



Foresight

FOR A SMARTER FUTURE

SUSTAINABLE LAND & FOOD

A STRATEGIC OVERVIEW

MAY 2020

Sustainable Land and Food

At Foresight, we believe that investing responsibly to make a positive social and environmental impact is critical to long-term success. We shape our investment strategies around the long-term changes defining society and view the Sustainable Land and Food sectors to be a natural adjunct to Foresight's expertise in renewable energy.

Market Context

The global population is forecast to reach 9.7 billion by 2050. Changing dietary and consumption patterns as well as increased land use change are placing greater pressure on valuable natural assets. Meeting global food demand will require innovation and investment in new practices, technology and infrastructure that can raise agricultural productivity in sustainable ways.

Research from the Business and Sustainable Development Commission estimates that **annual investment of \$320 billion** in the food and agriculture sectors will unlock **business opportunities worth over \$2.3 trillion annually** by 2030. These opportunities will create **80 million new jobs** whilst contributing towards **12 of the UN's 17 Sustainable Development Goals**.

“ *The proposition's investment objective is to deliver long-term capital growth and sustainable returns, through investment into a portfolio of diversified real assets.* ”

The Sustainable Land and Food Proposition

- **Infrastructure equity or debt investments** into both operational and development-stage assets, covering sustainable forestry, regenerative agriculture and controlled environment food production (agriculture and aquaculture).
- **Core sustainability focus** ensured through the assessment and monitoring of investment opportunities using Foresight's proprietary Sustainability Evaluation Criteria.
- **Attractive risk-adjusted returns** supported by long-term revenues, which will be partially contracted and/or inflation-linked.
- **Differentiated strategy with negative correlations** to traditional asset classes offering diversification benefits at a portfolio level.

The Land and Food Challenge

The global population continues to grow

T O D A Y
7.5
BILLION
people

B Y 2 0 5 0
9.7
BILLION
people



Unless we change our food choices agricultural production will need to increase by

70%+
by 2050

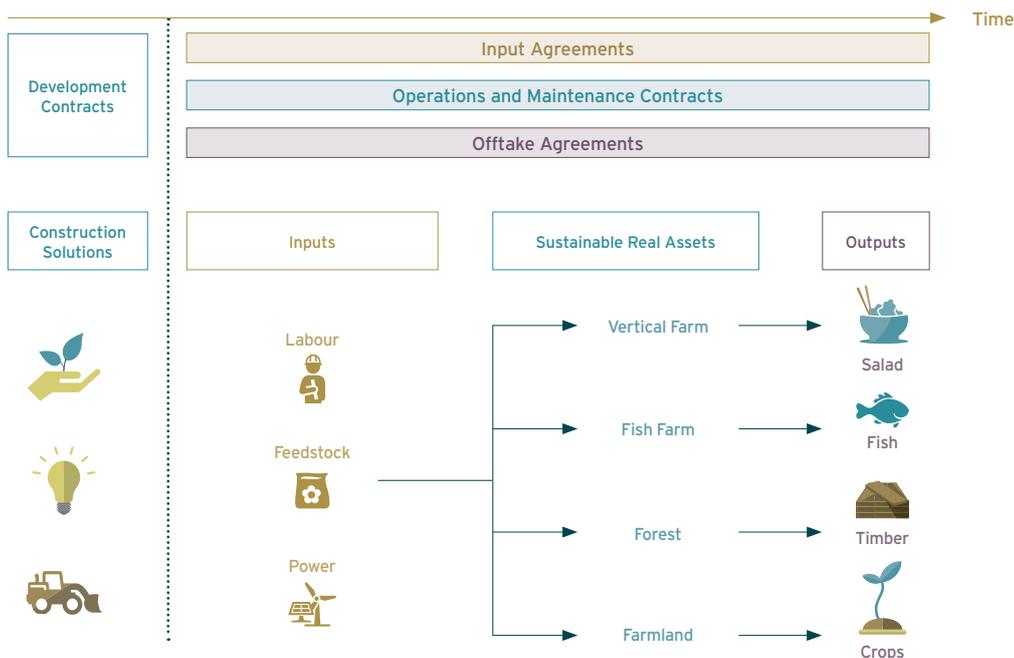
Source:
Creating a Sustainable Food Future,
World Resources Institute

Sustainable Real Assets

Investing in innovative and resilient infrastructure to drive change in the Land & Food sectors presents key sustainability benefits in line with the UN’s Sustainable Development Goals. As these emerging technologies mature, a need for capital will present forward-thinking and sustainability-focused investors with a varied set of attractive real asset investment opportunities.

Sustainable real assets share many investment characteristics with energy infrastructure assets. With alignment to the financing timeline and contracting structure associated with energy infrastructure assets, Sustainable Land & Food investments can be structured to deliver a steady and predictable risk-adjusted return alongside clear and meaningful contributions to the 7 UN Sustainable Development Goals shown alongside.

Infrastructure-like Characteristics of Sustainable Real Assets



Commencement of Operations

- Long-term physical assets with high capital expenditure, low operating expenditure and repetitive process-driven operations;
- Contracted agreements for offtake and inputs;
- Proven underlying technologies with commercial scale reference plants;
- Development and construction solutions with experienced and credible counterparties;
- Resilient investments providing essential services, with food production remaining stable during health crises and economic downturns;
- Inflation-protected investments;
- Portfolio diversification benefits; and
- Robust ESG positioning.



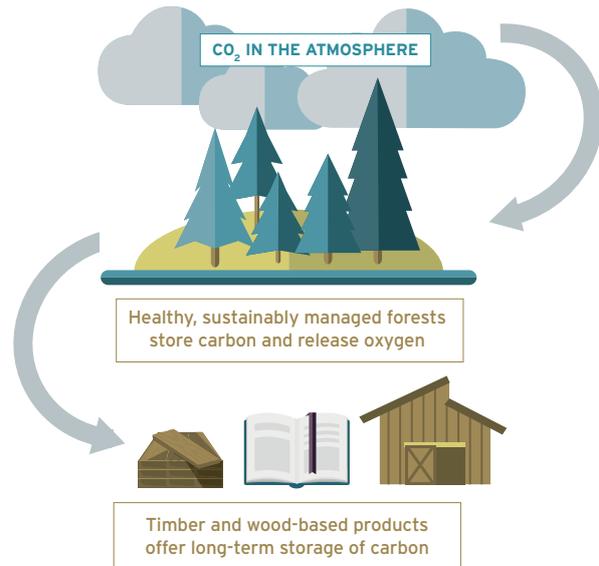
Overview of Sustainable Land and Food Sectors

Sustainable Forestry



Sustainable forestry gives access to attractive returns with strong capital preservation characteristics, whilst removing and storing CO₂ from the atmosphere and improving ecosystems.

- Land ownership alongside a growing commodity provides capital appreciation and diversification benefits at a portfolio level.
- Opportunity exists in ownership and management of both existing sustainable forestry assets and new afforestation projects.
- Foresight's experience in land valuation, project planning and permitting is key to identifying and extracting value from forestry assets.
- Assets will be managed in line with sustainability focused industry standards from the Forest Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC").



Regenerative Agriculture

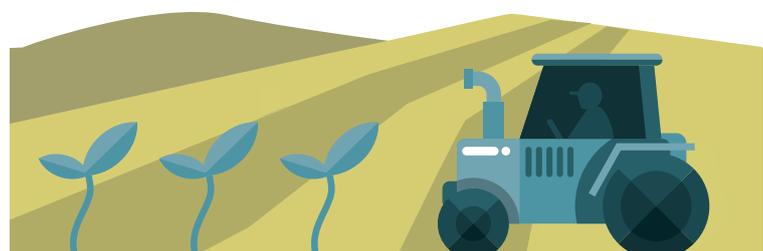


Regenerative agriculture seeks to restore farms' ecosystems through sustainable farming practices that strive to reduce energy, fuel and water use, whilst promoting soil health and biodiversity.

- Crop and land-use diversification offer increased yield, enhanced revenue streams and reduced exposure to single commodity price fluctuations.
- Established relationships with agricultural managers have led to a good pipeline of on- and off-market farmland acquisition opportunities.
- External managers will provide expertise in the implementation of regenerative and sustainable farming techniques to deliver enhanced agricultural returns.

Methods of regenerative agriculture include:

- Cover cropping and crop rotation
- Perennial plants and diverse crops
- Zero or low tillage

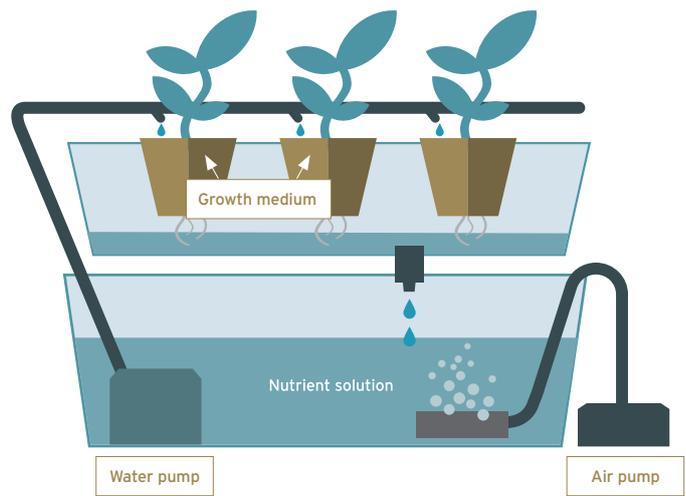


Controlled Environment Agriculture



Food production will need to be more resource efficient, less carbon intensive and more resilient to climate impacts. Development of new technologies and procedures will increase yields sustainably and reduce the use of man-made chemicals.

- Controlled environment agriculture benefits from lower operating costs and a greater security of supply than conventional alternatives.
- Foresight is analysing opportunities that maximise the efficiency of land-use, create optimal growing conditions and deliver consistent and predictable crop yields.
- Cash yield can be optimised by leveraging Foresight's expertise in co-location with renewable electricity generation and energy storage, alongside the negotiation of Power Purchase Agreements.

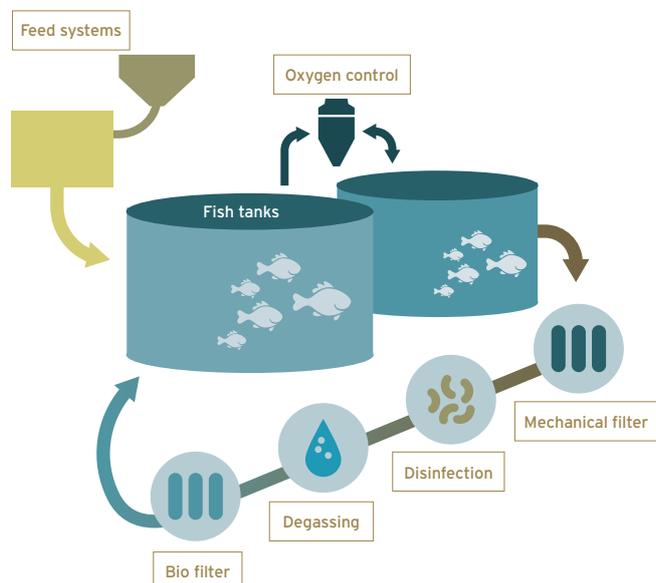


Controlled Environment Aquaculture



Onshore aquaculture has emerged as a more sustainable alternative to both conventional ocean-based fishing and sea-based fish farming.

- In reducing exposure to predators, parasites, variable weather conditions and stressful inoculation procedures, onshore aquaculture presents clear benefits for both animal welfare and sustainable food production.
- Lower fish mortality rates, through the monitoring and adaptation of conditions, help guarantee supply and therefore revenue.
- With a growing pipeline of opportunities, Foresight is well-positioned to structure compelling investment opportunities in onshore aquaculture.
- Where possible these opportunities will be backed by offtake strategies with creditworthy counterparties, to support the growth of global fish supply in an environment of rising prices.



Why Foresight?

Foresight is a leading independent infrastructure and private equity investment manager, which has been managing investment funds on behalf of institutions and retail clients since 1984. Foresight has more than 230 staff globally including around 80 investment professionals.

- **Disciplined investment approach** guided by structured, methodical processes, refined over a 35-year history.
- **Origination capability** driven by Foresight's multi-national and geographically dispersed Sustainable Infrastructure team.
- **Sustainability and ESG considerations** incorporated into both investment and asset management processes.
- **Active Asset Management** via its in-house technical and portfolio professionals, adding value throughout the investment life-cycle.



Sustainable infrastructure
Assets Under Management
in excess of **£4 billion**

Raised in excess of
£3 billion across
20+ infrastructure funds



200+
Institutional investors

90+
Infrastructure professionals in
our award-winning team



240+
Sustainable infrastructure
investments

500+
Sustainable infrastructure deals
reviewed each year

Foresight

FOR A SMARTER FUTURE

FORESIGHT GROUP

For further information, please contact:

Jai Mallick - Associate, Institutional Capital

t: +44 20 3911 1242

e: jmallick@foresightgroup.eu

w: www.foresightgroup.eu

IMPORTANT INFORMATION

This document has been issued and approved by Foresight Group LLP, which is authorised and regulated by the Financial Conduct Authority. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of Foresight Group LLP. This document sets out what Foresight Group LLP considers as growth areas in the sustainable land and food sector only and does not necessarily reflect the current investments of the funds that it manages. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. The information contained in this document is confidential in respect of which we are under obligations of confidentiality to third parties and is also of a commercially sensitive nature and should not be reproduced, disclosed, distributed to or used by any other person. We would therefore respectfully require that this information should only be used for the purpose of evaluating our proposal and should not be disclosed to any other person, firm or company without our prior written consent. We would further request that after receiving any request for the provision of any such information under the Freedom of Information Act 2000 or any other statutory or regulatory provision you would consult with us as soon as possible. Foresight Group LLP has taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement in this document. Certain of the information contained in this document has been obtained from published sources prepared by other parties. Neither Foresight Group LLP nor any other person assumes any responsibility for the accuracy or completeness of such information which we believe to be reliable. However, we do not represent that it is accurate, current, complete or error free. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any forward-looking statements or projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. The distribution of this document is intended to be to institutional investors only and in certain jurisdictions may be restricted by law. If you are not an institutional investor you should not read any further and immediately return this document to Foresight Group LLP. You may not distribute this document, in whole or in part, without our express written permission.