profit or loss	14	**(31,027)**	101,892	126,840
		(14,559)	120,231	162,992
Expenditure				
Administration fees	6	**(100)**	(97)	(200)
Directors' fees	7	**(149)**	(130)	(283)
Management fees	5	**(3,667)**	(3,598)	(7,418)
Other expenses	8	**(379)**	(261)	(620)
Total expenditure		**(4,295)**	(4,086)	(8,521)
(Loss)/profit before tax for the period/year		**(18,854)**	116,145	154,471
Taxation		**—**	—	—
(Loss)/profit for the period/year		**(18,854)**	116,145	154,471
Other comprehensive income		**—**	—	—
(Loss)/profit and total comprehensive income for the period/year		**(18,854)**	116,145	151,471
(Loss)/earnings per Ordinary Share (pence per Share)	9	**(3.09)**	19.04	25.32

All items above arise from continuing operations, there have been no discontinued operations during the period.

The accompanying notes on pages 47 to 77 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (UNAUDITED)

	Notes	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Assets				
Non-current assets				
Investments held at fair value through profit or loss	15	**684,915**	690,994	715,942
Total non-current assets		**684,915**	690,994	715,942
Current assets				
Interest receivable	11	**40,773**	61,095	44,731
Trade and other receivables	12	**280**	275	279
Cash and cash equivalents	13	**1,248**	3,022	11,052
Total current assets		**42,301**	64,392	56,062
Total assets		**727,216**	755,386	722,004
Equity				
Retained earnings		**96,720**	124,965	141,575
Stated capital and treasury shares[1]	17	**629,892**	629,892	629,892
Total equity		**726,612**	754,857	771,467
Liabilities				
Current liabilities				
Trade and other payables	13	**604**	529	537
Total current liabilities		**604**	529	537
Total liabilities		**604**	529	537
Total equity and liabilities		**727,216**	755,386	772,004
Net Asset Value per Ordinary Share	18	**119.92**	123.76	126.50

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

The Financial Statements on pages 43 to 46 were approved by the Board of Directors and signed on its behalf on 14 September 2023 by:

Alexander Ohlsson
Chairman

The accompanying notes on pages 47 to 77 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

	Notes	Issued Ordinary Shares[1] £'000	Treasury shares[2] £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2023		**629,892**		**141,575**	**771,467**
Total comprehensive income for the period:					
Loss for the period				**(18,854)**	**(18,854)**
Transactions with owners, recognised directly in equity:					
Dividends paid in the period	21	**—**	**—**	**(21,715)**	**(21,715)**
Purchase of treasury shares[2]	17	**(4,286)**	**4,286**	**(4,286)**	**(4,286)**
Balance as at 30 June 2023		**625,606**	**4,286**	**96,720**	**726,612**

1. The stated capital of the Company comprises issued Ordinary Shares and treasury shares.
2. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

FOR THE PERIOD 1 JANUARY 2022 TO 30 JUNE 2022 (UNAUDITED)

	Notes	Stated capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2022:		629,892	30,108	660,000
Total comprehensive income for the period:				
Profit for the period		—	116,145	116,145
Transactions with owners, recognised directly in equity:				
Dividends paid in the period	21	—	(21,288)	(21,288)
Issue of Scrip Dividends	17	—	—	—
Balance as at 30 June 2022		629,892	124,965	754,857

FOR THE PERIOD 1 JANUARY 2022 TO 31 DECEMBER 2022 (AUDITED)

	Notes	Stated capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2022:		629,892	30,108	660,000
Total comprehensive income for the year:				
Profit for the year		—	154,471	154,471
Transactions with owners, recognised directly in equity:				
Dividends paid in the year	21	—	(43,004)	(43,004)
Issue of Scrip Dividends	17	—	—	—
Balance as at 31 December 2022		629,892	141,575	771,467

The accompanying notes on pages 47 to 77 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

	Unaudited period 1 January 2023 to 30 June 2023 £'000	Unaudited period 1 January 2022 to 30 June 2022 £'000	Audited year 1 January 2022 to 31 December 2022 £'000
(Loss)/profit for the period/year after tax from continuing operations	**(18,854)**	116,145	154,471
Adjustments for:			
Unrealised loss/(profit) on investments	**31,027**	(101,892)	(126,840)
Operating cash flows before changes in working capital	**12,173**	14,253	27,631
Decrease/(increase) in interest receivables	**3,958**	(992)	15,372
Decrease/(increase) in trade and other receivables	**67**	–	(4)
(Decrease)/increase in trade and other payables	**(1)**	85	93
Net cash inflow from operating activities	**16,197**	13,346	43,092
Financing activities			
Purchase of treasury shares[1]	**(4,286)**	–	–
Dividends paid	**(21,715)**	(21,288)	(43,004)
Net outflow from financing activities	**(26,001)**	(21,288)	(43,004)
Net decrease in cash and cash equivalents	**(9,804)**	(7,942)	88
Cash and cash equivalents at the beginning of the period/year	**11,052**	10,964	10,964
Cash and cash equivalents at the end of the period/year	**1,248**	3,022	11,052

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

The accompanying notes on pages 47 to 77 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

1. Company information

Foresight Solar Fund Limited (the "Company") is a closed-ended public company with an indefinite life and was incorporated in Jersey under the Companies Law (Jersey) 1991, as amended, on 13 August 2013, with registered number 113721. The address of the registered office is: 28 Esplanade, St Helier, Jersey, JE4 2QP.

The Company has one investment, Foresight Solar (UK Hold Co) Limited ("UK Hold Co"). The principal activity of the Company through its direct and indirect subsidiaries, as per the Structure Chart, is investing in operational and development stage ground based solar power plants and battery storage systems in the UK, Australia and Spain.

UK Hold Co has three investments: FS RCF Debtco Limited ("RCF Debtco"), FS Holdco 4 Limited ("FS Holdco 4") and Foresight Battery Storage Holding Limited, formerly Sandridge Battery Storage Holding Limited ("FBSHL").

RCF Debtco has three investments: FS Top Holdco 1 Limited ("FS Topco 1"), FS Top Holdco 2 Limited ("FS Topco 2") and FS Holdco 3 Limited ("FS Holdco 3").

FS Topco 1 has one investment in FS Intermediate Holdco Limited ("FIHC"). FIHC in turn has one investment in FS Holdco Limited ("FS Holdco").

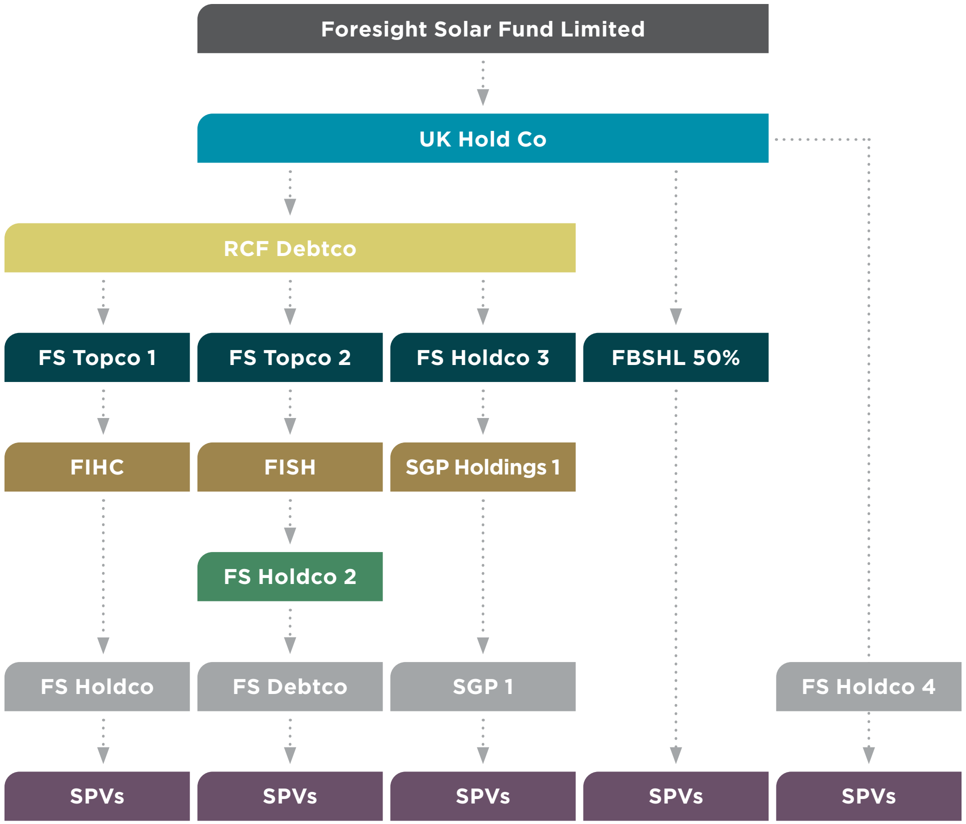
FS Topco 2 has one investment in Foresight Intermediate Solar Holdings Limited ("FISH"). In turn FISH has one investment in FS Holdco 2 Limited ("FS Holdco 2") which has one investment in FS Debtco Limited ("FS Debtco").

FS Holdco 3 has one investment in Second Generation Portfolio 1 Holdings Limited ("SGP 1 Holdings").

FS Holdco, FS Debtco, SGP Holdings 1 and FS Holdco 4 invest in further holding companies (the "SPVs") which then invest in the underlying solar investments.

1.1 Structure chart

The following chart shows the Group structure as at 30 June 2023:



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

2. Summary of significant accounting policies

2.1 Basis of presentation

The Unaudited Interim Financial Statements (the “Interim Financial Statements”) for the period 1 January 2023 to 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

The Interim Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the annual Financial Statements as at 31 December 2022.

These are not statutory accounts in accordance with Article 105 of the Companies Law (Jersey) 1991, as amended and the financial information for the period ended 30 June 2023 and 30 June 2022 has been neither audited nor formally reviewed. Statutory accounts in respect of the period to 31 December 2022 have been audited and reported on by the Company’s auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under Article 113B (3) or 113B (6) of the Companies Law (Jersey) 1991. No statutory accounts in respect of any period after 31 December 2022 have been reported on by the Company’s auditors or delivered to the Registrar of Companies.

2.2 Going concern

Wholesale power prices fell from the record highs registered in 2022, with the N2EX Day Ahead prices averaging £108/MWh across the first six months of 2023. The Company’s exposure to wholesale power prices is reduced in the medium term by maintaining a substantial proportion of electricity generation on fixed price arrangements. This provides protection if merchant power prices continue to decline. As the Company’s Power Purchase Agreements (“PPAs”) are all contracted across a pool of five UK, five Australian and two Spanish energy suppliers, the counterparty risk on existing energy suppliers is required to be continually monitored by the Investment Manager.

The high-power price environment has likely increased the risk of insolvency of the energy suppliers that provide PPAs to renewable energy generators. This is a key risk for the Company due to the high proportion of revenues that are contracted with these energy suppliers. Accordingly, the Investment Manager periodically monitors the counterparty risk on the Company’s energy suppliers and will consider new PPAs if the counterparty risk of existing energy suppliers is of concern.

The 2022 Annual Report presented an initial commentary of the Review of Electricity Market Arrangements (“REMA”). The Investment Manager expects any market changes will take years to implement and will therefore fall outside of the going concern assessment period. There are no significant updates at present, but a further update from the Government led consultation is expected in late 2023.

The first payment of EGL is due on the first corporation tax quarterly instalment date after Royal Assent currently scheduled in Q3 2023. Draft HMRC guidance has been circulated to stakeholders. The Investment Manager acknowledges the significant levy payable by UK Hold Co is due to the high power price fixes achieved across the UK portfolio of assets and elevated merchant revenues. Accordingly, due to the EGL being only applied to extraordinary profits, the EGL does not result in the basis of preparation being inappropriate.

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The financial position of the Company, the financial performance, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman’s Statement, Investment Manager’s Report and Notes to the Financial Statements. In addition, the Financial Statements include the Company’s objectives, policies and procedures for managing its capital its financial risk management objectives and its exposures to credit and liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

2. Summary of significant accounting policies continued
2.2 Going concern continued

Three group subsidiaries, FS Holdco, FS Debtco and RCF Debtco, are all required to complete semi-annual debt compliance reporting. The covenants that FS Holdco and FS Debtco are required to report on are the look back debt service cover ratio, the look forward debt service cover ratio and the loan life cover ratio.

The Debt Service Cover Ratio ("DSCR") is a measure of how each portfolio can use its generated cash to repay its debt obligations in any given six-month calculation period. It is calculated as the cash generated from operations and available to pay debt service divided by the debt principal and interest in any given six-month period.

RCF Debtco is required to report an Interest Cover Ratio ("ICR") and a Loan to Value ("LtV") Ratio. These must be compliant semi-annually to permit the movement of UK project company distributions to UK Hold Co and FSFL. Without these project distributions, FSFL would unlikely be able to pay quarterly dividends to investors at the current dividend per share.

While the Investment Manager considers the chance of non-compliance of the RCF facility covenants remote, it has been considered prudent to investigate this via two reverse stress tests, as detailed below:

1. The base case SONIA interest rate was gradually increased until the increased finance costs caused the ICR threshold to be breached.
2. The valuation of the RCF Debtco sub-portfolio of projects was gradually decreased until the LtV covenant was breached. This investigation has been deemed necessary considering falling merchant energy prices, rising discount rates, and associated falling project valuations.

The Board is pleased to confirm that there were no instances of non-compliance of debt covenants throughout the period or during the scenarios tested in the 18-month going concern assessment period to 31 December 2024, except for in two severe but plausible scenarios tested. In both cases, challenges can be effectively managed to avoid a breach of covenants.

An evaluation of the going concern was prepared by the Company's Investment Manager, then approved by the Audit and Risk Committee and subsequently by the Board. This included cash flow workings from 1 July 2023 until 31 December 2024 clearly demonstrating that the Company can continue operations for the going concern assessment period, even when six separate downside economic sensitivities and two severe but plausible downside economic scenarios were applied.

Cashflow analysis was completed to consider the following negative scenarios. These scenarios were completed individually as well as combined. In each of the scenarios, the forecasts display a significant level of headroom above minimum cash and debt covenant requirements throughout the going concern assessment period.

1. All assets consistently generate a P90 level (90% probability of exceeding expected production over a ten-year period) of electricity output.
2. Power prices were reduced by 50% across the portfolio.
3. Retail Price Index ("RPI") is assumed to be 15% on costs and inflation linked debt.
4. The PPA provider that the group is most exposed to fails to settle merchant revenue under its contract.
5. A combination of sensitivity 3 and the gradual increase of the SONIA rate until a breach of the RCF Debtco ICR covenant is breached.
6. Construction costs increase by the inflation assumption of 20% and delays to BESS developments remove any BESS distributions for the whole going concern assessment period.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

2. Summary of significant accounting policies continued

2.2 Going concern continued

If any of these sensitivities or scenarios were to materialise, the Company could still meet its target dividend paid per share for the going concern assessment period. However, the Board would continue to review on a periodic basis whether the dividend paid per share is appropriate considering the reduced cash flow. The cash flow forecasts show that operating costs would be settled as they fall due, but the cash balance would reduce gradually during the going concern assessment period, without affecting the ability to pay dividends.

Consequently, the Board is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the going concern assessment period and has therefore prepared the Financial Statements on a going concern basis.

The unaudited Financial Statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.3 Changes in accounting policies and disclosures

New and revised IFRSs adopted by the Company

The accounting policies adopted are consistent with those of the previous financial year. The Investment Manager has assessed all new standards and amendments to standards and interpretations that are effective for annual periods after 1 January 2023 and have deemed none of them to be applicable to the Company.

New and revised IFRSs in issue but not yet effective

There are no standards, amendments or interpretations in issue at the reporting date which are effective after 1 January 2023 that are deemed to be material to the Company.

2.4 Consolidation

Subsidiaries

Subsidiaries are entities over which the Company has control. Foresight Solar controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associates

Associates are entities over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control).

Investment entity exemption

Qualifying entities that meet the definition of an investment entity are not required to produce a consolidated set of Financial Statements and instead account for subsidiaries, joint ventures and associates at fair value through profit or loss.

Under the definition of an investment entity, the entity should satisfy all three of the following tests:

- Obtains funds from one or more investors for the purpose of providing them with investment management services
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both (including having an exit strategy for investments)
- Measures and evaluates the performance of substantially all its investments on a fair value basis

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

2. Summary of significant accounting policies continued

2.4 Consolidation continued

Investment entity exemption continued

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10, the Directors note that:

- Foresight Solar is an investment company that invests funds obtained from multiple investors in a diversified portfolio of solar energy infrastructure assets and related infrastructure assets, and has appointed the Investment Manager to manage its investments
- The Company's purpose is to invest funds for investment income and potential capital appreciation and will exit its investments at the end of their economic lives or when their planning permissions or leasehold land interests expire (unless it has repowered their sites) and may also exit investments earlier for reasons of portfolio balance or profit
- The Board evaluates the performance of the Company's investments on a fair value basis as part of the quarterly management accounts review, and the Company values its investments on a fair value basis twice a year for inclusion in its annual and interim Financial Statements with the movement in the valuations taken to the Income Statement and, therefore, measured within its earnings

Taking these factors into account, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition set out in IFRS 10.

The Directors believe the treatment outlined above provides the most relevant information to investors.

As UK Hold Co is not consolidated, its subsidiaries – plus their underlying investments – are not separately presented at fair value through profit or loss in the Company's accounts. Should subsidiaries fail to meet the definition of investment entity, the Company would have to consolidate its subsidiaries.

2.5 Treasury shares[1]

The Company recognises the purchase of its own equity instruments in treasury shares, which are deducted from Retained Earnings. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. Critical accounting estimates and judgements

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Investment Manager to exercise its judgement in the process of applying the Company's accounting policies. The Board considers that the only areas in which the Investment Manager makes critical estimates that may have a significant effect on the Financial Statements are in relation to the valuation of investments held at fair value through profit and loss. The most significant judgement being related to the determination that the Company meets the definition of an investment entity. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates, and underlying assumptions are reviewed on an ongoing basis.

Key judgements

The Board considers that the determination that the Company meets the definition of an investment entity involves significant judgement. The Directors have concluded that Foresight Solar continues to meet the definition of an investment entity as its strategic objective of investing in portfolio investments and providing investment management services to investors for the purpose of generating returns in the form of investment income and capital appreciation remains unchanged.

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

3. Critical accounting estimates and judgements continued

Key source of estimation uncertainty: Investments at fair value through profit or loss

The Company recognises its investment in UK Hold Co at fair value, which requires the determination of fair value of the underlying investments. The Board considers that determining the fair value of the underlying investments not quoted in an active market involves critical accounting estimates. The discount rate, power price curve, inflation and useful economical life of assets are considered the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss.

The discount rates are subjective and, therefore, it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount rates applied to the cash flow are reviewed by the Investment Manager and approved by the Board on a quarterly basis, taking into consideration market transactions with similar nature.

Independent advisors are used to provide evidenced forward power price curves and, therefore, it is feasible that a reasonable alternative assumption may be used resulting in a different value. The power price curves are reviewed by the Investment Manager and approved by the Board on a quarterly basis.

Inflation forecasts, such as that of the Office for Budget Responsibility, are used as a guide alongside in-house views of the Investment Manager to derive this assumption. Therefore, it is feasible that a reasonable alternative assumption may be used, resulting in a different value. Inflation assumptions are reviewed by the Investment Manager and approved by the Board on a quarterly basis.

Useful economic life (“UEL”) of assets is based on the Investment Manager’s estimates of the period over which the assets will generate revenue and is periodically reviewed for continued appropriateness. The UEL of the assets is based on the underlying lease contract of the individual asset. The expected weighted average life of the UK portfolio as at 30 June 2023 is 30.8 years from the date of commissioning. The UEL of the Australian portfolio is 34.4 years. The UEL of the Spanish portfolio is 40.0 years.

The Investment Manager fully expects to be able to renew any lease of the underlying investments.

These key assumptions used in determining the fair value of underlying investment, and the associated sensitivities are disclosed in note 16 fair values of investments in unconsolidated entities.

4. Interest income

	30 June 2023 £’000	30 June 2022 £’000	31 December 2022 £’000
Interest on loan notes	**13,382**	15,279	29,975
Interest on Shareholder loans	**3,060**	3,060	6,171
	16,442	18,339	36,146

Loan notes were issued by the Company to UK Hold Co for the purchase of investments. Interest accrues at 9% per annum in arrears on each Interest Payment Date (28/29 February and 31 August each year). Where interest is not paid on the payment date, it will compound and future interest shall accrue at 11% per annum from the due date up to the date of actual payment, compounding on each Interest Payment Date. The loan notes balance at period end on which interest is charged is £250,000,000 (30 June 2022: £250,000,000, 31 December 2022: £250,000,000). These loans form part of the fair value of the investments as per note 14.

A Shareholder loan is created when the total amount paid by the Company on behalf of UK Hold Co to acquire the underlying investments is more than the total loan notes issued by the Company to UK Hold Co. Interest is accrued at 2% per annum and is repayable in full on demand. The Shareholder loan balance at period end is £304,316,450 (30 June 2022: £304,316,450, 31 December 2022: £304,316,450). These loans form part of the fair value of the investments as per note 14.

5. Management fees

The Investment Manager of the Fund is Foresight Group LLP.

The Investment Manager receives an annual fee of 1% of the Net Asset Value of the Company up to £500 million – NAV in excess to this is charged at 0.9% per annum. This is payable quarterly in arrears and is calculated based on the published quarterly NAV. For the period ended 30 June 2023, the Investment Manager was entitled to a management fee of £3,667,485 (1 January 2022 to 30 June 2022: £3,598,332, 1 January 2022 to 31 December 2022: £7,418,165) of which £nil was outstanding as at 30 June 2023 (30 June 2022: £69,094 31 December 2022: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

6. Administration and accountancy fees

Under an Administration Agreement, the Administrator of the Company, JTC (Jersey) Limited, is entitled to receive minimum annual administration and accountancy fees of £200,000 (2022: £182,000) payable quarterly in arrears. For the period ended 30 June 2023, total administration and accountancy fees were £100,393 (1 January 2022 to 30 June 2022: £96,635, 1 January 2022 to 31 December 2022: £199,711) of which £91,000 was outstanding as at 30 June 2023 (1 January 2022 to 30 June 2022: £91,000, 1 January 2022 to 31 December 2022: £91,000).

7. Directors' fees

No members of staff were employed during the period (period ended 30 June 2022: nil, year ended 31 December 2022: nil).

Total Directors' fees were £148,575 (1 January 2022 to 30 June 2022: £130,000, 1 January 2022 to 31 December 2022: £283,000).

8. Other expenses

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Legal and professional fees	**307**	241	491
Other expenses	**72**	20	129
	379	261	620

Included within legal and professional fees is £77,277 (1 January 2022 to 30 June 2022: £64,608, 1 January 2021 to 31 December 2022: £154,554) relating to the accrual of the 2023 audit fees. The total audit fee paid to KPMG LLP in relation to the audit of the Group was £302,120 for the year ended 31 December 2022. There were no other fees paid to the auditors for non-audit services (1 January 2022 to 30 June 2022: £nil, 1 January 2022 to 31 December 2022: £nil).

9. Earnings per Ordinary Share – basic and diluted

The basic and diluted loss per Ordinary Share for the Company is (3.09) pence per share (period ended 30 June 2022: 19.04, year ended 31 December 2022: 25.32). This is based on the loss for the period of £18,855,039 (1 January 2022 to 30 June 2022: £116,145,206 profit, 1 January 2022 to 31 December 2022: £154,470,462 profit) and on 609,303,939 (1 January 2022 to 30 June 2022: 609,958,720, 1 January 2022 to 31 December 2022: 609,958,720) Ordinary Shares, being the weighted average number of shares in issue during the period excluding treasury shares[1].

10. Interest receivable

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Interest receivable on loan notes	**1,411**	27,904	8,429
Interest receivable on Shareholder loans	**39,362**	33,191	36,302
	40,773	61,095	44,731

Information about the Company's exposure to credit and market risk and impairment losses for interest receivable is included in note 19.

11. Trade and other receivables

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Prepaid expenses	**24**	25	23
Other receivables	**256**	250	256
	280	275	279

Information about the Company's exposure to credit and market risk and impairment losses for trade and other receivables is included in note 19.

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

12. Cash and cash equivalents

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Cash at bank	**1,248**	3,022	11,052
	1,248	3,022	11,052

Information about the Company's exposure to credit and market risk and impairment losses for cash and cash equivalents is included in note 19.

13. Trade and other payables

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Accrued expenses	**279**	342	350
Unsettled treasury shares[1]	**138**	—	—
Amounts due to subsidiaries[2]	**187**	187	187
	604	529	537

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.
2. Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

14. Investments at fair value through profit or loss

The following table presents the Company's investments at fair value through profit or loss:

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
Investment in UK Hold Co – Equity	**—**	—	—
– Loans	**684,915**	690,994	715,942
	684,915	690,994	715,942
Book cost as at 1 January	**554,315**	554,315	554,315
Opening investment holding gains	**161,627**	34,787	34,787
Valuation as at 1 January	**715,942**	589,102	589,102
Movements during the period			
Investment holding (losses)/gains	**(31,027)**	101,892	126,840
Valuation as at 30 June/31 December	**684,915**	690,994	715,942
Book cost as at 30 June/31 December	**554,315**	554,315	554,315
Closing investment holding gains	**130,600**	136,679	161,627
	684,915	690,994	715,942

The Company has one investment in UK Hold Co. This investment consists of both debt and equity (share capital of £100) and is not quoted in an active market. Accordingly, the investment in UK Hold Co has been valued using its net assets.

In turn, UK Hold Co has three investments in RCF Debtco, FS Holdco 4 and FBSHL. RCF Debtco has three investments in FS Topco 1, FS Topco 2 and FS Holdco 3. FS Topco 1 has one investment in FIHC. FIHC has one investment in FS Holdco. FS Topco 2 has one investment in FISH. FISH has one investment in FS Holdco 2. FS Holdco 2 has one investment in FS Debtco. FS Holdco 3 has one investment in SGP Holdings 1 which in turn has one investment in Second Generation Portfolio 1 ("SGP 1"). These investments also consist of both debt and equity and are not quoted in an active market. FS Holdco and FS Debtco are fair valued using their Net Asset Value as reported at year end, with adjustments to their long-term external debt to reflect the fact that the carrying value at amortised cost is not considered to be the best approximation of their fair value. FS Topco 1, FS Topco 2, FS Holdco 4, FIHC, FS Holdco 3 and FISH are fair valued using their Net Asset Value as reported at period end.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

14. Investments at fair value through profit or loss continued

FS Holdco, FS Debtco, SGP Holdings 1 and FS Holdco 3's investment portfolios consist of unquoted investments in solar projects, the valuations of which are based on a discounted cash flow methodology (as set out in note 16) for solar projects that are operational. FS Holdco 4 consists of operational Australian and Spanish assets, the valuations of which are also based on a discounted cash flow methodology, and a Spanish development pipeline which is held at cost.

FBSHL is held at cost as it is not yet operational and the price of the recent investment acquired by the Group, FBSHL approximates its fair value.

Fair value hierarchy

IFRS 13 Fair Value Measurement requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows investments recognised at fair value, categorised between those whose fair value is based on:

(a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

All investments held at fair value through profit or loss are classified as level 3 within the fair value hierarchy.

As UK Hold Co's Net Asset Value is not considered observable market data the investment in UK Hold Co has been classified as level 3. There were no movements between levels during the year, categorised between those whose fair value is based on:

As at 30 June 2023:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Unquoted investment	**–**	**–**	**684,915**	**684,915**
	–	**–**	**684,915**	**684,915**

As at 30 June 2022:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	–	–	690,994	690,994
	–	–	690,994	690,994

As at 31 December 2022:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	–	–	715,942	715,942
	–	–	715,942	715,942

Sensitivity analysis

Due to the nature of the Group structure and the underlying valuation basis of UK Hold Co, RCF Debtco, FS Topco 1, FIHC, FS Holdco, FS Topco 2, FS Debtco, FS Holdco 3, FS Holdco 4 and the underlying solar project investments, the valuation of the Company's investment at fair value through profit or loss is directly linked to the valuation of the underlying solar and battery storage investments. Therefore, the unobservable inputs driving the valuation of the Company's investments in UK Hold Co are directly attributable to the valuation of the unquoted investments in FS Holdco, FS Debtco, FS Holdco 3 and FS Holdco 4, which are discussed further in note 16.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates
Investments in subsidiaries

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Foresight Solar (UK Hold Co) Limited ("UK Hold Co")	Direct	UK	Holding Company	100%
FS Holdco Limited ("FS Holdco")	Indirect	UK	Holding Company	100%
FS Top Holdco 2 Limited ("FS Topco 2")	Indirect	UK	Holding Company	100%
Foresight Intermediate Solar Holdings Limited ("FISH")	Indirect	UK	Holding Company	100%
FS Holdco 2 Limited ("FS Holdco 2")	Indirect	UK	Holding Company	100%
FS Debtco Limited ("FS Debtco")	Indirect	UK	Holding Company	100%
FS Holdco 3 Limited ("FS Holdco 3")	Indirect	UK	Holding Company	100%
FS Holdco 4 Limited ("FS Holdco 4")	Indirect	UK	Holding Company	100%
FS RCF Debtco Limited ("RCF Debtco")	Indirect	UK	Holding Company	100%
FS Top Holdco 1 Limited ("FS Topco 1")	Indirect	UK	Holding Company	100%
FS Intermediate Holdco Limited ("FIHC")	Indirect	UK	Holding Company	100%
FS Wymeswold Limited	Indirect	UK	SPV Holding Company	100%
FS Castle Eaton Limited	Indirect	UK	SPV Holding Company	100%
FS Pitworthy Limited	Indirect	UK	SPV Holding Company	100%
Foresight Solar Germany Holding GmbH	Indirect	Germany	SPV Holding Company	100%
FS Highfields Limited	Indirect	UK	SPV Holding Company	100%
FS High Penn Limited	Indirect	UK	SPV Holding Company	100%
FS Hunter's Race Limited	Indirect	UK	SPV Holding Company	100%
FS Spriggs Limited	Indirect	UK	SPV Holding Company	100%
FS Bournemouth Limited	Indirect	UK	SPV Holding Company	100%
FS Landmead Limited	Indirect	UK	SPV Holding Company	100%
FS Kencot Limited	Indirect	UK	SPV Holding Company	100%
FS Copley Limited	Indirect	UK	SPV Holding Company	100%
FS Port Farm Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Membury Limited	Indirect	UK	SPV Holding Company	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates continued

Investments in subsidiaries continued

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
FS Southam Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Atherstone Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Paddock Wood Solar Farm Limited	Indirect	UK	SPV Holding Company	100%
Southam Holdco Limited	Indirect	UK	SPV Holding Company	100%
Atherstone Holdco Limited	Indirect	UK	SPV Holding Company	100%
Paddock Wood Holdco Limited	Indirect	UK	SPV Holding Company	100%
FS Shotwick Limited	Indirect	UK	SPV Holding Company	100%
FS Sandridge Limited	Indirect	UK	SPV Holding Company	100%
FS Wally Corner Limited	Indirect	UK	SPV Holding Company	100%
Acquisition Co 4 Limited	Indirect	UK	SPV Holding Company	100%
FS Welbeck Limited	Indirect	UK	SPV Holding Company	100%
FS Trehawke Limited	Indirect	UK	SPV Holding Company	100%
FS Homeland Limited	Indirect	UK	SPV Holding Company	100%
FS Marsh Farm Limited	Indirect	UK	SPV Holding Company	100%
FS Steventon Limited	Indirect	UK	SPV Holding Company	100%
FS Fields Farm Limited	Indirect	UK	SPV Holding Company	100%
FS Gedling Limited	Indirect	UK	SPV Holding Company	100%
FS Sheepbridge Limited	Indirect	UK	SPV Holding Company	100%
FS Tengore Limited	Indirect	UK	SPV Holding Company	100%
FS Cuckoo Limited	Indirect	UK	SPV Holding Company	100%
FS Field House Limited	Indirect	UK	SPV Holding Company	100%
FS Upper Huntingford Limited	Indirect	UK	SPV Holding Company	100%
FS Abergelli Limited	Indirect	UK	SPV Holding Company	100%
FS Crow Trees Limited	Indirect	UK	SPV Holding Company	100%
FS Yarburgh Limited	Indirect	UK	SPV Holding Company	100%
FS Nowhere Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Bilsthorpe Solar Limited	Indirect	UK	SPV Holding Company	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates continued

Investments in subsidiaries continued

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
FS Bulls Head Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Roskrow Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Abbeyfields Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Lindridge Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Misson Solar Limited	Indirect	UK	SPV Holding Company	100%
FS Playters Solar Limited	Indirect	UK	SPV Holding Company	100%
FS PS Manor Farm Solar Limited	Indirect	UK	SPV Holding Company	100%
FS SV Ash Solar Park Limited	Indirect	UK	SPV Holding Company	100%
FS Pen Y Cae Solar Limited	Indirect	UK	SPV Holding Company	100%
Second Generation Portfolio 1 Holdings Limited ("SGP 1 Holdings")	Indirect	UK	SPV Holding Company	100%
Second Generation Portfolio 1 ("SGP 1")	Indirect	UK	SPV Holding Company	100%
FS Oakey 2 Pty Limited	Indirect	Australia	SPV Holding Company	100%
Foresight Solar Spain Holding S.L ("FSSH")	Indirect	Spain	SPV Holding Company	100%
Sandridge Battery Storage Limited ("SBSL")	Indirect	UK	SPV Holding Company	50%
Wymeswold Solar Farm Limited ("Wymeswold")	Indirect	UK	Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton")	Indirect	UK	Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy")	Indirect	UK	Investment	100%
Highfields Solar Farm Limited ("Highfields")	Indirect	UK	Investment	100%
High Penn Solar Farm Limited ("High Penn")	Indirect	UK	Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race")	Indirect	UK	Investment	100%
Spriggs Solar Farm Limited ("Spriggs")	Indirect	UK	Investment	100%
Bournemouth Solar Farm Limited ("Bournemouth")	Indirect	UK	Investment	100%
Landmead Solar Farm Limited ("Landmead")	Indirect	UK	Investment	100%
Kencot Hill Solar Farm Limited ("Kencot")	Indirect	UK	Investment	100%
Copley Solar Limited ("Copley")	Indirect	UK	Investment	100%
Port Farm Limited ("Port Farm")	Indirect	UK	Investment	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates continued

Investments in subsidiaries continued

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Membury Solar Limited (“Membury”)	Indirect	UK	Investment	100%
Atherstone Solar Farm Limited (“Atherstone”)	Indirect	UK	Investment	100%
Southam Solar Farm Limited (“Southam”)	Indirect	UK	Investment	100%
Paddock Wood Solar Farm Limited (“Paddock Wood”)	Indirect	UK	Investment	100%
Shotwick Solar Limited (“Shotwick Solar”)	Indirect	UK	Investment	100%
Sandridge Solar Power Limited (“Sandridge”)	Indirect	UK	Investment	100%
Wally Corner Limited (“Wally”)	Indirect	UK	Investment	100%
Foresight Solar Australia Pty Limited	Indirect	Australia	Investment	100%
RE Oakey Pty Limited	Indirect	Australia	Investment	100%
Oakey Network Pty Limited	Indirect	Australia	Investment	100%
Longreach Asset Company Pty Limited	Indirect	Australia	Investment	100%
Second Generation Yardwall Limited (“Yardwall”)	Indirect	UK	Investment	100%
Second Generation Verwood Limited (“Verwood”)	Indirect	UK	Investment	100%
Second Generation Park Farm Limited (“Park Farm”)	Indirect	UK	Investment	100%
Second Generation Coombeshead Limited (“Coombeshead”)	Indirect	UK	Investment	100%
Second Generation Sawmills Limited (“Sawmills”)	Indirect	UK	Investment	100%
Welbeck Limited (“Welbeck”)	Indirect	UK	Investment	100%
Trehawke Limited (“Trehawke”)	Indirect	UK	Investment	100%
Homeland Limited (“Homeland”)	Indirect	UK	Investment	100%
Marsh Farm Limited (“Marsh Farm”)	Indirect	UK	Investment	100%
Steventon Limited (“Steventon”)	Indirect	UK	Investment	100%
Fields Farm Limited (“Fields Farm”)	Indirect	UK	Investment	100%
Gedling Limited (“Gedling”)	Indirect	UK	Investment	100%
Sheepbridge Limited (“Sheepbridge”)	Indirect	UK	Investment	100%
Tengore Limited (“Tengore”)	Indirect	UK	Investment	100%
Cuckoo Limited (“Cuckoo”)	Indirect	UK	Investment	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates continued
Investments in subsidiaries continued

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Field House Limited ("Field House")	Indirect	UK	Investment	100%
Upper Huntingford Limited ("Upper Huntingford")	Indirect	UK	Investment	100%
Abergelli Limited ("Abergelli")	Indirect	UK	Investment	100%
Crow Trees Limited ("Crow Trees")	Indirect	UK	Investment	100%
Yarburgh Limited ("Yarburgh")	Indirect	UK	Investment	100%
Nowhere Solar Limited ("Nowhere Solar")	Indirect	UK	Investment	100%
Bilsthorpe Solar Limited ("Bilsthorpe Solar")	Indirect	UK	Investment	100%
Bulls Head Solar Limited ("Bulls Head Solar")	Indirect	UK	Investment	100%
Roskrow Solar Limited ("Roskrow Solar")	Indirect	UK	Investment	100%
Abbeyfields Solar Limited ("Abbeyfields Solar")	Indirect	UK	Investment	100%
Lindridge Solar Limited ("Lindridge Solar")	Indirect	UK	Investment	100%
Misson Solar Limited ("Misson Solar")	Indirect	UK	Investment	100%
Playters Solar Limited ("Playters Solar")	Indirect	UK	Investment	100%
PS Manor Farm Solar Limited ("PS Manor Farm Solar")	Indirect	UK	Investment	100%
SV Ash Solar Park Limited ("SV Ash Solar Park")	Indirect	UK	Investment	100%
Pen Y Cae Solar Limited ("Pen Y Cae Solar")	Indirect	UK	Investment	100%
Global Solar Energy Veintisiete, S.L	Indirect	Spain	Investment	100%
Virgen del Carmen Solar S.L ("Virgen")	Indirect	Spain	Investment	100%
Solar Energy Veintisiete S.L ("Lorca")	Indirect	Spain	Investment	100%
Solar de la Contraviesa 5 S.L.U	Indirect	Spain	Investment	100%
Solar de la Contraviesa 6 S.L.U	Indirect	Spain	Investment	100%
Solar de la Contraviesa 7 S.L.U	Indirect	Spain	Investment	100%
Fotovoltaica Puerto Cruz II.Sl	Indirect	Spain	Investment	100%
Bailey Solar Limited	Indirect	UK	Investment	100%
True Blue Solar Limited	Indirect	UK	Investment	100%
Longreach New Holdco Pty Limited	Indirect	Australia	SPV Holding Company	100%
Oakey 1 New Holdco Pty Limited	Indirect	Australia	SPV Holding Company	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

15. Subsidiaries and associates continued

Investments in associates

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Foresight Battery Storage Holding Limited (“FBSHL”)	Indirect	UK	Holding Company	50%
Kiamco Hanwha Foresight Bannerton Pty Limited	Indirect	Australia	SPV Holding Company	48.50%
Lunanhead Energy Storage Limited (“LESL”)	Indirect	UK	SPV Holding Company	50%
Clayfords Energy Storage Limited (“CESL”)	Indirect	UK	SPV Holding Company	50%
Sandridge Battery Storage Limited (“SBSL”)	Indirect	UK	SPV Holding Company	50%

16. Fair value of the investments in unconsolidated entities

Valuation process

Valuations are the responsibility of the Board of Directors. The Investment Manager is responsible for submitting fair market valuations of Group assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly. The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology. The Investment Manager’s assessment of fair value of investments is determined in accordance with the revised International Private Equity and Venture Capital 2022 (“IPEV”) Valuation Guidelines, using levered and unlevered discounted cash flow principles, effective from 1 January 2023. The Investment Manager and Directors consider that the discounted cash flow methodology used in deriving a fair value is in accordance with the fair value requirements of IFRS 13. The assets in construction were valued at cost at 30 June 2023 and have therefore been omitted from the sensitivity analysis on the following pages.

Sensitivity analysis of significant changes in unobservable inputs within level hierarchy of underlying investments

The majority of the Company’s underlying investments (indirectly held through its unconsolidated subsidiaries FS Holdco, FS Debtco, FS Holdco 3 and FS Holdco 4) are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be appropriate. The Board reviews, at least annually, the valuation inputs and, where possible, makes use of observable market data to ensure valuations reflect the fair value of the investments. A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short-term fluctuations in inputs, be it economic or technical. The Investment Manager has adjusted the sensitivities calculation methodology from an asset level cash flows only basis to a calculation based on asset level cash flow less holding company level debt cash outflows. This has resulted mainly in a reduction of the discount rate sensitivity disclosed below.

The base valuation of £702.4 million represents the levered discounted value of future cash flows of the underlying operational assets with assets under construction held at cost, less the long-term debt held at holding company level. The valuation of the Australian assets is net of debt. The base valuation of £702.4 million is equal to the NAV of £726.6 million less items considered not subject to the sensitivities applied.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

16. Fair value of the investments in unconsolidated entities continued

Sensitivity analysis of significant changes in unobservable inputs within level hierarchy of underlying investments continued

	30 June 2023 £m
Base case for sensitivities	**702.4**
Items not subject to sensitivities:	
Cash in underlying assets	**30.6**
Assets in construction valued at cost	**13.1**
Company and intermediate holding companies' cash	**103.5**
RCF outstanding	**(115.0)**
Company and intermediate companies' net liabilities	**(3.0)**
Other adjustments	**(5.0)**
Net Asset Value at 30 June	**726.6**

The Directors consider the following to be the most significant inputs to the discounted cash flows ("DCF") calculation.

Discount rate

The weighted average discount rate used is 7.55% (2022: 6.23%). The Directors do not expect to see a significant change in the discount rates applied within the solar infrastructure sector. Therefore, a variance of +/- 0.5% is considered reasonable factored into the analysis. In terms of climate change risk, the discount rate is benchmarked against a similar asset base to ensure the underlying climate risk exposure is factored into the analysis.

	-0.50%	-0.25%	Base	+0.25%	+0.50%
Portfolio valuation (£m)	727.7	714.9	702.4	690.4	678.7
Change in portfolio valuation (£m)	25.3	12.5	—	(12.1)	(23.7)
NAV per share change (pence)	4.2	2.1	119.9	(2.0)	(3.9)

Power price

Power price DCF models assume power prices that are consistent with the Power Purchase Agreements ("PPAs") currently in place. At the PPA end date, the model reverts to the power price forecast. The power price forecasts are updated quarterly and based on power price forecasts from leading independent sources, adjusted by the Investment Manager for the expected capture price discounts for solar generation as considered appropriate.

The forecast assumes an average annual decrease in power prices in real terms of approximately 1.9% (2022: decrease of 4.8%). During the period, 38% of the investments' operational revenues came from regulatory support mechanisms. The remaining 62% of revenue is derived from electricity sales which are partially subject to power price movements. On a net present value basis, future electricity sales which are subject to price movements represent c.49% of total revenues.

	-20.0%	-10.0%	Base	+10.0%	+20.0%
Portfolio valuation (£m)	596.2	650.6	702.4	751.8	799.3
Change in portfolio valuation (£m)	(106.2)	(51.8)	—	49.4	96.9
NAV per share change (pence)	(17.5)	(8.5)	119.9	8.1	16.0

Production

Base case production is a function of a number of separate assumptions including irradiation levels, availability of the sites and technical performance of the equipment. A sensitivity of +/-10% is considered reasonable given stable levels of irradiation, contractual availability guarantees and understanding of future performance levels of the equipment.

	-10.0%	Base	+10.0%
Portfolio valuation (£m)	583.7	702.4	813.9
Change in portfolio valuation (£m)	(118.7)	—	111.5
NAV per share change (pence)	(19.6)	119.9	18.4

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

16. Fair value of the investments in unconsolidated entities continued

Sensitivity analysis of significant changes in unobservable inputs within level hierarchy of underlying investments continued

Inflation

A variable of 0.5% to 1.0% is considered reasonable given the long-term inflation rate of 3.00% from 2024 to 2030, after which it is 2.25% (2022: 3.00% and 2.25%, respectively).

	-1.0%	-0.5%	Base	+0.5%	+1.0%
Portfolio valuation (£m)	647.6	673.9	702.4	731.2	761.4
Change in portfolio valuation (£m)	(54.8)	(28.5)	—	28.8	59.0
NAV per share change (pence)	(9.0)	(4.7)	119.9	4.8	9.7

Whilst the above relates to the long-term inflation rate, the Company has also analysed the impact on the NAV of higher or lower inflation for FY2024 over the current assumption of 3.00%, with the following results:

	-2.0%	-1.0%	Base	+1.0%	+2.0%
NAV impact (£m)	(13.2)	(6.9)	—	6.4	12.5
NAV per share impact (pence)	(2.2)	(1.1)	—	1.1	2.1

Useful economic lives (“UELs”)

The valuation of the Company’s investments is determined based on the discounted value of future cash flows of those investments over their UELs. The UEL of individual assets is determined by reference to a fixed contractual lease term. However, the Board notes that if extended contractual lease terms were negotiated for individual assets, this would increase the value of those assets. Similarly, if the assets did not operate for the duration of the fixed contractual period, this would reduce the value of those assets.

	-1 Year	Base	+1 Year
Portfolio valuation (£m)	696.5	702.4	706.4
Change in portfolio valuation (£m)	(5.9)	—	4.0
NAV per share change (pence)	(1.0)	119.9	0.7

The Directors also consider the following to be important inputs to the discounted cash flows calculation.

Operating costs (investment level)

Operating costs include operating and maintenance (“O&M”), insurance and lease costs. Other costs are fixed and are therefore not considered to be sensitive to changes in unobservable inputs. Base case costs are based on current commercial agreements. We would not expect these costs to fluctuate widely over the life of the assets and are comfortable that the base case is prudent. A variance of +/- 5.0% is considered reasonable, a variable of 10.0% is shown for information purposes.

	-10.0%	-5.0%	Base	+5.0%	+10.0%
Portfolio valuation (£m)	719.7	711.2	702.4	693.0	683.4
Change in portfolio valuation (£m)	17.3	8.8	—	(9.4)	(19.0)
NAV per share change (pence)	2.8	1.4	—	(1.6)	(3.1)

Tax rate

On 3 March 2021, the UK Chancellor announced his intention to increase the rate of UK corporation tax from 19% to 25% from 2023. The impact of this proposal is reflected in the 30 June 2022 valuation. On that basis, a variable of 1.0% is considered reasonable given historic information.

	-1.0%	Base	+1.0%
Directors’ valuation (£m)	706.3	702.4	698.6
Change in portfolio valuation (£m)	3.9	—	(3.9)
NAV per share change (pence)	0.6	119.9	(0.6)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

16. Fair value of the investments in unconsolidated entities continued

Sensitivity analysis of significant changes in unobservable inputs within level hierarchy of underlying investments continued

Exchange rate

The Fund is directly exposed to fluctuations in foreign currency due to its investments in AUD-denominated assets. Whilst the Group mitigates its exposure to fluctuations in AUD through the use of forward contracts, the valuations of these assets will be directly impacted. Whilst we would not expect to see fluctuations quite this large, a variable of 20% is considered appropriate. Following the acquisition of the Spanish assets, the Fund is also exposed to fluctuations in EUR. The Group also mitigates its exposure to fluctuations in EUR through the use of forward contracts.

AUD/GBP	-20.0%	-10.0%	Base	+10.0%	+20.0%
Directors' valuation (£m)	694.7	698.6	702.4	706.3	710.1
Change in portfolio valuation (£m)	(7.7)	(3.8)	—	3.8	7.7
NAV per share change (pence)	(1.3)	(0.6)	119.9	0.6	1.3

EUR/GBP	-20.0%	-10.0%	Base	+10.0%	+20.0%
Directors' valuation (£m)	690.7	696.6	702.4	708.3	714.1
Change in portfolio valuation (£m)	(11.7)	(5.9)	—	5.9	11.7
NAV per share change (pence)	(1.9)	(1.0)	119.9	1.0	1.9

17. Stated capital and share premium

The Company issued shares of nil par value and therefore the Stated Capital relates only to Share Premium. The Stated Capital of the Company consists of Ordinary Shares and treasury shares[1]. At any General Meeting of the Company each Shareholder will have, on a show of hands, one vote and on a poll one vote in respect of each Ordinary Share held. As at period end the total number of voting rights in the Company is 605,906,889 which excludes 4,051,831 Ordinary Shares held in Treasury.

Stated capital is the net proceeds received from the issue of Ordinary Shares (net of issue costs capitalised). The holders of the Ordinary Shares are entitled to receive dividends from time to time.

Authorised Ordinary Shares

	30 June 2023 Shares	30 June 2022 Shares	31 December 2022 Shares
Ordinary Shares – nil par value	**Unlimited**	Unlimited	Unlimited

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

17. Stated capital and share premium continued

Issued Ordinary Shares

	30 June 2023 Ordinary Shares	30 June 2023 Treasury shares[1]	30 June 2022 Shares	31 December 2022 Shares
Opening balance	**609,958,720**	**—**	609,958,720	609,958,720
Issued during the period/year	**—**	**—**	—	—
Scrip dividends issued during the period/year	**—**	**—**	—	—
Less: Purchase of treasury shares[1]	**(4,051,831)**	**4,051,831**	—	—
Closing balance	**605,906,889**	**4,051,831**	609,958,720	609,958,720

Issued Ordinary Share capital and treasury shares

	30 June 2023 Ordinary Shares (£'000)	30 June 2023 Treasury shares[1] (£'000)	30 June 2022 Shares (£'000)	31 December 2022 Shares (£'000)
Opening balance	**629,892**	**—**	629,892	629,892
Proceeds from share issue	**—**	**—**	—	—
Value of scrip dividends issued	**—**	**—**	—	—
Less: Purchase of treasury shares[1]	**(4,286)**	**4,286**	—	—
Closing balance	**625,606**	**4,286**	629,892	629,892

On the 4 May 2023 the Company announced a share buyback programme and has allocated and an initial £10,000,000 from its available cash reserves to the programme. There is no certainty that the full buyback allocation will be utilised.

Share buybacks under the Engagement will be made pursuant to the authority granted to the Company at its general meeting held on 15 June 2022 which limit purchases of Ordinary Shares by the Company in the market to up to 14.99% of the Company's issued capital.

1. This figure represents the cash payments made to Jefferies International Limited by 30 June 2023. The total differs to the figure presented in the Statement of Cash Flows by £0.1 million because of the share value purchased yet to be paid to Jefferies. As such, this difference is within the change in trade and other payables line of the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

18. NAV per Ordinary Share

The Net Asset Value ("NAV") per redeemable Ordinary Share for the Company is 119.92 pence per Ordinary Share (period ended 30 June 2022: 123,76 year ended 31 December 2022: 126.5) This is based on the Net Asset Value at the reporting date of £726,612,397 (30 June 2022: £754,856,992, 31 December 2022: £771,597,780) and on 605,906,889 (30 June 2022: 609,958,720, 31 December 2022: 609,958,720) redeemable Ordinary Shares, being the number of Ordinary Shares in issue at the end of the period excluding Ordinary Shares held in Treasury.

19. Financial instruments and risk profile

The Company holds cash and liquid resources as well as having receivables and payables that arise directly from its operations. The underlying investments of the Company's investment activities indirectly expose it to various types of risk associated with solar power. The main risks arising from the Company's financial instruments are market risk, liquidity risk, credit risk and interest rate risk.

The Directors regulatory review and agree policies for managing each of these risks and these are summarised below.

19.1 Market risk

(a) Foreign currency risk

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in income.

The Company has no direct exposure to foreign currency risk, however through its underlying investment in FS Holdco 4 it has indirect exposure. FS Holdco 4 is directly exposed to fluctuations in foreign currency due to its investments in assets and cash denominated in EUR and AUD. The Group mitigates its exposure to fluctuations in foreign currency through the use of forward exchange contracts.

The carrying amount of FS Holdco 4's foreign currency exposure at the reporting date is as follows:

	30 June 2023 £'000	30 June 2022 £'000	31 December 2022 £'000
AUD – Investment assets	**49,449**	59,126	55,432
EUR – Investment assets	**61,818**	57,765	69,296
AUD – Cash	**997**	5	—
EUR – Cash	**2,093**	24,801	—

The FX rate applied at 30 June 2023 was AUD/GBP 0.5235 (30 June 2022: 0.5679, 31 December 2022: 0.5647) and EUR/GBP 0.8581 (30 June 2022 EUR/GBP 0.8613) (31 December 2022: 0.8868).

The sensitivities linked to the assets denominated in AUD and EUR are set out in note 16 as these assets are held in the underlying investment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

19. Financial instruments and risk profile continued
19.1 Market risk continued
(b) Price risk
The Company's investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Company's Investment Manager provides the Company with investment recommendations. The Investment Manager's recommendations are reviewed and approved by the Board before the investment decisions are implemented. To manage the market price risk, the Investment Manager reviews the performance of the investments on a regular basis and is in regular contact with the management of the non-current investments for business and operational matters. Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 30 June 2023, the Company's only investment was valued at net assets excluding the outstanding loans issued by the Company. Were this value to increase by 10%, the increase in net assets attributable to Shareholders for the year would have been £68,491,483 (June 2022: £69,099,407) (December 2022: £71,594,174). The impact of changes in unobservable inputs to the underlying investments is considered in note 16.

(c) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing to its subsidiary. At period end the Company had no long-term borrowings with third parties (1 January 2022 to 30 June 2022: £nil, 1 January 2022 to 31 December 2022: £nil).

	Total portfolio 30 June 2023 £'000	**Weighted average interest rate 30 June 2023 %**	**Weighted average time for which rate is fixed 30 June 2023 Days**
Loan notes	**250,000**	**10.00%**	**2,422**
Shareholder loans	**304,316**	**2.00%**	**2,929**
Cash	**1,248**	**0.05%**	**–**
	555,564		

	Total portfolio 30 June 2022 £'000	Weighted average interest rate 30 June 2022 %	Weighted average time for which rate is fixed 30 June 2022 Days
Loan notes	250,000	11.00%	2,241
Shareholder loans	304,316	2.00%	2,748
Cash	3,022	0.05%	–
	557,338		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

19. Financial instruments and risk profile continued

19.1 Market risk continued

(c) Interest rate risk continued

	Total portfolio 31 December 2022 £'000	Weighted average interest rate 31 December 2022 %	Weighted average time for which rate is fixed 31 December 2022 Days
Loan notes	250,000	10.90%	1,516
Shareholder loans	304,316	2.00%	2,748
Cash	11,052	0.05%	–
	565,368		

19.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The following are the expected maturities of the financial assets and liabilities at period end based on contractual undiscounted payments.

30 June 2023

	Carrying amount £'000	Contractual total £'000	Less than 6 months £'000	6 to 12 months £'000	Greater than 12 months £'000
Financial assets					
Investments	**684,915**	**684,915**	**–**	**–**	**684,915**
Trade and other receivables	**280**	**280**	**–**	**280**	**–**
Interest receivable	**40,773**	**40,773**	**–**	**40,773**	**–**
Cash and cash equivalents	**1,248**	**1,248**	**1,248**	**–**	**–**
Total financial assets	**727,216**	**727,216**	**1,248**	**41,053**	**684,915**
Trade and other payables	**604**	**604**	**–**	**604**	**–**
Total financial liabilities	**604**	**604**	**–**	**604**	**–**
Net position	**726,612**	**726,612**	**1,248**	**40,449**	**684,915**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

19. Financial instruments and risk profile continued
19.2 Liquidity risk continued

30 June 2022

	Carrying amount £'000	Contractual total £'000	Less than 6 months £'000	6 to 12 months £'000	Greater than 12 months £'000
Financial assets					
Investments	690,994	690,994	—	—	690,994
Trade and other receivables	275	275	275	—	—
Interest receivable	61,095	61,095	61,095	—	—
Cash and cash equivalents	3,022	3,022	3,022	—	—
Total financial assets	755,386	755,386	64,392	—	690,994
Trade and other payables	(529)	(529)	(529)	—	—
Total financial liabilities	(529)	(529)	(529)	—	—
Net position	754,857	754,857	63,862	—	690,994

31 December 2022

	Carrying amount £'000	Contractual total £'000	Less than 6 months £'000	6 to 12 months £'000	Greater than 12 months £'000
Financial assets					
Investments	715,492	715,492	—	—	715,492
Trade and other receivables	279	279	—	279	—
Interest receivable	44,731	44,731	—	44,731	—
Cash and cash equivalents	11,052	11,052	11,052	—	—
Total financial assets	772,004	772,004	11,052	45,010	715,942
Trade and other payables	537	537	537	—	—
Total financial liabilities	537	537	537	—	—
Net position	771,467	771,467	10,515	45,010	715,942

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

19. Financial instruments and risk profile continued

19.3 Credit risk

a) Exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company places cash with authorised deposit takers and is therefore potentially at risk from the failure of such institutions.

In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the period and at the reporting date, the Company maintained relationships with the following financial institutions.

	Moody's credit rating	**30 June 2023 £'000**
Cash in hand:		
Royal Bank of Scotland International Limited	**P2**	**1,248**
Total cash balances held by banks		**1,248**

	Moody's credit rating	30 June 2022 £'000
Cash in hand:		
Royal Bank of Scotland International Limited	P2	3,022
Total cash balances held by banks		3,022

	Moody's credit rating	31 December 2022 £'000
Cash in hand:		
Royal Bank of Scotland International Limited	P2	11,052
Total cash balances held by banks		11,052

The Company is also indirectly exposed to credit risk through its investment in UK Hold Co. The Board of UK Hold Co has determined that the maximum exposure to credit risk in relation to investments is £789,349,001 being the portion of UK Hold Co investments that are made up of loans as at 30 June 2023 (30 June 2022: £767,946,703 31 December 2022: £782,983,492). Included within this are the related party loans as disclosed within note 22 as well as an external long-term debt facilities entered into by FS Holdco, FS Debtco, RCF Debtco with Santander UK Plc, NatWest Group Plc, Allied Irish Banks Plc, Lloyds Bank Plc, Macquarie Group Limited, Landesbank Hessen-Thuringen Girozentrale, Sumitomo Mitsui Banking Corporation, London Branch and Barclays Plc respectively. The balance of the external debt facilities as at period end amounted to £367,160,922 (30 June 2022: £394,402,388, 31 December 2022: £374,514,646).

The Company's ability to meet the debt covenants described in note 2.2 going concern is directly impacted by power prices. If the debt covenants were not met, the Company may not be able to repatriate cash through the structure. In the debt calculation date before the date of this report, the DSCR for FS Holdco was 3.18:1 and for FS Debtco it was 6.58:1.

b) Expected credit loss assessment

Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a lifetime expected credit loss allowance for all trade receivables. The expected credit loss on trade receivables and the balance at year end was deemed by management to be not material and therefore no impairment adjustments were accounted for.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

19. Financial instruments and risk profile continued
19.4 Other risks
Political and economic risk
The value of Ordinary Shares may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation or interest rates, currency repatriation and other political and economic developments in law or regulations and, in particular, the risk of expropriation, nationalisation, and confiscation of assets and changes in legislation relating to the level of foreign ownership.

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

Since the emergence of COVID-19, the pandemic has prompted the Directors and the Investment Manager to assess the direct and indirect risks to the Company and the portfolio. COVID-19 has had a lasting impact on global supply chains for components. Such challenges have the potential to negatively impact the construction and operation of Foresight Solar's assets. The risk of forced labour being used anywhere in the supply chain is also something the Company is especially alert to.

In 2021 the UK and the Company experienced a surge in power prices partly because of the tightening of the supply of natural gas into the EU. In February 2022, Russia invaded Ukraine, which caused many countries, including the UK, to place sanctions on the usage of Russian fossil fuels; as a result, power prices continued to be affected.

The Directors continue to monitor and review the geopolitical environment and its wider impact on the Company's business in what has the potential to be a more turbulent period in international relations.

During the year, the risks that have been most closely monitored are those related to direct government market intervention, such as windfall taxes; the effects of a higher interest rate environment; and volatile power prices.

In November 2022, the UK government published a technical note on the Electricity Generator Levy, the method the government is using to obtain what it sees as excess profits being made in the wholesale electricity market by renewable energy and low carbon generators in the UK.

The levy will impact the Company's UK operational assets and result in a proportion of its generated profits to be surrendered.

The Directors continue to monitor and review all risks associated with near- and long-term power prices through the risk management framework.

The UK government started a consultation process in 2022 on the future of the electricity market in Great Britain ("REMA"), with the aim of providing affordable and secured electricity for consumers through changes to the current market arrangements. The results of the consultation are not expected to be shared until at least the end of 2023, with any radical changes coming into force after 2030.

In July 2023, the UK government launched a consultation into the Renewable Obligation Certificate ("ROC") scheme in which it seeks views on introducing Fixed Price Certificates ("FPCs") as the UK-wide RO programme starts winding down in the next two decades. The move was envisaged in the latter years of the ROC scheme to help provide price stability as the subsidy came to an end. The consultation's scope, however, is quite broad. The Investment Manager is engaging with the process and responding via industry representatives to minimise any perceived risks for the sector.

Changes to the level of political support for renewable energy generation may result in adjustments to the levels of subsidy and incentives, whether on a prospective or retrospective basis. The Directors continue to monitor and review this risk under the risk management framework.

20. Capital management
The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to Shareholders, return capital to Shareholders, issue new shares (up to its authorised number of shares) or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

21. Dividends

	30 June 2023 £'000	2023 Pence/ Ordinary Share	30 June 2022 £'000	2022 Pence/ Ordinary Share	31 December 2022 £'000	2022 Pence/ Ordinary Share
Quarter 1	**10,858**	**1.780**	10,644	1.745	10,644	1.745
Quarter 2	**10,857**	**1.780**	10,644	1.745	10,644	1.745
Quarter 3	**N/A**		N/A		10,858	1.780
Quarter 4	**N/A**		N/A		10,858	1.780
	21,715		21,288		43,004	

On 24 November 2022 the Company announced the third interim dividend, in respect of the period 1 July 2022 to 30 September 2022, of 1.78 pence per Ordinary Share. The shares went ex-dividend on 26 January 2022 and the dividend was paid on 24 February 2023 to Shareholders on the register as at the close of business on 27 January 2023.

On 15 March 2023 the Company announced the final interim dividend, in respect of the period 1 October 2022 to 31 December 2022, of 1.78 pence per Ordinary Share. The shares went ex-dividend on 20 April 2023 and the dividend was paid on 26 May 2023 to Shareholders on the register as at the close of business on 21 April 2023.

22. Related party disclosures

For the purposes of these Financial Statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Company's operations.

As explained in note 2, the Company does not consolidate its subsidiaries. However, the Company and its subsidiaries (direct and indirect) are a Group and therefore, are considered to be related parties.

Transactions with UK Hold Co

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	Movement during the period £'000	Closing balance as at 30 June 2023 £'000
Interest-bearing loans and outstanding interest	**599,050**	**3,958**	**595,092**
Non-interest-bearing loans	**187**	**—**	**187**

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	617,419	992	615,411
Non-interest-bearing loans	187	—	187

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

22. Related party disclosures continued

Transactions with UK Hold Co continued

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	617,419	(15,369)	599,050
Non-interest-bearing loans	187	—	187

Transactions with RCF Debtco and UK Hold Co

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	**Movement during the period £'000**	**Closing balance as at 30 June 2023 £'000**
Interest-bearing loans and outstanding interest	**589,262**	**35,882**	**625,144**
Non-interest-bearing loans	**300,459**	**3,461**	**303,920**

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	—	416,413	416,413
Non-interest-bearing loans	—	—	—

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	—	589,262	589,262
Non-interest-bearing loans	—	300,459	300,459

Transactions between UK Hold Co and its underlying subsidiaries

Transactions with FS Holdco

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	**Movement during the period £'000**	**Closing balance as at 30 June 2023 £'000**
Interest-bearing loans and outstanding interest	**—**	**—**	**—**
Non-interest-bearing loans	**—**	**—**	**—**

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	359,677	(359,677)	—
Non-interest-bearing loans	(142,629)	142,629	—

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	359,677	(359,677)	—
Non-interest-bearing loans	(142,629)	142,629	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

22. Related party disclosures continued
Transactions between UK Hold Co and its underlying subsidiaries continued
Transactions with FS Topco 1

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	Movement during the period £'000	Closing balance as at 30 June 2023 £'000
Interest-bearing loans and outstanding interest	–	–	–
Non-interest-bearing loans	–	–	–

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	271,167	(271,167)	–
Non-interest-bearing loans	(26,524)	26,524	–

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	271,167	(271,167)	–
Non-interest-bearing loans	(26,524)	26,524	–

Transactions with FISH
There were no transactions between UK Hold Co and FISH.

Transactions with FS Holdco 2
There were no transactions between UK Hold Co and FS Holdco 2.

Transactions with FS Debtco

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	Movement during the period £'000	Closing balance as at 30 June 2023 £'000
Interest-bearing loans and outstanding interest	–	–	–
Non-interest-bearing loans	–	–	–

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	68,019	(68,019)	–
Non-interest-bearing loans	140	(140)	–

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	68,019	(68,019)	–
Non-interest-bearing loans	140	(140)	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

22. Related party disclosures continued

Transactions between UK Hold Co and its underlying subsidiaries continued

Transactions with FS Holdco 3

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	Movement during the period £'000	Closing balance as at 30 June 2023 £'000
Interest-bearing loans and outstanding interest	–	–	–
Non-interest-bearing loans	–	–	–

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	37,930	(37,930)	–
Non-interest-bearing loans	(6,165)	6,165	–

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	37,930	(37,930)	–
Non-interest-bearing loans	(6,165)	6,165	–

Transactions with FS Holdco 4

For the period ended 30 June 2023:

	Opening balance as at 1 January 2023 £'000	Movement during the period £'000	Closing balance as at 30 June 2023 £'000
Interest-bearing loans and outstanding interest	147,725	21,790	169,515
Non-interest-bearing loans	(9,665)	(3,203)	(12,868)

For the period ended 30 June 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 30 June 2022 £'000
Interest-bearing loans and outstanding interest	159,683	2,865	162,548
Non-interest-bearing loans	1,434	41	1,475

For the year ended 31 December 2022:

	Opening balance as at 1 January 2022 £'000	Movement during the period £'000	Closing balance as at 31 December 2022 £'000
Interest-bearing loans and outstanding interest	159,683	(11,958)	147,725
Non-interest-bearing loans	1,434	(11,099)	(9,665)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

22. Related party disclosures continued
Transactions between FS Holdco, FS Debtco, FS Holdco 3, FS Holdco 4 and their SPVs

All of the SPVs are cash-generating solar farms (except for the non-operational Spanish investments and UK battery assets in construction). On occasion, revenues are received and expenses are paid on their behalf by FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4. All of these transactions are related party transactions.

For the period ended 30 June 2023:

	Opening balance receivable/ (payable) as at 1 January 2023 £'000	Amounts paid on behalf of SPV 2023 £'000	Amounts received from SPV 2023 £'000	Opening balance receivable/ (payable) as at 1 June 2023 £'000
FS Holdco and its SPVs	**(50,577)**	**10,688**	**(14,199)**	**(54,088)**
FS Debtco and its SPVs	**(48,927)**	**417**	**(14,688)**	**(63,198)**

For the period ended 30 June 2022:

	Opening balance receivable/ (payable) as at 1 January 2022 £'000	Amounts paid on behalf of SPV 2022 £'000	Amounts received from SPV 2022 £'000	Net amount (payable)/ receivable as at 30 June 2022 £'000
FS Holdco and its SPVs	(34,191)	33,376	(26,759)	(27,574)
FS Debtco and its SPVs	(20,538)	14,908	(22,181)	(27,811)

For the year ended 31 December 2022:

	Opening balance receivable/ (payable) as at 1 January 2022 £'000	Amounts paid on behalf of SPV 2022 £'000	Amounts received from SPV 2022 £'000	Net amount (payable)/ receivable as at 31 December 2022 £'000
FS Holdco and its SPVs	(34,191)	11,934	(28,320)	(50,577)
FS Debtco and its SPVs	(20,538)	1,230	(29,619)	(48,927)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023 (UNAUDITED)

22. Related party disclosures continued
Transactions with the Investment Manager
The Investment Manager of the Fund is Foresight Group LLP (the "Investment Manager").

Foresight Asset Management Limited ("FAML"), a related party of the Investment Manager, charged asset management fees to the underlying projects of £1,109,484 during the period (1 January 2022 to 30 June 2022: £914,950, 1 January 2022 to 31 December 2022: £1,780,100).

23. Commitments and contingent liabilities
There are no commitments nor contingent liabilities.

24. Controlling party
In the opinion of the Directors, there is no controlling party as no one party has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its direction.

25. Post balance sheet events
On 9 August 2023, the Directors elected to allocate a further £10 million to the Company's ongoing share buyback programme, doubling its total to £20 million.

The Company secured a one-year extension to its sustainability-linked revolving credit facility, limiting the refinancing risk until the new maturity date of February 2026.

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Independent Auditor
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GLOSSARY OF TERMS

AIC	The Association of Investment Companies
AIFs	Alternative Investment Funds
AIFMs	Alternative Investment Fund Managers
AIFMD	The Alternative Investment Fund Managers Directive
APM	Alternative Performance Measure
Asset Manager	The Company's underlying investments have appointed Foresight Group LLP, a subsidiary of Foresight Group CI, to act as Asset Manager
BBSY	Bank Bill Swap Bid Rate
BESS	Battery energy storage system
BSS	Battery storage systems
CEFC	The Clean Energy Finance Corporation
CfD	Contracts for difference
Company	Foresight Solar Fund Limited
Contracted revenues	Revenue with a high degree of certainty, both from subsidies or from electricity sales hedged under fixed price arrangements
DCF	Discounted cash flow
DESNZ	Department for Energy Security and Net Zero
DNO	Distribution Network Operator
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEA	European Economic Area
EGL	Electricity Generator Levy
EPC	Engineering, Procurement and Construction
ESG	Environmental, social and governance
Euribor	The Euro Interbank Offered Rate is based on the average interest rates at which a panel of European banks borrow funds from one another
FCA	Financial Conduct Authority
FiT	Feed-in Tariff. The Feed-in Tariff scheme is the financial mechanism introduced on 1 April 2010 by which the UK Government incentivises the deployment of renewable and low-carbon electricity generation of up to 5MW of installed capacity
FPC	Fixed Price Certificates
GAV	Gross Asset Value on investment basis including debt held at SPV level
Group borrowing	Group borrowing refers to all third-party debt by the Company and its subsidiaries
GWh	Gigawatt hour
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the EU
Investment Manager	Foresight Group CI Limited
IPEV Valuation Guidelines	International Private Equity and Venture Capital Valuation Guidelines
IPO	Initial Public Offering
KPMG LLP	KPMG is the Company's auditor
LCOE	Levelised cost of energy
LGC	Large-scale Generation Certificate
LIBOR	London Interbank Offered Rate
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK
LRET	Large-scale Renewable Energy Target. The LRET creates a financial incentive in Australia for the establishment and growth of renewable energy power stations, such as wind and solar farms, or hydroelectric power stations
Main Market	The main securities market of the London Stock Exchange
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MLF	Marginal Loss Factor
MUFG	Bank of Tokyo-Mitsubishi UFJ
MWh	Megawatt hour
N2EX	Power market in London
NAV	Net Asset Value
NEM	National Electricity Market
Net Zero	A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere
NSW	New South Wales
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets (UK Government regulator)
O&M	Operation and maintenance contractors
PNIEC	Plan Nacional Integrado de Energía y Clima, Spain's local implementation of the EU-wide National Energy and Climate Plan

GLOSSARY OF TERMS CONTINUED

PPA	Power Purchase Agreements
PRI	Principles for Responsible Investment
PV	Photovoltaic
RCF	Revolving credit facility
REGO	Renewable Energy Guarantees of Origin
REMA	Review of Electricity Market Arrangements
REZ	Renewable Energy Zones
RO Scheme	The financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty
ROC	Renewables Obligation Certificates
RPI	The Retail Price Index
SDG	United Nations Sustainable Development Goal
SONIA	Sterling Overnight Interbank Average
SPVs	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
UK	The United Kingdom of Great Britain and Northern Ireland

fsfl.foresightgroup.eu

Foresight

FOR A SMARTER FUTURE

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