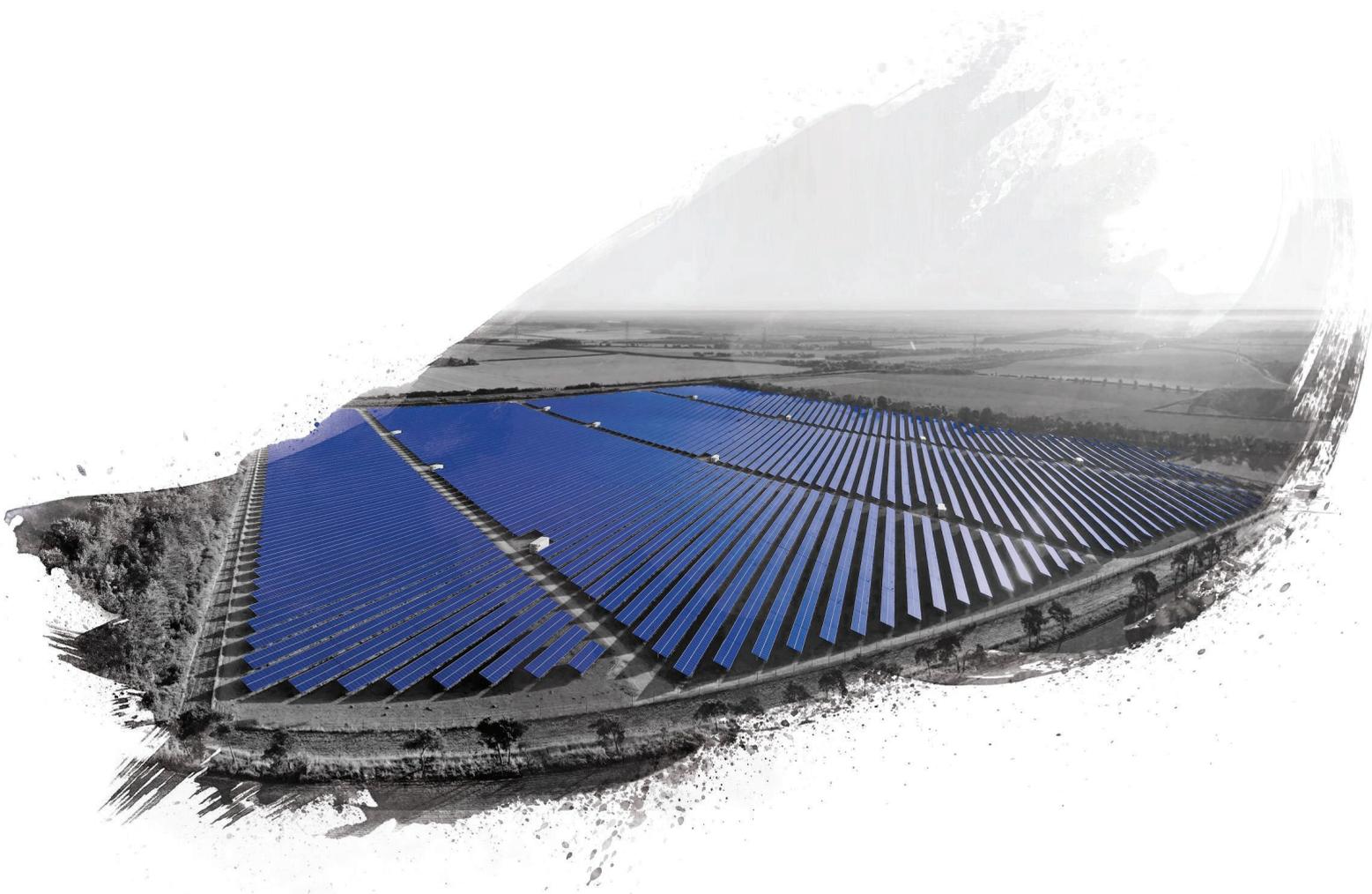


# **NEXTENERGY**

## **SOLAR FUND**



### **PLACING PROGRAMME 2016-17**

Share Issuance Programme  
in respect of up to 350,000,000 New Shares

## SUMMARY

*Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A-E (A.1-E.7).*

*This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.*

<b>Section A – Introduction and warnings</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
<b>A.1</b>	Warning	<p>This summary should be read as an introduction to the Registration Document and Securities Note (together with this Summary, the “<b>Prospectus</b>”).</p> <p>Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by prospective investors.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary (including any translation thereof), but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
<b>A.2</b>	Use of prospectus by financial intermediaries	Not applicable. The Company has not given its consent to the use of the Prospectus for the resale and final placement of the New Shares by financial intermediaries.

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
<b>B.1</b>	Legal and commercial name	The issuer’s legal and commercial name is NextEnergy Solar Fund Limited.
<b>B.2</b>	Domicile/legal form/legislation/ country of incorporation	The Company was incorporated with liability limited by shares in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 20 December 2013 with registration number 57739 and is a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the Rules.
<b>B.5</b>	Group structure	The Company makes its investments through the HoldCos and underlying SPVs, which are typically (ultimately) wholly-owned by the Company. The Company controls the investment policy of each of the HoldCos and their wholly-owned SPVs in order to ensure that each will act in a manner consistent with the investment policy of the Company.

		The Company may participate in joint ventures or acquire majority interests. In each such case, the Company will not wholly-own the relevant vehicle, but will secure controlling shareholder rights through shareholder agreements or other legal arrangements.																																	
<b>B.6</b>	Major shareholders <sup>1</sup>	<p>As at 11 November 2016, the Company was aware that the persons set out in the table below, directly or indirectly, were interested in 3.0 per cent. or more of the issued Ordinary Shares:</p> <table border="1"> <thead> <tr> <th>Investor</th> <th>No of Ordinary Shares</th> <th>% of issued Ordinary Shares</th> </tr> </thead> <tbody> <tr> <td>Prudential plc group of companies</td> <td>77,382,737</td> <td>22.54</td> </tr> <tr> <td>Artemis Investment Management LLP</td> <td>62,308,962</td> <td>18.16</td> </tr> <tr> <td>Investec Wealth &amp; Investment Limited</td> <td>44,693,239</td> <td>13.02</td> </tr> <tr> <td>Baillie Gifford</td> <td>18,037,062</td> <td>5.26</td> </tr> <tr> <td>Smith &amp; Williamson Investment Management</td> <td>14,916,638</td> <td>4.35</td> </tr> <tr> <td>Newton Investment Management</td> <td>13,440,810</td> <td>3.92</td> </tr> </tbody> </table> <p>As at the 11 November 2016, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercise control over the Company.</p>	Investor	No of Ordinary Shares	% of issued Ordinary Shares	Prudential plc group of companies	77,382,737	22.54	Artemis Investment Management LLP	62,308,962	18.16	Investec Wealth & Investment Limited	44,693,239	13.02	Baillie Gifford	18,037,062	5.26	Smith & Williamson Investment Management	14,916,638	4.35	Newton Investment Management	13,440,810	3.92												
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<b>B.7</b>	Key financial information	<p>The key figures which summarise the Company's financial and trading position for the period from incorporation to 31 March 2015 and for the period ending 31 March 2016 are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Period ended 31 March 2015</th> <th>Year ended 31 March 2016</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td>£248,447,480</td> <td>£321,417,342</td> </tr> <tr> <td>Current liabilities</td> <td>£88,942</td> <td>£47,606,464</td> </tr> <tr> <td>Net assets</td> <td>£248,358,538</td> <td>£273,810,878</td> </tr> <tr> <td>Net asset value per Ordinary Share</td> <td>103.3 pence</td> <td>98.5 pence</td> </tr> <tr> <td>Investment Income</td> <td>—</td> <td>£24,046,160</td> </tr> <tr> <td>Net changes in fair value of financial assets</td> <td>£10,570,553</td> <td>(£18,503,991)</td> </tr> <tr> <td>Operating profit</td> <td>£8,276,718</td> <td>£1,926,590</td> </tr> <tr> <td>Profit and comprehensive income</td> <td>£8,534,649</td> <td>£2,034,701</td> </tr> <tr> <td>Earnings per Ordinary Share</td> <td>9.13 pence</td> <td>0.78 pence</td> </tr> <tr> <td>Dividends per Ordinary Share</td> <td>2.625 pence</td> <td>5.750 pence</td> </tr> </tbody> </table> <p>Save for the acquisitions of the assets comprising the Company's portfolio as summarised in B45 of this summary, the IPO, the issuances of Ordinary Shares pursuant to the 2014 Share Issuance Programme, the entry by the Company into the Revolving Credit Facility Agreement for £31.5 million with Macquarie Bank London Branch (as subsequently amended as described below) and the entry by the Company into a debt facility for £21.68 million with NIBC, there have been no significant changes to the financial condition or operating results of the Company from the date of incorporation of the Company until the date of this document, save for the following:</p> <p>(A) on 14 April 2016, the completion of the acquisition of the solar PV plants comprising the Radius portfolio;</p> <p>(B) On 18 April 2016, completion of the acquisition of the Hall Farm solar PV plant;</p> <p>(C) on 19 May 2016, the Group increased its Revolving Credit Facility from £100 million to £120 million, with the additional £20 million having a maturity date of 17 May 2017 (subject to the Company's option to extend it to 17 November 2017);</p> <p>(D) on 8 July 2016, the Group refinanced its £22.7 million debt facility with NIBC with a new £21.7 million debt facility with NIBC (which has an interest rate of 3-month LIBOR plus 2.20 per cent. and a maturity date of 4 July 2019);</p>		Period ended 31 March 2015	Year ended 31 March 2016	Total assets	£248,447,480	£321,417,342	Current liabilities	£88,942	£47,606,464	Net assets	£248,358,538	£273,810,878	Net asset value per Ordinary Share	103.3 pence	98.5 pence	Investment Income	—	£24,046,160	Net changes in fair value of financial assets	£10,570,553	(£18,503,991)	Operating profit	£8,276,718	£1,926,590	Profit and comprehensive income	£8,534,649	£2,034,701	Earnings per Ordinary Share	9.13 pence	0.78 pence	Dividends per Ordinary Share	2.625 pence	5.750 pence
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1 As at 24 September 2015 – to be monitored and updated

		<p>(E) on 22 July 2016, the Company paid an aggregate dividend of £8.7 million to Shareholders on the register at the close of business on 8 July 2016, in respect of the interim dividend of 3.125 pence per Ordinary Share for the six months ended 31 March 2016 which had been declared by the Company on 28 June 2016;</p> <p>(F) during the period commencing on 27 July 2016 and ending on 15 September 2016, the Company sold 30,850,000 Ordinary Shares from treasury and issued 33,250,926 new Ordinary Shares for cash pursuant to the 2016 Tap Issuance Programme, raising aggregate gross proceeds of £64.7 million;</p> <p>(G) On 22 August 2016, completion of the acquisition of the Ellough 2 solar PV plant;</p> <p>(H) Since 31 March 2016, the Group has drawn down £42 million and repaid £50.5 million of the Revolving Credit Facility. As at 30 September 2016 the outstanding amount was £43 million. There have been no material changes in this balance between 30 September 2016 and the date of this document. The repayment was largely funded by the Company;</p> <p>(I) on 30 September 2016, the Company paid an aggregate dividend of £4,058,499 (in addition to the take up of the scrip dividend alternative pursuant to which 1,139,374 new Ordinary Shares were issued fully paid at £104.626 pence per Ordinary Share to Shareholders on the register at the close of business on 26 August 2016 in respect of the interim dividend of 1.5775 pence per Ordinary Share for the three months ended 30 June 2016), which had been declared by the Company on 15 August 2016; and</p> <p>(J) the unaudited NAV per Ordinary Share as at 30 September 2016 (being the most recently published NAV per Ordinary Share at the date of this Summary) was 102.0 pence, or 100.4 pence, after adjustment for the interim dividend of 1.5775 pence per Ordinary Share in respect of the three months ended 30 September 2016 and payable on 30 December 2016 to Shareholders on the register at the close of business on 18 November 2016, which compares with the audited NAV per Ordinary Share as at 31 March 2016 of 98.5 pence (95.375 pence, after adjustment for the interim dividend referred to in sub-paragraph (E) above).</p>
<b>B.8</b>	Pro forma financial information	Not applicable – there is no <i>pro forma</i> financial information in the Prospectus.
<b>B.9</b>	Profit forecast	Not applicable – the Company has not made any profit forecasts.
<b>B.10</b>	Qualifications in the audit reports	Not applicable – there are no qualifications in the audit reports.
<b>B.11</b>	Working capital insufficiency	Not applicable – The Company is of the opinion that, taking into account the net proceeds of the OM Commitment, the working capital available to it is sufficient for the Company’s present requirements, that is, for at least the next 12 months from the publication date of the Prospectus.
<b>B.33</b>		All Information required set out in: B.1, B.2, B.3, B.6, B.7, B.8, B.9, B.10, C.3, C.7, D.2.
<b>B.34</b>	Investment policy	<p><b><i>Investment objective</i></b></p> <p>The Company seeks to provide investors with a sustainable and attractive dividend that increases in line with RPI over the long term by investing in a diversified portfolio of solar PV plants that are located in the UK. In addition, the Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company’s investment policy.</p>

***Investment policy***

The Company invests exclusively in solar PV plants located in the UK.

The Company intends to continue to acquire assets that are primarily ground-based and utility-scale and which are on sites that may be agricultural, industrial or commercial. The Company may also acquire portfolios of residential or commercial building-integrated installations. The Company targets solar PV plants that are anticipated to generate stable cash flows over their asset lifespan.

The Company typically seeks to acquire sole ownership of individual solar PV plants through SPVs, but may enter into joint ventures or acquire majority interests, subject, in each case, to the Company maintaining a controlling interest. Where an interest of less than 100 per cent. in a particular solar PV plant is acquired, the Company intends to secure controlling shareholder rights through shareholders' agreements or other legal arrangements. Investments by the Company in solar PV plants may be either by way of equity or a mix of equity and shareholder loans.

The Company has built up a diversified portfolio of solar PV plants and its investment policy contains restrictions to ensure risk diversification. No single investment (or, if an additional stake in an existing investment is acquired, the combined value of both the existing and the additional stake) by the Company in any one solar PV plants will constitute, at the time of investment, more than 30 per cent. of the Gross Asset Value. In addition, the four largest solar PV plants will not constitute at the time of investment, more than 75 per cent. of the Gross Asset Value.

The Company will continue, primarily, to acquire operating solar PV plants, but may also invest in solar PV plants that are under development. Such assets will constitute (at the time of investment) not more than 10 per cent. of the Gross Asset Value in aggregate.

The Company may also agree to forward-fund by way of secured loans the construction costs of solar PV plants where it retains the right (but not the obligation) to acquire the relevant plant once operational. Such forward-funding will not fall within the 10 per cent. development restriction above but will be restricted to no more than 25 per cent. of the Gross Asset Value (at the time such arrangement is entered into) in aggregate and will only be undertaken where supported by appropriate security.

The Company will not employ forward funding and engage in development activity in relation to the same project or assets.

A significant proportion of the Group's income is expected to result from the sale of the entirety of the electricity generated by the solar PV plants including the monetisation of ROCs, and other regulated benefits.

In pursuit of the Company's investment objective, the Company may employ leverage, which will not exceed (at the time the relevant arrangement is entered into) 50 per cent. of the Gross Asset Value in aggregate.

The Company invests with a view to holding solar PV plants until the end of their useful life. However, assets may be disposed of or otherwise realised where the Investment Manager determines, in its discretion, that such realisation is in the best interests of the Company. The Company will seek to optimise and extend the lifespan of its assets and may invest in their repowering and/or integration of ancillary technologies (e.g. energy storage) on its solar PV plants to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. The Company expects to re-invest any cash surplus (in excess of that required to meet the Company's dividend target and ongoing operating expenses) in further investments, thereby supporting its long-term Net Asset Value.

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.

The Company may (but is not obliged to) enter into hedging arrangements in relation to interest rates and/or power prices.

		<p>As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the FCA and of its Shareholders by ordinary resolution.</p> <p>In the event of any breach of the Company's investment policy, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Articles.</p>
<b>B.35</b>	Borrowing limits	<p>In pursuit of the Company's investment objective, the Company may employ leverage, which will not exceed (at the time the relevant arrangement is entered into) 50 per cent. of the Gross Asset Value. Such leverage will be deployed for the acquisition of further solar PV plants in accordance with the Company's investment policy. The Company may seek to raise leverage at any of the asset, SPV, Holdco, or Company levels. The Company has a preference for medium- to long-term amortising debt financing.</p>
<b>B.36</b>	Regulatory status	<p>The Company is a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Schemes Rules, 2015 issued by the GFSC. Registration of the Company was received from the GFSC on 19 March 2014. Registered schemes are supervised by GFSC insofar as they are required to comply with the requirements of the Rules, including requirements to notify the GFSC of certain events and the disclosure requirements of the GFSC's Prospectus Rules 2008. The Company is not regulated by the Financial Conduct Authority.</p> <p>The Company operates and intends to continue to operate as an externally managed, non-EU AIF.</p>
<b>B.37</b>	Typical investor	<p>Typical investors in the Company are expected to be institutional investors and sophisticated, professionally advised private investors.</p>
<b>B.38</b>	Investment of 20 per cent. or more in single underlying asset or investment company	<p>Not applicable – no asset constitutes 20 per cent. or more of the Gross Asset Value as at the date of this Summary.</p>
<b>B.39</b>	Investment of 40 per cent. or more in single underlying asset or investment company	<p>Not applicable – no asset constitutes 40 per cent. or more of the Gross Asset Value as at the date of this Summary.</p>
<b>B.40</b>	Service providers	<p><b>Investment Manager</b></p> <p>The Company has appointed NextEnergy Capital IM Limited as its Investment Manager pursuant to the Management Agreement. The Investment Manager is a Guernsey registered company, incorporated under the Companies Law with registered number 57740 and is a member of the NEC Group. The Investment Manager is licensed and regulated by the GFSC and acts as the AIFM of the Company.</p> <p>Under the Management Agreement, subject to the overall control and supervision of the Board, the Investment Manager has full discretion to make investments in solar projects which have been recommended by the Investment Adviser and meet the requirements of the Company's investment policy.</p> <p>The Investment Manager is entitled to receive an annual fee, accruing daily and calculated on a sliding scale, as below:</p> <ul style="list-style-type: none"> <li>• for the tranche of NAV up to and including £200 million, 1.0 per cent.;</li> </ul>

		<ul style="list-style-type: none"> <li>● for the tranche of NAV above £200 million and up to and including £300 million, 0.9 per cent.; and</li> <li>● for the tranche of NAV above £300 million, 0.8 per cent..</li> </ul> <p>The Investment Manager's Fee is prima facie payable by the Company, but may be paid by other members of the Group (to reflect the extent to which the services provided by the Investment Manager are provided to the relevant member of the Group) should the Company so determine, is also entitled to reimbursement of customary expenses incurred in providing its services (excluding ordinary overhead operating expenses).</p> <p>The Investment Manager is responsible for the fees and expenses of the Investment Adviser, which will be payable at a rate agreed between them from time to time.</p> <p>The Investment Manager has agreed to make certain payments out of its Investment Manager's Fee to the IPO Cornerstone Shareholder.</p> <p><b>Investment Adviser</b></p> <p>The Investment Manager has appointed NextEnergy Capital Limited as its Investment Adviser pursuant to the Investment Advisory Agreement. The Investment Adviser is a company incorporated in England with registered number 05975223 and is authorised and regulated by the FCA.</p> <p>The Investment Adviser acts only in an advisory capacity to the Investment Manager.</p> <p>The Investment Adviser's role primarily entails the origination, evaluation, coordination and recommendation of investment opportunities for the Company and the related provision of investment advice to the Investment Manager in respect of acquisitions and disposals, portfolio efficiencies, financing, strategy, market developments and other matters that may affect the Company's portfolio or the Company's ability to meet its investment objective. In addition, the Investment Adviser is responsible for reviewing the performance of the Company's portfolio together with WiseEnergy UK.</p> <p><b>Developer</b></p> <p>NextPower Development Limited, a member of the NEC Group, has been engaged pursuant to the Project Sourcing Agreement. Under the terms of the Project Sourcing Agreement, the Developer has agreed to use all reasonable endeavours to source and present to the Company (via the Investment Adviser and the Investment Manager, as contemplated in the Project Sourcing Agreement) large scale ground-mounted and building-integrated solar PV projects located in the United Kingdom, and falling within the Company's investment objective and investment policy. The Developer has also agreed to offer all such suitable projects of which it has actual knowledge to the Company on a "first offer" basis. The Investment Adviser evaluates all the projects presented to the Company by the Developer. The Investment Adviser is not obliged to recommend, and the Company is not obliged to acquire, any project proposed by the Developer under the Project Sourcing Agreement.</p> <p>The Developer has agreed, pursuant to the Project Sourcing Agreement, that it will not be entitled to receive any fees in respect of the projects introduced by it under the Project Sourcing Agreement but is entitled to recover all transaction costs, expenses and disbursements paid by or on behalf of the Developer in connection with any project introduced by it which is accepted by the Company.</p> <p><b>WiseEnergy</b></p> <p>WiseEnergy is the operating asset management division of the NEC Group. WiseEnergy UK is appointed on an arm's length basis by each underlying SPV to conduct selected asset management and monitoring activities on completion of each acquisition. The main role of WiseEnergy UK is to supervise the technical and administrative operations of the Group's solar plants and provide the Investment Manager with detailed portfolio monitoring information to enable it to optimise the Group's investments.</p>
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		<p>The Group bears project costs in connection with its investments including the arm's length fees and expenses of WiseEnergy for performing for the Group the operating asset monitoring and reporting activities typically required in projects of the type acquired by the Company.</p> <p><b>Administration and secretarial arrangements</b></p> <p>Ipes (Guernsey) Limited has been appointed as Administrator to the Company pursuant to the Administration Agreement and provides company secretarial services and a registered office to the Company. For the purposes of the Rules, the Administrator is the designated administrator of the Company.</p> <p>The Administrator is responsible for the safekeeping of any share and loan note certificates in respect of the Group's unquoted investments, the implementation of the Group's cash management policy, production of the Company's accounts, regulatory compliance, providing support to the Board's corporate governance process and its continuing regulatory obligations for dealing with dividend payments and investor reporting. In addition, the Administrator is responsible for the day to day administration of the Company (including, in conjunction with the Investment Adviser, calculation of the Net Asset Value) and for general secretarial functions required by the Companies Law (including, but not limited to, the maintenance of the Company's accounting and statutory records).</p> <p>Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee and entitled to recover third party expenses and disbursements.</p> <p><b>Registrar, UK transfer agent and receiving agent</b></p> <p>The Company has appointed Capita Registrars (Guernsey) Limited to act as registrar and Capita Asset Services as UK transfer agent in relation to the transfer and settlement of Shares, including the New Shares, held in Certificated Form and as UK transfer agent.</p> <p>The Company's receiving agent is Capita Asset Services.</p>
<b>B.41</b>	Regulatory status of the Investment Manager	<p>The Investment Manager, NextEnergy Capital IM Limited, is a limited company incorporated in Guernsey under registered number 57740 and is licensed and regulated by the GFSC to undertake the activity of investment management.</p> <p>The Investment Manager acts as the AIFM of the Company.</p>
<b>B.42</b>	Calculation of Net Asset Value	<p>The Administrator is responsible for calculating the NAV which is presented to the Directors for their approval and adoption. The calculations are carried out on at least a quarterly basis as at 31 March, 30 June, 30 September and 31 December each year and notified to Shareholders through a Regulatory Information Service. In addition, the NAVs as at 31 March and 30 September are reported to Shareholders in the Company's annual and interim financial statements.</p> <p>Fair market value for each investment is calculated by the Investment Manager as derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts for revenues and operating costs, and an appropriate discount rate. As at the date of this Summary, the Company uses a discount rate of 7.5% for unlevered operating solar assets, and a levered rate of up to 8.5% for those operating solar assets with project level debt. The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment. The Investment Adviser produces, for each SPV, detailed financial models and the Investment Manager takes into account, amongst other things, other relevant discount rates, changes in power price, forecasts and technical performance based on evidence derived from project performance in its review of such models and makes amendments where appropriate.</p>
<b>B.43</b>	Cross liability	<p>Not applicable – the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>

<b>B.44</b>	Financial statements	The Company has commenced operations and historical financial information is included in the Prospectus.																																																																																																																																																																																																																																																																																																								
<b>B.45</b>	Portfolio	<p>As at 11 November 2016, the current portfolio comprises the following assets:</p> <table border="1"> <thead> <tr> <th>Power plant</th> <th>Location</th> <th>Acquisition Date</th> <th>Regulatory Regime<sup>(1)</sup></th> <th>Plant capacity (MW)</th> <th>Investment (GBPm)</th> <th>Valuation (as at 30 June 2016) (GBPm)</th> <th>Percentage of Current Portfolio (%)</th> </tr> </thead> <tbody> <tr> <td>Higher</td> <td>Somerset</td> <td>01-05-14</td> <td>1.6</td> <td>6.1</td> <td>7.3</td> <td>7.1</td> <td>1.8</td> </tr> <tr> <td>Hatherleigh</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Shacks Barn</td> <td>Northants</td> <td>09-05-14</td> <td>2.0</td> <td>6.3</td> <td>8.2</td> <td>8.2</td> <td>2.1</td> </tr> <tr> <td>Gover Farm</td> <td>Cornwall</td> <td>23-06-14</td> <td>1.4</td> <td>9.4</td> <td>11.1</td> <td>11.7</td> <td>3.0</td> </tr> <tr> <td>Bilsham</td> <td>Sussex</td> <td>26-01-15</td> <td>1.4</td> <td>15.2</td> <td>18.9</td> <td>18.0</td> <td>4.6</td> </tr> <tr> <td>Brickyard</td> <td>Midlands</td> <td>14-07-14</td> <td>1.4</td> <td>3.8</td> <td>4.1</td> <td>3.8</td> <td>1.0</td> </tr> <tr> <td>Ellough</td> <td>Suffolk</td> <td>28-07-14</td> <td>1.6</td> <td>14.9</td> <td>20.0</td> <td>19.2</td> <td>4.9</td> </tr> <tr> <td>Poulshot</td> <td>Wiltshire</td> <td>02-04-15</td> <td>1.4</td> <td>14.5</td> <td>15.7</td> <td>15.8</td> <td>4.0</td> </tr> <tr> <td>Condover</td> <td>Shropshire</td> <td>31-05-15</td> <td>1.4</td> <td>10.2</td> <td>11.7</td> <td>10.7</td> <td>2.7</td> </tr> <tr> <td>Llywdu</td> <td>Ceredigion</td> <td>17-07-15</td> <td>1.4</td> <td>8.0</td> <td>9.4</td> <td>9.2</td> <td>2.4</td> </tr> <tr> <td>Cock Hill Farm</td> <td>Wiltshire</td> <td>17-07-15</td> <td>1.4</td> <td>20.0</td> <td>23.3</td> <td>22.8</td> <td>5.8</td> </tr> <tr> <td>Boxted Airfield</td> <td>Essex</td> <td>02-04-15</td> <td>1.4</td> <td>18.8</td> <td>20.6</td> <td>20.6</td> <td>5.2</td> </tr> <tr> <td>Langenhoe</td> <td>Essex</td> <td>13-04-15</td> <td>1.4</td> <td>21.2</td> <td>22.9</td> <td>22.1</td> <td>5.6</td> </tr> <tr> <td>Park View</td> <td>Devon</td> <td>15-07-15</td> <td>1.4</td> <td>6.5</td> <td>7.7</td> <td>7.5</td> <td>1.9</td> </tr> <tr> <td>Croydon</td> <td>Cambridgeshire</td> <td>23-04-15</td> <td>1.4</td> <td>16.5</td> <td>17.8</td> <td>17.4</td> <td>4.4</td> </tr> <tr> <td>Hawkers Farm</td> <td>Somerset</td> <td>30-06-15</td> <td>1.4</td> <td>11.9</td> <td>14.5</td> <td>14.2</td> <td>3.6</td> </tr> <tr> <td>Glebe Farm</td> <td>Bedfordshire</td> <td>31-05-15</td> <td>1.4</td> <td>33.7</td> <td>40.5</td> <td>40.0</td> <td>10.2</td> </tr> <tr> <td>Bowerhouse</td> <td>Somerset</td> <td>15-07-15</td> <td>1.4</td> <td>9.3</td> <td>11.1</td> <td>10.8</td> <td>2.8</td> </tr> <tr> <td>Wellingborough</td> <td>Northants</td> <td>15-07-15</td> <td>1.6</td> <td>8.5</td> <td>10.8</td> <td>10.1</td> <td>2.6</td> </tr> <tr> <td>Birch Farm</td> <td>Essex</td> <td>25-09-15</td> 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<td>Fenland</td> <td>Cambridgeshire</td> <td>08-01-16</td> <td>1.4</td> <td>20.4</td> <td>23.94<sup>(2)(3)</sup></td> <td>8.5</td> <td>2.2</td> </tr> <tr> <td>Green End</td> <td>Cambridgeshire</td> <td>08-01-16</td> <td>1.4</td> <td>24.8</td> <td>28.984<sup>(2)(3)</sup></td> <td>10.2</td> <td>2.6</td> </tr> <tr> <td>Tower Hill</td> <td>Gloucestershire</td> <td>08-01-16</td> <td>1.4</td> <td>8.1</td> <td>8.791<sup>(2)(3)</sup></td> <td>3.6</td> <td>0.9</td> </tr> <tr> <td>Branston</td> <td>Lincolnshire</td> <td>14-04-16</td> <td>1.4</td> <td>18.9</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Great Wilbraham</td> <td>Cambridgeshire</td> <td>14-04-16</td> <td>1.4</td> <td>38.1</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Berwick</td> <td>Sussex</td> <td>14-04-16</td> <td>1.4</td> <td>8.2</td> <td>97.9<sup>(2)(4)</sup></td> <td>53.0</td> <td>13.5</td> </tr> <tr> <td>Bottom Plain</td> <td>Dorset</td> <td>14-04-16</td> <td>1.4</td> <td>10.1</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Emberton</td> <td>Buckinghamshire</td> <td>14-04-16</td> <td>1.4</td> <td>9.0</td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td></td> <td></td> <td></td> <td><b>413.7</b></td> <td><b>481.4</b></td> <td><b>391.8</b></td> <td><b>100</b></td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) An explanation of the ROC Regime is available at <a href="http://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro">www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro</a></p> <p>(2) Investment excludes debt drawn down included in cost.</p> <p>(3) Part of the Three Kings portfolio.</p> <p>(4) Part of the Radius Portfolio.</p> <p>(5) Acquisition not yet completed.</p>	Power plant	Location	Acquisition Date	Regulatory Regime <sup>(1)</sup>	Plant capacity (MW)	Investment (GBPm)	Valuation (as at 30 June 2016) (GBPm)	Percentage of Current Portfolio (%)	Higher	Somerset	01-05-14	1.6	6.1	7.3	7.1	1.8	Hatherleigh								Shacks Barn	Northants	09-05-14	2.0	6.3	8.2	8.2	2.1	Gover Farm	Cornwall	23-06-14	1.4	9.4	11.1	11.7	3.0	Bilsham	Sussex	26-01-15	1.4	15.2	18.9	18.0	4.6	Brickyard	Midlands	14-07-14	1.4	3.8	4.1	3.8	1.0	Ellough	Suffolk	28-07-14	1.6	14.9	20.0	19.2	4.9	Poulshot	Wiltshire	02-04-15	1.4	14.5	15.7	15.8	4.0	Condover	Shropshire	31-05-15	1.4	10.2	11.7	10.7	2.7	Llywdu	Ceredigion	17-07-15	1.4	8.0	9.4	9.2	2.4	Cock Hill Farm	Wiltshire	17-07-15	1.4	20.0	23.3	22.8	5.8	Boxted Airfield	Essex	02-04-15	1.4	18.8	20.6	20.6	5.2	Langenhoe	Essex	13-04-15	1.4	21.2	22.9	22.1	5.6	Park View	Devon	15-07-15	1.4	6.5	7.7	7.5	1.9	Croydon	Cambridgeshire	23-04-15	1.4	16.5	17.8	17.4	4.4	Hawkers Farm	Somerset	30-06-15	1.4	11.9	14.5	14.2	3.6	Glebe Farm	Bedfordshire	31-05-15	1.4	33.7	40.5	40.0	10.2	Bowerhouse	Somerset	15-07-15	1.4	9.3	11.1	10.8	2.8	Wellingborough	Northants	15-07-15	1.6	8.5	10.8	10.1	2.6	Birch Farm	Essex	25-09-15	FIT	5.0	5.3	5.7	1.4	Thurlestone	Leicestershire	15-10-15	FIT	1.8	2.3	2.7	0.7	Leicester								North Farm	Dorset	19-10-15	1.4	11.5	14.5	14.2	3.6	Ellough Phase 2	Suffolk	22-08-16	1.3	8.0	8.0	8.0	2.1	Hall Farm	Leicestershire	18-04-16	FIT	5.0	5.0	4.9	1.3	Decoy Farm	Lincolnshire	23-03-16	FIT	5.0	5.2	5.7	1.5	Green Farm	Essex	— <sup>(5)</sup>	FIT	5.0	5.8	5.8	1.5	Fenland	Cambridgeshire	08-01-16	1.4	20.4	23.94 <sup>(2)(3)</sup>	8.5	2.2	Green End	Cambridgeshire	08-01-16	1.4	24.8	28.984 <sup>(2)(3)</sup>	10.2	2.6	Tower Hill	Gloucestershire	08-01-16	1.4	8.1	8.791 <sup>(2)(3)</sup>	3.6	0.9	Branston	Lincolnshire	14-04-16	1.4	18.9				Great Wilbraham	Cambridgeshire	14-04-16	1.4	38.1				Berwick	Sussex	14-04-16	1.4	8.2	97.9 <sup>(2)(4)</sup>	53.0	13.5	Bottom Plain	Dorset	14-04-16	1.4	10.1				Emberton	Buckinghamshire	14-04-16	1.4	9.0				<b>Total</b>				<b>413.7</b>	<b>481.4</b>	<b>391.8</b>	<b>100</b>
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<b>B.46</b>	Net Asset Value	The unaudited Net Asset Value per Share amounted to 102.0 pence as at 30 September 2016, (100.4 pence after adjustment for the interim dividend for the three months ended 30 September 2016 of 1.5775 pence per Share).																																																																																																																																																																																																																																																																																																								

### Section C – Securities

Element	Disclosure Requirement	Disclosure
<b>C.1</b>	Type and class of securities being offered	The maximum number of New Shares to be issued on a non-pre-emptive basis pursuant to the Share Issuance Programme is 350,000,000, being New Ordinary Shares and/or C Shares. As at the date of this Summary, the actual number of New Shares to be issued under the Share Issuance Programme is not known. The maximum number of New Shares available under the Share Issuance Programme as a whole, should not be taken as an indication of the number of New Shares finally to be issued.

		<p>The issue of New Shares under the Share Issuance Programme is at the discretion of the Directors. The Company will have the flexibility to issue both New Ordinary Shares and/or C Shares under the Share Issuance Programme. The Directors will decide on the most appropriate method at the time of any Issue.</p> <p>The Company is targeting an Initial Issue of up to 100,000,000 New Ordinary Shares. The Initial Issue will comprise an Initial Placing and an Initial Offer. The Company has already received a firm commitment from Old Mutual Global Investors (UK) Limited to subscribe for 54,300,000 New Ordinary Shares with an aggregate value, at the Initial Issue Price of 104.5 pence, of £56,743,500 pursuant to the Initial Placing. The first £35,000,000 of the OM Commitment is not subject to scaling back.</p> <p>The Share Issuance Programme is not being made on a pre-emptive basis and, accordingly, existing Shareholders who do not participate in the Share Issuance Programme may have their percentage holding of the relevant class of Shares diluted (i) on issue of New Shares; and/or (ii) on conversion of the C Shares.</p> <p>The ISIN number of the Ordinary Shares is GG00BJ0JVY01 and the SEDOL code is BJ0JVY0.</p> <p>With respect to any C Shares issued under the first Issue of C Shares under the Share Issuance Programme the ISIN number of the C Shares is GGOBR17KW09, and the SEDOL code is BR17KW09.</p> <p>The Company's Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares following certain events, and specifically the earliest of:</p> <ul style="list-style-type: none"> <li>(a) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds attributable to the relevant class of C Shares (or such other percentage as the Directors and Investment Adviser shall agree) shall have been invested; or</li> <li>(b) the close of business on the Business Day at the end of such period after allotment of the relevant class of C Shares or on such specific date, in each case as shall be determined by the Directors for that particular class of C Shares and as shall be stated in the terms of issue of the relevant class of C Share;</li> <li>(c) close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent; or</li> <li>(d) close of business on such date as the Directors may determine,</li> </ul> <p>(prior to conversion the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares).</p>
<b>C.2</b>	Currency of the securities issue	The New Shares are denominated in Sterling.
<b>C.3</b>	Number of Ordinary Shares issued	As at the close of business on 11 November 2016 the Company has 343,197,405 fully paid Ordinary Shares of no par value in issue. None of these are held in treasury. The Company has no partly paid Ordinary Shares in issue.
<b>C.4</b>	Description of the rights attaching to the Ordinary Shares	Subject to the rights of any shares which may be issued with special rights or privileges, the Ordinary Shares of each class carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income by the Company, <i>pro rata</i> to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, income shall be divided <i>pari passu</i> amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

		<p>On a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares in accordance with the provision of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares remaining after payment of all creditors shall, subject to the rights of any Ordinary Shares that may be issued with special rights or privileges, be divided amongst the holders of Ordinary Shares of each class <i>pro rata</i> to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, such assets shall be divided <i>pari passu</i> amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of that class held by them.</p> <p>Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>The Articles contain provisions that permit the Directors to issue C Shares from time to time. The events following which C Shares will convert into Ordinary Shares are set out in C1.</p> <p>Ordinary Shares, including any arising on conversion of C Shares, will rank <i>pari passu</i> in all respects with the existing Ordinary Shares.</p> <p>The Directors have the power to declare dividends in relation to the C Shares in the event that the assets that are attributable to the C Shares generate material income while the C Shares are in issue, to the extent that the Directors consider it to be appropriate in the circumstances. C Shares will carry the right to vote at meetings of Shareholders. Holders of C Shares will be entitled to participate on a winding up of the Company or upon a return of capital.</p> <p>C Shareholders are entitled to dividends (if any) declared on that series of C Shares. C Shareholders are entitled to attend and vote at general meetings of the Company, and on a poll to one vote per each C Share held.</p>
C.5	Restrictions on the free transferability of the securities	<p>The New Shares have not been and will not be registered in the United States under the Securities Act.</p> <p>Subject to certain exceptions, none of the New Shares may be offered, issued, sold, pledged, taken up, delivered, renounced, or otherwise transferred in or into the United States, except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.</p> <p>The Board may refuse to register a transfer of any share, which is not fully paid, or on which the Company has a lien, provided that this would not prevent dealings in the shares from taking place on an open and proper basis on the London Stock Exchange.</p> <p>In addition, the Board may decline to transfer, convert or register a transfer of any share in Certificated Form or (to the extent permitted by the CREST Requirements) Uncertificated Form: (i) if it is in respect of more than one class of shares, (ii) if it is in favour of more than four joint transferees, (iii) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require, or (iv) the transfer is in favour of any Non-Qualified Holder.</p> <p>For these purposes a Non-Qualified Holder means any person whose ownership of Ordinary Shares may: (i) cause the Company's assets to be deemed "plan assets" for the purposes of ERISA or the Internal Revenue Code; (ii) cause the Company to be required to register as an "investment company" under the Investment Company Act; (iii) cause the Company to register under the Exchange Act, the Securities Act or any similar legislation; (iv) cause the Company not being considered a "Foreign Private Issuer" as such term is defined in rule 3b-4(c) under the Exchange Act; (v) result in a person holding Ordinary Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; and (vi) cause the Company to be a "controlled foreign corporation" for the purposes of the Internal Revenue Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under</p>

		ERISA or the Internal Revenue Code, including as a result of the Company's failure to comply with FATCA or similar laws as a result of the Non-Qualified Holder failing to provide information concerning itself as requested by the Company in accordance with its Articles).
<b>C.6</b>	Admission	<p>Applications will be made to each of the Financial Conduct Authority and the London Stock Exchange, respectively, for all of the New Ordinary Shares to be issued pursuant to the Share Issuance Programme to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's Main Market. Applications will be made for the C Shares to be admitted to listing on the standard listing segment of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective, and that dealings in the New Shares will commence, on one or more dates between 25 November 2016 and 14 November 2017.</p> <p>With respect to the Initial Issue, it is expected that the Initial Placing and Initial Offer will close on 18 November 2016 and Admission will become effective and that dealings in New Shares will commence at 8.00am on 25 November 2016.</p>
<b>C.7</b>	Dividend policy	<p>For the financial year ending 31 March 2017, the Company is targeting an aggregate dividend of 6.31 pence per Ordinary Share, reflecting a 1.0 per cent. inflationary increase above the aggregate dividend of 6.25 pence per Ordinary Share in respect of its financial year ended 31 March 2016<sup>4</sup>. The Company aims to increase its aggregate dividend per Ordinary Share in respect of each financial year in line with RPI growth. Dividends on the Ordinary Shares in respect of each financial year of the Company are expected to be paid quarterly, normally in respect of the three months ending 30 June, 30 September, 31 December and 31 March, and are expected to be made by way of interim dividends declared in August, November, February and May respectively and paid in September, December, March and June respectively.</p> <p>Dividends payable on any C Shares will relate to the returns on the Net Proceeds of the relevant C Share Issue and will be paid as one or more interim dividend(s) in respect of such period(s) and declared at such time(s) as the Directors, in their absolute discretion, may determine.</p> <p>The Board conducts the Company's affairs with the intention that the Company would qualify as an investment trust if it were resident in the United Kingdom and may make distributions to Shareholders accordingly.</p> <p>There are no assurances that the Company will meet its dividend objective. In particular, dividends may only be paid whenever the financial position of the Company, in the opinion of the Directors, justifies such payment and subject to the Company being able to satisfy the solvency test under the Companies Law.</p>
<b>C.22</b>	Information about the underlying share	New Ordinary Shares and/or C Shares are being issued pursuant to the Share Issuance Programme.

<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
<b>D.1</b>	Key information on the key risks that are specific to the issuer	<p>The key risk factors relating to the Company, its investment policy and its investment portfolio are:</p> <ul style="list-style-type: none"> <li>• The ability of the Company to achieve its investment objective depends upon a number of factors including:</li> </ul>

<sup>4</sup> Note: These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in the New Shares or assume that the Company will make any distributions at all.

		<ul style="list-style-type: none"> <li>– The ability of the Company to identify, select and execute investments which offer the potential for satisfactory returns. The availability of suitable investment opportunities will depend, in part, upon conditions in the UK solar PV market. There can be no assurance that the Group will be able to identify and secure investments that satisfy its investment criteria.</li> <li>– The Group faces significant competition for assets in the UK solar power sectors from a variety of potential buyers. Competition for appropriate investment opportunities may, therefore, increase, thus reducing the number of opportunities available to, and adversely affecting the terms upon which investments can be made by, the Group, and thereby limiting the growth potential of the Group.</li> <li>– Where the Group is providing finance by way of a secured loan to EPC contractors to enable those contractors to construct projects that the Company may (but need not necessarily) acquire, using up to the permitted 25 per cent. of Gross Asset Value available for this purpose (through the “forward funding” mechanism), it is exposed to counterparty credit risk. The risk arises that the risk management measures adopted may prove to be inadequate and if there is a default under the loan facility, the Company may have inadequate security.</li> <li>• Solar PV equipment prices can increase or decrease for a wide variety of reasons. Such changes could have a material adverse effect on the Group’s ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.</li> <li>• The ability of the Company to achieve its investment objective will be highly dependent on the financial and managerial expertise of the Investment Manager’s and the Investment Adviser’s investment professionals, and more generally the ability of the Investment Adviser and Developer to attract and retain suitable staff. Key personnel could become unavailable due, for example, to death or incapacity, as well as due to resignation. In the event of any departure for any reason, it may take time to transition to alternative personnel, which ultimately might not be successful. The impact of such a departure on the ability of the Company to achieve its investment objective cannot be determined.</li> <li>• The price at which an accredited solar PV plant sells its electricity is currently determined by market prices for ROCs or the relevant FiT tariff rates and for electricity generated, and revenues are dependent on a number of factors including: <ul style="list-style-type: none"> <li>– sales of energy generated (Brown Power) to supply companies are a significant component of the revenue of the Assets. Wholesale prices of electricity generation could decline or remain stable.</li> <li>– a number of broader regulatory changes to the electricity market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) are being implemented across the EU which could also have an impact on electricity prices.</li> <li>– If UK Government, EU, and international support for reducing GHG emissions, including obligations and incentives for the development of renewable energy were to decline, be withdrawn or change, whether on a retrospective or prospective basis, this could have a material adverse effect on the business, financial position, results of operations and future growth prospects of the Group, in addition to investor returns. The UK Government’s position on renewable energy following the referendum to leave the EU is not yet clear and it is possible that it will diverge from EU policy and that support for renewable energy may decrease.</li> </ul> </li> </ul>
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		<ul style="list-style-type: none"> <li>● Changes to the level of political support for renewable energy may result in changes to the levels of subsidy and incentives for renewable generation and consequently impact on the Company's Net Asset Value or availability of assets for acquisition and hence the Company's future growth prospects.</li> <li>● In the event that contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the Group may be forced to seek recourse against such parties, provide additional resources to undertake their work or to engage other companies to undertake their work and this may increase cost or cause delay which could adversely affect the Company, its financial returns and the Group's reputation.</li> <li>● Although the Investment Manager will procure that appropriate legal and technical due diligence is undertaken on behalf of the Company in connection with any proposed acquisition of solar PV plants by the Company, this may not reveal all facts and risks that may be relevant in connection with an investment. Certain issues may not be evident at the time of acquisition or during any period during which a warranty claim may be brought against the contractor.</li> <li>● The Group is partly funded through short, medium and long-term debt facilities. There can be no assurance that the Group will be able to refinance these facilities on acceptable commercial terms. If it is unable to do so this may affect Group's prospects and returns.</li> </ul>
<b>D.3</b>	Key information on the key risks specific to the securities	<p>The key risk factors relating to the Ordinary Shares and C Shares are:</p> <ul style="list-style-type: none"> <li>● The Company's target dividend and future distribution growth will depend on the Company's portfolio as well as its ability to pay dividends in accordance with the Companies Law. Any change or incorrect assumption in relation to the dividends or interest or other receipts receivable by the Company may reduce the level of distributions received by Shareholders.</li> <li>● The New Shares may trade at a discount to NAV per New Share and Shareholders may be unable to realise their investments through the secondary market at the NAV per New Share.</li> <li>● There can be no guarantee that a liquid market in the New Shares will exist. Accordingly, Shareholders may be unable to realise their New Shares at the quoted market price (or at the prevailing NAV per New Share), or at all.</li> <li>● In respect of an issue of C Shares, the Company would apply for a standard listing of the C Shares to be issued pursuant to the Share Issuance Programme on the Official List under Chapter 14 of the Listing Rules. As a consequence, despite the Company being subject to the obligations of a company that has a premium listing, the holders of C Shares will not directly benefit from the additional ongoing requirements and protections applicable to a premium listing under the Listing Rules (although they may do so as a consequence of the premium listing of the Ordinary Shares). In particular, the provisions of Chapters 6 to 8 and 10 to 13 of the Listing Rules (listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the C Shares.</li> </ul>

<b>Section E – Offer</b>		
<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
<b>E.1</b>	Net proceeds and costs of the Share Issuance Programme	<p>The Company may issue up to 350,000,000 New Shares under the Share Issuance Programme. The actual number of New Shares to be issued and therefore the Gross Issue Proceeds of the Share Issuance Programme is not known at the date of the Prospectus. The number of New Shares to be issued at the time of any Issue under the Share Issuance Programme will be notified through an RIS announcement at the time of that Issue.</p> <p>Costs of the Share Issuance Programme and any Issue thereunder are not expected to exceed 2.0 per cent. of the gross issue proceeds of the relevant Issue.</p>
<b>E.2a</b>	Reason for offer and use of proceeds	<p>The Share Issuance Programme is being made in order to raise funds for the purpose of achieving the investment objective of the Company.</p> <p>The Net Issue Proceeds will be invested in accordance with the Company's investment policy.</p>
<b>E.3</b>	Terms and conditions of the offer	<p>The Company intends to issue up to 350,000,000 New Shares pursuant to the Share Issuance Programme which will consist of a series of Issues. New Shares issued pursuant to an Issue may be Ordinary Shares or C Shares, and there may be a number of series of C Shares, having different Conversion Dates.</p> <p>The Company will carry out an Initial Issue under the Share Issuance Programme of up to 100,000,000 New Ordinary Shares at the Initial Issue Price of 104.5 pence per New Share. The Initial Issue will comprise the Initial Placing and the Initial Offer which will open on 15 November 2016 and close on 18 November 2016. The Initial Offer is only being made in the UK. Admission of the New Shares issued under the Initial Issue is expected to take place on 25 November 2016. As at the date of the Prospectus, the Company has received a firm commitment from OM to subscribe for 54,300,000 New Ordinary Shares with an aggregate value, at the Initial Issue Price of 104.5 pence per New Share, of £56,743,500 pursuant under the Initial Placing.</p> <p>The New Shares may be offered and sold: (i) in the United States only to persons reasonably believed to be QIBs as defined in Rule 144A in reliance on the private placement exemption under Section 4(a)(2) of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) outside the United States in offshore transaction in reliance on Regulation S.</p> <p>The Share Issuance Programme is flexible and there may be a number of different Issues with a number of closing dates. Where an Issue (other than the Initial Issue) comprises an Offer, a further Securities Note and further Summary will be prepared in respect of that Offer.</p> <p>The Issues are conditional upon:</p> <ul style="list-style-type: none"> <li>● the Share Issuance Programme Agreement remaining in full force and effect and not having been terminated in accordance with its terms; and</li> <li>● Admission of the New Shares issued pursuant to the Issue.</li> </ul> <p>In circumstances in which these conditions are not fully met, the Issue will not take place and no New Shares will be issued pursuant to the Issue.</p> <p>Applications under the Initial Offer are to be made by completing the Application Form and returning it to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU so as to be received no later than 1.00 pm on 18 November 2016 (or such earlier Closing Date for the Initial Offer as the Company may announce through a Regulatory Information Service).</p>

		Applicants under the Initial Offer must specify the sum in sterling to be applied for subscriptions of New Ordinary Shares. Applications must be for a minimum of £1,000 and in multiples of £1,000. Subject to statutory withdrawal rights, applications are irrevocable. Fractions of Shares will not be issued.								
<b>E.4</b>	Material interests	<p>Each of the Investment Manager, the Investment Adviser, the Developer and WiseEnergy are members of the NEC Group.</p> <p>Andrew Whittaker who is a director of the Investment Manager also acts as managing director of Ipes (Guernsey) Limited which has been appointed to act as the Company's Administrator and will be entitled to fees.</p> <p>The Directors are interested in Ordinary Shares in the Company as detailed in the table below:</p> <table border="0" style="width: 100%; margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><b>Name</b></th> <th style="text-align: right;"><b>Number of Ordinary Shares held as at the date of this document</b></th> </tr> </thead> <tbody> <tr> <td>Kevin Lyon</td> <td style="text-align: right;">60,000</td> </tr> <tr> <td>Patrick Firth</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Vic Holmes</td> <td style="text-align: right;">10,000</td> </tr> </tbody> </table>	<b>Name</b>	<b>Number of Ordinary Shares held as at the date of this document</b>	Kevin Lyon	60,000	Patrick Firth	20,000	Vic Holmes	10,000
<b>Name</b>	<b>Number of Ordinary Shares held as at the date of this document</b>									
Kevin Lyon	60,000									
Patrick Firth	20,000									
Vic Holmes	10,000									
<b>E.5</b>	Name of person selling Securities/ lock up agreements	There are no selling Shareholders.								
<b>E.6</b>	Dilution	<p>If an existing Shareholder does not participate in the Share Issuance Programme for such number of New Shares (which may be issued as New Ordinary Shares or C Shares) as is equal to his proportionate ownership of existing Shares, his proportionate ownership and voting interest in the Company will be reduced and the percentage that his existing Shares will represent of the total share capital of the Company will be reduced accordingly following each Issue under the Share Issuance Programme.</p> <p>Assuming that 350,000,000 New Ordinary Shares are issued pursuant to the Share Issuance Programme, and that a Shareholder does not participate in the Share Issuance Programme, such Shareholder will suffer a dilution of approximately 50.5 per cent. to their existing percentage holding.</p>								
<b>E.7</b>	Expenses	<p>Expenses incurred by the Company in connection with the Share Issuance Programme, and any Issue thereunder are not expected to exceed 2.0 per cent. of the gross issue proceeds of the Share Issuance Programme.</p> <p>Investors will indirectly bear any such expenses as they will be met out of Gross Issue Proceeds and be reflected in the Net Asset Value per Share immediately following Admission.</p>								

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**THIS REGISTRATION DOCUMENT, THE SECURITIES NOTE AND THE SUMMARY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

This Registration Document, the Securities Note and the Summary together comprise a prospectus relating to NextEnergy Solar Fund Limited in connection with the issue of New Ordinary Shares and C Shares in one or more issues throughout the period commencing 15 November 2016 and ending 14 November 2017 (the "Share Issuance Programme"), and have been prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of FSMA, have been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

This Registration Document is valid for a period of up to 12 months following publication and will not be updated. To the extent a further prospectus is required in connection with an issue of New Shares, such prospectus may consist of this Registration Document together with a Future Securities Note and a Future Summary applicable to such issue, which will be subject to separate approval by the FCA. Persons receiving this Registration Document should read the Prospectus together as a whole and any update in a Future Securities Note and Future Summary may constitute a material change for the purpose of the Prospectus Rules.

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## **NextEnergy Solar Fund Limited**

*(A company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no. 57739)*

### **Registration Document**

### **Share Issuance Programme in respect of up to 350,000,000 New Shares**

#### ***Lead Bookrunners***

**Cantor Fitzgerald Europe  
Fidante Partners Europe Limited  
Macquarie Capital (Europe) Limited**

#### ***Sponsor***

**Shore Capital and Corporate Limited**

#### ***Joint Bookrunner***

**Shore Capital Stockbrokers Limited**

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In connection with the Share Issuance Programme and other arrangements described in the Prospectus, Cantor Fitzgerald Europe, Fidante Partners Europe Limited, Macquarie Capital (Europe) Limited, Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited, each of which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and no-one else, will not regard any other person (whether or not a recipient of the Prospectus) as their respective client and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients. This does not exclude any responsibilities or liabilities of any of the Joint Bookrunners or the Sponsor under FSMA or the regulatory regime established thereunder.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission. The GFSC, in granting registration, has not reviewed this Registration Document but relied upon specific warranties provided by Ipes (Guernsey) Limited. The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This Registration Document may not be published, distributed or transmitted by any means or media, directly or indirectly in whole or in part, in or into the United States, Australia, Canada, Japan or the Republic of South Africa. This Registration Document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements or undue burden on the Company, the Sponsor, the Joint Bookrunners, the Investment Manager or the Investment Adviser. The offer and sale of New Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the New Shares may not be offered or sold within the United States, Australia, Canada, Japan or the Republic of South Africa or to any national, resident or citizen of the United States, Australia, Canada, Japan or the Republic of South Africa.

**Notice to US Investors:**

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act.

The New Shares may be offered and sold: (a) in the United States only to persons reasonably believed to be qualified institutional buyers (each a "QIB") as defined in Rule 144A under the Securities Act ("Rule 144A") in reliance on the private placement exemption contained in section 4(a)(2) of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S").

None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the New Shares offered by the Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States.

Prospective investors should read the whole of the Prospectus, including the risk factors set out on pages 1 to 22 of this Registration Document and in the section headed "Risk Factors" in the Securities Note (and any Future Securities Note).

Copies of this Registration Document, the Securities Note and the Summary (and any Future Securities Note and Future Summary) will be available on the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com) and the FCA's National Storage Mechanism at [www.morningstar.co.uk/k/nsm](http://www.morningstar.co.uk/k/nsm).

15 November 2016

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## RISK FACTORS

Investment in the New Shares carries risks, including the risks in relation to the Company and the New Shares referred to below and in the Securities Note, which could materially and adversely affect the Company's business, financial condition and results. Prospective investors should review this Registration Document carefully and in its entirety and consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in New Shares.

Prospective investors should note that the risks relating to the Company, its investments and the New Shares summarised in the Summary (or any Future Summary) are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the "Summary" (or any Future Summary) but also, among other things, the risks and uncertainties described below and in the section headed "Risk Factors" in the Securities Note (or any Future Securities Note).

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the New Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Company, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, prospects, results of operations and financial position and, if any such risk should occur, the price of the New Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the New Shares is suitable for them in the light of the information in this Registration Document and the Securities Note (or any Future Securities Note) and their personal circumstances.

### RISKS RELATING TO THE COMPANY

#### **The Company's share price performance may vary; target returns cannot be guaranteed; target dividends may not be achieved**

Prospective investors should be aware that distributions made to Shareholders will comprise amounts derived from the Company's receipts of, repayment of, or being distributions on, its investments in solar PV plants, including distributions derived from operating receipts of project entities.

The Company's target returns and dividends for the New Shares are based on assumptions which the Board and the Investment Manager consider reasonable. However, there is no assurance that all or any assumptions will be justified, and the returns and dividends may be correspondingly reduced. In particular, there is no assurance that the Company will achieve its stated policy on returns and dividends or distributions. The target return is not a profit forecast and should not be taken as an indication of the Company's expected future performance or results over any period. The target return is a target only and there is no guarantee that it can or will be achieved and it should not be seen as an indication of the Company's expected or actual return. Accordingly, investors should not place any reliance on the target return in deciding whether to invest in the New Shares.

The Company's target dividend and future distribution growth will be affected by the Company's underlying investment portfolio. Any change or incorrect assumption in relation to the dividends or interest or other receipts receivable by the Company (including assumptions in relation to projected power prices, levels of Government subsidy and incentives, levels of solar radiation, availability and operating performance of equipment used in the operation of the solar PV plants within the Company's portfolio, ability to make distributions to Shareholders (especially where the Group has a minority interest in a particular solar PV plant) and tax treatment of distributions to Shareholders) may reduce the level of distributions received by Shareholders. In addition, any change in the accounting policies, practices or guidelines relevant to the Group and its investments may reduce or delay the distributions received by investors.

To the extent that there are impairments to the value of the Group's investments that are recognised in the Company's income statement, this may affect the profitability of the Company (or lead to losses) and affect the ability of the Company to pay dividends.

Any impairments and changes to target returns and dividends may adversely impact on the share price. Changes in market conditions may adversely impact on share price.

**Where leverage is used, it carries risks including interest rate exposure, re-financing risk and the enforcement of security by the lender**

The Company and/or the HoldCos and/or the SPVs through which the Group invests are and will be financed by a combination of share capital, shareholder loans and potentially third party project or asset financing debt which will be secured against the relevant SPV and its assets. As at the date of this Registration Document, the Group is financed by share capital and third party debt facilities. The Group's ability to repay these facilities is limited by reference to its current operational output. In addition, any Group member may make use of short-term debt finance to facilitate the acquisition of investments which the Group would subsequently seek to refinance through further capital raisings and/or the issuance of short-term or long-term debt instruments. In connection with the provision of debt financing, it is possible that a lender may require security by way of floating charges over the Group's assets.

The use of leverage may offer the opportunity for enhanced returns to the Group, and thus additional capital growth, but it also adds risk to the investment. For example, changes in interest rates may affect the relevant SPV's, the relevant HoldCo's or the Company's returns. Interest rates are sensitive to many factors including Government policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits and regulatory requirements, amongst others, beyond the control of the Group. The performance of the Group or any member thereof may be affected if it does not limit exposure to changes in interest rates through an effective hedging strategy. There can be no assurance that such arrangements will be entered into or that they will be sufficient to cover such risk.

If an SPV fails to service any debt secured over its assets or breaches any of its covenants under the financing documents, the lender may take control of the relevant SPV and its underlying assets. Although the lender's recourse may be limited to the relevant SPV, enforcement of the lender's security could adversely affect the Net Asset Value and the Group's returns may be adversely impacted, including its ability to achieve its dividend targets.

Similarly, if the Group fails to service any debt financing incurred at the level of the Company or any of the HoldCos or breaches any of its covenants under the financing documents, the lender may be able to enforce any security provided by the Group over its investments which could involve the lender taking control (whether by possession or transfer of ownership) of one or more of the Group's investments, and this could have an adverse effect on the business, financial position and results of the Group, including its ability to achieve its dividend targets.

In addition, the Group may not be able to refinance any debt at maturity, including in particular, the Revolving Credit Facility which is repayable in 2017. In the event the Group or any member thereof is unable to repay its lenders, the lenders may be able to enforce any security provided by the Group which could involve the lenders taking control of one or more of the Group's investments, and this could have an adverse effect on the financial position and results of the Group, including its ability to achieve its dividend targets or to pay any dividends.

**The New Shares may trade at a discount**

The New Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at a price equal to, or greater than NAV per Share. The New Shares may trade at a discount to NAV per Share for a variety of reasons, including market conditions or to the extent investors undervalue the activities of the Investment Manager or discount the Company's valuation methodology and its judgments of value. Gilt and corporate bond yields are at historically low levels and a rise in such yields may make the Company's target returns less attractive, which could cause or increase such discount. While the Board may seek to mitigate any discount to the NAV per Ordinary Share through purchasing Ordinary Shares in the market, there can be no guarantee that they will do so or that such purchases will be successful in reducing the discount and the Board accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

**Conflicts of interest may arise within the Group or Interested Parties**

The Investment Manager, the Investment Adviser, the Developer and WiseEnergy and any of their members, directors, officers, employees, agents and connected persons, and any person or

company with whom they are affiliated or by whom they are employed (“Interested Parties”) may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments. Interested Parties may provide services similar to those provided to the Group to other entities and will not be liable to account for any profit earned from any such services. In particular, WiseEnergy, a member of the NEC Group, provides asset management services to Group companies and receives remuneration for such services.

In addition, the Developer, also a member of the NEC Group, has entered into the Project Sourcing Agreement with the Company. The Developer will receive the reimbursement of certain costs and expenses in respect of projects introduced by it which the Company accepts (whether or not such project is ultimately accepted by the Group).

Subject to the arrangements explained above, the Company may (directly or indirectly) acquire assets from, or dispose of assets to, any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to members of the Group (provided that no Interested Party will act as auditor to the Company) or hold Shares and buy, hold and deal in assets or investments for their own accounts, notwithstanding that similar investments may be held by the Group (directly or indirectly).

An Interested Party may contract or enter into any financial or other transaction with any member of the Group or with any Shareholder or any entity any of whose securities are held by or for the account of the Group, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive fees to which it is contractually entitled in relation to any contracts with the Group.

There is a risk that, as the Investment Manager’s fees are calculated on the basis of NAV, the Investment Manager may be incentivised to increase NAV, rather than just the value of the New Shares.

#### **There is no guarantee of a liquid market for the New Shares**

Market liquidity in the shares of investment companies is frequently less than that of shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the New Shares will exist. Accordingly, Shareholders may be unable to realise their New Shares at the quoted market price (or at the prevailing NAV per Share), or at all. In particular, the Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the C Shares or, if such a market develops, whether it will be maintained. In addition, a substantial number of C Shares may be issued to a limited number of investors, which could adversely affect the development or maintenance of an active and liquid market for the C Shares and, following Conversion, the New Ordinary Shares.

The London Stock Exchange has the right to suspend or limit trading in a company’s securities. Any suspension or limitation on trading in the New Shares may affect the ability of Shareholders to realise their investment.

#### **The Company would apply for the C Shares to be admitted to the standard segment of the Official List and, accordingly, the Company will not be required to comply in relation to the C Shares with those protections applicable to Shares admitted to the premium segment of the Official List**

In respect of an issue of C Shares, the Company would apply for a standard listing of the C Shares to be issued pursuant to the Share Issuance Programme on the Official List under Chapter 14 of the Listing Rules. As a consequence, despite the Company being subject to the obligations of a company that has a premium listing, the holders of C Shares will not directly benefit from the additional ongoing requirements and protections applicable to a premium listing under the Listing Rules (although they may do so as a consequence of the premium listing of the Ordinary Shares). In particular, the provisions of Chapters 6 to 8 and 10 to 13 of the Listing Rules (listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the C Shares.

### **Shareholders with a substantial interest may exert detrimental influence over the Company**

From time to time, there may be Shareholders with substantial or controlling interests in the Company. Such Shareholders' interests may not be aligned to the interests of other Shareholders and such Shareholders may seek to exert influence over the Group. In the event that such Shareholders are able to exert influence the detriment of other Shareholders, this may have an adverse effect on Shareholder returns.

### **Realisation of market value will vary with economic and other conditions; valuations may not be precise**

Returns from the Group's investments will be affected by the price at which they are acquired. The value of these investments will be (amongst other risk factors) a function of the discounted value of their expected future cash flows, and as such will vary with, *inter alia*, movements in interest rates and the competition for such assets.

A valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the Company, and valuations do not necessarily represent the price at which an investment can be sold or that the assets of the Group are saleable readily or otherwise.

All valuations made by the Investment Manager and the calculations made by the Administrator, will be made, in part, on valuation information provided by the companies in which the Group has invested and, in part, on financial reports provided by the Investment Adviser and WiseEnergy. Although the Administrator and the Investment Manager will evaluate all information and data provided by the companies in which the Group has invested, they may not be in a position to confirm the completeness, genuineness or accuracy of such information or data, nor may such information be up to date by the time it has been received by the Company. Further details in relation to the valuation policy of the Company are set out under the heading "Valuations" in Part 6 of this Registration Document.

### **Concentration of the Company's investment portfolio solely in solar PV plants in the UK may result in volatility in the Net Asset Value**

The Company's investment policy is limited to investments in solar PV plants, the entirety of which will be located in the UK. This means that, although the Company is subject to the investment and diversification restrictions in its investment policy, within those limits the Company has a significant concentration risk relating to the UK solar power sector. Significant concentration of investments in any one sector may result in greater volatility in the value of the Group's investments and consequently its Net Asset Value and may materially and adversely affect the performance of the Company and returns to Shareholders.

The Company seeks to invest in a series of solar power plants and will be bound by the investment and diversification restrictions in its investment policy. As a result, the Company may own a limited number of solar power plants. In the event one or more of its portfolio investments suffers, *inter alia*, a loss, interruption and/or lower than expected performance, this may result in greater volatility in the value of the Group's investments and consequently its Net Asset Value and may materially and adversely affect the performance of the Company and returns to Shareholders.

### **Risk that planned acquisitions do not take place**

As no member of the Group has entered into any unconditional, legally binding agreements in relation to the purchase of any of the pipeline assets referred to under the heading "Strong pipeline of attractive new investment opportunities available to the Company" in Part 1 of this Registration Document, there can be no guarantee that the Group will ultimately be able to invest in these solar PV plants on satisfactory terms, or at all and it may not grow its portfolio of solar PV plants through the acquisition of these projects, or within its expected timeframe.

### **Returns from the Company's investment portfolio may be delayed**

The Company may invest in operational assets and also in assets under construction. Completion of the acquisition of assets under construction could be delayed if there is any delay in the construction phase. This could result in a delay in the expected date on which the Company starts to earn income from the relevant assets; and/or which would affect the relevant project's

entitlements under the RO. This could result in the Company's cash remaining uninvested for longer than anticipated and adversely affect returns to Shareholders.

### **Risk relating to completion of project acquisitions**

The Company commits to acquire projects which are under construction, and completion of those acquisitions is dependent on a number of conditions being satisfied, including as to construction. If these conditions are not met, the acquisition may not proceed, the Company will suffer delays and consequently may need to source alternative projects.

### **Risks relating to forward funding**

The Company provides funding for the construction of certain assets it conditionally agrees to acquire. In such instances, the Company is exposed to risk of non-payment and non-performance as a result (in the event completion of the acquisition does not proceed). However, all such lending is on a secured basis and drawdown is against milestones in order to mitigate such risks.

## **RISKS RELATING TO THE INVESTMENT MANAGER AND THE INVESTMENT ADVISER**

### **The Company is dependent on key personnel of the Investment Manager and Investment Adviser**

The ability of the Company to achieve its investment objective is highly dependent on the financial and managerial expertise of the Investment Manager's and the Investment Adviser's investment professionals, and more generally the ability of the Investment Manager and the Investment Adviser to attract and retain suitable staff. Key personnel could become unavailable due, for example, to death or incapacity, as well as due to resignation. There may be regulatory changes in the area of tax and employment that affect pay and bonus structures and may have an impact on the ability of the Investment Manager and/or the Investment Adviser to recruit and retain staff. In the event of any departure for any reason, it may take time to transition to alternative personnel, which ultimately might not be successful. The impact of such a departure on the ability of the Company to achieve its investment objective cannot be determined.

### **The Investment Manager is reliant on the judgement of the Investment Adviser**

The Investment Manager is responsible for making all investment and management decisions on behalf of the Company, but is only able to invest in assets which are recommended to it by the Investment Adviser. Accordingly, the ability of the Company to achieve its investment objective will be dependent upon the judgment and ability of the Investment Adviser in the provision of its services to the Investment Manager in terms of evaluating the viability and suitability of investment opportunities.

The past performance of investments managed and monitored by the Investment Manager, Investment Adviser or its associates is not a reliable indication of the future performance of the investments held by the Group.

## **RISKS RELATING TO REGULATION AND TAXATION**

### **Changes in accounting standards, tax law and practice may adversely affect the returns of the Group**

The anticipated taxation impact of the structure of the Group and its underlying investments is based on prevailing tax law and accounting practice and standards. Any change in the tax status of any member of the Group or any of its underlying investments or in tax legislation or practice (including in relation to taxation rates and allowances) or in accounting standards could adversely affect the investment return of the Group.

### **Changes to the tax status of members of the Group may affect the value of investments or its ability to provide returns**

Representations in this Registration Document concerning the taxation of Shareholders, the Company, the HoldCos and SPVs are based on tax law and tax authority practice as at the date of this Registration Document. These are, in principle, subject to change and prospective investors should be aware that such changes may affect the Company's ability to generate returns for Shareholders and/or the taxation of such returns to Shareholders. If you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.

Any change in the tax status of any Group member, or in tax legislation or the tax regime, or in the interpretation or application of tax legislation applicable to the Company, any HoldCo, any SPV or the companies or assets comprised in the Company's investment portfolio, could affect the value of the investments held by the Group, the Company's ability to achieve its stated objective, the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

A number of countries have introduced beneficial tax and subsidy regimes to support the generation of renewable energy. In at least one instance this regime has been subject to retrospective change by the jurisdiction concerned. There is no guarantee such changes will not be introduced in the UK. Any such change could have a material adverse effect on the Group.

#### **The Company may be fined for breaches of applicable law or regulatory controls**

The solar PV energy sector is subject to extensive legal and regulatory controls, and the Group and each of its solar PV plants must comply with all applicable laws, regulations and regulatory standards which, among other things, require the Group to obtain and maintain certain authorisations, licences and approvals for the construction and operation of the solar PV plants. Breaches of any such legal or regulatory controls or laws may result in members of the Group being the subject of proceedings, including criminal proceedings and incurring fines or other sanctions.

The Company must also comply with the provisions of the Companies Law and, as its Shares are admitted to the Official List and subject to, and subject to the Listing Rules, and the Disclosure Guidance and Transparency Rules. The HoldCos and the SPVs shall be subject to company law in the jurisdiction of establishment. A breach of the Companies Law could result in the Company and/or the Board and/or any member of the Group being the subject of proceedings including criminal proceedings and incurring fines or other sanctions.

#### **The ability of the Company to market its shares may be affected by conditions from implementation of the AIFM Directive**

Under the AIFM Directive, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the EU, including that prescribed disclosures are made to such investors. Implementation and interpretation of the AIFM Directive varies among Member States and may vary over time; it is therefore difficult to predict the effect of the AIFM Directive, as implemented, on the Company, the Investment Manager and the Investment Adviser. The AIFM Directive requires certain reports and disclosures to be made to regulators in those Member States and of members of the EEA in which ordinary shares in the Company are marketed. Such reports and disclosures may become publicly available.

The Company operates as an externally managed non-EU AIF for the purposes of the AIFM Directive and as such none of it, the Investment Manager, or the Investment Adviser is required to seek authorisation under the AIFM Directive. Following national transposition of the AIFM Directive in a given Member State, the marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that Member State will be prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control, for example because they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant Member State entering into regulatory co-operation agreements with one another. Accordingly, the Company cannot guarantee that such conditions will be satisfied. In cases where the conditions are not satisfied, the ability of the Company to market its shares or raise further equity capital in the EU/EEA may be limited or removed.

Any regulatory changes relating to the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of its Shares may have a material adverse effect on Company's business, financial condition, results of operations, NAV, business prospects and/or the market price of the New Shares which, in turn, may have a material adverse effect on returns to Shareholders.

At some point after 2018 it may be the case that a passport will be phased in to allow the marketing of non-EU AIFs (such as the Company) and that private placement regimes will be phased out, although this is currently uncertain. Both the phasing in of the passport and the phasing out of national private placement regimes may increase the regulatory burden on the Company. Consequently, in the future there may be additional registration and reporting requirements in relation to, and restrictions, on the marketing of the Shares in the EU which, in

turn, may lead to an increase in the costs borne by the Company and/or have a negative effect on marketing and liquidity generally in the Shares.

There may also be further regulatory change should the UK leave the European Union in accordance with the referendum on this in June 2016. Such change may also adversely affect the marketing of the Shares in the EU and/or EEA.

### **NMPI Regulations**

On 1 January 2014, the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the “NMPI Regulations”) came into force in the UK. The NMPI Regulations extended the application of the UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other “non-mainstream pooled investments” (“NMPIs”). With effect from 1 January 2014, FCA authorised independent financial advisers and other financial advisers are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

In order for the Company to be outside of the scope of the NMPI Regulations, the Company needs to rely on the exemption available to non-UK resident companies that are equivalent to investment trusts. This exemption provides that a non-UK resident company that would qualify for approval by HMRC as an investment trust were it resident and listed in the UK will be excluded from the scope of the NMPI Regulations. The principal relevant requirements to qualify as an investment trust are that: (i) the Company’s business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (ii) the Ordinary Shares must be admitted to trading on a regulated market (such as the London Stock Exchange’s Main Market); (iii) the Company must not be a close company (as defined in Chapter 2 of Part 10 of the Corporation Tax Act 2010); and (iv) the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Board intends to conduct the Company’s affairs such that the Company can satisfy requirements (i), (ii) and (iv) above. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK, although this cannot be guaranteed. On the assumption that the Company is not a close company, it would qualify for approval as an investment trust if it were resident in the UK. The Company will be outside of the scope of the NMPI Regulations for such time as it satisfies the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Shares.

If the Company becomes close or does not, or ceases to, conduct its affairs so as to satisfy the non-UK investment trust exemption to the NMPI Regulations and the FCA does not grant a waiver, the ability of the Company to raise further capital from retail investors may be affected which, in turn, may have a negative effect on marketing and liquidity generally in the Shares.

In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including the Prospectus) is exempt from the NMPI Regulations, other communications by “approved persons” could be restricted (subject to any exemptions or waivers).

### **The Company may be treated as an offshore fund**

Part 8 of the Taxation (International and Other Provisions) Act 2010 contains provision for the UK taxation of investors in offshore funds. Whilst the Company has been advised that it should not be treated as an offshore fund, it does not make any commitment to investors that it will not be treated as one. Investors should note the statements made in this Registration Document in respect of discount management and should not expect to realise their investment at a value calculated by reference to NAV per Share.

### **The Group may be prevented from relying on tax deductions for interest**

The Group manages its UK tax liabilities by, *inter alia*, relying on tax deductions for interest payments. There are a number of provisions that could restrict the availability of those tax deductions. UK transfer pricing legislation limits the tax deductibility of interest should any terms of the loans with related parties be considered not to reflect the normal arm’s length terms which

would have been agreed between two independent enterprises. This includes both the rate of interest charged and the amount of debt. In particular, an entity is at risk of disallowance of tax deductions for interest payments it makes if it has excessive debt in relation to its arm's length borrowing capacity. Any restriction to the tax deductibility of interest could result in increased UK corporation tax liabilities of the Group and this could in turn adversely affect the returns to the investors.

Action 4 of the OECD Base Erosion and Profit Shifting project addresses tax deductions for interest. Once implemented, there are likely to be additional restrictions on such deductions. As a consequence, the UK Government is currently consulting on new restrictions on tax deductions for interest, which are expected to apply from 1 April 2017.

The Group may fall within the World Wide Debt Cap regime which could result in a restriction on the amount of finance expense allowable for tax purposes based on the Group's worldwide external gross finance expense.

Primarily, the SPVs are funded with equity and external debt which mitigates this risk.

#### **The Group may be prevented from surrendering losses between group companies**

Another way in which the Group may manage its UK tax liabilities is by surrendering losses between group companies. The UK Government has announced two major reforms to the UK loss relief rules. Losses arising from 1 April 2017 will be able to be carried forward and set against the taxable profits of different activities within a company and the taxable profits of its group members. However, the amount of annual profit that will be able to be relieved by carried-forward losses will be limited to 50 per cent. from 1 April 2017, subject to an allowance of £5 million per group. The UK Government is currently consulting on the implementation of these reforms, which may adversely affect the tax position of the Group and in turn the returns to the investors.

#### **Capital allowance claims may be scrutinised by HMRC in relation to solar PV installations**

The Group also intends to use capital allowances to reduce its UK tax liabilities. Capital allowances are available on qualifying capital expenditure at varying rates. Claims for capital allowances in relation to solar PV installations are still a relatively new area and therefore more likely to be scrutinised by HMRC. Any successful challenge from HMRC of capital allowances claimed by the Group could lead to increased UK tax liabilities which could impact the returns available for distribution to the investors in the Company.

#### **The Company may be treated as a passive foreign investment company**

The Company expects to be classified as a passive foreign investment company (a "PFIC") for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to US Holders of the New Shares. Prospective investors should review Part 4 of the Securities Note (United States federal income taxation) for further matters to consider regarding PFICs.

#### **The ability of the Company to comply with US tax withholding and reporting requirements under the Foreign Account Tax Compliance Act (FATCA), and the ability of the Company to comply with reporting requirements under the Common Reporting Standard (CRS) depends on the Company receiving certain information about each Shareholder**

Under the FATCA provisions of the US Hiring Incentives to Restore Employment Act 2010, payments to the Company of US-source income, gross proceeds of sales of US property by the Company after 31 December 2018 and certain other payments received by the Company after 31 December 2018 at the earliest will be subject to 25 per cent. US withholding tax unless the Company complies with FATCA. Guernsey signed an intergovernmental agreement with the US Treasury on 13 December 2013 which seeks to enable Guernsey financial institutions to comply with FATCA by requiring them to report information to the Guernsey tax authority pursuant to domestic legislation. Whilst the Company will seek to satisfy its obligations under FATCA (including under such intergovernmental agreement between Guernsey and the US and Guernsey legislation and guidance implementing such intergovernmental agreement) to avoid the imposition of any FATCA withholding tax, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shares (if any). The Company intends to satisfy such obligations, although there can be no assurances that it will be able to do so. There is therefore a risk that the

Company may be subject to one or more FATCA withholdings and that any amounts of US tax withheld may not be refundable by the Internal Revenue Service (“IRS”). Prospective investors should consult their advisers regarding the implications of FATCA and any other similar legislation and/or regulations for their investment in the Company.

Guernsey, along with over 50 other jurisdictions, has implemented the CRS with effect from 1 January 2016. Certain disclosure requirements may be imposed in respect of certain Shareholders in the Company falling within the scope of the CRS.

Shareholders will be required to provide certain information to the Company (or its agents from time to time) in order to enable the Company to comply with its FATCA and CRS obligations in accordance with the Articles. If a Shareholder fails to provide the required information within the prescribed period, the Board may treat that Shareholder as a Non-Qualified Holder and require the relevant Shareholder to sell its Shares in the Company. The relevant provisions in the Articles will also apply should other jurisdictions introduce similar provisions to FATCA, such as the CRS.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of New Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

## **RISKS RELATING TO ACQUISITION OF SOLAR PV PLANTS**

### **The Group faces significant competition for acquisitions**

The Group faces significant competition for assets in the UK solar power sectors from a variety of potential buyers. Competition for appropriate investment opportunities may, therefore, increase, thus reducing the number of opportunities available to, and adversely affecting the terms upon which investments can be made by, the Group, and thereby limiting the growth potential of the Group.

Such competition may cause a decrease in expected financial returns. The ability of the Company to achieve its investment objective depends upon the Company identifying, selecting and executing investments which offer the potential for satisfactory returns.

The availability of suitable investment opportunities will depend, in part, upon conditions in the UK solar PV market. There can be no assurance that the Group will be able to identify and secure investments that satisfy its investment criteria.

## **RISKS RELATING TO THE DEVELOPER**

### **The Group may fail to acquire assets under the Project Sourcing Agreement and may incur costs in relation to assets that are not ultimately acquired**

Investments introduced by the Developer will be assessed by the Investment Adviser and the decision as to whether to acquire any investment will be made by the Investment Manager. Consequently, the Group may fail to acquire some or all of the assets which may be made available to it under the Project Sourcing Agreement.

The making of any further investments in any solar PV plant will be conditional upon, amongst other things, receipt of all necessary consents, approvals, authorisations and permits, the Company deciding to proceed with the acquisition, the Company being able to finance its commitment to a particular investment, satisfactory completion of due diligence and the entering into of binding agreements in a form satisfactory to all the parties thereto, including the Company.

Where the Group is taking development risk and investing in early stage assets under development (using up to the permitted 10 per cent. of Gross Asset Value available for this purpose), it is likely to incur third party costs in securing planning, grid connection and landowner rights (amongst other things). With investments in such early stage projects there is a greater risk that the projects may fail, compared to investments made in later stage assets.

The Group has, and may continue to, provide finance by way of a secured loan to enable EPC contractors to construct projects that the Company may (but need not necessarily) acquire once such projects are completed, assuming that they continue to meet the Investment policy of the Company. The Group may use up to the permitted 25 per cent. of Gross Asset Value available for this purpose (through the “forward funding” mechanism). Through this activity, the Group may be exposed to counterparty credit risk. The risk arises that the risk management measures adopted to control this risk may prove to be inadequate and if there is a default under the loan facility with any such EPC contractor, the Company may have inadequate security.

Costs and expenses may be incurred by the Group in respect of projects for which due diligence is undertaken but which are not ultimately acquired by the Group. Such costs and expenses may include costs and expenses paid by way of reimbursement to the Developer where a suitable project proposed by the Developer has been accepted (but is not ultimately acquired) by the Company.

## **RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP INVESTS**

### **Solar PV equipment prices may increase or decrease; such changes may be reflected in the value of green benefits available**

Solar PV equipment prices can increase or decrease for a wide variety of reasons. Such changes would generally be expected to produce corresponding changes in the value of green benefits available to new renewable power generation projects, although this may not always be the case. Prices for solar PV equipment are influenced by a number of factors, which include the price and availability of raw materials, global and regional demand for PV equipment, and any import duties that may be imposed on PV equipment.

The European Commission has concluded its anti-dumping and anti-subsidy investigations concerning imports of solar panels from China. The imposition of definitive measures was confirmed by the European Council on 2 December 2013, which includes charging duties at an average of 47.7 per cent., to apply for two years as of 6 December 2013. However the European industry has the right to request Expiry Reviews for both measures. These requests have to contain evidence that the expiry of measures would be likely to result in a continuation or recurrence of dumping and injury (for the anti-dumping measures) and continuation or recurrence of subsidy and injury (for the anti-subsidy measures). An expiry review is currently being undertaken.

In parallel, a price undertaking covering approximately 75 per cent. of Chinese solar panel exports to the EU was accepted by the Council on 2 December 2013. Duties will not be imposed on those companies covered by the undertaking, which imposes a minimum import price for photovoltaic modules, and a minimum price for their key components (that is, cells and wafers). There is a risk that duties imposed may be extended beyond the two year deadline, or that further measures are taken in the future that interfere with the prices of solar PV equipment.

Changes in the cost of solar PV equipment could have a material adverse effect on the Group's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

### **Political support for renewable energy support regimes may reduce**

If UK Government, EU and international support for reducing GHG emissions, including obligations and incentives for the development of renewable energy, were to decline, be withdrawn or change, whether on a retrospective or prospective basis, this could have a material adverse effect on the business, financial position, results of operations and future growth prospects of the Group, in addition to Shareholder returns. Changes could occur for any reason, including the adoption of a different energy mix, the discovery or invention of a more preferred fuel and/or source of energy, or a change to the fiscal status of sovereign states. The confirmation of the nuclear development at Hinkley Point could signal a shift towards support for a programme of new nuclear plants, however the market expectation is that any new build plant would have a lead time of several years for permitting and construction. The UK Government's position on renewable energy following the referendum to leave the EU is not yet clear and it is possible that it will diverge from EU policy and that support for renewable energy may decrease.

Changes to the level of political support for renewable energy may result in changes to the levels of subsidy and incentives for renewable generation. Any changes having a retrospective effect (such as the withdrawal of the Levy Exemption Certificates which took place in 2015) may adversely impact the company's Net Asset Value. Any changes having a prospective effect may affect the availability of assets for acquisition and hence the Company's future growth prospects.

### **The sale price of electricity is determined by wholesale market prices, which may vary. The proposed Capacity Markets regime may depress energy prices**

Under the RO regime, the price at which a solar PV plant sells its electricity is determined by wholesale market prices for ROCs and for electricity generation in the UK although from 2027 the

Government intends to set a fixed price for ROCs. In the event that the costs of other sources of electricity generation, such as nuclear power or fossil fuels, were to decline, this could reduce the wholesale price of electricity generation. Wholesale prices of electricity generation could be reduced in the event that costs of other sources of electricity generation (such as fossil fuels including domestically produced shale gas or nuclear) were to decline, for example this could arise should a politically and environmentally acceptable source of domestic shale gas be made available in the UK energy market. This could, according to some analysts, have a material negative impact on wholesale energy prices. Wholesale electricity prices could also decline if a significant amount of new electricity generation capacity became available. A number of broader regulatory changes to the electricity market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) are being implemented across the EU which could also have an impact on electricity prices.

Within the terms of the EMR, the Government has established Capacity Markets. This framework is intended to secure forward generator capacity with a resulting reduction in short term merchant risk but with the effect of reducing the price for generated energy. The consequential impact of this reform may be to depress energy prices and energy price inflation, with a specific impact on the post ROC period revenues of projects but with a likely effect on prices.

Should the market price for electricity decline, this could materially adversely affect the price achieved for electricity generated by solar PV plants, and thus the Group's business, financial position, results of operations, and business prospects. The risk of declines in the wholesale price of electricity can be mitigated through a variety of means through trading strategies.

**The value of renewable subsidies may vary and the value of ROCs fluctuates according to their supply and demand and decreases each year for newly accredited plants**

Generally, the level of subsidy (FiTs or the price at which ROCs can be sold) achieved by UK solar plants is determined by UK and EU renewable energy policies. The value of green subsidies can therefore be affected by changes in the political will to support solar PV projects and other factors such as the cost of solar PV equipment.

The Company seeks fixed price and long-term PPA arrangements with credit worthy energy supply companies in the UK but these can only be completed on connection of the asset to the National Grid. These PPAs may vary (adversely) up to the point of final connection. The PPA terms are typically for periods less than that for the life of the asset and the PPA terms may suffer variation when renegotiated in the future. Projects accredited by Ofgem in the RO year 2014/2015 earn 1.4 ROCs per MWh; those accredited in 2015-2016 earn 1.3 ROCs, while small scale solar stations (5MW or less) accredited between 31 March 2016 and 31 March 2017 should earn 1.2 ROCs if they meet the significant financial commitment grace period criteria. From 1 April 2017 the RO will be closed and is being replaced with a contract for differences (CfD) regime. Whether a project obtains a CfD is dependent upon its auction strategies and this could reduce the level of support available.

Therefore, depending on how quickly the Company invests its funds, the level of subsidy available may be affected which may affect the financial model and future cashflows. At present, there is uncertainty as to the CfD regime and its availability for solar PV projects.

Although fixed rates of return are usually provided under the FiTs regime, the value of ROCs under the RO will fluctuate according to their market supply and demand until 2027 when the price of ROCs is intended to be fixed by the Government. The CfD regime is more predictable and similar to the FiTs regime in terms of income certainty once a project is locked in to the CfD.

A variety of ways exist to mitigate the risk of declines in the price of green subsidies through trading strategies (including long-term PPAs). Reductions in levels or market value of green benefits available could have a material adverse effect on the Group's business, financial position, results of operations and business prospects. ROC prices could be materially and adversely affected by an imbalance of supply and demand should the actual amount of renewable energy generation exceed expectation on the annual Renewable Obligation target.

**Changes to renewable subsidy regimes under the Electricity Market Reform may negatively impact the Group as a result of power purchase agreement counterparties attempting to re-negotiate contracts and the availability of new PPAs on attractive terms may drop**

As a result of the changes arising from Electricity Market Reform (EMR) counterparties to existing PPAs may attempt to re-open negotiations or even terminate their agreements, relying on change of law provisions, as a result of changes brought about by EMR. The commercial terms available under replacement or newer PPAs may be less attractive. These changes may impact on the Company's income and Net Asset Value. This could include the possible scenario of the date for replacing ROCs with fixed price certificates being brought forward. Under the new CfD regime, the Government has introduced "strike prices".

**A retrospective change of law regarding the policy of grandfathering support levels could reduce the value of Group assets**

In the context of changes to the levels of subsidy and incentives and Electricity Market Reform, in order to maintain investor confidence, the UK Government has generally ensured that the benefits already granted to operating renewable power generation projects are exempted from future regulatory change. This practice is referred to as grandfathering. Grandfathering is a policy decision and, as such, there is no guarantee that the practice of grandfathering will be continued. There have been court judgements that support the view that the Government should not make retrospective changes that reduce support for existing accredited projects, though such judgements may not be followed in the future or their precedent may be overturned by legislation. The EU has also published guidance that Governments should avoid unannounced or retrospective changes to renewable energy support schemes, and the UK Government has restated its commitment to not making retrospective changes.

If the UK Government was to abandon the practice of grandfathering and apply adverse retrospective changes to the levels of support for operating projects in which the Group has a financial interest this could have a material adverse effect on the Group's business, financial position, results of operation and business prospects, and the Net Asset Value.

**Alternative gas power generation may negatively impact the wholesale price of electricity**

Modelling detailed in the Government's Gas Generation Strategy (published December 2012), suggests that as much as 26GW of new gas plant could be required by 2030, in order to replace older fossil fuel and nuclear plants as they are decommissioned. The development of new gas power projects, may discourage the deployment of renewable technologies. This could be exacerbated by the uptake of significant volumes of domestically-produced shale gas or any other factor that results in falls in wholesale gas prices. The Government has indicated its support for developing shale gas production, with the establishment of the Office for Unconventional Gas and Oil within DECC in March 2013. Furthermore, Sajid Javid, the Secretary of State for Communities and Local Government, gave consent in October 2016 for an independent UK energy company to explore for shale gas in Lancashire. This decision could potentially provide a precedent for other companies that are preparing to seek permission to drill wells across the north of England.

Any significant move to gas power generation or other modern gas technologies, and away from renewable technologies, greater than that currently assumed in the market, could negatively impact the Group's prospects and performance.

**Changes to permitting policies may reduce the number of solar PV plants in the UK market**

Solar PV plants require an extensive permitting process to secure approvals for construction, grid connection and operation. For example, development of a project will require planning permission from the Local Planning Authority, and may require an Environmental Impact Assessment depending upon the size and impact of the proposed project.

Any change to permitting policies and procedures may reduce the number of solar PV plants in the UK market and consequently reduce the number of investment opportunities available to the Group. As a result, the Group's ability to deploy the net proceeds of Issues and business prospects may be adversely impacted.

### **Post planning permission risks to projects may reduce the value of a PV solar asset**

Solar PV plants can only be constructed post award of planning permission for utility scale ground-mounted plants. There is a six week period in which planning permission may be subject to judicial review and is at risk of being quashed. The Company intends to only consider those plants where such challenge period has expired without objection.

Planning permissions may also contain provisions for archaeological review of sites and submission of professional reports to the relevant local authority for discharge of planning requirements. Where such an archaeological review finds evidence of archaeological interest at potential risk due to plant construction then the planning permission may be withdrawn or amended and this could result in a reduction in value.

The effect of these risks would be to reduce the number of opportunities for the Company to acquire assets including those in the current pipeline. As a result, the Group's ability to deploy the net proceeds of Issues and business prospects may be adversely impacted.

### **RISKS RELATING TO THE GROUP'S BUSINESS**

#### **Changes to how RPI is calculated or deflation could adversely affect the Company's distributions**

The revenues and expenditure of solar PV plants are frequently partly or wholly subject to indexation, typically with reference to RPI and the Company's target distributions are linked to RPI. RPI is the result of factors outside the control of the Company and, in absolute terms, the Company's distributions would be adversely affected by deflation.

RPI is published by the Office for National Statistics on a monthly basis and measures the change in the cost of a basket of retail goods and services. Its calculation may be subject to change in the future. In 2012 the Office for National Statistics undertook a consultation, prompted by the gap between the estimates produced by the RPI and the Consumer Prices Index (CPI) which considered changing the formulae used at the elementary aggregate level in the RPI. Such consultation is concluded and recommended that the RPI formulae should remain unchanged. Should the basis of calculation of RPI be changed in the future, including *inter alia* through changes to the constituent basket of retail goods and services or through changes to the formulae used at the elementary aggregate level, such a change may reduce future published RPI figures, which could have an adverse effect on the absolute level of the Company's distributions.

#### **Due diligence may fail to uncover all material risks; unknown liabilities may arise**

Prior to the acquisition of a solar PV plant or any entity that holds a solar PV plant or rights to construct a solar PV plant, the Company and its advisers (including with the Investment Adviser) will undertake commercial, financial, technical and legal due diligence on the assets. Notwithstanding that such due diligence is undertaken, such due diligence may not uncover all of the material risks affecting the solar PV plant or entity, as the case may be, and/or such risks may not be adequately protected against in the acquisition documentation. The Group may acquire assets with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. However, if an unknown liability was later asserted against the acquired assets, the Group might be required to pay substantial sums to settle it or enter into litigation proceedings, which could adversely affect cash flow and the results of its operations. Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Group.

Technical analysis of the build quality, lifecycle costs, technical performance and asset life will be undertaken by the technical advisers appointed by the Group in connection with any proposed acquisition. It is not intended that the equipment and systems purchased will rely substantially on new technology and it is expected that they will have a track record in other solar PV plants. Even so, components such as cabling, PV panels, inverters and control systems amongst others can fail and repair or replacement costs, in addition to the costs of lost production, can be significant.

#### **The Group cannot guarantee that it will be able to borrow or refinance on reasonable terms**

To the extent that the Group does not have cash reserves available for investment and is unable to finance these investments by raising further equity, the Group would need to finance further investments either by borrowing (whether by new borrowing or refinancing existing debt) or by the Company issuing further Shares. There can be no assurance that the Group may be able to

borrow or refinance on reasonable terms or that there will be a market for further New Shares. If new borrowing is required for any further investments, the Group does not intend to commit to any such further investments unless such commitment is conditional upon further borrowings, as required. Any borrowing by the Company will have to comply with the Group's limits on borrowing in its investment policy.

The ability of the Company to deliver enhanced returns and consequently realise expected real Net Asset Value growth may be dependent on ongoing access to debt facilities. Please see the risk factor regarding leverage above for further information. There can be no assurance that the Group may be able to borrow on reasonable terms or at all.

#### **The Group is exposed to risks arising from the use of leverage at the SPV level**

The Group is a party to long term debt financing at the HoldCo and SPV levels. Any cashflow volatility in those SPVs will be exacerbated by such leverage, because cashflows must first be used to repay the financing and a reduction in cashflows will, therefore, reduce the amounts available to be paid as dividends, and returns to investors. In the event of cashflows from the relevant SPVs being insufficient to meet the repayment obligations to the lenders, the security taken by the lenders over the SPVs and the assets of the relevant SPVs may be enforced, resulting in a loss of assets to the Group.

#### **The Group will be exposed to counterparty credit risk**

The Group will be exposed to third party credit risk in several instances, including, without limitation, with respect to contractors who have constructed the Group's plants, may be engaged to operate assets held by the Group, property owners or tenants who are leasing ground space to the Company for the locating of the assets, or the off-takers of energy and green benefits supplied, banks who may provide guarantees of the obligations of other parties or who may commit to provide leverage to the Group at a future date, insurance companies who may provide coverage against various risks applicable to the Group's assets (including the risk of terrorism or natural disasters affecting the assets) and other third parties who may owe sums to the Group. In the event that such credit risk crystallises in one or more instances (for instance, an insurer which grants coverage becomes insolvent as a result of claims made due to a natural disaster by several persons insured by it and the Group is, consequently, unable to make substantial recovery under its own insurance policy with such insurer), this may materially adversely impact the investment returns.

#### **Inability to control operating expenses and investments may adversely impact the Company**

The profitability of a solar PV plant over its full asset life is dependent, amongst others, on the owner's ability to manage and control the operating expenses of each plant. Plant operating expenses include land lease, O&M expenses, insurance coverage and asset management costs, as well as other costs.

In addition, a plant's profitability over its full asset life is also dependent on the owner's ability to manage and control investment costs during the operational phase of a plant. Investment costs at the plant level include replacing faulty technology components (such as modules, inverters, cables, interconnection gear, module support systems) not covered by supplier warranties or guarantees, rebuilding the plant following any unexpected event such a theft, burglary or act of vandalism not covered by insurance providers.

As a result, the Group's inability to control operating expenses and investments at the solar PV plants it acquires may adversely impact the Company's financial performance, results and ability to pay dividends to Shareholders.

#### **The Group is exposed to counterparties failing to perform their obligations under operation and maintenance contracts**

The Company expects to carefully select and rely on third-party professionals and independent contractors and other service providers to provide the required operational and maintenance support services throughout the construction and operating phases of the UK solar PV plants in the Group's investment portfolio. In the event that such contracted third parties are not able to fulfil their obligations or otherwise fail to perform to standard, the Group may be forced to seek recourse against such parties, provide additional resources to undertake their work, or to engage other companies to undertake their work. However, any such legal action, breach of contract or

delay in services by these third-party professionals and independent contractors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's ability to invest in and operate solar PV projects could be adversely affected if the contractors with whom the Group wishes to work do not have sufficient capacity to work with the Group on its chosen projects. In addition, if the quality of a contractor's work does not meet the requisite requirements, this could have an adverse effect on the construction and operations, and financial returns of such projects, as well as the Group's reputation.

Where an operation and maintenance contractor, or any other contractor, needs to be replaced, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Group will be required to appoint a replacement contractor. Any such replacement contractor may be of higher costs. If it takes a long time to find a suitable contractor, it could potentially lead to delays, lower technical and operating performance or downtime for the relevant asset. This could have a material adverse effect on the Group's financial position, results of operation and business prospects.

### **The Group is exposed to counterparties failing to perform their obligations under EPC contracts**

The Company expects to acquire projects on which, as a general rule, third-party EPC contractors have provided the required turn-key construction contracts. As part of these EPC contracts, the EPC contractor assumes financial and operational warranties and guarantees during the initial phase of the plant's operational life.

Where a EPC contractor has not fulfilled his contractual duties and/or the performance of the plant falls below the guaranteed levels, the Group will pursue all means to recover any losses resulting therefrom and seek compensation for any incremental investment costs sustained by the Company to correct any faults uncovered.

In the event the EPC contractor is not able to cover his contractual liabilities, the Company's financial position, results of operations and ability to pay Shareholder dividends may be adversely impacted.

If the construction is delayed for any reason which could include for example extended period of adverse weather conditions, this could delay commissioning and accreditation under the RO and, consequently, adversely impact the level of support achieved by the asset.

### **Reinvestment of excess cash may not be possible**

In the event that the Group's investments do not generate sufficient returns or if for other reasons the Group does not generate profits for the Company sufficient to enable the payment of dividends at or above the target described herein, the Company will not have excess cash available for reinvestment which may inhibit growth of the NAV or, indeed, its maintenance at prior levels. Further, the Board conducts the Company's affairs in a manner intended that (if the Company were a UK company) it would qualify for approval as an investment trust. Such approval may require the distribution of cash that would otherwise be available for reinvestment.

Even if excess cash is available there is no guarantee that suitable investments will be available for the deployment of that cash.

## **RISKS RELATING TO TECHNOLOGY AND OPERATIONS AND POTENTIAL CONSTRUCTION DELAY**

### **Technology failures and operational risks may arise which may not be covered by warranties or insurance; construction delays may arise, including due to a shortage of solar PV components**

Although the Investment Manager will procure that appropriate legal and technical due diligence is undertaken on behalf of the Company in connection with any proposed acquisition of UK solar PV plants by the Company, this may not reveal all facts and risks that may be relevant in connection with an investment. In particular, if the operation of projects has not been duly authorised or permitted, it may result in closure, seizure, enforced dismantling or other legal action in relation to such projects. Certain issues, such as failure in the construction of a plant, for example, faulty components or insufficient structural quality, may not be evident at the time of acquisition or during any period during which a warranty claim may be brought against the contractor. Such issues may result in loss of value without full or any recourse to insurance or construction warranties.

Further, construction delays may occur during the construction of any such project due to either a delay or shortage of critical path project components, such as modules or inverters. Such delays could affect the time in which the project becomes operational or could even lead to the project being prevented from ultimately being constructed.

Warranties and performance guarantees typically only apply for a limited period, and may also be conditional on the equipment supplier being engaged to provide maintenance services to the project. Performance guarantees may also be linked to certain specified causes and can exclude other causes of failure in performance, such as unscheduled and scheduled grid outages. Should equipment fail or not perform properly after the expiry of any warranty or performance guarantee period and should insurance policies not cover any related losses or business interruption the Company will bear the cost of repair or replacement of that equipment.

In addition, operational solar PV plants remain subject to on-going risks, some of which may not be fully insured or fully protected by contractor or manufacturer warranties, including but not limited to security risks, technology failure, manufacturer defects, electricity grid forced outages or disconnection, force majeure or act of God. Whilst solar PV energy technology has been utilised for many years manufacturers continue to develop and change technology and this may result in unforeseen technology failures or defects.

Any unforeseen loss of performance and/or efficiency in solar modules, beyond the warranted degradation, on an acquired or developed asset would have a direct effect on the yields produced by a solar PV plant and, as a consequence, could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, any unforeseen loss or reduction of performance of other technology components of a solar PV plant, such as the inverters, wiring, electronic components, switchgear and interconnection facilities, could have a material adverse change on the Group's business, financial condition and result of operations.

**The Company has and expects to contract to acquire plants post construction with or without the use of forward funding on the basis they are constructed on time and achieve a given subsidy (ROC) banding. Failure to commission on time may mean a significant increase in revenue risk due to a greater reliance on Brown Power only**

The Company contracts to acquire plants once constructed and may contract whilst they are ready for, or already in, construction. Contract completion is arranged to occur post solar PV plants commissioning. Due to the removal of ROC subsidy for larger solar PV plants as at 31 March 2015 subject to grace periods, and the envisaged removal of ROC subsidy for smaller solar PV plants as from 31 March 2017, the Company has typically ensured that the contracts to acquire have break points based on delivery dates. These break-points can be linked to liquidated damages, a price reduction or both; in the past, the Company has ensured it had the right but not obligation to acquire these solar PV plants post construction where the relevant ROC deadline has been missed. It is possible in these circumstances that the Company may still acquire the solar PV plants at a much reduced price and on advantageous terms that will be defined at that event. Consequently, the solar PV plants may be 100 per cent. exposed to Brown Power prices for the period to the next CfD auction or permanently should it fail to achieve a CfD contract. The exposure to Brown Power only revenues carries a significant risk that Brown Power prices may decline for a period or permanently. Such a reduction or loss of revenue may materially adversely impact the investment returns.

**The Company is reliant upon electricity transmission facilities owned by third parties; a breakdown in the connection presents risks to the Company**

In order to sell their energy output and thus realise value, solar PV facilities must be and remain connected to the distribution or transmission grid. Therefore the group is reliant upon electricity transmission facilities owned by third parties to sell the electricity produced by its solar PV plants. Typically, the Group will not be the owner of, nor will it be able to control, the transmission or distribution facilities except those needed to interconnect its solar PV plants to the electricity network.

Accordingly, a solar PV plant must have in place the necessary connection agreements and comply with their terms in order to avoid potential disconnection or de-energisation of the relevant connection point.

In addition, in the event that the transmission or distribution facilities break down with or without fault of the distribution or transmission grid operator, the Company may be unable to sell its electricity and this could have a material adverse effect on the Group's business, financial status and results of operations. The circumstances in which compensation, if any, would be payable are limited and the amounts payable are unlikely to be sufficient to cover any losses of revenue. Thus, the Group would have to rely on business interruption insurance to compensate for its losses. Business interruption insurance is likely to have a minimum claim amount and not all losses sustained by the Group may be recovered, which could have a material adverse effect on the Company's financial position and results of operation.

**The Company does not envisage being likely to participate in the Balancing Mechanism, and therefore may not be adequately compensated in the event of a system constraint**

A risk inherent to the connection to any electricity network is the limited recourse a generator has to the network operator if the solar PV plant is constrained off the system. In certain specified circumstances, NGET, as system operator, can require generators (or the electricity suppliers registered as being responsible for their metering systems, or distribution system operators) to curtail their output or de-energise altogether. Large projects which participate in the balancing mechanism would be compensated because the mechanism for curtailment would be to accept a bid/offer pair that has been submitted by the project. However, most smaller projects (including projects in which the Group may invest) may not currently participate in the balancing mechanism and therefore may not be compensated for such curtailment or, the circumstances in which compensation would be payable are limited and the amounts payable may not be sufficient to cover any actual losses of revenue. Participating in the balancing mechanism entails a certain degree of risk (especially for renewable projects that are not controllable) and solar PV plants usually transfer balancing functions to the offtaker.

**A change in the public attitude towards solar PV energy generation may result in increased regulatory risk**

The solar PV sector currently relies upon specific regulatory support to provide preferential treatment, including premium prices on electricity production, for solar PV producers. Such support has been legislated in the UK based also upon a growing public and political support for solar and other renewable energy sources, due in particular to increasing public and political concerns about climate change, environmental sustainability and energy security. According to the most recent data collected on behalf of DECC, the public attitudes to renewables "tracker" survey published in August 2014 shows support for solar at 82 per cent. of the survey sample. This was the highest figure of support for any of the renewables technologies to feature in the survey.

A change in public attitude in the UK to solar PV or other renewable energy installations may result in an increase in security and regulatory risk to operating solar PV installations, for example due to a resentment of the cost burden created by solar PV production relative to alternative conventional energy sources, to the appearance or environmental impact of solar PV plants or to the benefits to certain investor groups, perceived to be granted at the cost of the public; factors that have been featured in press articles.

There can be no guarantee that changes in public attitude will not result in a loss of actual or perceived value of investments.

**The market for Brown Power may adversely change**

Sales of energy generated to supply companies (Brown Power) are a significant component of long-term and a major component of the post-ROC period revenues of the Assets. These PPA prices are based on market conditions, supply and demand for energy at the time that the prices are agreed. The Company intends to the extent that it is able to fix the Brown Power component of the PPA for a three year rolling period under a long-term PPA but this may not always be the case especially where existing generating assets are acquired with pre-existing PPAs, where the availability of long-term PPAs are curtailed or where the market for Brown Power moves detrimentally to the interests of the Company. The Company seeks to secure a minimum Floor Price for Brown Power and where this is achieved, the Floor Price is significantly lower than the expected price.

The EMR has proposed CM which may have a depressing effect in the medium to long-term on demand for Brown Power and though DECC has published Energy Inflation forecasts the true extent and nature of the effect of EMR and the CM component of EMR cannot be predicted.

Accordingly, though the market predictions for long-term Brown Power prices would suggest significant inflation the Company cannot guarantee that this will be the case and a fall in Brown Power prices will have a detrimental impact on the value of assets and this may materially adversely impact the investment returns.

Additionally, the Company may acquire assets conveying Brown Power sale to a corporate buyer, sometimes by way of a private wire. These assets can benefit from higher than market Brown Power prices and or other benefits such as reduced rent where the Brown Power wholesale buyer is also the land lord. The Company intends that Brown Power buyers will be counterparts with good credit rating counterparties at the time of acquiring such assets, but the financial standing of the buyer cannot be guaranteed and may over a period of time deteriorate with the potential risk of default or bad debt arising. Where prudent to do so the Company may pursue legal action for recovery and or seek alternative buyers for energy generated but there may be a delay, a reduction in price or loss of revenues as part of a compromise with debtors and or their administrators or receivers. Such a reduction or loss of revenue may materially adversely impact the investment returns.

### **Changes in economic conditions may adversely affect the Group's prospects**

Changes in general economic and market conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of its Shares.

### **The UK's exit from the EU may affect the Group's Net Asset Value and prospects**

The UK is expected to leave the EU, following the result of the June 2016 referendum. This may result in changes in the appetite for UK-based infrastructure assets or the availability of assets for purchase, which may affect the Group's growth prospects and returns and the Company's Net Asset Value. It is also likely that the macroeconomic impact of a "Brexit", for example, changes in inflation rates, interest rates, power prices, may have an impact on the Group and its prospects and results and the Company's Net Asset Value. In addition, it is unclear whether a "Brexit" will result in political change to support for renewable energy.

### **Not all project risks may be covered by insurance**

Solar PV plant operators generally take out insurance to cover certain costs of repairs, business interruption and any other project specific risks that may have been insurable identified and are insurable against. However, not all potential risks and losses in relation to the operation of solar PV plant will be covered by the insurance policies. For example, losses as a result of force majeure, natural disasters, terrorist attacks or sabotage, cyber-attacks or environmental contamination or theft may not be available at all or on commercially reasonable terms or a dispute may develop over insured risks. It is not possible to guarantee that insurance policies will cover all possible losses resulting from outages, failure of equipment, repair and replacement of failed or stolen equipment, environmental liabilities, any advanced profit losses equipment theft or legal actions brought by third parties (including claims for personal injury or loss of life to personnel). The uninsured loss, or loss above limits of existing insurance policies could have an adverse effect on the business, financial position, results of operations and business prospects of the Group.

In cases of frequent damage, insurance contracts might be amended or cancelled by the insurance company or the insurance premium levels will be increased, in which case the Group may not be able to maintain insurance coverage comparable to that currently in effect or may only be able to do so at a significantly higher cost. An increase in insurance premium cost could have an adverse effect on the Group's business, financial position, result of operations and business prospects.

### **Theft and other adverse actions against solar assets may not be insurable, and even if are insurable, may cause disruption to operations**

For solar PV plants, modules are the most valuable components of solar installations and are particularly exposed to theft due to their portability. Other components at solar PV plants are also

valuable and stolen with relative ease, such as copper cables. The Group may incur significant damage to its operations due to theft of components and modules.

Solar PV plants may also constitute a high risk target for terrorist acts, political actions or vandalism, in light of their strategic profile and nature. If the assets do become targeted by such terrorist acts or other political actions, they may, for an indefinite period of time, be unable to generate further electricity and/or their value may be adversely affected, in turn, heightening any potential loss from third-party claims against the Group for such failures.

While the Group will seek to obtain insurance to cover its modules, other components and PV plants against theft as well as terrorist acts, political actions and vandalism, such insurance, if obtained, may not prove adequate and this could have a material adverse effect on the Group's financial condition and results of operations.

### **Changes to weather patterns could reduce average levels of solar radiation; extreme weather events could reduce the efficiency of solar energy**

The profitability of a solar PV plant is dependent, amongst others, on the meteorological conditions at the particular site. Levels of sunlight and cloud cover may fluctuate on a daily, monthly and seasonal basis, and over the long-term as a result of more general changes in climate, which may bring variations in meteorological conditions. Accordingly, the Group's revenues will be dependent upon the meteorological conditions at the solar PV plants owned by the Group.

Solar PV plants and plants rely upon adequate ultraviolet light from solar radiation to produce power. Although statistics show that variance in annual solar radiation is statistically relatively low compared to other renewable energy sources such as wind, the amount of solar radiation received annually or during any shorter or longer period of time in locations where the Group's solar PV plants may be located could possibly be affected by temporary or semi-permanent or permanent changes in weather patterns, including as a result of global warming or for any other reason. Thus the electricity generated could be reduced, which would have a material adverse effect on the Group's business, financial position, results of the operations and business prospects.

Certain adverse weather conditions, including hotter ambient temperatures and extreme weather (such as flooding, storms and/or high winds) could also reduce the efficiency of solar energy and in extremis, impact the operation of any solar PV plant, thereby reducing the Company's revenues which would have a material adverse effect on the Company's business, financial position, results of the operations and business prospects.

### **Natural and/or political events may reduce electricity production below expectations**

Events beyond the control of the Company, such as acts of God (including fire, flood, earthquake, storm, hurricane or other natural disasters), war, insurrection, civil unrest, strikes, public disobedience, computer and other technological malfunctions, telecommunication failures, terrorism, crimes, nationalisation, national or international sanctions and embargoes, could materially adversely affect investment returns.

Natural disasters, severe weather or accidents could damage solar PV plants or the ability of engineers to access the relevant site, which could have a material adverse effect on the Group's business, financial position, results of operations and business prospects. Earthquakes, lightning strikes, tornadoes, extreme winds, severe storms, wildfires and other unfavourable weather conditions or natural disasters may damage, or require the shutdown of, solar modules or related equipment or facilities which would decrease electricity production levels and results of operations.

The occurrence of such events may have a variety of adverse consequences for the Group, including risks and costs related to the damage or destruction of property, suspension of operation and injury or loss of life, as well as litigation related thereto. Such risk may not always constitute contractual force majeure. Such risks may not be insurable or may be insurable only at rates that the Group deems uneconomic.

### **Solar panels are subject to degradation and the risk of equipment failure**

Although ground-mounted PV installations have few moving parts and operate, generally, over long periods with relatively low levels of maintenance, PV power generation employs solar panels composed of a number of solar cells containing a PV material. These panels are, over time, subject to degradation since they are exposed to the elements and carry an electrical charge, and will age accordingly. In addition, the solar radiation which produces solar electricity carries heat

with it that may cause the components of a PV solar panel to become altered and less able to capture irradiation effectively.

There is a risk of equipment failure due to wear and tear, design error or operator error with respect to each PV facility and this failure, among other things, could adversely affect the returns to the Company.

### **Balance-of-plant equipment is subject to degradation and the risk of equipment failure**

Solar PV plants contain a multitude of technical, electronic, mounting structures and other components, commonly referred to as “balance-of-plant”. Balance-of-plant components are subject to degradation, technical deterioration and other loss of efficiency and effectiveness over a Solar PV plant’s lifespan. There is a risk of unexpected equipment failure or decline in performance over the life cycle of the plant which would adversely affect the plants technical and financial performance.

### **Third party ownership of property carries risks; environmental liabilities may arise, particularly on “brownfield” sites**

It is anticipated that a significant proportion or potentially all of the UK solar PV plants to be acquired by the Group will be located on agricultural, commercial and industrial properties. Planning policy is directing developers towards previously used “brownfield” sites, although not exclusively. Such sites can have a greater likelihood of project participants suffering environmental liability and/or require a higher degree of due diligence in the permitting steps.

Reliance upon a third party owned property gives rise to a range of risks including deterioration in the property during the investment life, damages or other lease related costs, counterparty and third party risks in relation to the lease agreement and property, termination of the lease following breach or due to other circumstances such as a mortgagee taking possession of the property. Whilst the Company will seek to minimise these risks through appropriate insurances, lease negotiation and site selection there can be no guarantee that any such circumstances will not arise and result in losses to the investment.

Environmental laws and regulations may have an impact on the Group’s activities. It is not possible to predict accurately the effects of future changes in such laws or regulations on the Group’s financial performance and results of operations. There can be no assurance that environmental costs and liabilities will not be incurred in the future. In addition, environmental regulators may seek to impose injunctions or other sanctions on the Group’s operations that may have a material adverse effect on the Group’s results of operations or financial condition.

To the extent there are environmental liabilities arising in the future in relation to any sites owned or used by a solar PV plant operating company (such as the Group) including, but not limited to, clean-up and remediation liabilities, such operating company may, subject to its contractual arrangements, be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the sites or by of the value of the total investment in the relevant solar PV plant.

### **Solar PV plants may be considered a source of nuisance, pollution, or other environmental harm**

All utility-scale solar energy facilities require relatively large areas for solar radiation collection when used to generate electricity at utility-scale (generally meaning facilities with a generation capacity of 5MW or greater). Solar facilities may interfere with existing land uses and could impact the use of nearby specially designated areas such as wilderness areas, areas of critical environmental concern, or special recreation management areas. Accordingly, a solar PV plant must have in place the necessary connection agreements and comply with their terms in order to avoid potential disconnection or de-energisation of the relevant connection point.

PV panels may contain hazardous materials, and although they are sealed under normal operating conditions, there is the potential for environmental contamination if they were damaged or improperly disposed of following decommissioning. This could lead to a material reduction in the returns from the affected solar PV plants and, as a result, the operational results of the Company. Proper planning and good maintenance practices can be used to minimise impacts from hazardous materials, however, there is no guarantee that this will always be the case.

The Company cannot guarantee that its solar PV plants will not be considered a source of nuisance, pollution or other environmental harm or that claims will not be made against the Group

in connection with its solar PV plants and their effects on the natural environment. This could also lead to increased cost of compliance and/or abatement of the generation activities for affected solar PV plants which could also lead to a material reduction in the returns from the affected assets and as a result the results of operation of the Company.

**In the event that the SPV's need to replace WiseEnergy to conduct asset management activities, the replacement may be less qualified / more expensive, or take a long time to procure**

The investment performance of the Company will be dependent on the services of any person appointed to provide asset management activities to it. The Company expects to the extent that it is able to procure that the SPVs outsource, on an arm's-length basis, all asset management activities for the Group's solar PV plants to WiseEnergy. WiseEnergy is a member of the NEC Group. WiseEnergy will undertake a range of technical, operational, financial and administrative functions on behalf of SPVs. To date, all solar PV plants owned by the Group are managed by WiseEnergy.

In the event that SPVs need to replace WiseEnergy, a replacement may be less qualified, more expensive and there is a further risk that finding a suitable replacement may take a long time. If WiseEnergy is not able to fulfil its contractual obligations or is not of the requisite quality, this could have a material impact on a plant's technical and/or financial performance and therefore impact the Company's operations and financial results.

**Errors may be made in the financial model, including meteorological and financial forecasting; assets acquired by the Group may fail to meet expectations**

Solar PV plant acquisitions rely on forward forecasting and detailed financial models to support their valuations. There is a risk that errors may be made in the assumptions or methodology used in a financial model. In such circumstances the returns generated by any solar PV plant acquired by the Group may be different to those expected.

The Company cannot guarantee the accuracy of forecasting or the reliability of the forecasting models, or that meteorological data collected and used in financial models will be indicative of future meteorological conditions. Meteorological forecasting can be inaccurate due to meteorological measurement errors, or errors in the assumptions applied to the forecasting model. In addition, forecasters look at long-term data and there can be short term fluctuations.

The financial models will include forecasts on a number of operating expenses at each PV plant, including, amongst others, land leases, O&M costs, local Government rates, asset management expenses, insurance expenses and other (such as SG&A) expenses.

The Company cannot guarantee such forecasts will be reliable or accurate. Differences in these forecasts may have significant effects on the return of the Company.

Furthermore, the performance of an asset is predicted by the designs and warranties provided by the EPC and adopted by the O&M provider. These performance forecasts may not be sustainable in the long-term and in the case where an O&M provider is not able to maintain performance the Company may have to rely on contractual claims against these counterparties and cannot guarantee that such claims will be successful or sufficient to cover the loss of revenues incurred.

The returns from operating efficiency improvements and energy sales could be less attractive than originally anticipated. The returns from operating efficiencies are dependent upon, *inter alia*, the level of technical inefficiency and avoidable losses in acquired sites, the Group's ability to identify and rectify such inefficiencies in a cost-effective manner and its ability to achieve the cost savings on operational expenses. The Group may find, following acquisition of its assets, that such operating efficiency improvements are not achievable or that the returns are less than the Investment Manager's and the Directors' current expectations.

Solar PV plants acquired by the Group may fail to meet the Company's expectations and forecasts. The prices at which the Group will acquire its assets will be determined by the Investment Manager's expectations and operational assumptions of the economics of such assets so that the returns available to the Group are acceptable. Should the operation and economics of the assets fall short of the Group's expectations, there could be a material adverse effect on the returns to the Company.

**UK electricity suppliers may become insolvent which would adversely affect any projects benefitting from the FiT regime**

The UK Government does not guarantee the solvency of electricity suppliers and if an electricity supplier were to collapse or if its financial strength deteriorates then, in any FiT projects, its obligations should be taken over by an alternative FiT provider, which could materially affect the financial results of the Company.

**Health and safety risks may result in liability for the Group in the event of an accident**

The physical location, maintenance and operation of a solar power plant may pose health and safety risks to those involved. Solar power plant operation may result in bodily injury or industrial accidents, particularly if an individual were to fall from a great height, to be crushed, injured or be electrocuted. If an accident were to occur in relation to one or more of the Group's solar power plants, the Group could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Liability for health and safety could have a material adverse effect on the business, financial position, results of operations and business prospects of the Group.

## **IMPORTANT INFORMATION**

The Prospectus should be read in its entirety before making any investment in the New Shares. In assessing an investment in the Company, investors should rely only on the information in the Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in the Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, the Investment Adviser, the Sponsor, any of the Joint Bookrunners or any other person.

Without prejudice to the Company's obligations under the Prospectus Rules or FSMA, neither the delivery of this Registration Document, nor any subscription or purchase of New Shares made pursuant to the Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in this Registration Document, the Securities Note or the Summary (or, where relevant, any Future Securities Note or Future Summary) is correct at any time subsequent to, the date of the relevant document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor or any of the Joint Bookrunners by FSMA or the regulatory regime established thereunder, none of the Sponsor or the Joint Bookrunners accept any responsibility whatsoever for the contents of the Prospectus or for any other document or statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, the Investment Adviser, the New Shares, Admission or the Share Issuance Programme. The Sponsor and each of the Joint Bookrunners accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the Prospectus or any such other document or statement.

In connection with the Share Issuance Programme, the Joint Bookrunners and any of their respective affiliates acting as an investor for its or their own account(s), may subscribe for New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Share Issuance Programme or otherwise. Accordingly, references in the Prospectus to the New Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and any of their affiliates acting as an investor for its or their own account(s). The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, shares in any jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of the Prospectus may be prohibited in some countries.

### **Responsibility for information contained in this Registration Document**

The Company and the Directors, whose names appear on page 27 of this Registration Document, accept responsibility for the information contained in this Registration Document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Investment Manager and the Investment Adviser accepts responsibility for information attributed to it in this Registration Document. To the best of the knowledge and belief of the Investment Manager and the Investment Adviser (who have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Investment considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the New Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources

to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be institutional and sophisticated investors and professionally advised private investors. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

The New Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment in the Company.

The investment objective of the Company is a target only and should not be treated as assurances or guarantees of performance. The Prospectus contains certain historical financial and other information concerning the Company's past performance. However, past performance of the Company should not be taken as an indication of future performance. Prospective investors should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. The value of the New Shares and the income derived from them can go down as well as up. There is no guarantee that the market price of the New Shares will fully reflect their underlying Net Asset Value. In the event of a winding-up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

The contents of the Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely upon their own advisers, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles, which investors should review. A summary of the Articles is set out in paragraph 5 of Part 8 of this Registration Document and copies of the Memorandum and Articles are available on the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com).

### **Forward-looking statements**

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. The Company's actual results of operations, performance or achievement of industry results may differ materially from those indicated in these statements, as a result of a number of factors. These factors include, but are not limited to, those described in the parts of this Registration Document and the Securities Note entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in the Prospectus.

Forward-looking statements in the Prospectus reflect the Company's views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy as at the date of the Prospectus only. Subject to any obligations under FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, the Company undertakes no obligations publicly to update or review any forward-looking statement in the Prospectus, whether as a result of new information, future developments or otherwise.

Forward-looking statements contained in this Registration Document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Prospective investors should specifically consider the factors identified in the Prospectus which could cause actual results to differ before making an investment decision.

Given these risks and uncertainties, prospective investors are cautioned not to place any undue reliance on forward-looking statements in the Prospectus.

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in paragraph 5 of Part 5 of the Securities Note.

### **Market, economic and industry data**

Market, economic and industry data used throughout this Registration Document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Sources for reproduced information set out underneath each relevant figure or table, as applicable, or in footnotes at the bottom of the relevant page.

### **Website**

The contents of the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com) do not form part of the Prospectus and prospective investors should base their decision to invest on the contents of the Prospectus alone.

### **Currency presentation**

Unless otherwise indicated, all references in this Registration Document to "GBP", "Sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK; and all references to "euros" and "€" are to the lawful currency of the participating member states of the Eurozone (the geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency).

### **Further issues under the Share Issuance Programme**

In addition to further Placings pursuant to the Share Issuance Programme described in the Securities Note dated the same date as this Registration Document, this Registration Document may form part of any prospectus published in connection with an issue of New Shares under the Share Issuance Programme comprising a non-pre-emptive offer for a subscription or a pre-emptive open offer which require the publication of a Future Securities Note and Future Summary during the period of up to 12 months following the date of this Registration Document. Persons receiving this Registration Document should read the Prospectus together as a whole and any update in a Future Securities Note and Future Summary may constitute a material change for the purpose of the Prospectus Rules.

### **Latest practicable date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Registration Document is at the close of business on 11 November 2016. Information regarding the amounts drawn and available under the Company's financing facilities is given at 30 September 2016; however there have been no material changes since that date.

### **Rounding adjustments**

Certain numerical figures and per centages set out in this Registration Document, including financial data presented in millions or thousands and per centages describing market shares, have been subject to rounding adjustments for ease of presentation. Accordingly, a sum of numbers may not, in certain cases, conform to the total figure given (including where such numbers are presented in tabular format).

### **Definitions**

A list of defined terms used in this Registration Document is set out at pages 106 to 112 of this Registration Document.

**Governing law**

Unless otherwise stated, statements made in this Registration Document are based on the law and practice currently in force in England and Wales or Guernsey (as appropriate) and are subject to changes therein.

## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Kevin Lyon (Chairman) Patrick Firth Vic Holmes All of: 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Investment Manager</b>	NextEnergy Capital IM Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Investment Adviser</b>	NextEnergy Capital Limited 10 Chandos Street London W1G 9DG
<b>Developer</b>	NextPower Development Limited 10 Chandos Street London W1G 9DG
<b>Operating Asset Manager</b>	WiseEnergy (Great Britain) Limited 10 Chandos Street London W1G 9DG
<b>Administrator, Designated Administrator, Company Secretary and Registered Office</b>	Ipes (Guernsey) Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Financial Adviser and Joint Lead Bookrunner</b>	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London E14 5RB
<b>Sponsor</b>	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU

<b>Joint Lead Bookrunner</b>	Fidante Partners Europe Limited 1 Tudor Street London EC4Y 0AH
<b>Joint Lead Bookrunner</b>	Macquarie Capital (Europe) Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD
<b>Joint Bookrunner</b>	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>Legal Advisers to the Company in connection with the Share Issuance Programme (as to English law)</b>	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS
<b>Legal Advisers to the Company in connection with the Share Issuance Programme (as to Guernsey law)</b>	Carey Olsen P.O. Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
<b>Legal Advisers to the Sponsor, Financial Adviser and Joint Bookrunners in connection with the Share Issuance Programme</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Reporting Accountants</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Auditor</b>	PricewaterhouseCoopers CI LLP PO Box 321 Royal Bank Place 1 Gategny Esplanade St Peter Port Guernsey GY1 4ND

**Receiving Agent** Capita Asset Services, Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**Registrar** Capita Registrars (Guernsey) Limited  
Mont Crevelt House  
Bulwer Avenue  
St Sampson  
Guernsey  
GY2 4LH

**UK Transfer Agent** Capita Asset Services  
The Registry  
34 Beckenham Road  
Kent  
BR3 4TU

**Principal Bankers** Lloyds Bank International Ltd  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4EF

## PART 1

### INVESTMENT OPPORTUNITY

#### Attractive risk-adjusted investment opportunity

The Directors believe that within the renewable energy sector, solar energy infrastructure assets represent the most attractive risk-adjusted investment opportunity:

- **Low volatility of solar irradiation:** Solar PV systems rely predominantly on daylight hours rather than direct sunlight, ensuring that solar energy production is highly predictable and has a low level of volatility due to weather patterns, particularly when compared to the other main renewable energy source (wind).
- **Solar PV is a mature technology:** Solar PV systems rely on well proven technology that has a demonstrated lifespan in excess of its guaranteed life of 25 years and low technical degradation over time.
- **Low ongoing operating costs and capital expenditure:** The investments targeted by the Company have an average EBITDA margin of 70-80 per cent.. Capex is mostly paid upfront and there is little capex risk over the lifetime of the assets.

#### UK solar energy assets offer stable, inflation-linked returns with upside potential

- **Regulated revenues, mainly linked to RPI:** The UK regulatory framework for solar energy is designed to provide predictable long-term revenues. This framework provides the Company with a degree of stability in its future revenue (and, therefore, its ability to pay dividends). The Investment Adviser estimates that, for the year ending 31 March 2017, approximately 60 per cent. of the revenues derived from the Current Portfolio will be regulated revenues (ROCs, FiT and embedded benefits, mainly linked to RPI) and 40 per cent. will be derived by selling electricity on the wholesale market, and is projecting, based on the Current Portfolio, approximately 53.5 per cent. of revenues up to 2034/5 to comprise regulated revenues.
- **Contracted revenues:** The Company trades the electricity it generates bilaterally (that is, directly between a generator and a supplier). This bilateral trading can be used to mitigate the risk of declines or fluctuations in the wholesale electricity price by entering into power purchase agreements (PPAs), which can include a fixed price for a certain period of time. The Investment Adviser estimates that, for the year ending 31 March 2017, approximately 90 per cent. of the revenues derived from the Current Portfolio will be fixed, either as regulated revenues or through PPAs, (with approximately 83 per cent. of PPA revenues for the period being fixed, and approximately 68 per cent. of PPA revenues from the Current Portfolio fixed to 2021) thereby mitigating its exposure to volatility in the power price market.
- **Upside potential:** The UK price of energy is forecast to continue to experience real long-term growth. Whilst the Company's exposure to wholesale electricity prices may be limited in the short- to medium-term, increasing exposure to wholesale electricity prices over time is expected to allow the Company to benefit from any real long-term growth in wholesale power prices. In the meantime, the Company has adopted a prudent view on energy inflation with an inflationary neutral model for long-term value of energy assets that correlates to RPI.

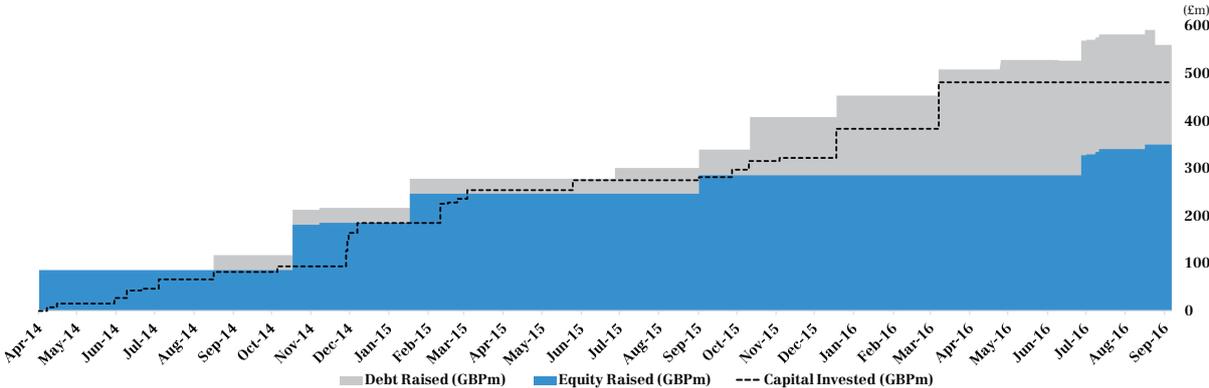
#### Substantial opportunity to acquire primary and secondary assets

- **Significant increase in the availability of primary assets for purchase ahead of 31 March 2017:** There has been an acceleration in the rate of new installations to be commissioned ahead of the ROCs regime ending in its entirety for new plants on 31 March 2017, which has significantly increased the availability of primary assets for purchase.
- **Substantial opportunities to acquire further secondary assets:** There is projected to be up to 14GW of installed solar PV assets in the UK by March 2017 (significantly exceeding expectations at the time of the Company's IPO in 2014 and, in the view of the Directors, reflecting an acceleration in the rate of installation as a result of the closure of the ROCs regime). The Directors believe that a material proportion of these solar PV assets are held by investors who are not intending to hold them for the life of the asset and therefore that the secondary market will continue to mature as many of these assets become available for sale.

**Access to the NEC Group, a leading specialist investment and asset manager in the solar sector**

- **Experienced and well resourced:** Founded in 2007, the NEC Group now has an over 67-strong team focussed exclusively on the solar energy sector, with an operating presence in two of the most attractive solar markets globally (Italy and the UK). The senior management of the Investment Adviser have extensive renewable energy and public markets expertise, including over €100 billion in energy and infrastructure transactions.
- **Proven track record of raising and deploying capital (equity and debt) for the Company efficiently:** The NEC Group has demonstrated its skills in raising and deploying capital rapidly (see chart below) and efficiently. The diligent investment approach followed by the NEC Group has allowed the Company to acquire its current portfolio through transactions closed at prices which the Directors believe are lower than market average by approximately 2 per cent.

*NESF capital deployment timeline*



Note 1) the chart illustrates how the Company has deployed its capital investing in solar PV assets (shown by the dotted blue line) with financing provided by equity and debt raised. Equity raised is represented by the light blue area whereas the area in grey represents the total debt facilities available to the Company in addition to the equity raised.

- **Proven track record in optimising operating asset performance:** The Current Portfolio has performed materially above the targets set in the budget used in acquiring each of the Group’s solar PV assets, with an average over performance of 4.1 per cent. (partly explained by the solar irradiation being 1.6 per cent. higher than expected during the period), which the Directors believe compares favourably with other, comparable portfolios.

The NEC Group’s operating asset management division, WiseEnergy, is one of the largest specialist operating asset managers in the solar sector. WiseEnergy has developed proprietary software, hardware, IT platform and risk management solutions to enable it to efficiently and proactively manage and monitor data, and analyse the long-term technical, international and financial performance of solar plants.

WiseEnergy provides asset management and monitoring services in respect of more than 1,250 utility-scale solar power plants and approximately 3,000 solar rooftop installations with a total capacity of approximately 1.7GW and an estimated £3.5 billion of asset value. Its client base includes leading European banks and equity investors (including private equity funds, publicly listed funds and institutional investors).

- **Focus on maximising portfolio performance and value:** In the mid- to long-term period following the acquisition of an asset, the NEC Group seeks to add value to the Company’s portfolio by optimising the technical and financial performances of the asset and by extending the useful lifespan of the plant.

Furthermore, the NEC Group remains fully engaged in monitoring technological change in the energy sector and is already exploring the feasibility of the application of energy storage facilities to the Company’s portfolio of solar PV plants. Consequently, the Company is well-positioned to incorporate the continuing innovation in energy technology and benefit from the associated incremental returns and/or cost reductions in solar energy generation and storage.

## Strong pipeline of attractive new investment opportunities available to the Company

- **C.170MW of short-term opportunities:** The NEC Group has identified a pipeline of c.170MW of short-term acquisition targets which meet the Company's investment objective and policy and which offer a similar return profile to the Current Portfolio. The assets in this pipeline are at different stages in the NEC Group's evaluation process and there are no contractual obligations with the vendors of these assets. However, the Directors are confident that, with the NEC Group's experience and resources, suitable assets can be acquired within a short time period, either from the identified pipeline or pursuant to the other investment opportunities that the NEC Group is actively developing. In addition to the pipeline of short-term acquisition targets, the NEC Group has started negotiations in relation to additional portfolios totalling c.439MW. The Company is targeting further incremental growth with the intention of increasing the Company's portfolio to 800-1000MWp over the next three years.
- **The Company has a right of "first offer":** The Company has a right of "first offer" in respect of all large scale ground-mounted or building-integrated solar PV projects located in the United Kingdom that are sourced by the NEC Group and meet the Company's investment objective and investment policy.

## The Company is targeting attractive returns<sup>1</sup>

- **Targeting current annual dividend of 6.31 pence per Ordinary Share, paid quarterly:** The Company is targeting an aggregate dividend (to be paid quarterly) of 6.31 pence per Ordinary Share in respect of its financial year ending 31 March 2017.
- **Prospect of annual dividend growth in line with inflation:** The Company aims to increase its aggregate dividend per Ordinary Share in respect of each financial year in line with RPI growth.
- **Potential for capital growth:** The Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.
- **Targeting unlevered IRR of between 7 and 9 per cent.:** The Company is targeting aggregate returns to investors that equate to an unlevered IRR of between 7 and 9 per cent. (after fees and expenses) based on the IPO issue price of 100 pence per Ordinary Share.

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<sup>1</sup> Note: These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in the New Shares or assume that the Company will make any distributions at all.

## PART 2

### INFORMATION ON THE COMPANY

#### Introduction

NextEnergy Solar Fund Limited is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 20 December 2013, with registration number 57739. The Company is a registered closed-ended collective investment scheme registered by the GFSC pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the Registered Collective Investment Schemes Rules 2015 issued by the GFSC.

The Company seeks to provide investors with a sustainable and attractive dividend that increases in line with RPI over the long term, whilst also seeking to provide investors with an element of capital growth, by investing in a diversified portfolio of solar PV plants located in the UK. The Company is targeting an aggregate dividend (to be paid quarterly) of 6.31 pence per Ordinary Share in respect of its financial year ending 31 March 2017 and aims to increase its aggregate dividend per Ordinary Share in respect of each financial year in line with RPI growth.

NextEnergy Capital IM Limited acts as the Company's Investment Manager, which, in turn, has appointed NextEnergy Capital Limited as its Investment Adviser. The Company has also entered into a project sourcing agreement with NextPower Development Limited, the Developer. The Investment Manager and the Investment Adviser do not, and have undertaken not to, manage any other funds investing in UK solar plants.

The Investment Manager, Investment Adviser and Developer are members of the NEC Group, which also comprises WiseEnergy, the NEC Group's asset management division. The NEC Group was founded in 2007 and has evolved into a leading solar PV specialist, active internationally throughout the solar value chain. The NEC Group provides asset management and monitoring services to asset owners and financiers of more than 1,250 utility-scale solar power plants and approximately 3,000 solar rooftop installations with a total capacity of approximately 1.7GW and an estimated £3.5 billion of asset value.

Since its IPO in April 2014, the Company has:

- raised gross proceeds of £350.1 million by issuing Ordinary Shares pursuant to its IPO, 2014 Share Issuance Programme and 2016 Tap Issuance Programme;
- secured debt facilities comprising a combination of short- and medium-term debt and amortising long-term debt (as at 30 September 2016, £164.3 million had been drawn down under these facilities and £45.5 million remained undrawn under the £88.5 million Revolving Credit Facility; and
- acquired (or agreed to acquire) 33 solar power plants with an investment value of £481.4 million and a generating capacity of 413.7MW.

#### Investment objective

The Company seeks to provide investors with a sustainable and attractive dividend that increases in line with RPI over the long term by investing in a diversified portfolio of solar PV plants that are located in the UK. In addition, the Company seeks to provide investors with an element of capital growth through the re-investment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

#### Target returns<sup>2</sup>

The Company aims to increase its aggregate dividend per Ordinary Share in respect of each financial year in line with RPI growth. For the financial year ending 31 March 2017, the Company is targeting an aggregate dividend of 6.31 pence per Ordinary Share (to be paid on a quarterly basis), reflecting a 1.0 per cent. inflationary increase above the aggregate dividend of 6.25 pence per Ordinary Share in respect of its financial year ended 31 March 2016.

<sup>2</sup> Note: These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in the New Shares or assume that the Company will make any distributions at all

The Company is also targeting aggregate returns to investors that equate to an unlevered IRR of between 7 and 9 per cent. (after fees and expenses) based on the IPO issue price of 100 pence per Ordinary Share (and based on a range of assumptions (reflecting the Company's views at the date of this Registration Document)) in relation to, amongst other things:

- wholesale power pricing;
- discount rates for renewable projects;
- inflation rates;
- taxation;
- technical optimisation and solar plant performance;
- cost reductions; and
- lease terms.

The target returns are expected to be achieved primarily through deployment of the Company's funds in accordance with its investment policy and active management of the Company's assets. Net cash generated in excess of the target dividend will generally be re-invested by the Group in accordance with the Company's investment policy. The Directors believe that additional upside may be realisable as a consequence of employing leverage or advancing secured construction financing.

### **Investment policy**

The Company invests exclusively in solar PV plants located in the UK.

The Company intends to continue to acquire assets that are primarily ground-based and utility-scale and which are on sites that may be agricultural, industrial or commercial. The Company may also acquire portfolios of residential or commercial building-integrated installations. The Company targets solar PV plants that are anticipated to generate stable cash flows over their asset lifespan.

The Company typically seeks to acquire sole ownership of individual solar PV plants through SPVs, but may enter into joint ventures or acquire majority interests, subject, in each case, to the Company maintaining a controlling interest. Where an interest of less than 100 per cent. in a particular solar PV plant is acquired, the Company intends to secure controlling shareholder rights through shareholders' agreements or other legal arrangements. Investments by the Company in solar PV plants may be either by way of equity or a mix of equity and shareholder loans.

The Company has built up a diversified portfolio of solar PV plants and its investment policy contains restrictions to ensure risk diversification. No single investment (or, if an additional stake in an existing investment is acquired, the combined value of both the existing and the additional stake) by the Company in any one solar PV plant will constitute (at the time of investment) more than 30 per cent. of the Gross Asset Value. In addition, the four largest solar PV plants will not constitute (at the time of investment) more than 75 per cent. of the Gross Asset Value.

The Company will continue, primarily, to acquire operating solar PV plants, but may also invest in solar PV plants that are under development (that is, at the stage of origination, project planning or construction) when acquired. Such assets will constitute (at the time of investment) not more than 10 per cent. of the Gross Asset Value in aggregate.

The Company may also agree to forward-fund by way of secured loans the construction costs of solar PV plants where it retains the right (but not the obligation) to acquire the relevant plant once operational. Such forward-funding will not fall within the 10 per cent. development restriction above but will be restricted to no more than 25 per cent. of the Gross Asset Value (at the time such arrangement is entered into) in aggregate and will only be undertaken where supported by appropriate security (which may include financial instruments as well as asset-backed guarantees).

The right to forward fund, subject to the above limitations, enables the Company to retain flexibility in the event of changes in the development pipeline over time. In addition, the Company will not employ forward funding and engage in development activity in relation to the same project or assets.

A significant proportion of the Group's income is expected to result from the sale of the entirety of the electricity generated by the solar PV plants within the terms of PPAs. These are expected to include the monetisation of ROCs, and other regulated benefits and the sale of electricity generated by the plants to energy consumers and energy suppliers (Brown Power). Within this

context the Company expects to execute PPAs with creditworthy counterparties at the appropriate time.

The Company will continue to diversify its third party suppliers, service providers and other commercial counterparties, such as developers, EPC contractors, technical component manufacturers, PPA providers and landlords.

In pursuit of the Company's investment objective, the Company may employ leverage, which will not exceed (at the time the relevant arrangement is entered into) 50 per cent. of the Gross Asset Value in aggregate. Such leverage will be deployed for the acquisition of further solar PV plants in accordance with the Company's investment policy. The Company may seek to raise leverage at any of the asset, SPV, HoldCo, or Company levels. The Company has a preference for medium- to long-term amortising debt financing.

The Company invests with a view to holding its solar PV plants until the end of their useful life. However, assets may be disposed of or otherwise realised where the Investment Manager determines, in its discretion, that such realisation is in the best interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise. The Company will seek to optimise and extend the lifespan of its assets and may invest in their repowering and/or integration of ancillary technologies (e.g. energy storage) on its solar PV plants to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. The Company expects to re-invest any cash surplus (in excess of that required to meet the Company's dividend target and ongoing operating expenses) in further investments, thereby supporting its long-term Net Asset Value.

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.

The Company may (but is not obliged to) enter into hedging arrangements in relation to interest rates and/or power prices.

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the FCA and of its Shareholders by ordinary resolution.

In the event of any breach of the Company's investment policy, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Articles.

### **Listing Rule investment restrictions**

The Company currently complies with the following investment restrictions and will continue to do so for so long as they remain requirements of the FCA and applicable to the Company:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company will invest and manage, at all times, its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy; and
- not more than 10 per cent. of the Gross Asset Value at the time of investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

### **Capital structure**

#### ***Share capital***

The Company's issued share capital currently comprises only Ordinary Shares, having issued, in aggregate, 343,197,450 Ordinary Shares pursuant to the IPO, the 2014 Share Issuance Programme, the 2016 Tap Issuance Programme, (raising gross proceeds of £350.1 million) and pursuant to scrip dividends.

The existing Ordinary Shares are, and the New Ordinary Shares to be issued pursuant to the Share Issuance Programme (including Ordinary Shares arising on conversion of any C Shares issued pursuant to the Share Issuance Programme) will be, admitted to trading on the London Stock Exchange's Main Market and are, or will be, listed on the premium segment of the Official List. Any C Shares issued pursuant to the Share Issuance Programme will be admitted to trading

on the London Stock Exchange's Main Market and will be listed on the standard segment of the Official List.

Ordinary Shareholders are entitled to receive, and participate in, any dividends declared to the extent that such dividends derive from the net assets of the Company attributable to the Ordinary Shares. C Shareholders will be are entitled to receive, and participate in, any dividends declared to the extent that such dividends derive from the net assets of the Company attributable to any C Shares.

Ordinary Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held. C Shareholders will also be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each C Share held.

On a winding-up of the Company, once the Company has satisfied all of its liabilities, the Ordinary Shareholders are entitled to all of the surplus assets of the Company attributable to the Ordinary Shares and the C Shareholders will be entitled to all of the surplus assets of the Company attributable to any C Shares in issue.

### ***Debt***

As at 30 September 2016 the Group had debt facilities comprising a combination of short- and medium-term debt and amortising long-term debt and had drawn down short- and medium-term debt of £64.7 million and amortising long-term debt of £99.6 million. As at that date, £45.5 million remained undrawn under the £88.5 million Revolving Credit Facility. The Company intends to refinance the Revolving Credit Facility prior to maturity. Details of the Group's debt facilities are set out in paragraph 4 of Part 7 of this Registration Document.

### **Distribution policy**

#### ***Dividends***

For the financial year ending 31 March 2017, the Company is targeting an aggregate dividend of 6.31 pence per Ordinary Share, reflecting a 1.0 per cent. inflationary increase above the aggregate dividend of 6.25 pence per Ordinary Share in respect of its financial year ended 31 March 2016<sup>3</sup>. The Company aims to increase its aggregate dividend per Ordinary Share in respect of each financial year in line with RPI growth.

Dividends on the Ordinary Shares in respect of each financial year of the Company are expected to be paid quarterly, normally in respect of the three months ending 30 June, 30 September, 31 December and 31 March, and are expected to be made by way of interim dividends declared in August, November, February and May respectively and paid in September, December, March and June respectively.

Dividends payable on any C Shares will relate to the returns on the net proceeds of the relevant C Share issue and will be paid as one or more interim dividend(s) in respect of such period(s) and declared at such time(s) as the Directors, in their absolute discretion, may determine.

The Board conducts the Company's affairs with the intention that the Company would qualify as an investment trust if it were resident in the United Kingdom and may make distributions to Shareholders accordingly. However, there are no assurances that the Company will meet its dividend objective. In particular, dividends may only be paid whenever the financial position of the Company, in the opinion of the Directors, justifies such payment and subject to the Company being able to satisfy the solvency test under the Companies Law.

#### ***Scrip dividends***

The Articles permit the Directors and subject to Shareholder authorisation (by way of an ordinary resolution in accordance with the Articles) to offer a scrip dividend alternative to Shareholders when a cash dividend is declared from time to time. Pursuant to a Shareholder authority dated 19 June 2015, the Directors have been granted authority to offer Shareholders the right to elect to receive further Ordinary Shares instead of cash in respect of all or part of any dividend that may

<sup>3</sup> Note: These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in the New Shares or assume that the Company will make any distributions at all.

be declared, in the five years falling after the date of the authority. The Company intends to renew its authority on its expiry.

In the event a scrip dividend is offered, an electing Shareholder would be issued new, fully paid-up Ordinary Shares (or sold Ordinary Shares from treasury) pursuant to the scrip dividend alternative. Any scrip dividend alternative will be available only to those Shareholders to whom Ordinary Shares might lawfully be marketed by the Company. A scrip dividend alternative has been offered in respect of the dividends paid or payable in respect of the Company's current financial year, which ends on 31 March 2017 and the Directors intend to offer a scrip dividend alternative for dividends payable in respect of future financial years of the Company.

There will be no scrip dividend alternative in respect of any dividends declared in relation to any C Shares.

### **Further issues of Shares**

At the date of this Registration Document, the Company has authority to issue up to 350,000,000 Ordinary Shares and/or C Shares pursuant to the Share Issuance Programme on a non-pre-emptive basis. That authority will expire on 15 November 2017.

All New Ordinary Shares will be issued at a premium to the prevailing Net Asset Value per Ordinary Share which will be at least sufficient to cover the costs and expenses of the relevant Issue. The issue price of any C Shares issued pursuant to the Share Issuance Programme will be £1.00 per C Share. Typically, C Shares convert into Ordinary Shares on a Net Asset Value for Net Asset Value basis once substantially all of the net proceeds of the C Share issue have been invested. The costs and expenses of any issue of C Shares and any other costs and expenses which the Directors believe are attributable to the C Shares will be paid out of the pool of assets attributable to the C Shares and accordingly will not dilute the Net Asset Value of the Ordinary Shares.

The Directors intend to seek Shareholder approval at the annual general meeting of the Company to be held in 2017, and at each subsequent annual general meeting, to issue on a non-pre-emptive basis further Ordinary Shares equal to 10 per cent. of the Ordinary Shares in issue at the time the approval is sought. Ordinary Shares issued pursuant to any such authority will be issued at a premium to the prevailing Net Asset Value per Ordinary Share, having taken into account the costs of the issue.

No Ordinary Shares will be issued at a price less than the Net Asset Value per existing Ordinary Share at the time of their issue except: (i) pursuant to Shareholder approval; (ii) where such Ordinary Shares are being issued on a *pro rata* basis to all Shareholders; or (iii) pursuant to a scrip dividend alternative.

### **Purchases of Shares in the market by the Company**

The Company has the authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue at 24 August 2016. This authority will expire at the conclusion of the Company's next annual general meeting to be held in 2017. The Directors intend to seek annual renewal of the Company's authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue at the date the authority is granted at each annual general meeting.

Whether the Company purchases in the market any Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Directors, save as described below. The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests, in particular as a means of correcting any imbalance between supply of and demand for the Ordinary Shares.

Any purchase of Ordinary Shares by the Company will only be made by the Company through the market for cash and in accordance with the Articles, the Companies Law and the Listing Rules. The Listing Rules currently provide that the maximum price that may be paid by the Company must not exceed the higher of (i) 5.0 per cent. above the average of the mid-market values of Ordinary Shares for the five Business Days before the purchase is made and (ii) the higher of the last independent trade or the highest current independent bid for the Ordinary Shares. In any event, purchases of Ordinary Shares by the Company will only be made through the market at prices below the prevailing Net Asset Value per Ordinary Share. Ordinary Shares which are purchased may be cancelled or held in treasury.

Investors should note that the purchase of Ordinary Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should also note that any purchase of Ordinary Shares by the Company will be subject to the ability of the Company to fund the purchase price. The Companies Law also provides, among other things, that any purchase is subject to the Company satisfying the solvency test contained in the Companies Law at the relevant time.

The Company does not have any authority, and the Directors do not intend to seek any authority for the Company, to purchase any C Shares in the market.

### **Treasury shares**

The Company is permitted to hold Ordinary Shares purchased in the market in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently sold for cash or cancelled. Holding Ordinary Shares in treasury gives the Company the ability to sell Ordinary Shares from treasury quickly and in a cost efficient manner (subject to having the requisite Shareholder authority disapplying pre-emption rights in relation to such sales) and provides the Company with additional flexibility in the management of its capital base. However, unless authorised by Shareholders by special resolution in accordance with the Articles, the Company will not sell Ordinary Shares out of treasury for cash at a price less than the Net Asset Value per Ordinary Share, save in connection with the payment of a scrip dividend, unless they are first offered *pro rata* to existing Ordinary Shareholders.

### **Discontinuation vote**

The Company has an indefinite life. However, if the Ordinary Shares trade, on average over any financial year of the Company, at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share, the Board shall propose a special resolution at the Company's next annual general meeting that the Company ceases to continue in its present form (a "Discontinuation Resolution"). The discount prevailing on each Business Day will be determined by reference to the closing market price of the Ordinary Shares on that day and the most recently published Net Asset Value per Ordinary Share.

If a Discontinuation Resolution is passed (requiring the approval of at least 75 per cent. of the votes cast in respect of it), the Board shall be required to put forward proposals to Shareholders at a general meeting of the Company, to be held within four months of the Discontinuation Resolution being passed, to wind up or otherwise reconstruct the Company, bearing in mind the illiquid nature of the Company's underlying assets.

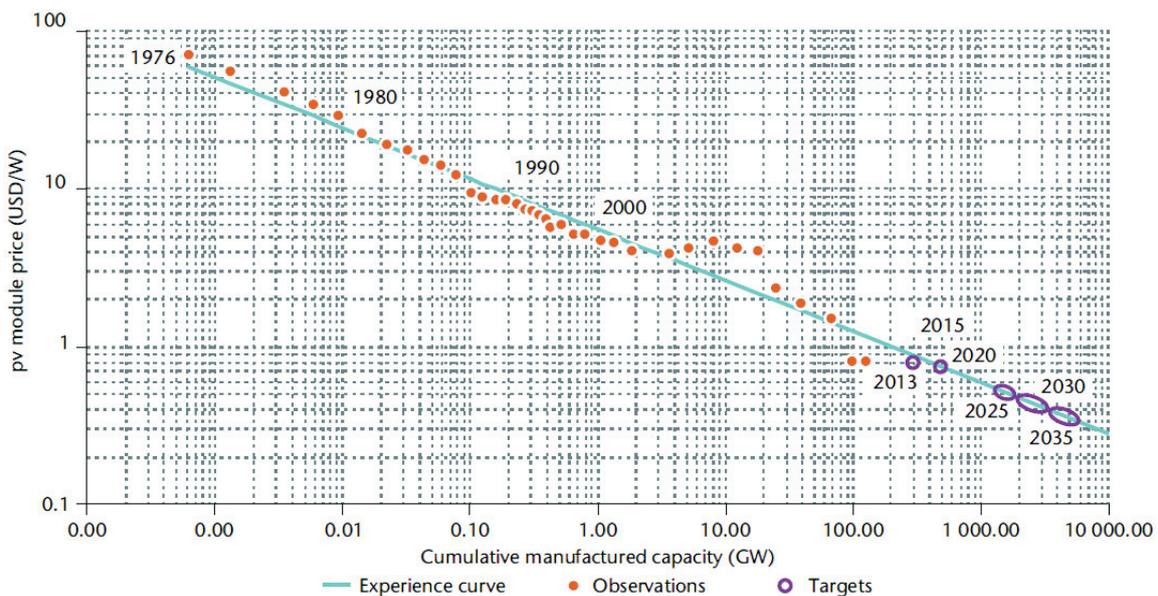
## PART 3

### THE UK SOLAR PV MARKET

#### Introduction to photovoltaic technology

PV has developed over the years into a proven, mature technology that is becoming increasingly competitive with conventional energy sources, partly due to the dramatic fall in PV module prices experienced over the last decades. Since module price increases between 2005 to 2008; which resulted from a shortage in wafer based crystalline silicon (c-Si) capacities, global module prices have decreased rapidly from US\$4/watt in 2008 to US\$0.8/watt in 2012. As use of the technology becomes more widespread, and the technology improves, prices are expected to decrease even further, for both c-Si and thin film. According to IEA's technology roadmap for PV published in 2014, module prices could halve over the next 20 years to US\$0.3-0.4/watt.

Historical PV module prices and projections to 2035 (US\$/watt)<sup>4</sup>



Notes: Orange dots indicate past module prices; purple dots are expectations. The oval dots correspond to the deployment starting in 2025, comparing the 2DS (left end of oval) and 2DS hi-Ren (right end).

As a result of decreasing module prices and the costs of underlying components, solar PV energy is rapidly approaching grid parity. This is defined as the point where the levelised cost of energy (“LCOE”) without subsidies is the same or lower than the residential electricity price excluding taxes. According to the Fraunhofer Institute’s study on LCOE, PV power plants in Southern Germany achieved a LCOE between €0.078 and 0.142/kWh in the third quarter of 2013, reaching parity with other conventional power generation technologies. By the end of the next decade, the LCOE of PV power plants is expected to decrease to between €0.055 and 0.094/kWh, and the LCOE of utility-scale solar PV plants, will be considerably below the average LCOE for all fossil fuel power plants.

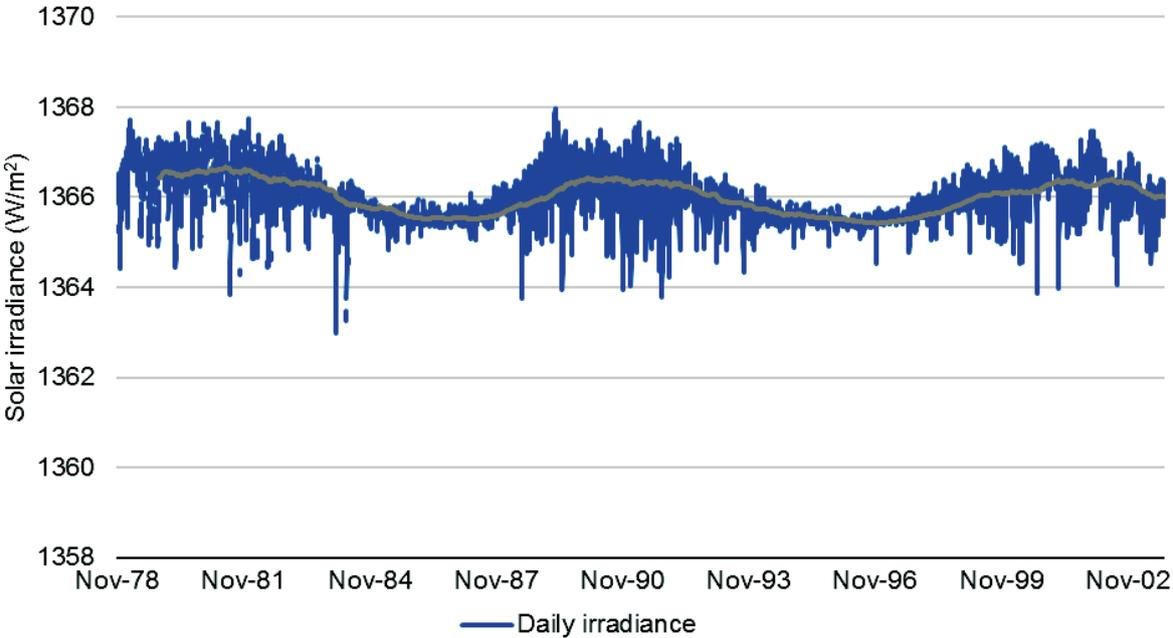
Apart from increasing cost competitiveness, solar PV has a range of characteristics that create an attractive investment proposition. Solar PV energy is a clean, noiseless, reliable and predictable source of electricity due to consistency in yearly solar radiation, and importantly, realises maximum outputs during peak demand hours. Furthermore, solar PV equipment has a very long useful asset life, estimated to be between 25 and 40 years by the US National Renewable Energy Laboratory (“NREL”), with the additional upside of potential repowering. According to NREL, degradation rates of monocrystalline silicon modules installed before and after 2000 are 0.47 per cent. and 0.36 per cent., respectively.

The predictability and stability of annual solar PV generation results from the fact that solar energy (solar irradiation) received on a given surface varies relatively little from year to year. According to

4 Source: IEA: “Technology Roadmap – Solar Photovoltaic Energy (2014 edition)”.

the European Photovoltaic Industry Association (“EPIA”), predicting available solar irradiation is generally quite accurate and easier than predicting wind patterns. The stability in solar irradiance is illustrated in chart below, provided by the US National Oceanic and Atmospheric Administration’s National Geophysical Data Center. The peak-to-trough range of the annual rolling average total solar irradiance<sup>5</sup> over the 1978 to 2003 data period has been 1.2 W/m<sup>2</sup>, equivalent to a 0.1 per cent. deviation from the average 1,366 W/m<sup>2</sup>.

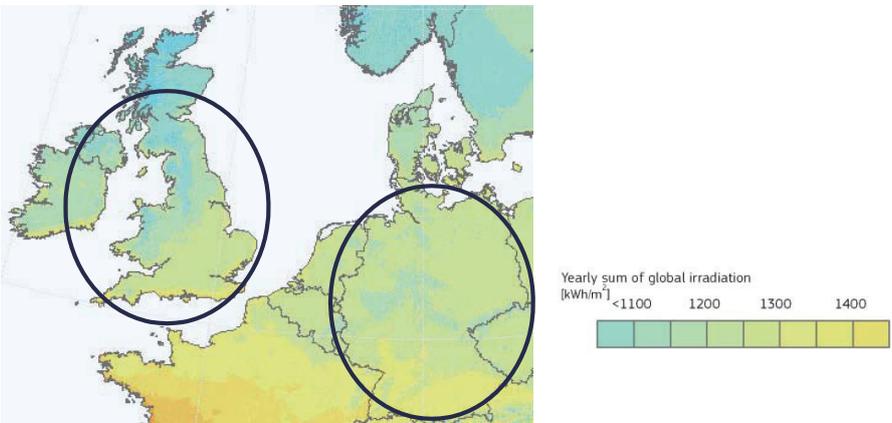
*Total solar irradiance: November 1979 – October 2003<sup>6</sup>*



The long-term potential of solar energy is considerable and far from being fully exhausted: solar irradiation far exceeds the amount necessary to satisfy global energy demand. According to EPIA, the proportion of the sun’s rays that reaches the earth’s surface can satisfy global energy consumption 10,000 times over.

The market opportunity in the UK is also driven by the evidence of solar irradiation being available in the UK, for viable and economical investment in large solar PV assets. Daylight level (i.e. irradiation) in the South of England is similar to that in most of Germany, historically Europe’s largest solar market.

*Irradiation levels UK & Germany*



5 Total solar irradiance is the amount of radiant energy emitted by the sun that falls each second on 1m<sup>2</sup> on the Earth’s upper atmosphere, as measured by satellites.  
 6 Source: NOAA’s National Geophysical Data Centre: [ftp://ftp.ngdc.noaa.gov/STP/SOLAR\\_DATA/SOLAR\\_IRRADIANCE](ftp://ftp.ngdc.noaa.gov/STP/SOLAR_DATA/SOLAR_IRRADIANCE) (file: composite\_d25\_07\_0310a.dat).

## **UK context for renewable energy<sup>7</sup>**

### ***Legislative underpinning***

National markets for renewable energy are policy-driven markets resulting from initiatives designed to improve security of energy supply, diversity of generation technology and to generate economic incentives for the reduction of GHG emissions, thereby mitigating the onset of climate change.

The UK's commitment to cutting GHG and mitigating climate change, and the associated deployment of increasing amounts of renewable energy for power generation, is enshrined in primary national legislation and international law.

The UK is a party to the United Nations Framework Convention on Climate Change (the "UNFCCC") and has signed and ratified the Kyoto Protocol, an international treaty that extended the UNFCCC, as part of the EU commitment for the reduction of GHG emissions. The major feature of the Kyoto Protocol is that it sets binding GHG emissions reduction targets for the countries that are a party to it.

In the first "commitment period" from 2008-2012, these reductions were set at an average reduction of five per cent. relative to 1990 levels. The average target reduction for EU members was 8.0 per cent., with the UK's individual target set at 12.5 per cent. Under the second commitment period from 2013-2020, the EU countries (along with Iceland) agreed to meet, jointly, a 20 per cent. reduction target compared to 1990 levels. The UK's individual target is set at 16 per cent. of 2005 emissions levels.

In 2015, 195 countries adopted the Paris Agreement, which will act as a successor to the Kyoto Protocol under the UNFCCC. Under the Paris Agreement, countries will work towards a long term goal of keeping the increase in global average temperatures well below 2°C above pre-industrial levels, and aim to limit the increase to 1.5°C. The Paris Agreement is significantly different from the Kyoto Protocol in setting emissions targets for countries as each country (or country bloc such as the EU) make 'nationally determined contributions' towards cutting GHG and mitigating climate change, as well as adaptation actions. The EU ratified the Paris Agreement as a bloc in October, and has submitted an ambitious intended contribution of reducing emissions by at least 40 per cent. by 2030. Importantly, the Paris Agreement binds parties to increase and progress their nationally determined contribution over time, therefore increasing ambition towards the 2°C and 1.5°C goals. The Paris Agreement entered into force on 4 November 2016. As of 14 October 2016, the UK has yet to ratify the Paris Agreement, however the British Prime Minister committed that the UK will also do so as a separate nation before then end of the year.

Currently, one of the main pieces of legislation supporting renewable generation at the EU level is the Renewable Energy Directive 2009. Under the Renewable Energy Directive, Member States are required to adopt national targets for renewables that are consistent with reaching the European Commission's overall EU target of a 20 per cent. share of energy from renewable sources relative to final energy consumption from all sources by 2020. The Renewable Energy Directive sets the UK a target of 15 per cent. for primary energy consumption from renewables by 2020.

EU countries have also agreed on a new 2030 Framework for climate and energy, including EU-wide targets and policy objectives for the period between 2020 and 2030. A new binding target was set of a 40 per cent. reduction in GHG emissions below the 1990 level by 2030, which was reflected in the intended nationally determined contribution under the Paris Agreement referred to above, to be met through domestic measures alone.

In addition, an EU-wide binding target is proposed that would require at least 27 per cent. of energy to come from renewables by 2030, to be implemented through national energy plans of the Member States. Furthermore, an indicative target of at least 27 per cent. improvement on energy efficiency compared with business as usual scenarios was set, which will be reviewed by 2020, having in mind an EU level of 30 per cent. The target will be binding only at an EU level and not shared between member states.

In order to deliver the new 2030 framework, including the target of 27% of energy from renewables by 2030, the European Commission carried out a consultation and results were published in March 2016. A new renewables energy directive for the 2020-2030 period is expected to be tabled in due course.

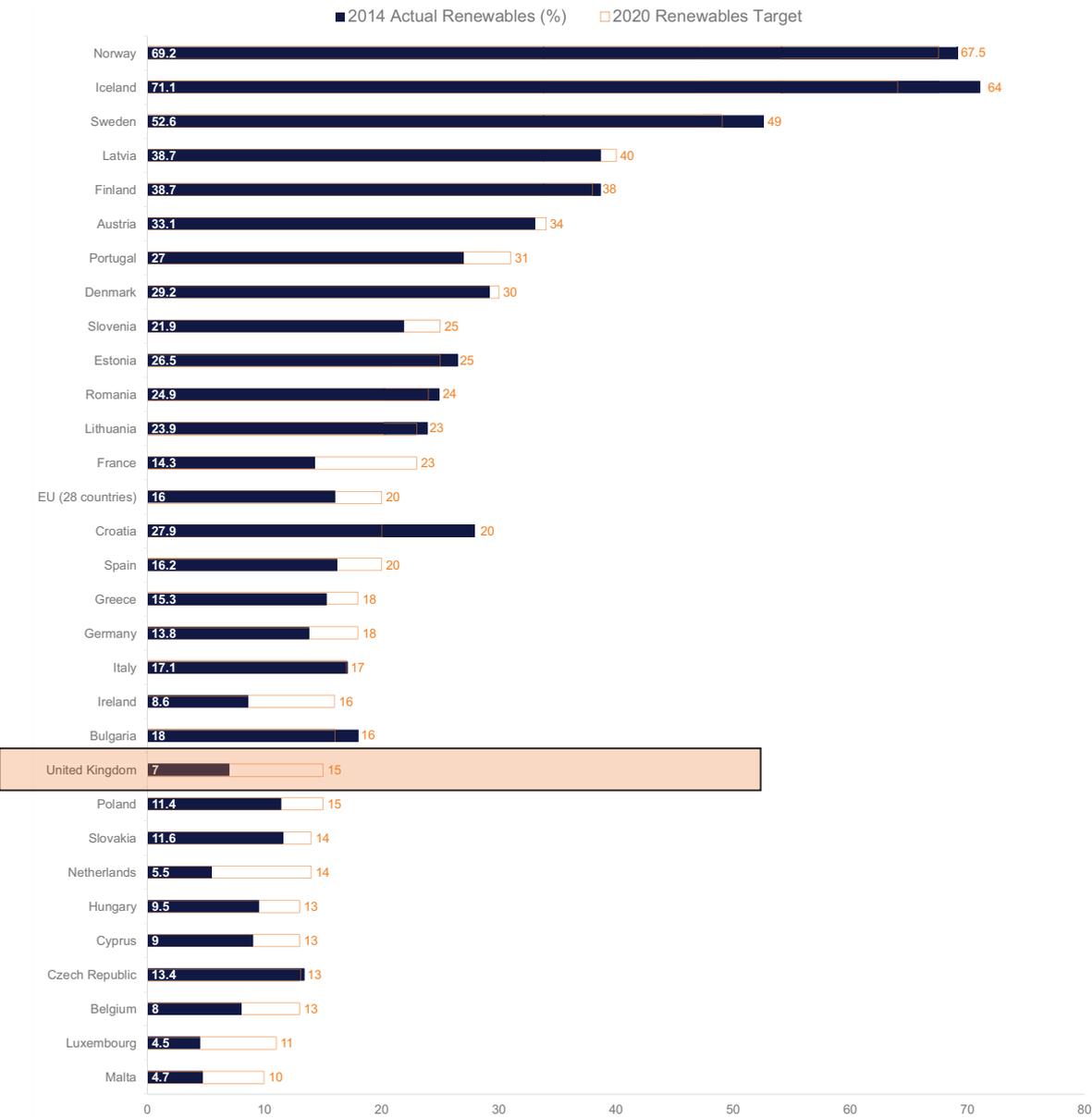
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7 Source: European Commission – IET – PVGIS <http://re.jrc.ec.europa.eu/pvgis/index.htm>

The Government anticipates that, in order to meet this overall renewable energy target by 2020, approximately 30 per cent. of the UK’s electricity will need to come from renewable sources. As such, the Government has introduced several incentive schemes to help achieve that target. Current projections are that the UK will miss the 2020 overall target. However it is expected to meet the 30 per cent. target for renewable energy generated electricity, while underperforming on its heat and transport targets.

These incentive schemes have enabled the UK to increase the share of renewables in electricity generation mix from a 6.8 per cent. in 2010 to 24.7 per cent. in 2015.

*Contribution of renewables sources to the total energy consumption per country (% gap of actual contribution vs 2020 target)<sup>8</sup>*



In 2008, the UK passed the Climate Change Act (the “CCA”) in order to establish a framework to develop an economically credible emissions reduction path. The CCA commits the UK to an 80 per cent. reduction in GHG emissions by 2050 relative to 1990 levels. The CCA also established the Committee on Climate Change which advises the Government and devolved administrations on progress towards this target, and proposes carbon budgets which define the total emissions for the

<sup>8</sup> Sources: Eurostat – 2016; European Commission – Renewable Energy Progress Report – June 2015; European Economic Area Agreement – July 2016.

UK economy over certain periods. These budgets are established to serve as a pathway to the final legally binding goal for 2050, as set out in the CCA. The Committee on Climate Change's advice to the Government on carbon budgets and targets is presented to Parliament by the Government for enacting into law. The first carbon budget for 2008 to 2012 was set at a 23 per cent. average reduction against 1990 emissions levels. The most recent fifth carbon budget sets a 57 per cent. average reduction against 1990 levels for 2028-2032.

The national commitments described above are enshrined in law and underpin the UK's efforts to mitigate climate change and to deploy renewable energy. In order to facilitate investment in renewable energy and hence meet these legal commitments, various instruments have been developed which sit within and alongside the UK power market.

Following the "Brexit" referendum vote on 23 June 2016, in the long term, it is unclear whether UK legislation will continue to precisely mirror EU legislation or the UK will adopt a divergent policy. The government has said that at the point of Brexit (probably in 2019), in the 'Great Repeal Act', EU law will be converted into domestic law "wherever practical". We can expect law and policy changes to reflect national circumstances to follow but not as a priority and presumably following proper procedures for scrutiny and consultation. There are no indications that climate change or energy laws will be prioritised for review or amendment. The exit negotiations have not begun but there are no indications that access to the common market will be available to the UK if there is a diminution in adherence to the Environmental Aquis. Consequently, the outlook for renewable energy sources including wind and solar is relatively stable due to the CCA which is primary UK legislation that is not dependent on any overarching EU legislation. As explained above the CCA imposes a long term national commitment to a reduction of GHG emissions. On 29 June 2016, importantly post-Brexit, the UK government sought to further reassure energy market participants and investors by confirming its commitment and passing the fifth Carbon Budget into law, which calls for a 57 per cent. cut to 1990 carbon emission levels for the period 2028-2032. The budget has since been approved by Parliament.

### ***Reduction in generation***

The UK electricity system is facing a period of major structural change and challenge, which could affect the prices in the wholesale power market.

The UK faces the decommissioning of a substantial proportion of its legacy power generation fleet, either, in the case of nuclear stations, because they have come to the end of their design lives, or, in the case of many coal and oil stations, because of the prohibitive costs of complying with other environmental regulations.

National Grid projects that UK generation capacity over the period from 2015/16 to 2020/21 will fall from just over 70GW to between 61 and 65GW, with capacity thereafter projected to increase slowly.

Renewable energy is a steadily increasing proportion of that generation capacity – with over 46 per cent. of Britain's electricity coming from renewable sources in 2015; accompanied by a decrease in the proportion generated by coal-fired stations to 22 per cent., down from 30 per cent. the previous year.

### ***Policy outlook***

The drive to address climate change, along with supply pressures, has led to a number of regulatory and market initiatives in the UK. The Government has been supportive of the growth of renewable energy, as demonstrated by the legislation passed and policies issued.

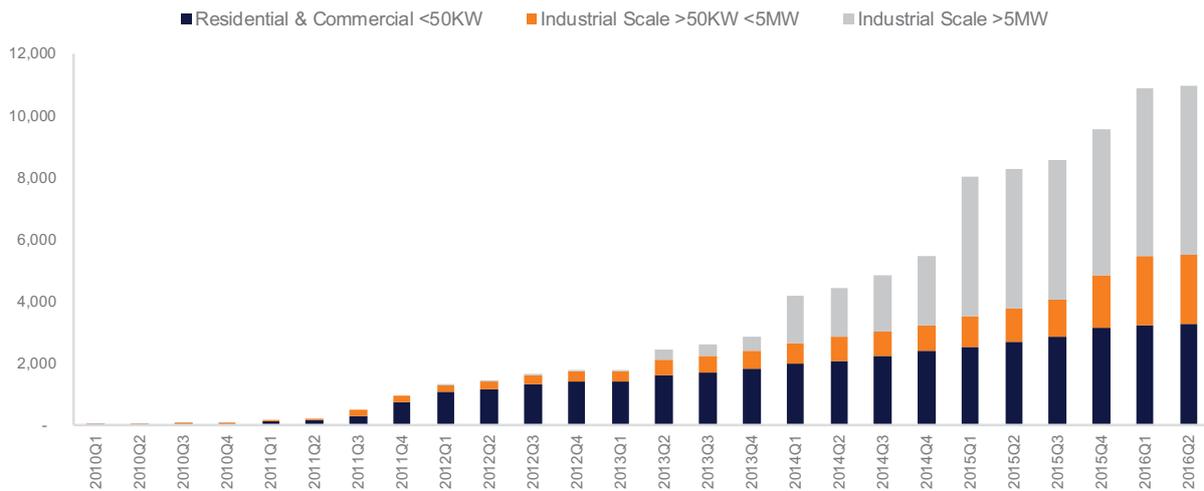
### ***Tariff scheme***

The UK Renewable Energy Roadmap confirms that there are significant advantages with solar PV energy: it is versatile and scalable, with deployment possible in a wide range of locations including domestic and commercial buildings and, where appropriate, on the ground; solar projects can be developed and installed very quickly; and the fuel, solar radiation, is free and materially abundant in the UK. In addition the extensive deployment of solar PV assets across the UK has recently resulted in solar receiving the highest public approval rating of all renewable energy technologies at 82 per cent.<sup>9</sup>

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9 Source: DECC – Public Attitudes Tracker – Wave 10 – August 2014.

### UK installed solar PV capacity<sup>10</sup>



The UK Renewable Energy Roadmap indicates that there is a potential deployment range of 7-20GW of solar PV deployment by 2020<sup>11</sup>. On 18 November 2015 the then Energy Secretary Amber Rudd announced an upgrade to DECCs' solar deployment forecast for 2020 to 12GW from 9.55GW earlier in August of the same year.

#### Current renewable energy support schemes in the UK

Solar PV projects in the UK typically generate revenues from:

- the sale of electricity to the Grid (or local users) (also called Brown Power sales); and
- so called "Green Benefits" which mainly comprise:
  - either ROCs or FiT payments;
  - embedded benefits – being grid operator payments for supporting local grid load; or
  - CfDs which are contracted with a Government owned independent company currently called the CfD Counterparty Body. This contract pays revenues calculated daily and paid monthly; being the difference from the previous days reference price (an average daily price) for Brown Power and the CfD strike price.

Looking at each of these in turn:

#### The wholesale electricity market in the UK

The electricity market in the UK is divided into:

- wholesale market, where generators, suppliers and large customers buy and sell electricity;
- transmission and distribution networks at national and regional levels; and
- retail market, where energy suppliers sell electricity to domestic and business customers.

The electricity wholesale market consists of electricity generators (those who produce electricity) selling their output to electricity suppliers (entities who sell the electricity to consumers) through bilateral contracts, over-the-counter trades and through spot markets.

The price available to renewable electricity generators in the wholesale electricity market, generally referred to as the "spot price", is determined by the market, which in the UK comprises approximately nine major electricity generators and six major electricity suppliers to the consumer market.

The wholesale price of power drives circa 40-50 per cent. of the revenue mix of large solar PV assets and is therefore a significant NAV driver. This is particularly amplified as the sale of electricity is linked to energy price inflation, whereas the operating cost basis of these plants is mainly linked to RPI which is generally forecasted to be lower than energy price inflation<sup>12</sup>.

10 Source: DECC – Solar Photovoltaics Deployment – September 2016.

11 Source: DECC – Department of Energy & Climate Change – UK Renewable Energy Roadmap – November 2013 Update.

12 Source: DECC – Electricity Generation Costs – July 2013.

The wholesale price of power is projected to rise in the near term as the rising cost of carbon is passed through to generator offers. Coal generation is the dominant price setting technology in the near term. However, as the number of coal power stations being decommissioned increases, gas becomes increasingly dominant and is the key driver of long-term baseload power prices<sup>13</sup>.

#### *ROCs, FiTs and CfDs*

The UK has implemented three extant regimes which specifically incentivise the deployment of solar PV technology, being ROCs, FiT and CfDs. The RO has been the main support mechanism since it began operating in 2002, although it has evolved and become more targeted through successive Renewables Obligation Orders. The FiT was introduced later and began operating in April 2010. CfDs were introduced in 2015 to be the underlying regime for larger (greater than 5MWp) solar projects although there is some uncertainty as to how this will be applied.

#### *Renewables Obligation*

The RO supports renewable electricity generation by placing an obligation on licensed electricity suppliers to surrender Renewables Obligation certificates each year or else pay a buy-out price.

The powers required to establish the RO were included in the Utilities Act 2000, and the detailed mechanics and parameters are defined in the Renewables Obligation Orders. The primary Renewables Obligation Order, the Renewables Obligation Order 2015 came into force on 1 December 2015.

The RO operates in England and Wales, with parallel obligations in Scotland and Northern Ireland.

The RO is a system whereby a generator using certain Specified Renewable Technologies, is eligible to receive green energy certificates, otherwise known as ROCs, in addition to their Brown Power sales. All licensed electricity suppliers are obliged to source a fixed percentage of their supply from renewable energy sources, and to evidence this by presenting ROCs to the regulator (Ofgem) or pay a “buy-out price”. Suppliers source these ROCs from generators who are accredited by Ofgem and if a supplier fails to purchase sufficient ROCs to fulfil this obligation then it must pay a buyout price for each of the ROCs representing the difference between its obligation and the ROCs it submits. These payments are recycled to suppliers in proportion to the ROCs they did submit. As such, the price of ROCs is inversely related to the amount of renewable energy produced, as the greater the shortfall below the target, the greater the buyout payments recycled to those who did submit ROCs. The RO regime provides for the ROC buyout price to increase with inflation each year.

It is intended that from 2027 to 2037, the current recycling system will no longer be in effect, and all accredited projects will simply receive a “Fixed Price Certificate”, consisting of a premium payment of 110 per cent. of the buyout price for their ROCs.

Revenue received by generators for each unit of electricity sold under the RO regime comprises four main elements, which together constitute the RO “all-in” price. Each of these elements has an independent value and, in the case of ROCs, can be sold separately. The elements are:

- market wholesale electricity price: the market price of electricity, depending on the location of the station;
- ROC buyout value: the amount of a buyout penalty where this is avoided by the generator;
- ROC recycled value: a share of the buyout fund.

#### *RO payment mechanism*

Electricity suppliers with an RO must either (a) submit to Ofgem a number of ROCs up to a certain defined proportion of their supply base and/or (ii) make a buyout payment for the balance. The level of the buyout payment required increases in line with RPI each year. The value of ROCs fluctuates depending on the actual amount of renewable generation compared to the annual RO target.

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13 Source: Inenco UK 15 Year Outlook – July 2013 and DECC Updated Energy & Emissions Projections – September 2013

*ROC percentages and prices by year<sup>14</sup>*

<b>Obligation period (1 April – 31 March)</b>	<b>Buy-out price</b>	<b>Obligation for England &amp; Wales and Scotland (ROCs per MWh of electricity supplied)</b>
2002-2003	£30.00	0.030
2003-2004	£30.51	0.043
2004-2005	£31.39	0.049
2005-2006	£32.33	0.055
2006-2007	£33.24	0.067
2007-2008	£34.30	0.079
2008-2009	£35.76	0.091
2009-2010	£37.19	0.097
2010-2011	£36.99	0.111
2011-2012	£38.69	0.124
2012-2013	£40.71	0.158
2013-2014	£42.02	0.206
2014-2015	£43.30	0.244
2015-2016	£44.33	0.290
2016-2017	£44.77	0.348

*Banding, grandfathering and headroom under the RO*

The RO system was changed in 2009 as it became apparent that the UK was unlikely to meet its renewable energy targets set by the EU without accelerating the development of certain higher cost renewable energy technologies such as solar, offshore wind, biomass, wave and tidal (among others). After a series of Government consultations, banding was introduced in April 2009.

Banding involves different technologies being awarded different numbers of ROCs for every MWh of electricity produced. However, in order to mitigate the disturbance that could arise from banding (and changing ROC awards for projects already in operation or under construction), the banding levels for most technologies were grandfathered. This is a process whereby an accredited generating plant will receive the same level of ROC support for its generation output for the full 20 year period allowed under the RO, so long as it remains eligible.

The bands are reviewed on a regular basis with historical rights to banding levels being grandfathered as a matter of policy for projects registered before 22 July 2015 or qualifying for the transitional grace period relief.

At the same time, a system known as “headroom” was introduced to prevent the new banded RO from being oversupplied. Under this system, the target obligation level for the forthcoming year was set in advance based on a Government estimate of the supply of ROCs for that year plus an additional 10 per cent. margin.

The RO was changed such that from April 2016 any new solar PV generating station (both ground and building mounted) above 5MWp will no longer be eligible for ROCs including any project increased in size to exceed 5MWp after April 2016. However, the RO should remain open for new registrations until 2017 for projects below 5MWp in size, where the transitional grace period criteria is met, so the Directors consider that all of the Group’s existing pipeline PV assets below 5MW should be eligible for accreditation under the RO.

In an outstanding consultation released in December 2015 the Government has proposed that small scale solar accredited between April 2016 and March 2017 may be subject to a ROC banding review unless it qualifies for the significant financial commitment grace period. In addition, the Government has proposed that small scale PV accredited from 22 July 2015 will only benefit from grandfathering if it qualifies for the significant financial commitment grace period. The Directors consider that all of the Group’s existing pipeline PV assets below 5MW should be eligible for accreditation under the RO.

As the levels of Renewables Obligation support for solar PV energy in the future will be lower than for other technologies, such as offshore wind and onshore wind, it can be inferred that the UK Government believes that solar PV requires less support than other technologies in order to be deployed.

<sup>14</sup> Source: Ofgem Information Note 12 February 2014 – The Renewables Obligation Buy-out Price and Mutualisation Ceiling 2016-17

### *Feed-in tariff*

FiTs support renewable electricity generation by requiring certain licensed electricity suppliers to make generation and export payments in respect of certain kinds of renewable electricity generation up to 5MW (or up to 10MW in the case of “community power generating projects”).

New small-scale electricity generating stations (including solar PV plants) above 50KW and up to 5MW in size have the option of choosing support from either the Renewables Obligation or the FiTs scheme. Eligible technologies include solar PV. Generation payments are a fixed payment by the relevant electricity supplier to the FiT generator for every kWh generation by the installation.

Export payments are a payment by the relevant electricity supplier to the FiT generator for every kWh exported to the national grid (although electricity can alternatively be sold into the market).

Levels of FiTs are determined by DECC and can only be adjusted pursuant to pre-determined criteria. FiTs for solar PV are granted now for 20 years. Once an installation is FiT accredited, FiT payments are adjusted in accordance with RPI.

The policy commitment to grandfathering ensures that solar PV generating stations should continue to receive the FiT for which they were first accredited for the duration of their FiT support. FiT payments for newly accredited FiT installations are reduced over time by a mechanism known as degeneration.

As a result of the Government Response to the Review of the Feed-in Tariffs Scheme in December 2015 generation tariffs for new installations have been reduced and deployment caps have been introduced.

Deployment caps are limits on the aggregate capacity of installations that can be accredited for a FiT tariff under a particular three month tariff period. Once a deployment cap is reached, no further installations are eligible to receive the tariff rate applicable for that band in that tariff period. Applications for such installations fall to be determined in the following period at a reduced tariff rate.

### *Feed-in tariffs with contracts for difference*

The White Paper (“Planning our electric future: a White Paper for secure, affordable and low-carbon electricity”) published in July 2011 initially set out the Government’s intention to introduce a feed-in tariff with contracts for difference (CfDs) as a new mechanism to support investment in low-carbon electricity generation. CfDs are a core part of EMR. The first solar CfDs have been awarded and with the RO being closed to new projects from 1 April 2017, the CfD will become the key incentive for development of renewable projects not supported by the existing small scale FiT regime (which supports up to 5MW renewable generation).

The CfD works by stabilising revenues for generators at a fixed price level known as the “strike price”. Generators will receive revenue from selling their electricity into the market as usual. However, when the market reference price is below the strike price they will also receive a top-up payment from suppliers for the additional amount. Conversely if the reference price is above the strike price, the generator must pay back the difference.

These characteristics mean that the CfD provides additional benefits when compared with the current RO and alternative mechanisms considered. It gives greater certainty and stability of revenues by removing exposure to volatile wholesale prices, and protects consumers from paying for support when electricity prices are high. Consequently it makes the development of low-carbon generation cheaper for both investors and consumers.

The 2016 UK Government Budget stated that the Government will auction Contracts for Difference of up to £730 million this Parliament for up to 4 GW of offshore wind and other less established renewables. While a second Contracts for Difference auction round was expected to occur in late 2016, this is now uncertain due to the change in Government personnel. The latest indication is that the Government will initially auction Contracts for Difference of up to £290 million for offshore wind and less established renewables with plans for more mature technologies (including large scale solar to be set out in due course<sup>15</sup>).

### *Embedded benefits*

In addition to the all-in price under the RO and FiT regimes, assets receive certain “embedded benefits” as a result of being connected entirely at the distribution network level, as opposed to at the transmission network level.

<sup>15</sup> Source: Government Response to Committee on Climate Change (October 2016) at page 10.

The UK electricity grid is broadly split between the high voltage main transmission system and the lower voltage distribution system. Electricity generated and fed into the grid at the distribution level is considered to be supplied to customers within that same distribution grid and is therefore deemed not to be using the transmission system. Suppliers who purchase power embedded PV assets therefore avoid paying some of the charges which would normally be associated with supplying customers in that area with power procured and delivered via the transmission grid.

The amounts saved by the avoidance of these charges are known as “embedded benefits”, and embedded generators are able to capture a proportion of these benefits through the pricing of its PPAs.

Embedded benefits comprise the avoidance of the following charges: (a) transmission and distribution losses; (ii) transmission network use of system (or Triad) charges; (iii) balancing services use of system charges; (iv) generator distribution use of system charges; and (e) residual cashflow reallocation cashflow payments. A number of factors determine whether the renewable electricity generator incurs network charges or is eligible for embedded benefits, including: (a) whether the generator is transmission or distribution connected; (ii) whether the generator is classed as licence exempt; (iii) the size and location of the generator; (iv) the treatment of the generator under the Connection and Use of System Code, which makes up the contractual national framework in the UK for connecting to and using the transmission system operated by National Grid; and (e) the type of bilateral connection agreement that the generator has with the National Grid for exporting power.

An open letter from Ofgem, the Office of Gas and Electricity Markets, dated 29 July 2016 indicated that embedded benefits will be subject to formal review and sought preliminary comment by 23 September 2016. The open letter states that there is a concern that embedded benefits may be over-rewarding embedded generators so the review may result in a decrease of these benefits.

## PART 4

### THE CURRENT PORTFOLIO

#### Overview of the Current Portfolio

As at 11 November 2016, the Current Portfolio comprised 33 operating solar PV plants (32 acquisitions completed, with a further plant contracted to be acquired, completion expected shortly) across 17 counties in England and Wales. These 33 plants had a total investment value of £481.4 million. All of the plants are (or will be) wholly owned by the Company through its HoldCos, which are intermediate holding companies.

The solar PV plants in the Current Portfolio have a weighted average operational history of approximately 1.6 years and a generating capacity of approximately 413.7MW. The majority of these plants are accredited under the ROC subsidy regime. The Investment Adviser estimates that, as at 30 September 2016, approximately 51.8 per cent. of the revenues derived from the Current Portfolio were regulated (that is, derived from ROCs and embedded benefits, mainly linked to RPI), with the balance derived from the sale of electricity.

The majority of the plants in the Current Portfolio are large, ground-based and agriculturally situated. There is one roof-mounted plant in the Current Portfolio, with a generating capacity of approximately 1.8MW.

#### Details of the Current Portfolio (as at 11 November 2016)

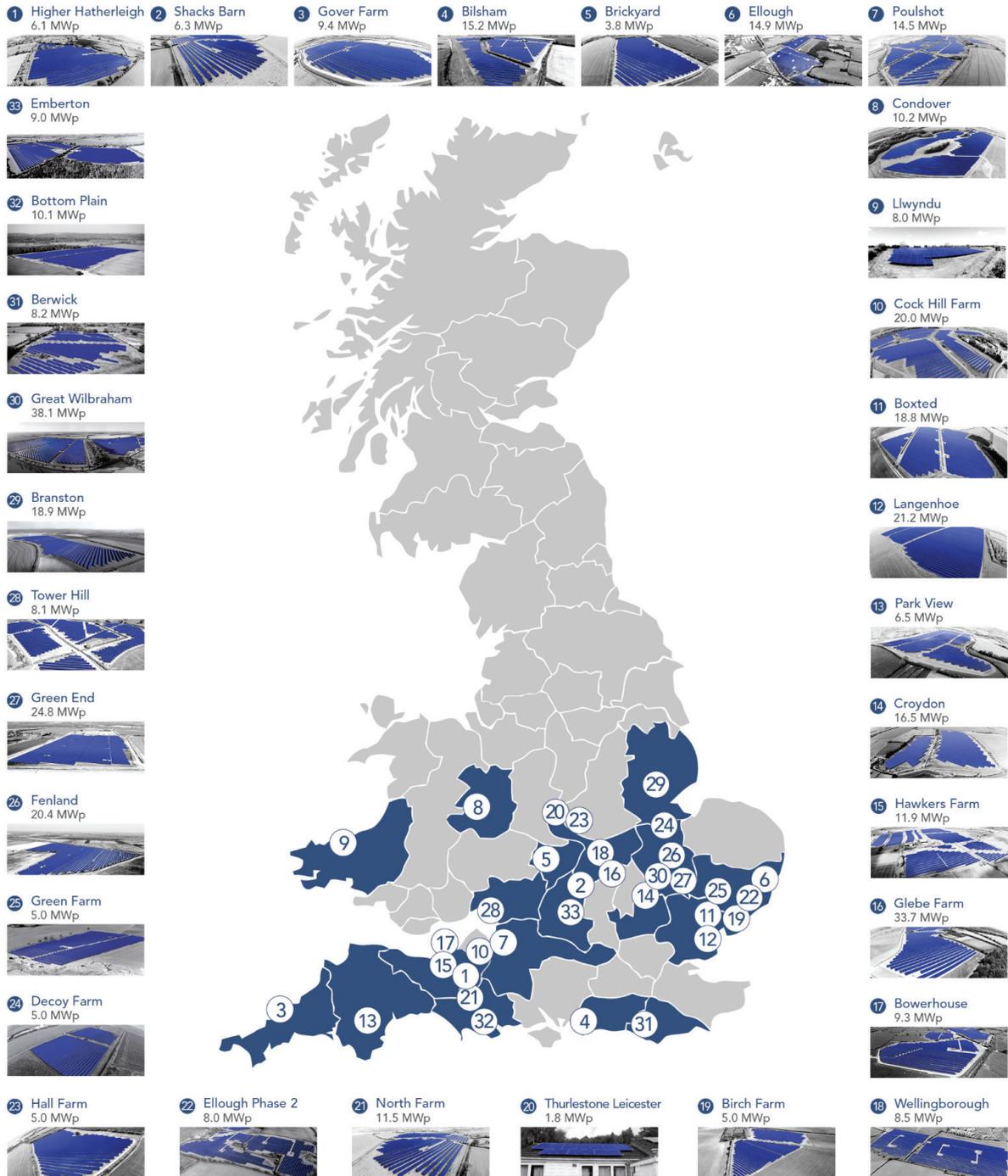
##### Summary

					Plant capacity (MW)	Investment (GBPm)	Valuation (as at 30 June 2016) (GBPm)	(%) of Current Portfolio
1	Higher Hatherleigh	Somerset	01-05-14	1.6	6.1	7.3	7.1	1.8
2	Shacks Barn	Northants	09-05-14	2.0	6.3	8.2	8.2	2.1
3	Gover Farm	Cornwall	23-06-14	1.4	9.4	11.1	11.7	3.0
4	Bilsham	Sussex	26-01-15	1.4	15.2	18.9	18.0	4.6
5	Brickyard	Midlands	14-07-14	1.4	3.8	4.1	3.8	1.0
6	Ellough	Suffolk	28-07-14	1.6	14.9	20.0	19.2	4.9
7	Poulshot	Wiltshire	02-04-15	1.4	14.5	15.7	15.8	4.0
8	Condover	Shropshire	31-05-15	1.4	10.2	11.7	10.7	2.7
9	Llywndu	Ceredigion	17-07-15	1.4	8.0	9.4	9.2	2.4
10	Cock Hill Farm	Wiltshire	17-07-15	1.4	20.0	23.3	22.8	5.8
11	Boxted Airfield	Essex	02-04-15	1.4	18.8	20.6	20.6	5.2
12	Langenhoe	Essex	13-04-15	1.4	21.2	22.9	22.1	5.6
13	Park View	Devon	15-07-15	1.4	6.5	7.7	7.5	1.9
14	Croydon	Cambridgeshire	23-04-15	1.4	16.5	17.8	17.4	4.4
15	Hawkers Farm	Somerset	30-06-15	1.4	11.9	14.5	14.2	3.6
16	Glebe Farm	Bedfordshire	31-05-15	1.4	33.7	40.5	40.0	10.2
17	Bowerhouse	Somerset	15-07-15	1.4	9.3	11.1	10.8	2.8
18	Wellingborough	Northants	15-07-15	1.6	8.5	10.8	10.1	2.6
19	Birch Farm	Essex	25-09-15	FiT	5.0	5.3	5.7	1.4
20	Thurlestone	Leicestershire	15-10-15	FiT	1.8	2.3	2.7	0.7
21	North Farm	Dorset	19-10-15	1.4	11.5	14.5	14.2	3.6
22	Ellough Phase 2	Suffolk	22-08-15	1.3	8.0	8.0	8.0	2.1
23	Hall Farm	Leicestershire	18-04-16	FiT	5.0	5.0	4.9	1.3
24	Decoy Farm	Lincolnshire	23-03-16	FiT	5.0	5.2	5.7	1.5
25	Green Farm <sup>(5)</sup>	Essex	— <sup>(5)</sup>	FiT	5.0	5.8	5.8	1.5
26	Fenland <sup>(2) (3)</sup>	Cambridgeshire	08-01-16	1.4	20.4	23.941	8.5	2.2
27	Green End <sup>(2) (3)</sup>	Cambridgeshire	08-01-16	1.4	24.8	28.984	10.2	2.6
28	Tower Hill <sup>(2) (3)</sup>	Gloucestershire	08-01-16	1.4	8.1	8.791	3.6	0.9
29	Branston	Lincolnshire	14-04-16	1.4	18.9	97.9 <sup>(2)(4)</sup>	53.0	13.5
30	Great Wilbraham	Cambridgeshire	14-04-16	1.4	38.1			
31	Berwick	Sussex	14-04-16	1.4	8.2			
32	Bottom Plain	Dorset	14-04-16	1.4	10.1			
33	Emberton	Buckinghamshire	14-04-16	1.4	9.0			
<b>Total</b>					<b>413.7</b>	<b>481.4</b>	<b>391.8</b>	<b>100</b>

#### Notes:

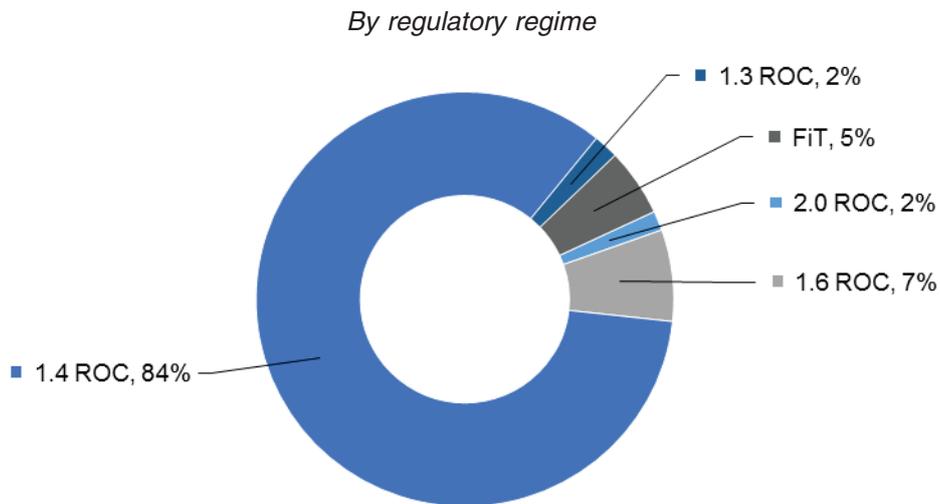
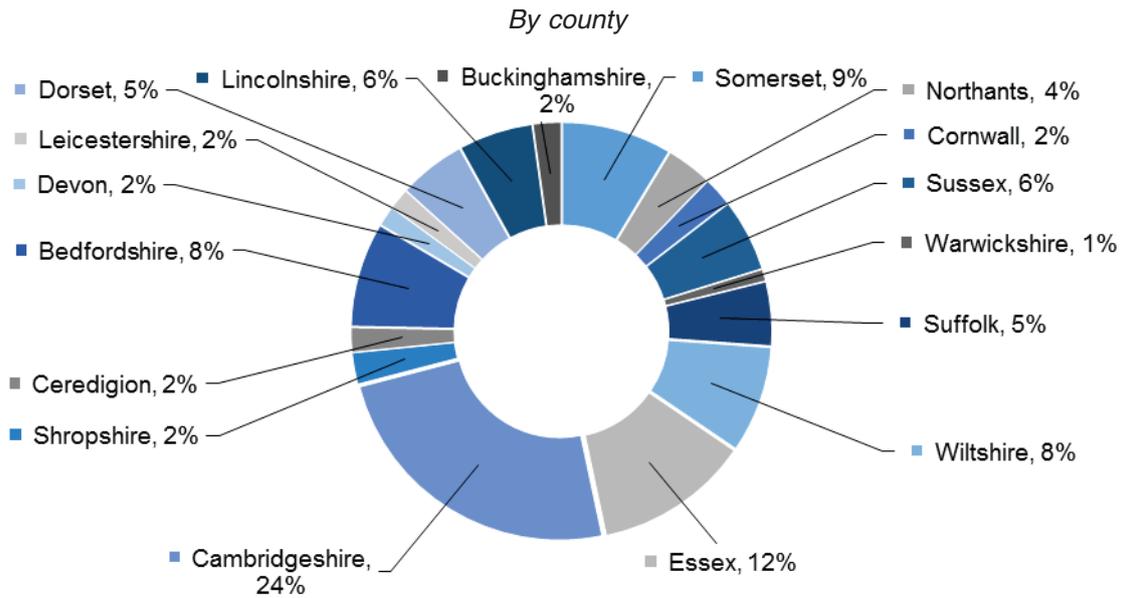
- (1) An explanation of ROC Regime is available at [www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro](http://www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro)
- (2) Investment excludes debt drawn down included in cost.
- (3) Part of the Three Kings portfolio.
- (4) Part of the Radius Portfolio.
- (5) Acquisition not yet completed.

## Geographical locations



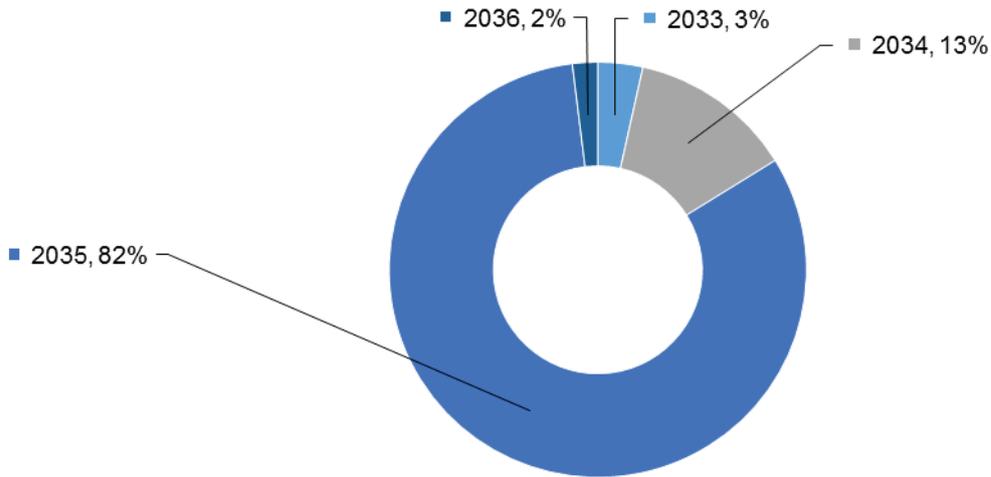
Summaries of solar PV plants in Current Portfolio are included in the Annual Report of the Company, which are incorporated by reference into this Registration Document pursuant to paragraph 2.4 of Part 7 of this Registration Document.

Current Portfolio breakdown (based on estimated generation capacity)

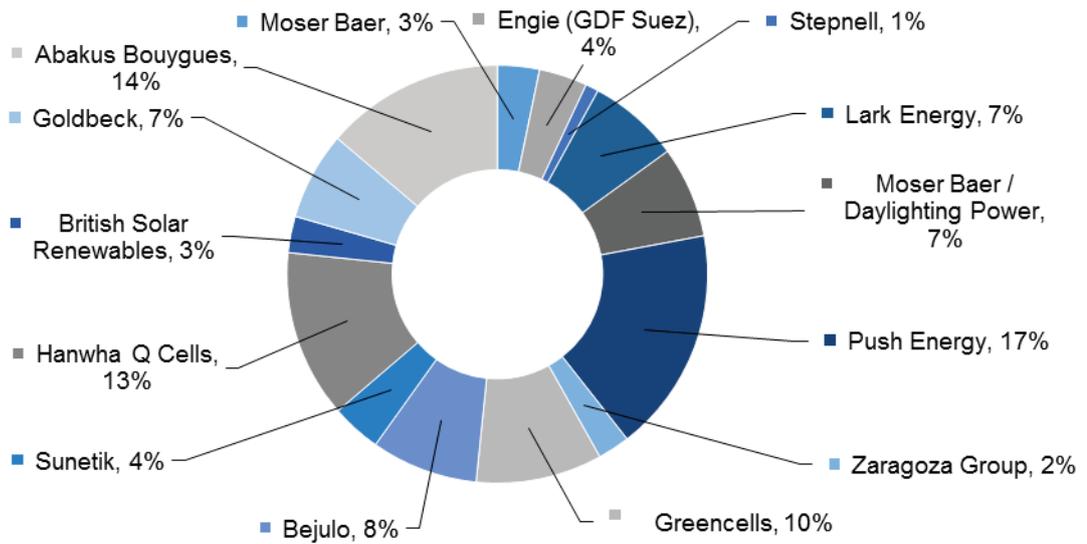


As at 30 September 2016, 51.8 per cent. of the annual revenues derived from the current portfolio were regulated (that is, ROC or other subsidy regimes).

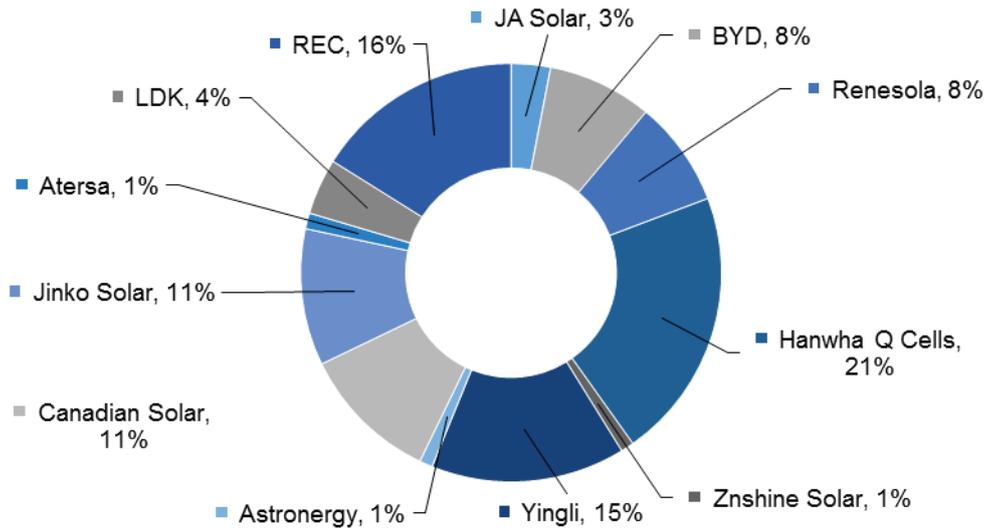
By year of expiry of regulatory regime



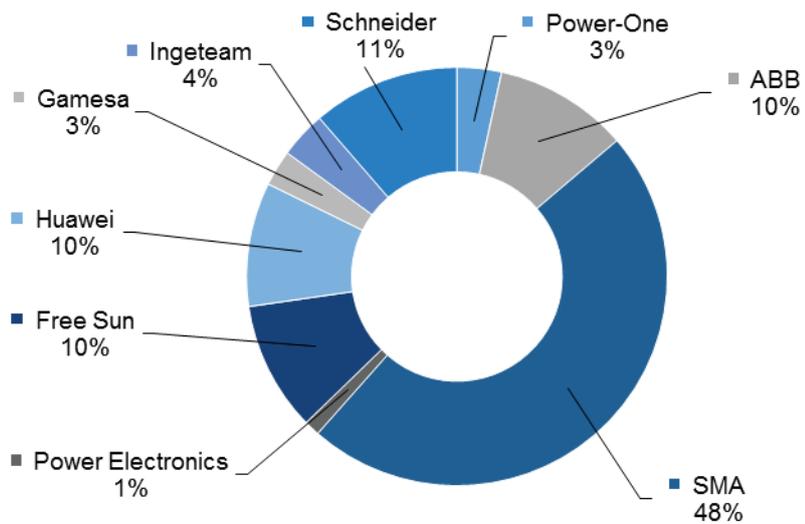
By EPC contractors



By solar panel manufacturers



By inverter manufacturers



## PART 5

### THE NEC GROUP – INVESTMENT MANAGEMENT AND INVESTMENT PROCESS

#### The NEC Group

The NEC Group includes NextEnergy Capital IM Limited (the Investment Manager) NextEnergy Capital Limited (the Investment Adviser), NextPower Development Limited (the Developer) and WiseEnergy (Great Britain) Limited (the operating asset manager), all of which are subsidiaries of NextEnergy Capital SARL (Luxembourg).

The NEC Group, which is privately-owned, was founded in 2007 and has evolved into a leading specialist investment and asset manager in the solar sector. The NEC Group can lead the entire process on a solar project, from origination to project development, financing, construction and connection and asset management post-construction.

With an over 67 strong team focussed exclusively on the solar energy sector, the NEC Group has an operating presence in two of the most attractive solar markets globally (Italy and the UK).

Its team comprises professionals with senior experience in global investment banks in equity and debt raising, mergers and acquisitions, structured finance and strategic advisory as well as renewable energy sector specialists. Senior management and employees of the Investment Adviser have extensive renewable energy and public markets expertise, including over €100 billion in energy and infrastructure transactions. The NEC Group has deployed approximately £600 million of its own and third party capital, in acquiring approximately 50 solar power projects.

The NEC Group also manages NextPower II LP, a €150 million private equity fund focused on acquiring operating solar power projects in Italy. The Investment Manager and the Investment Adviser do not, and have undertaken not to, manage any other funds investing in UK solar plants.

WiseEnergy provides asset management services to other listed solar funds (in addition to NESF), private equity funds, and other equity investors, as well as some of the largest lending banks active in the European solar sector to whom WiseEnergy provides loan portfolio management and risk management services. WiseEnergy is one of the largest specialist operating asset managers in the solar sector, providing asset management and monitoring services in respect of more than 1,250 utility-scale solar power plants and approximately 3,000 solar rooftop installations with a total capacity of approximately 1.7GW and an estimated £3.5 billion of asset value.

#### The Investment Manager

The Investment Manager is a limited company registered in Guernsey (registered number: 57740) with its registered office at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL and is licensed and regulated by the GFSC to undertake the activity of investment management pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and acts as the AIFM of the Company.

The Investment Manager has been appointed by the Company pursuant to the Management Agreement, which is summarised in paragraph 6.9 of Part 8 of this Registration Document.

Under the Management Agreement, subject to the overall control and supervision of the Board, the Investment Manager has full discretion to make investments in solar projects which have been recommended by the Investment Adviser and meet the requirements of the Company's investment policy.

As the Company's AIFM, the Investment Manager also has responsibility for all risk management and portfolio management activities. In addition, the Investment Manager has been granted powers by the Company as regards its HoldCos and SPVs in order to facilitate the performance of its obligations.

The Investment Manager's directors are Aldo Beolchini, Jeremy Thompson and Andrew Whittaker. One director of the Investment Manager is nominated by the Investment Adviser, with such nominee being drawn from the members of the Investment Committee (Mr Beolchini is the Investment Adviser's nominee at the date of this Registration Document). The biographies of Mr Beolchini, Mr Thompson and Mr Whittaker appear below.

### ***Aldo Beolchini***

Mr Beolchini is also CFO and a director of the Investment Adviser, a member of the Investment Committee and a director of the Developer and WiseEnergy UK. Mr Beolchini's biographical details are set out under the heading "Investment Adviser" below.

### ***Jeremy Thompson***

Mr Thompson is a Guernsey resident with sector experience in Finance, Telecoms, Aerospace and Oil & Gas. He acts as a consultant to a number of businesses which include independent non-executive directorships for three PE funds, Riverstone Energy Limited (FTSE-250), DP Aircraft Limited and to the Investment Manager.

Between 2005 and 2009 he was a director of multiple businesses within a London based private equity group. This entailed board positions on both private, listed and SPV companies and highly successful exits. Prior to that he was CEO of four autonomous global businesses within Cable & Wireless PLC and earlier held CEO roles within the Dowty Group. Mr Thompson has studied and worked in the UK, USA and Germany.

Currently, he serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel.

Mr Thompson is a graduate of Brunel (B.Sc) and Cranfield (MBA) Universities and was an invited member to the UK's senior defence course (Royal College of Defence Studies). He holds the Institute of Directors (IoD) Certificate and Diploma in Company Direction and is an associate of the Chartered Institute of Arbitration. He is currently completing an M.Sc in Corporate Governance.

### ***Andrew Whittaker***

Mr Whittaker has over 15 years' experience in the fund industry with an extensive experience of onshore and offshore vehicles (open- and closed-ended, traditional and alternative funds, including AIFM Directive and FATCA implementations). Mr Whittaker is managing director of Ipes' Guernsey business after previously heading up the Ipes UK office. He founded Ipes' AIFM Directive Depository Service, seeing it approved under the FCA's transitional provisions and working with two of the first three AIFMs to be approved on 22 July 2013. Mr Whittaker is a director of Starwood European Finance Partners Limited, the Investment Manager of Starwood European Real Estate Finance Limited (LSE:SWEF). Mr Whittaker joined Ipes in January 2011 from Capita Financial Group's Specialist Fund Services (formally Sinclair Henderson) where he was managing director. Mr Whittaker also held senior management roles at Moscow Narodny (now VTB Capital) and DML and trained as an accountant while at HSBC. Mr Whittaker graduated from Cardiff University, is a Chartered Management Accountant, a member of the Chartered Institute for Securities & Investment and a member of the Guernsey Society of Chartered and Certified Accountants. He is a member of the Association of Investment Companies' (AIC) Technical Committee and the Association of Real Estate Funds' (AREF) Regulatory Committee and chairs the Guernsey Investment Fund Association (GIFA) Executive and the British Venture Capital Association (BVCA) Channel Islands Working Group.

### **The Investment Adviser**

The Investment Adviser is a limited company registered in England (registered number: 05975223) with its registered office at 10 Chandos Street, London, W1G 9DG and is authorised and regulated by the FCA under number FRN 471192.

The Investment Adviser has been appointed by the Investment Manager pursuant to the Investment Advisory Agreement, which is summarised in paragraph 6.10 of Part 8 of this Registration Document.

The Investment Adviser acts only in an advisory capacity to the Investment Manager. All decisions in respect of investments and disposals relating to the Current Portfolio are the responsibility of the Investment Manager.

The Investment Adviser's role primarily entails the origination, evaluation, co-ordination and recommendation of investment opportunities for the Company and the related provision of investment advice to the Investment Manager in respect of acquisitions and disposals portfolio efficiencies, financing, strategy, market developments and other matters that may affect the Company's portfolio or the Company's ability to meet its investment objective. In addition, the

Investment Adviser is responsible for reviewing the performance of the Company's portfolio together with WiseEnergy UK.

### **The Investment Committee**

The Investment Adviser maintains the Investment Committee, comprising senior members of its staff. The role of the Investment Committee is to consider and, if thought fit, to recommend actions to the Investment Manager in respect of the Company's potential and actual investments. The Investment Committee is the primary interface between the Investment Manager and the Investment Adviser. At the date of this Registration Document, the Investment Committee comprises Michael Bonte-Friedheim, Aldo Beolchini, and Abid Kazim, whose biographies appear below.

#### ***Michael Bonte-Friedheim***

Mr Bonte-Friedheim is founding partner and CEO of the NEC Group. He is a director of the Investment Adviser, a member of the Investment Committee and a director of the Developer and WiseEnergy. Mr Bonte-Friedheim has extensive experience in the energy and power industry, as well as financial expertise, developed over more than 20 years in investment banking, managing energy companies and principal investing across the energy sector (with a particular focus on solar PV energy). Mr Bonte-Friedheim has successfully undertaken a number of public and private fund-raising activities in energy and renewable energy, as well as having negotiated multiple JVs and commercial agreements with entities co-investing in assets developed and financed by the NEC Group, as well as third-party solar PV acquisition transactions. Mr Bonte-Friedheim has also held various roles at listed companies including Valiant Petroleum (where he was acting CEO and the senior independent member of the board of directors) and Mediterranean Oil & Gas (where he was the non-executive chairman and subsequently CEO). Mr Bonte-Friedheim was a managing director at Goldman Sachs in the energy and power division of the investment banking group in London and prior to this held senior roles in the London investment banking departments of Morgan Stanley and Credit Suisse First Boston. Mr Bonte-Friedheim graduated from the University of San Diego in 1989 and earned a MBA from INSEAD in 1994.

#### ***Aldo Beolchini***

Mr Beolchini is managing partner and CFO of the NEC Group. He is a director of the Investment Adviser, a member of the Investment Committee and a director of the Investment Manager, the Developer and WiseEnergy UK. He has over 15 years' experience primarily in investment banking and renewable energy. Mr Beolchini joined the NEC Group in 2008 and is responsible for the design, structuring and execution of the NEC Group asset financing strategy and for covering relationships with lending banks, institutional investors and financial intermediaries. Mr Beolchini has been instrumental in growing WiseEnergy's assets under management, whilst designing WiseEnergy's administration and financial management services. Mr Beolchini previously obtained eight years of investment banking experience, including M&A, structured finance and capital markets as a vice president at Morgan Stanley in London, and was responsible for the identification, execution and ongoing management of structured finance principal investments, targeting a variety of assets including renewable energy generation globally. Prior to this, Mr Beolchini was an Officer at the Financial Guard Corps in Italy, assigned to its academy where he held classes on financial reporting and tax regulations. Mr Beolchini holds a masters degree in Business and Finance from LUISS University, Italy.

#### ***Abid Kazim***

Mr Kazim is the UK managing director of the NEC Group. He is a consultant to the Investment Adviser and is a member of the Investment Committee. Mr Kazim has over 25 years' experience in strategy development and large programme delivery. He spent 10 years in business outsourcing and strategic sales, with more than \$3 billion in deals originated and/or delivered across Government and clean energy. Since 2009 (but prior to his involvement in the Company), Mr Kazim has advised on, originated, structured and/or delivered solar PV plants with capacity in excess of 200MWp. Mr Kazim has delivered operational services for organisations including the BBC, UK Passport Office, National Air Transport, National Savings and Investments (NS&I) and other local Government organisations. Previously, Mr Kazim advised on the 1998 deregulation of Eastern Energy and on corporate strategy for Yorkshire Electricity. Mr Kazim also co-founded Cluster

Seven and PW Global e-Business Consulting. Mr Kazim earned a MBA from the Manchester Business School in 1993.

### **The Developer**

The Developer is a limited company registered in England (registered number: 06363524) with its registered office at 10 Chandos Street, London, W1G 9DG.

The Developer, the Investment Adviser and the Company have entered into the Project Sourcing Agreement, which is summarised in paragraph 6.11 of Part 8 of this Registration Document.

Abid Kazim, who is the managing director of the Developer, a consultant to the Investment Adviser and a member of the Investment Committee, is primarily responsible for the performance of the Developer's obligations under the Project Sourcing Agreement. Mr Kazim's biographical details are set out under the heading "Investment Adviser" above.

The Developer's activities include primarily sourcing and evaluating investment opportunities, in the pre-construction, construction and operating phases in the general market from entities owning such projects or through intermediaries and taking forward the legal, technical and financial development of those opportunities that pass the Developer's initial selection process. Once an investment opportunity is deemed by the Developer to be sufficiently developed and de-risked, the Developer markets that opportunity to interested parties on the basis of the agreements it has entered into with interested parties or, if no such agreement exists or the contractual counterparties decline such investment opportunities, to external, unconnected parties. Under the Project Sourcing Agreement, the Company has a right of "first offer" in respect of all large scale ground-mounted or building-integrated solar PV projects located in the United Kingdom that are sourced by the Developer and fall within the Company's investment objective and investment policy.

The Investment Adviser evaluates all the projects presented to the Company by the Developer. The Investment Adviser is not obliged to recommend, and the Company is not obliged to acquire, any project proposed by the Developer under the Project Sourcing Agreement. Furthermore, the Company, the Investment Manager and/or the Investment Adviser may establish relationships with other developers, or otherwise source investment opportunities as they deem appropriate.

Where investment opportunities sourced by the Developer are pursued by the Company, the Developer project manages the pre-construction and construction phases (if any) and the acquisitions, including:

- in conjunction with the Investment Adviser, structuring and negotiating exclusivity, option and acquisition agreements and, where appropriate, project contracts;
- in relation to pre-construction projects:
  - working with counterparties to progress the projects in terms of technical, legal, financial and operational processes, structures and contracts;
  - selecting key counterparties to involve on the projects (including EPC, O&M, technical and legal and financial advisers); and
  - project managing, in conjunction with partners, all or selected workflows necessary to enable construction to start;
- negotiating new or revised arrangements with landowners and grid connection providers; and consultation with and alignment of key stakeholders; and
- generally project managing the acquisitions, including their completion.

The Developer has agreed, pursuant to the Project Sourcing Agreement, that it will not receive fees in respect of projects introduced by it, although it is entitled to reimbursement of transaction costs, expenses and disbursements paid by it or on its behalf in connection with any project introduced by it which is accepted by the Company (whether or not such project is ultimately acquired by the Group).

### **WiseEnergy UK**

WiseEnergy UK is the operating asset management division of the NEC Group and includes, a limited company registered in England (registered number 8822067) with its registered office at 10 Chandos Street, London, W1G 9DG.

WiseEnergy UK is appointed on an arm's length basis by each underlying SPV to conduct selected asset management and monitoring activities on completion of each acquisition. The main role of WiseEnergy UK is to supervise the technical and administrative operations of the Group's solar plants and provide the Investment Manager with detailed portfolio monitoring information to enable it to optimise the Group's investments. WiseEnergy UK may also provide these services in respect of joint ventures in which the Company participates.

The activities of WiseEnergy UK include, amongst other things:

- assistance with technical plant management, including managing unexpected occurrences;
- technical and financial analysis of each solar plant to assess and identify improvement potential;
- continuous monitoring of plant performance with WiseEnergy's proprietary data analysis tools;
- provision of portfolio management IT systems;
- preparation of weekly, monthly and quarterly reports for the use of the Investment Adviser and the Investment Manager;
- periodic technical, financial and administrative reports for the Company;
- managing the administrative and financial functions of the SPVs;
- ensuring the SPVs' contractual counterparties perform in accordance with the relevant contracts;
- assistance in enforcement of EPC and O&M contracts by the Investment Adviser and the Investment Manager; and
- periodic site visits to each plant.

The provision and cost of these services is governed by a separate Asset Management Agreement which serves as a framework agreement for each SPV once solar plants have been acquired and the exact scope of the asset monitoring activities can be finalised. The Asset Management Agreement and charging schedules for each SPV were negotiated on an arm's length basis and subject to full Board review and approval. In addition to fees payable to WiseEnergy UK, WiseEnergy UK is also entitled to reimbursement of customary expenses (excluding ordinary overhead operating expenses).

### **Investment process**

The NEC Group has extensive experience in advising internal and external clients on investments in solar projects in the UK and other countries and its investment process has been tested and optimised over multiple transactions since its formation in 2007.

#### ***Project evaluation by the Investment Adviser***

The investment process begins, in each case, with an evaluation by the Investment Adviser of a potential investment. Potential investments may be originated by the Developer (as described under the heading "The Developer" above) or from other sources, including proposals arising from the Investment Manager's or the Investment Adviser's other activities.

Projects that are deemed to be of potential interest to the Company are subject to a comprehensive analysis conducted by the Investment Adviser and including due diligence conducted by external advisers. Following the completion of initial due diligence on a potential investment, the Investment Adviser prepares an investment memorandum for submission to the Investment Committee.

Each investment memorandum summarises the analysis conducted by the Investment Adviser, including:

- background to the project;
- summary of the investment considerations;
- due diligence reports, including:
  - legal adviser's review and summary (including title and planning considerations);
  - technical adviser's review and summary;
  - summary of project design and grid connection offers; and

- summary of technology and creditworthiness of counterparties;
- project timetable;
- detailed description of the sites;
- description of the relevant contractual framework;
- key contracts, terms and conditions (including EPC and O&M warranties);
- summary of key delivery securities, warranties and bonds;
- financial analysis and valuation (including summary of PPA terms);
- description of methodology and assumptions;
- detailed project budget;
- valuation and IRR analysis;
- key sensitivities; and
- risk factors, mitigating factors and potential actions.

The Investment Committee considers each investment memorandum and, if thought fit, recommends the relevant project for consideration by the Investment Manager.

If a proposal is deemed not to be worthy of consideration by the Investment Manager, the Investment Committee may return the proposal to the Investment Adviser's broader team for further work, or reject the potential investment entirely. Where a potential investment has been originated by the Developer and is rejected entirely, at this stage the investment opportunity will be released to the Developer who may pass the opportunity to other clients.

#### ***Approval by the Investment Manager and execution***

On receipt of a recommendation from the Investment Committee, the Investment Manager considers each investment opportunity at board level. The director of the Investment Manager nominated by the Investment Adviser presents the Investment Committee's recommendation to the other directors of the Investment Manager. The board of the Investment Manager considers the recommendation and, if thought fit, may approve the investment for the Company. Any such approval requires a unanimous resolution of the board.

If the investment opportunity is approved, it moves to the execution stage, with execution being implemented by the Investment Manager, with assistance and advice of the Investment Adviser where appropriate, in accordance with the terms of the Management Agreement, and the Investment Advisory Agreement.

If the investment opportunity is not approved, the Investment Manager may either reject the proposed investment entirely or return it to the Investment Adviser for further consideration and advice. Where the potential investment was originated by the Developer and is rejected entirely, at this stage the investment opportunity will be released to the Developer who may pass the opportunity to other clients.

The Investment Manager will only consider for the Company investment opportunities recommended to it by the Investment Adviser.

#### **Conflicts of interest**

Members of the NEC Group, including the Investment Manager, the Investment Adviser, the Developer and WiseEnergy, may be involved in other financial, investment or other professional activities, including investment management services, investment advisory services, project development and related activities or asset management and monitoring activities, on behalf of other clients, entities or other persons. Such activities may cause potential conflicts of interest with the Company, the Group and its investments. Any resulting profits earned by the NEC Group from any such activities are retained by the NEC Group.

The NEC Group has sought to minimise the potential for conflicts of interest with the Company by:

- the Investment Manager and the Investment Adviser undertaking not to manage any other funds investing in UK solar plants;
- undertaking all of its UK solar project development activities through the Developer; and

- the Developer giving the Company a right of “first offer” in respect of all large scale ground-mounted or building-integrated solar PV projects located in the United Kingdom that are sourced by the Developer and fall within the Company’s investment objective and investment policy.

Furthermore, the Investment Manager, the Investment Adviser, the Developer and WiseEnergy UK will at all times have due regard to their duties owed to members of the Group and, where a conflict arises, they will endeavour to ensure that it is resolved fairly. In addition, any relevant conflicts of interest will be disclosed by the NEC Group to the Board, as will decisions by the Investment Manager or Investment Adviser to allocate an investment opportunity appearing to fall within the Company’s investment objective and policy to any other client.

The Directors have satisfied themselves that the Investment Manager, the Investment Adviser, the Developer and WiseEnergy UK have procedures in place to identify and address potential conflicts of interest between any of them (or any of their respective directors, officers, employees, consultants and agents) and the Group.

### **Investments in the Company**

As at 11 November 2016, being the last practicable date prior to publication of this document, the Investment Adviser held 88,197 Ordinary Shares, representing 0.026 per cent. of the Company’s issued share capital.

## PART 6

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### Directors

The Board comprises three directors, each of whom is non-executive and independent of the NEC Group. Details of each of the Directors are set out below.

#### *Kevin Lyon (Chairman)*

Mr Lyon is a qualified Chartered Accountant, with over 30 years of experience in private equity and senior director positions in a number of different companies. He spent approximately 17 years with the 3i Group, responsible for their core private equity business across the UK, with a team of 10 Directors and 40 executives. Mr Lyon is currently chairman of Drilling Systems Ltd, a designer and manufacturer of simulators for the oil and gas industry, of Inoapps Ltd, a vendor of Oracle software and of ROVOP, an independent provider of subsea remotely operated vehicle services. He was former chairman of Smart Metering Systems plc, Valiant Petroleum plc, RBG, Wyndeham Press Group, Craneware plc, Incline GTS and Ambrian plc and was a non-executive director on Booker plc, David Lloyd Leisure, and Phase 8. He won the Institute of Directors Scotland, Non-Executive Director of the Year Award in March 2013. Mr Lyon graduated from Edinburgh University in 1982 and has attended management courses at INSEAD, IESE and Ashridge.

#### *Patrick Firth*

Mr Firth qualified as a Chartered Accountant with KPMG Guernsey in 1991 and is also a member of the Chartered Institute for Securities and Investment. Mr Firth is a director of a number of management companies, general partners and investment companies, including Riverstone Energy Limited, JZ Capital Partners Limited, ICG-Longbow Senior Secured UK Property Debt Investments Limited, DW Catalyst Fund Ltd. and GLI Finance Limited. He has worked in the fund industry in Guernsey since joining Rothschild Asset Management C.I. Limited in 1992 before moving to become managing director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, where he worked from April 2002 until June 2009. Mr Firth is Chairman of the Guernsey International Business Association and is a former chairman of the Guernsey Investment Fund Association (GIFA). He is a resident of Guernsey.

#### *Vic Holmes*

Mr Holmes is a qualified Chartered Certified Accountant. He has been involved in financial services for over 30 years. In 1986, Mr Holmes joined the board of Guernsey International Fund Management Limited, Guernsey's largest fund administration company. In 1990, he was appointed managing director of the newly established Irish-based Baring Asset Management subsidiary, providing international fund administration services from a Dublin base. He continued in that position until 2003, when he was appointed head of fund administration services for the Baring Asset Management group of companies, providing services out of London, Dublin, Guernsey, Isle of Man and Jersey. Subsequent to the acquisition of the Baring Asset Management Financial Services Group by Northern Trust in 2005, he was appointed country head of Northern Trust's Irish businesses and, in 2007, he returned to Guernsey to assume the position of jurisdictional head of Northern Trust's Channel Island businesses. Since 1986, Mr. Holmes has served on a wide range of fund-related boards, based mainly in Guernsey and Ireland, but also in the UK and the Cayman Islands. Mr Holmes' current directorships include Permira Holdings Limited, Generali Worldwide Insurance Company Limited, Picton Property Income Limited (London listed), Highbridge Multi-Strategy Fund Limited (London listed), DBG Management GP (Guernsey) Limited and a range of Ashmore funds. Mr Holmes was the first chairman of what is now known as the Irish Fund Industry Association which he was instrumental in establishing in 1991, and served as chairman of the executive committee of the Guernsey Investment Fund Association from April 2013 to April 2015. He is a resident of Guernsey.

#### Management

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy of the Company and have overall responsibility for the

Company's activities, including its investment activities and reviewing the performance of the Company's portfolio.

As a general matter, it is the Directors (and not the Investment Manager, although it owes certain duties to the Company under the Management Agreement) who owe certain fiduciary duties to the Company (but not directly to Shareholders), which require them to, among other things, act in good faith and in what they consider to be in the best interests of the Company and, in doing so, the Directors must act in a manner that ensures the fair treatment of Shareholders.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator and the Registrar. In particular, the Directors have delegated responsibility for day-to-day management of the assets comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising overall control and supervision of the Investment Manager.

### **Corporate governance**

The Listing Rules require that the Company must "comply or explain" against the UK Code. In addition, the Disclosure Guidance and Transparency Rules require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies and (ii) describe its internal control and risk management arrangements.

The Company, which is a member of the AIC, voluntarily complies with the recommendations of the AIC Code by reference to the AIC Guide except as noted below. The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, provides better information to Shareholders than if it had adopted the UK Code. The AIC Code has been endorsed by the Financial Reporting Council as ensuring investment company boards fully meet their obligations under the Listing Rules with regard to the UK Code.

The Directors recognise the importance of a strong corporate governance culture and the value of the AIC Code. Accordingly, they have taken appropriate measures to ensure that the Company complies, so far as appropriate given the Company's size and the nature of its business, with the AIC Code (and, therefore, with the UK Code). The areas of non-compliance by the Company with the UK Code are as follows:

- *chief executive*: since all of the Directors are non-executive, the Company has no employees and the role of chief executive has been delegated, in effect, to the Investment Manager under the terms of the Management Agreement, the Directors do not consider the position of chief executive relevant for the Company and, therefore, the Company has no chief executive;
- *executive Directors' remuneration*: as all of the Directors are non-executive, the Company is not required to comply with the principles of the UK Code in respect of executive directors' remuneration;
- *management engagement committee*: the Board has not established a management engagement committee as all of the Directors are independent and non-executive and the Directors consider that the Board as a whole can undertake the functions otherwise undertaken by such committee;
- *internal audit function*: an internal audit function is considered to be unnecessary, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

The GFSC Code came into effect on 1 January 2012 and applies to Guernsey regulatory licensees and collective investment schemes. As the Company has committed to comply with the AIC Code (and, therefore, the UK Code), it is deemed to meet the requirements of the GFSC Code.

### **Audit Committee**

The Company's Audit Committee, chaired by Patrick Firth and comprising all the Directors, meets formally at least twice a year for the purpose of, amongst other things:

- considering the appointment, independence and remuneration of the auditor;
- discussing and agreeing with the auditor the nature and scope of the audit;

- keeping under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor;
- reviewing the annual accounts and interim reports; and
- analysing the key procedures adopted by the Company's service providers.

Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding.

#### ***Remuneration/Nominations Committee***

The Company established a joint Remuneration/Nominations Committee in September 2016. The Remuneration / Nominations Committee is chaired by Vic Holmes and comprises all the Directors and meets formally at least once annually for the purpose of, amongst other things:

- setting and reviewing remuneration policy;
- establishing selection criteria;
- ensuring that termination claims and payments are fair and reasonable;
- setting policy on expenses;
- reviewing the size, composition and structure of the board, including considering leadership needs and success planning;
- evaluating candidates for vacant positions; and
- board performance evaluation.

#### ***Senior Independent Director***

Mr Holmes is the Company's senior independent director, for the purposes of the Code.

#### ***Directors' Share dealings***

The Directors have adopted a code of Directors' dealings. The Board is responsible for taking all proper and reasonable steps to ensure compliance with this by the Directors.

#### ***Administrator and company secretary***

Ipes (Guernsey) Limited is the administrator to the Company pursuant to the Administration Agreement (details of which are set out in paragraph 6.12 of Part 8 of this Registration Document) and provides company secretarial services and a registered office to the Company. For the purposes of the Rules, the Administrator is the designated administrator of the Company. The Administrator is responsible for the safekeeping of any share and loan note certificates in respect of the Group's unquoted investments, the implementation of the Group's cash management policy, production of the Company's accounts, regulatory compliance, providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation and dealing with dividend payments and investor reporting. In addition, the Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation, in conjunction with the Investment Adviser, of the Net Asset Value) and for general secretarial functions required by the Companies Law (including, but not limited to, the maintenance of the Company's accounting and statutory records).

The Administrator is independent of the Company and of the NEC Group, although it should be noted that Andrew Whittaker, who is a managing director of the Administrator, is also a director of the Investment Manager and the Administrator also provides administration and corporate secretarial services to the Investment Manager as well as the Company.

#### ***Registrar, UK transfer agent and receiving agent***

Capita Registrars (Guernsey) Limited acts as the Company's registrar and Capita Asset Services acts as the Company's UK transfer agent. Capita Asset Services, Corporate Actions acts as the Company's UK receiving agent.

#### ***Auditor***

PricewaterhouseCoopers CI LLP provides audit services to the Company and audit the Company's annual financial statements in accordance with International Standards on Auditing. The Directors

are responsible for the preparation and approval of the annual report and financial statements and for ensuring that the financial statements comply with International Financial Reporting Standards and the provisions of the Companies Law and the Listing Rules. The Company has entered into an engagement letter with PricewaterhouseCoopers CI LLP. The terms of such engagement letter include certain limitations of liability in favour of PricewaterhouseCoopers CI LLP. PricewaterhouseCoopers LLP provides audit services to the HoldCos, and is appointed on terms which are materially the same as those between the Company and PricewaterhouseCoopers CI LLP. Neither PricewaterhouseCoopers CI LLP or PricewaterhouseCoopers LLP receive indemnification from the Company or any of the UK HoldCos pursuant to their respective terms of engagement.

## **Fees and expenses**

### ***Investment Manager's fees and expenses***

The Investment Manager is entitled to receive an annual fee, accruing daily and calculated on a sliding scale, as follows:

- for the tranche of NAV up to and including £200 million, 1.0 per cent.;
- for the tranche of NAV above £200 million and up to and including £300 million, 0.9 per cent.; and
- for the tranche of NAV above £300 million, 0.8 per cent..

The Investment Manager's fee is prima facie payable by the Company, but may be paid by other members of the Group (to reflect the extent to which the services provided by the Investment Manager are provided to such other members of the Group) should the Company so determine. It is expected that the majority of the Investment Manager's fee will be borne by the Company. The Investment Manager shall also be entitled to reimbursement of customary expenses incurred in providing its services (excluding ordinary overhead operating expenses).

The Investment Manager has agreed, subject to the fulfilment of certain criteria, to make certain payments out of its Investment Manager's fee to the IPO Cornerstone Shareholder.

### ***Investment Adviser's fees and expenses***

The Investment Manager is responsible for the fees and expenses of the Investment Adviser, which will be payable at a rate agreed between them from time to time.

### ***Project costs***

The Group bears project costs in connection with its investments. These project costs cover the performance of the operating asset, management and reporting activities that are essential to ensuring optimal performance of each project's assets. The project costs include the arm's length fees and expenses of WiseEnergy UK for performing for the Group the operating asset monitoring and reporting activities typically required in projects of the type acquired by the Company. The total fees for recurring and one-off services paid to WiseEnergy UK during the Company's financial year ended 31 March 2016 amounted to £1.5 million (for comparison purposes only, the fee paid to the Investment Manager for the Company's financial year ended 31 March 2016 was £2.6 million).

The Developer is entitled to recover all transaction costs, expenses and disbursements paid by or on behalf of the Developer in connection with any project introduced by it which is accepted by the Company (whether or not such project is ultimately acquired by the Group). Such transaction costs may include, amongst other things, due diligence costs, down-payments for grid offer acceptances and similar costs and expenses. The Developer has no right to receive reimbursement for costs, expenses and disbursements in respect of projects rejected by or on behalf of the Group (unless first accepted). The Developer is not entitled to receive any fees in respect of the projects introduced by it under the Project Sourcing Agreement.

### ***Other fees and expenses***

The Company also incurs further ongoing annual fees and expenses, which include fees to the Administrator, Registrar and Directors.

All other ongoing operational expenses of the Company are borne by the Company including, without limitation: the incidental costs of acquiring, holding or selling investments and implementing its investment objective and policy; banking and financing fees; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance, website maintenance costs; audit and

legal fees; and annual listing fees. All out of pocket expenses that are reasonably and properly incurred by the Investment Manager, the Administrator, the Registrar and the Directors relating to the Group are borne by the Group. The on-going operational expenses of the Company (and the Group) are not capped, and the amount of such expenses will depend on a variety of factors.

### **Ongoing charges**

The Company's ongoing charges (as calculated in accordance with the AIC's methodology) for its financial year ended 31 March 2016 were 1.2 per cent. One of the benefits of increasing the size of the Company by issuing New Shares is that such increase should result in a reduction in the Company's ongoing charges ratio (being the proportion of ongoing charges per Share) as its operating costs will be spread over a larger capital base.

### **Shareholder meetings and reports**

All general meetings of the Company shall be held in Guernsey. The Company expects to hold its annual general meeting in Guernsey in August each year.

The Company's audited annual report and accounts are prepared to 31 March each year, and it is expected that copies will be sent to Shareholders in June each year, or earlier if possible (or required by law or regulation). The Company's annual report and accounts are drawn up in Sterling and in accordance with IFRS and the AIFM Directive. In particular, the Company's annual report and accounts will include the following information:

- the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature (including, but not limited to, deferrals of redemptions, suspension);
- any new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Investment Manager;
- the current risk profile of the Company, the HoldCos and the SPVs and the risk management systems employed by the AIFM (the Investment Manager) to manage those risks; and
- the total amount of leverage employed by the Company.

Shareholders also receive an unaudited interim report each year in respect of the six months ending on 30 September each year, which is expected to be despatched in November each year.

The Company's audited annual reports and accounts and interim reports are available on the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com).

Any changes to the maximum level of leverage of the Company, any right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement will be provided by the Investment Manager to Shareholders without undue delay and in accordance with the AIFM Directive and relevant rules.

### **Valuations**

The Administrator is responsible for calculating the NAV which is presented to the Directors for their approval and adoption. The calculations are carried out on at least a quarterly basis as at 31 March, 30 June, 30 September and 31 December each year and notified to Shareholders through a Regulatory Information Service. In addition, the NAVs as at 31 March and 30 September are reported to Shareholders in the Company's annual and interim financial statements.

The NAV calculation is mainly driven by the fair market value of the Group's investments in solar PV plants. The valuation principles used to calculate the fair value are based on a discounted cash flow methodology, and take into account Invest Europe (formerly European Private Equity and Venture Capital Association) guidelines, save that, for solar PV plants not yet operational or where the completion of the acquisition is not imminent at the time of valuation, the acquisition cost is used as an appropriate estimate of fair value.

Fair market value for each investment is calculated by the Investment Manager as derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts for revenues and operating costs, and an appropriate discount rate. As at the date of this Registration Document, the Company uses a discount rate of 7.5 per cent. for unlevered operating solar assets, and a levered rate of up to 8.5 per cent. for those operating solar assets with project level debt. The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment. The Investment Adviser produces, for each SPV, detailed financial

models and the Investment Manager takes into account, amongst other things, in its review of such models and makes amendments where appropriate:

- discount rates (i) implied in the price at which comparable transactions have been announced or completed in the UK solar sector, (ii) publicly disclosed by the Company's peers in the UK solar sector and (iii) discount rates applicable for other comparable infrastructure asset classes and regulated energy sectors;
- changes in power price forecasts from leading market advisers;
- changes in the economic, legal, taxation or regulatory environment, including changes in RPI expectations;
- technical performance based on evidence derived from project performance to date;
- the terms of any PPA arrangements;
- the terms of any debt financing at project level;
- claims or other disputes or contractual uncertainties; and
- changes to revenue, cost or other key assumptions

All NAV calculations by the Administrator are made, in part, on valuation information provided by the Investment Manager. Although the Administrator evaluates all such information and data, it may not be in a position to confirm the completeness, genuineness or accuracy of such information or data.

The Board reviews the operating and financial assumptions, including the discount rates, used in the valuation of the Company's underlying portfolio and approves them based on the recommendation of the Investment Manager. As part of the annual audit, PricewaterhouseCoopers CI LLP reviews the valuation model used by the Investment Adviser, including the discount rate.

The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value per Ordinary Share when the prices of any investments owned by the Group cannot be promptly or accurately ascertained. However, in view of the nature of the Company's investments, the Board does not envisage any circumstances in which valuations will be suspended. Any suspension in the calculation of the Net Asset Value will be notified to Shareholders through a Regulatory Information Service as soon as practicable after such suspension occurs.

## PART 7

### FINANCIAL INFORMATION

#### 1. Introduction

- 1.1 The Company's auditor is PricewaterhouseCoopers CI LLP, which is a recognised auditor and a member of the Institute of Chartered Accountants in England and Wales.
- 1.2 The Company's financial statements are prepared in accordance with IFRS. As the Company meets the definition of an investment entity as described by "IFRS 10: Investment entities exemption to consolidation", the Company holds its subsidiaries at fair value through its statement of comprehensive income and, accordingly, does not prepare consolidated financial statements.
- 1.3 Save for the historical information of the Company for the financial periods ended 31 March 2015 and 31 March 2016 set out, or incorporated by reference, in paragraph 2 below, none of the information in this Registration Document has been audited. All unaudited financial information relating to the Company contained in this Registration Document has been extracted, without material adjustment, from the Company's internal accounting records, which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.

#### 2. Published annual reports and accounts for the financial periods ended 31 March 2015 and 31 March 2016

##### 2.1 Introduction

The historical information of the Company for the financial periods ended 31 March 2015 and 31 March 2016 set out, or incorporated by reference, in this paragraph 2 was audited by PricewaterhouseCoopers CI LLP. In respect of the Company's audited financial statements for those financial periods, PricewaterhouseCoopers CI LLP gave unqualified opinions that such financial statements:

- (A) gave a true and fair view of the state of the Company's affairs at the end of the relevant financial period and of its cash flows for the financial period then ended in accordance with IFRS; and
- (B) had been properly prepared in accordance with the Companies Law.

##### 2.2 Selected financial information

Set out in the following tables are summaries of the Company's financial results for the financial periods ended 31 March 2015 and 31 March 2016, which have been extracted without material adjustment from the Company's audited financial statements for those financial periods.

	<b>As at 31 March 2015 (audited)</b>	<b>As at 31 March 2016 (audited)</b>
<b>Capital</b>		
Total assets	£248,447,480	£321,417,342
Total current liabilities	£88,942	£47,606,464
Net assets	£248,358,538	£273,810,878
Net Asset Value per Ordinary Share	103.3 pence	98.5 pence

	<b>For period from 20 December 2013 to 31 March 2015 (audited)</b>	<b>For year ended 31 March 2016 (audited)</b>
<b>Income</b>		
Investment income	—	£24,046,160
Net changes in fair value of financial assets at fair value through profit or loss	£10,570,553	(£18,503,991)
Total expenses	£2,293,835	£3,615,579
Operating profit	£8,276,718	£1,926,590
Profit and comprehensive income	£8,534,649	£2,034,701
Earnings per Ordinary Share	9.13 pence	0.78 pence
Dividends per Ordinary Share <sup>17</sup>	2.625 pence	5.750 pence

### 2.3 **Historical financial information incorporated by reference into this Registration Document**

The list in the following table is intended to enable investors to identify easily specific items of historical financial information relating to the Company for the financial periods ended 31 March 2015 and 31 March 2016 that are incorporated by reference into this Registration Document. The page numbers in the following table refer to the relevant pages of the Company's annual reports and accounts.

<b>Nature of information</b>	<b>Annual report and accounts for period from 20 December 2013 to 31 March 2015 (audited) – page numbers</b>	<b>Annual report and accounts for year ended 31 March 2016 (audited) – page numbers</b>
Statement of comprehensive income	59	78
Statement of financial position	60	79
Statement of changes in equity	61	80
Statement of cash flows	62	81
Notes to the audited financial statements (including accounting policies and related party transactions)	63 – 77	82 – 98
Independent auditor's report	78 – 79	75 – 76

<sup>17</sup> Note: Recognised in period/year.

## 2.4 **Operating and financial review incorporated by reference into this Registration Document**

The published annual reports and accounts of the Company for the financial periods ended 31 March 2015 and 31 March 2016 included descriptions of the Company's financial condition, changes in its financial condition, its results from operations and details of the Company's investment activity and portfolio. The list in the following table is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into this Registration Document. The page numbers in the following table refer to the relevant pages of the Company's annual reports and accounts.

<b>Nature of information</b>	<b>Annual report and accounts for period from 20 December 2013 to 31 March 2015 (audited) – page numbers</b>	<b>Annual report and accounts for year ended 31 March 2016 (audited) – page numbers</b>
Highlights	1	1
Corporate summary	2	2
Chairman's statement	3 – 4	3 – 5
Strategic report	6 – 10	7 – 11
Investment manager's report (including details and analysis of the Company's investment portfolio)	11 – 25	15 – 39
Financial review	27 – 36	41 – 52
Report of the Directors (including business review)	49 – 51	66 – 68
Directors' remuneration report	52 – 53	69 – 70
Audit committee report	54 – 57	71 – 74

Investors should note that statements regarding current circumstances and forward-looking statements made in the Company's annual report and accounts referred to in the table above speak as at the date of the annual report and accounts and, therefore, such statements do not necessarily remain up-to-date at the date of this Registration Document. Information included in this Registration Document, to the extent applicable, automatically updates and supersedes information included in the annual reports and accounts incorporated by reference into this Registration Document and referred to in the table above.

## 2.5 **Availability of Annual Reports and Accounts for inspection**

Copies of the published annual reports and accounts of the Company for the financial periods ended 31 March 2015 and 31 March 2016 (as filed with the FCA) are available for inspection at:

- (A) the address set out in paragraph 14 of Part 8 of this Registration Document; and
- (B) the Company's website ([www.nextenergysolarfund.com](http://www.nextenergysolarfund.com)).

The information in such annual reports and accounts not incorporated by reference into paragraphs 2.2, 2.3 and 2.4 of this Part 7 is either covered elsewhere in the Prospectus or is not relevant for the purposes of prospective investors considering an investment in New Shares.

## 3. **Significant change**

There has been no significant change in the financial condition or trading position of the Company since 31 March 2016 (being the end of the last financial period of the Company for which audited financial information has been published) up to the date of this Registration Document, save for:

- (A) on 14 April 2016, the acquisition of the solar PV plants comprising the Radius portfolio, as set out in the table of portfolio assets on page 49;
- (B) on 18 April 2016, completion of the acquisition of the Hall Farm solar PV Plant;

- (C) on 19 May 2016, the Group increased its Revolving Credit Facility from £100 million to £120 million, with the additional £20 million having a maturity date of 17 May 2017 (subject to the Company's option to extend it to 17 November 2017);
- (D) on 8 July 2016, the Group refinanced its £22.7 million debt facility with NIBC with a new £21.7 million debt facility with NIBC (which has an interest rate of 3-month LIBOR plus 2.20 per cent. and a maturity date of 04 July 2019);
- (E) on 22 July 2016, the Company paid an aggregate dividend of £8.7 million to Shareholders on the register at the close of business on 8 July 2016, in respect of the interim dividend of 3.125 pence per Ordinary Share for the six months ended 31 March 2016, which had been declared by the Company on 28 June 2016;
- (F) during the period commencing on 27 July 2016 and ending on 15 September 2016, the Company sold 30,850,000 Ordinary Shares from treasury and issued 33,250,926 new Ordinary Shares for cash pursuant to the 2016 Tap Issuance Programme, raising aggregate gross proceeds of £64.7 million;
- (G) On 22 August 2016, completion of the acquisition of the Ellough 2 solar PV Plant;
- (H) Since 31 March 2016, the Group has drawn down £42 million and repaid £50.5 million of the Revolving Credit Facility. As at 30 September 2016 the outstanding amount was £43 million. There have been no material changes in this balance between 30 September 2016 and the date of this document. The repayment was largely funded by the Company.
- (I) on 30 September 2016, the Company paid an aggregate dividend of £4,058,499 (in addition to take up of the scrip dividend alternative pursuant to which 1,139,374 new Ordinary Shares were issued fully paid at 104.626 pence per Ordinary Share) to Shareholders on the register at the close of business on 26 August 2016 in respect of the interim dividend of 1.5775 pence per Ordinary Share for the three months ended 30 June 2016), which had been declared by the Company on 15 August 2016; and
- (J) the unaudited NAV per Ordinary Share as at 30 September 2016 (being the most recently published NAV per Ordinary Share at the date of this Registration Document) was 102.0 pence or 100.4 pence, after adjustment for the interim dividend of 1.5775 pence per Ordinary Share in respect of the three months ended 30 September 2016 and payable on 30 December 2016 to Shareholders on the register at the close of business on 18 November 2016 which compares with the audited NAV per Ordinary Share as at 31 March 2016 of 98.5 pence (95.375 pence after adjustment for the interim dividend referred to in sub-paragraph (E) above).

#### 4. Capital resources

The Group is funded by both equity and debt. As at 30 September 2016, the Group had debt facilities comprising a combination of short- and medium-term debt and amortising long-term debt and had drawn down short- and medium-term debt of £64.7 million, amortising long-term debt of £99.6 million and £45.5 million undrawn under the Company's £88.5 million Revolving Credit Facility. Details of the Group's debt facilities as at 30 September 2016 are set out in the following table. There have been no material changes since that date.

Facility	Type	Borrower	Tranches	Facility available (GBP)	Amount outstanding (GBP)	Termination (including options to extend)	Applicable rate
Macquarie & Santander	revolving credit facility	Fund/ HoldCo level	Tranche B	68,500,000	43,000,000	17-06-17	1m Libor + (1.95-2.50)%
			Tranche C <sup>18</sup>	20,000,000	—	17-11-17	1m Libor + (1.95-2.50)%
NIBC	acquisition facility	Fund/ HoldCo level		21,680,000	21,680,000	04-07-19	3m Libor + 2.20per cent + "mandatory cost" (if applicable)
MIDIS	fully-amortising long-term debt	Radius Portfolio level debt	Inflation Linked Tranche	27,162,559	27,162,559	30-09-34	RPI index + 1.44%
			Fixed Tranche	27,500,000	27,500,000	30-09-34	4.11%
Bayern LB	fully-amortising long-term debt	Three Kings Portfolio level debt <sup>19</sup>		44,932,871	44,932,871	30-06-33	3.96%
<b>Total</b>				<b>209,775,430</b>	<b>164,275,430</b>		

The Group borrowings represented approximately 32 per cent. of the Gross Asset Value as at 30 September 2016 and as the date of this Registration Document. It is intended that the short-term facilities will be repaid through one or a combination of the following: rollover of the same short-term facilities, refinancing with a long-term debt facility and/or further equity issuance. It is expected that the Revolving Credit Facility will be refinanced on or before the maturity of Tranche B in June 2017.

<sup>18</sup> Note Tranche A was cancelled with effect from 17 September 2016

<sup>19</sup> Note Three Kings Portfolio consists of three different agreements with different tranches and interest rates

## PART 8

### ADDITIONAL INFORMATION

#### 1. Incorporation, corporate structure and conduct of business

- 1.1 The Company was incorporated with liability limited by shares in Guernsey under the Companies Law, on 20 December 2013 with registration number 57739. The Memorandum provides that the Company's objects are unrestricted and it shall therefore have the full power and authority to carry out any object not prohibited by the Companies Law or any other applicable laws. The Company operates under the Companies Law and ordinances and regulations made thereunder and is subject to the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules.
- 1.2 The Company is a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Schemes Rules 2015 issued by the GFSC. Registration of the Company was received from the GFSC on 19 March 2014. Registered schemes are supervised by the GFSC insofar as they are required to comply with the requirements of the Rules, including requirements to notify the GFSC of certain events and the disclosure requirements of the GFSC's Prospectus Rules 2008. The Company is not regulated by the FCA or any other regulator.
- 1.3 The registered office and principal place of business of the Company is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL, and the telephone number is +44 (0) 1481 713 843. The statutory records of the Company are kept at this address.
- 1.4 The Company holds investments through subsidiary companies. As at 11 November 2016, the Company had four directly-owned subsidiaries which were intermediate holding companies, with the remaining subsidiaries being owned by the Company indirectly through the HoldCos. The Company's subsidiaries as at 11 November 2016 are listed in the following table.

Name	Country of incorporation	Direct or indirect holding	Principal activity	Ownership
Berwick Solar Park Ltd	UK	Indirect	SPV	100%
BL Solar 2 Limited	UK	Indirect	SPV	100%
Bottom Plain Solar Park	UK	Indirect	SPV	100%
Bowerhouse Solar Limited	UK	Indirect	SPV	100%
Branston Solar Park Ltd	UK	Indirect	SPV	100%
Ellough Solar 2 Ltd	UK	Indirect	SPV	100%
Emberton Solar Park Ltd	UK	Indirect	SPV	100%
Empyrean Energy Ltd	UK	Indirect	SPV	100%
ESF Llwyndu Ltd	UK	Indirect	SPV	100%
Fenland Renewables Ltd	UK	Indirect	SPV	100%
Glebe Farm SPV Limited	UK	Indirect	SPV	100%
Glorious Energy Limited	UK	Indirect	SPV	100%
Great Wilbraham Solar Park Ltd	UK	Indirect	SPV	100%
Green End Renewables Ltd	UK	Indirect	SPV	100%*
Greenfields Limited	UK	Indirect	SPV	100%
Hanwha UK Solar 1 Ltd	UK	Indirect	SPV	100%
NESF – Ellough LTD	UK	Indirect	SPV	100%
NextEnergy Solar Holding II Limited	UK	Direct	HoldCo	100%
NextEnergy Solar Holding III Limited	UK	Direct	HoldCo	100%
NextEnergy Solar Holding IV Limited	UK	Direct	HoldCo	100%
NextEnergy Solar Holding Limited	UK	Direct	HoldCo	100%
NextPower Ellough LLP	UK	Indirect	SPV	100%
NextPower Gover Farm Ltd	UK	Indirect	SPV	100%
NextPower Higher Hatherleigh Ltd	UK	Indirect	SPV	100%
NextPower Radius Ltd	UK	Indirect	SPV	100%
NextPower Shacks Barn Ltd	UK	Indirect	SPV	100%

\* Acquisition not yet completed – will be 100% owned following completion.

<b>Name</b>	<b>Country of incorporation</b>	<b>Direct or indirect holding</b>	<b>Principal activity</b>	<b>Ownership</b>
North Farm Solar Park Limited	UK	Indirect	SPV	100%
Push Energy (Birch) Ltd	UK	Indirect	SPV	100%
Push Energy (Boxted Airfield) Ltd	UK	Indirect	SPV	100%
Push Energy (Croydon) Ltd	UK	Indirect	SPV	100%
Push Energy (Decoy) Ltd	UK	Indirect	SPV	100%
Push Energy (Hall) Ltd	UK	Indirect	SPV	100%
Push Energy (Langenhoe) Ltd	UK	Indirect	SPV	100%
SSB Condover Ltd	UK	Indirect	SPV	100%
ST Solarinvest Devon 1 Limited	UK	Indirect	SPV	100%
Sunglow Power Limited	UK	Indirect	SPV	100%
Thurlestone-Leicester Solar Ltd	UK	Indirect	SPV	100%
Tower Hill Farm Renewables Ltd	UK	Indirect	SPV	100%
Trowbridge PV Ltd	UK	Indirect	SPV	100%
Wellingborough Solar Limited	UK	Indirect	SPV	100%

The country of incorporation of the Company's subsidiaries is also their principal place of business.

- 1.5 There have been no Governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this Registration Document which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.
- 1.6 The Company does not own any premises, lease any premises or have any employees.

## 2. Share capital

- 2.1 The share capital of the Company consists of an unlimited number of unclassified shares of no par value which upon issue the Directors may classify into such classes as they may determine. The Company does not have, therefore, an authorised share capital.
- 2.2 One founder share was issued at a price of 100 pence on the incorporation of the Company on 20 December 2013 and was subsequently repurchased by the Company for 100 pence and cancelled on 24 October 2014. During the period following the Company's incorporation and ending on 31 March 2014 (the last date in the period covered by the historical financial information on the Company incorporated by reference into this Registration Document by paragraphs 2.2, 2.3 and 2.4 of Part 7 of this Registration Document), the following issues, and market purchase, of Ordinary Shares by the Company took place:

<b>Date of issue/sale</b>	<b>Transaction</b>	<b>No. of Ordinary Shares issued/ (repurchased)</b>	<b>Issue price / (repurchase price)</b>
25-Apr-14	Issue – placing & offer for subscription (IPO)	85,600,000	100.00p
19-Nov-14	Issue – placing & offer for subscription (2014 SIP)	91,000,000	104.90p
23-Dec-14	Issue – placing (2014 SIP)	4,000,000	103.00p
27-Feb-15	Issue – placing & offer for subscription (2014 SIP)	59,750,000	102.77p
30-Sep-15	Issue – placing & offer for subscription (2014 SIP)	37,607,105	103.30p
9-Nov-15	Issue – placing (2014 SIP)	30,850,000	104.00p
9-Nov-15	Market purchase into treasury	(30,850,000)	(104.00p)

As at 31 March 2016, the Company's issued share capital comprised 308,807,105 issued Ordinary Shares (all of which were fully paid), of which 30,850,000 were held in treasury. During the period commencing on 1 April 2016 and ending on the date of this Registration Document, the following sales from treasury and issues of Ordinary Shares by the Company took place:

<b>Date of Admission</b>	<b>Transaction</b>	<b>No. of Ordinary Shares issued or sold from treasury</b>	<b>Issue or sale price</b>
27-Jul-16	Sale out of treasury – placing (2016 TIP)	30,850,000	100.40p
27-Jul-16	Issue – placing (2016 TIP)	11,141,242	100.40p
27-Jul-16	Issue – placing (2016 TIP)	1,822,656	100.40p
4-Aug-16	Issue – placing (2016 TIP)	4,254,855	101.00p
4-Aug-16	Issue – placing (2016 TIP)	740,690	101.00p
4-Aug-16	Issue – placing (2016 TIP)	300,000	101.00p
9-Aug-16	Issue – placing (2016 TIP)	5,775,557	101.00p
15-Sep-16	Issue – placing (2016 TIP)	9,215,926	103.25p
30-Sep-16	Issue – scrip dividend alternative	1,139,374	104.626p

All of the issues pursuant to the IPO, the 2014 Share Issuance Programme and the 2016 Tap Issuance Programme, and the sale of Ordinary Shares from treasury, referred to in this paragraph 2.2 were on a non-pre-emptive basis for cash, in each case at a price representing a premium to the estimated prevailing NAV per Ordinary Share at the time the relevant issue, or sale, was agreed.

2.3 As at the date of this Registration Document, the Company's issued share capital comprises 343,197,405 Ordinary Shares, all of which are fully paid.

2.4 At the date of this Registration Document:

- (A) the Company had no shares which did not represent capital;
- (B) no shares in the Company were held by or on behalf of the Company or its subsidiaries, in treasury or otherwise;
- (C) no convertible securities, exchangeable securities or securities with subscription rights had been issued by the Company;
- (D) there were no acquisition rights and/or obligations over any of the Company's unissued capital and no undertakings to increase the Company's capital; and
- (E) no share or loan capital of the Company was under option or had been agreed, conditionally or unconditionally, to be put under option.

### 3. Directors

3.1 At the date of this Registration Document, the interests (all of which were beneficial) of the Directors (and, so far as is known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them) in the Ordinary Shares are as set out in the following table.

<b>Director</b>	<b>No. of Ordinary Shares</b>	<b>% of voting rights</b>
Kevin Lyon ( <i>Chairman</i> )	60,000	0.018
Patrick Firth	20,000	0.006
Vic Holmes	10,000	0.003

Assuming that the Initial Issue is fully subscribed for, the interests of the Directors (following Admission in respect of the Initial Issue), in the Company's Ordinary Shares will be:

<b>Director</b>	<b>No. of Ordinary Shares</b>	<b>% of voting rights</b>
Kevin Lyon	60,000	0.014
Patrick Firth	20,000	0.005
Vic Holmes	10,000	0.002

Save as disclosed in this paragraph 3.1, at the date of this Registration Document, none of the Directors (and, so far as is known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them) had:

- (A) any interest in the share capital of the Company; or
- (B) any options over shares in the Company's capital.

3.2 Each of the Directors has been appointed pursuant to a letter of appointment dated 22 January 2014 in respect of Vic Holmes and Patrick Firth and 5 February 2014 in respect of Kevin Lyon. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors are entitled to the remuneration referred to in paragraph 3.3 below, payable quarterly in arrears, and are entitled to out-of-pocket expenses and other expenses incurred in the proper performance of their duties as directors of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from Board meetings for 12 months or more; (iii) written request of the other Directors; and (iv) a resolution of the Shareholders. The Directors are not entitled to any compensation or benefits on termination of their office as directors of the Company.

3.3 At the date of this Registration Document, the Directors were entitled to aggregate annual remuneration (including any contingent or deferred compensation but excluding expenses) equal to:

- (A) in the case of Kevin Lyon (the chairman), £60,000 (financial year ended 31 March 2016: £60,000);
- (B) in the case of Patrick Firth (chairman of the audit committee), £40,000 (with effect from 1 October 2016) (financial year ended 31 March 2016: £33,000); and
- (C) in the case of Vic Holmes (chairman of the remuneration and nomination committee and senior independent director), £37,500 (with effect from 1 October 2016) (financial year ended 31 March 2016: £30,000).

In recognition of the additional work the Directors have done in connection with the Share Issuance Programme, the Company has agreed that each Director is entitled to an additional fee of £10,000 on completion of the Initial Issue.

3.4 There are no commission or profit sharing arrangements between the Directors and the Company. Similarly, none of the Directors is entitled to pension, retirement or similar benefits and no benefits in kind have been, or are expected to be, granted to the Directors.

3.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

3.6 Pursuant to the Articles, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a director of the Company. Accordingly, the Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

3.7 In addition to their directorships of the Company, the Directors hold or have held the directorships and are or were members of the partnerships, as listed in the table below, over or within the past five years.

**Current directorships/partnerships****Kevin Lyon**

NextEnergy Solar Fund Limited  
 ROVOP Limited  
 Drilling Systems Group Limited  
 KJ Lyon Associates Ltd  
 Inoapps Limited

**Patrick Firth**

Associated Partners GP Limited  
 Celtic Pharma Holdings GP Limited  
 Celtic Pharma Holdings GP III Limited  
 DW Catalyst Limited (formerly BH Credit Catalysts Limited)  
 GLI Finance Limited (formerly Greenwich Loan Income Fund Limited)  
 GLIF BMS Holdings Limited  
 Global Private Equity One Limited  
 Guernsey Finance LBG  
 Guernsey Portfolios PCC Limited  
 Heritage Diversified Investments PCC Limited (formerly Rufford & Ralston PCC Limited)  
 ICG-Longbow Senior Secured UK Property Debt Investments Limited  
 Inflexion (2010) General Partner Limited  
 Inflexion Buyout Fund IV General Partner Limited  
 Inflexion Curtis General Partner Guernsey Limited  
 Inflexion Enterprise Fund I Guernsey Limited  
 Inflexion Partnership Capital Fund 1 General Partner Limited  
 Inflexion Supplemental Fund IV Guernsey Limited  
 Investec World Axis PCC Limited  
 JZ Capital Partners Limited  
 LMP Bell Farm Limited  
 LMP Dagenham Limited  
 LMP Green Park Cinemas Limited  
 LMP Green Park Holdings Limited  
 LMP Omega 1 Limited  
 LMP Omega II Limited  
 LMP Retail Warehouse JV Holdings Limited  
 LMP Retail Warehouse JV Management Limited  
 LMP Thrapston Limited  
 LMP Wakefield Limited  
 London & Stamford Offices Unitholder 2 Limited (in liquidation)  
 London & Stamford Offices Limited (in liquidation)  
 London & Stamford Property Limited  
 London & Stamford Property Subsidiary Limited  
 LSP Green Park Distribution Holdings Limited  
 LSP Green Park Management Limited (formerly LSP Cavendish Management Limited) (in liquidation)  
 LSP London Residential Holdings Limited

**Past directorships/partnerships**

Ambrian plc (formerly East West Resources plc)  
 Cutis Developments Ltd  
 (entered administration April 2016)  
 DCK Group Limited  
 Ithaca Petroleum Limited  
 Mono Global Limited  
 Mono Global Group Limited  
 Smart Metering Systems plc  
 Tigermetal Topco Limited

Asset Management Investment Company Limited (formerly Asset Management Investment Company PLC)  
 Bullion Funds GP Limited  
 DWM Inclusive Finance Income Fund  
 FF&P Alternative Strategy Income Subsidiary Limited  
 FF&P Enhanced Opportunities PCC Limited  
 FF&P Russia Real Estate Adviser Holdings Limited  
 Porton Capital Technology Funds  
 FF&P Venture Funds Subsidiary Limited  
 FF&P General Partner I Limited  
 FF&P World Equity Fund PCC Limited  
 Patria Brazil Fund Limited  
 FP Holdings Limited  
 GLIF BMS Holdings Limited  
 L&S Distribution II Limited  
 L&S Distribution III Limited (formerly L&S Distribution II Unitholder 2 Limited)  
 L&S Distribution IV Limited  
 Victoria Capital PCC Limited  
 L&S Distribution Limited  
 L&S Distribution V Limited  
 L&S Leeds Limited  
 London & Stamford (Anglesea) II Limited  
 London & Stamford Retail Limited (in liquidation)  
 EISER Infrastructure II Limited  
 LSP Green Park Offices Holdings Limited  
 LSP Green Park Logistics Holdings Limited  
 EuroDekania Limited  
 LSP Leatherhead Limited (formerly LSP Green Park Leatherhead Limited)  
 LSP RI Moore House (Ground Rents) Limited  
 LSP RI Wandsworth Limited  
 Prosperity Quest II Unquoted Limited  
 Stonehage Fleming Investment Management Guernsey Limited (formerly FF&P Asset Management (Guernsey) Limited)  
 Suningdale Alpha Fund Limited

**Current directorships/partnerships**

LSP London Residential Investments Limited  
 LSP Marlow Limited (formerly LSP Green Park Marlow Limited)  
 LSP RI Moore House Limited  
 MRIF Guernsey GP Limited  
 NextEnergy Solar Fund Limited  
 Pera Capital Partners GP Limited  
 Riverstone Energy Limited  
 Saltus (Channel Islands) Limited  
 Sierra GP Limited  
 Sniper China Logistics Properties Limited

**Past directorships/partnerships*****Vic Holmes***

Ashmore Asian Special Opportunities Fund Limited  
 Ashmore Emerging Markets Corporate High Yield Fund Limited  
 Ashmore Emerging Markets Debt and Currency Fund Limited  
 Ashmore Emerging Markets Distressed Debt Fund Limited  
 Ashmore Emerging Markets High Yield Plus Fund Limited  
 Ashmore Emerging Markets Short Duration Corporate Debt Fund Limited  
 Ashmore Emerging Markets Sovereign and Corporate Debt Fund Limited  
 Ashmore Emerging Markets Special Situations Opportunities Fund (GP) limited  
 Ashmore Emerging Markets Tri Asset Fund Limited  
 Ashmore Global Special Situations Fund 2 Limited  
 Ashmore Global Special Situations 3 (GP) Limited  
 Ashmore Global Special Situations Fund 4 (GP) Limited  
 Ashmore Global Special Situations Fund 5 (GP) Limited  
 Ashmore Greater China Balanced Holding Company Limited  
 Ashmore Greater China Fund Limited  
 Ashmore Growing Multi Strategy Fund Limited  
 Ashmore Investments (Brazil) Limited  
 Ashmore Institutional Multi Strategy Holding Company Limited  
 Ashmore Management Company Limited  
 Ashmore Special Opportunities (GB) Limited  
 Ashmore Venezuela Recovery Fund Limited  
 Asset Holder PCC Limited  
 Asset Holder PCC No 2 Limited  
 Atlantis Investment Management (Ireland) Limited  
 Cambridge Park Pendulum Fund Limited  
 DBG Management GP (Guernsey) Limited  
 F&C Alternative Strategies Limited  
 F&C Property Growth & Income Fund Limited  
 F&C Warrior Fund Limited  
 F&C Warrior Fund II Limited  
 GAM (Guernsey) GP Limited  
 Generali Portfolio Management (CI) Limited  
 Generali Worldwide Insurance Company

Ashmore Global Special Situations Fund 6 (GP) Limited  
 Ashmore Global Special Situations Fund Limited  
 Ashmore Global Consolidation and Ashmore Emerging Markets Short Duration Corporate Debt Limited Recovery Fund PCC Limited (in voluntary winding up)  
 Ashmore Greater China Balanced Holding Company Limited  
 Ashmore Global Special Situations Ireland Public Limited Company (in voluntary liquidation)  
 Ashmore Management CI (Brasil) Ltd  
 Ashmore Multi Strategy Fund Holding Company Limited  
 Ashmore Institutional Multi Strategy Holding Company Limited  
 Conversus GP Limited  
 Conversus Investment GP Limited  
 Cantrip Investments Limited (in voluntary liquidation)  
 Cazenove Euro Alpha Return Fund Limited (in voluntary liquidation)  
 Cazenove European Equity Absolute Return Fund Limited (in voluntary liquidation)  
 Cazenove International Fund plc  
 Cazenove Leveraged UK Equity Absolute Return Fund Limited (in voluntary liquidation)  
 Cazenove UK Dynamic Absolute Return Fund Limited (in voluntary liquidation)  
 Cazenove UK Equity Absolute Return Fund Limited (in voluntary liquidation)  
 Cazenove Worldwide Absolute Return Fund Limited (in voluntary liquidation)  
 IIBU Fund II Public Limited Company  
 Korea Special Opportunities Fund plc (in voluntary liquidation)  
 Northern Trust Fiduciary Services (Jersey) Limited  
 Nelson Representatives Limited  
 Nevsky Fund plc  
 Northern Trust International Fund Administration Services (Guernsey) Limited  
 Northern Trust International Fund Administration Services (Jersey) Limited  
 The Leveraged Fund Limited  
 Thames River 1X Currency Alpha Fund Limited (in voluntary liquidation)  
 Generali International Limited

**Current directorships/partnerships**

Limited  
GPF Real Estate Co-Investment Ltd.  
Highbridge Multi-Strategy Fund Limited  
(formerly BlueCrest AllBlue Fund Limited)  
HDS (Guernsey) Limited  
Lake Erie Real Estate GP Ltd  
Liontrust Panthera Fund Limited (formerly  
F&C Directional Opportunities Fund)  
MMIP Investment Management Limited  
Permira Holdings Limited  
Picton (General Partner) No 2 Ltd  
Picton (General Partner) No 3 Ltd  
Picton (UK) Listed Real Estate Nominee  
(No 1) Limited  
Picton (UK) Listed Real Estate Nominee  
(No 2) Limited  
Picton (UK) Listed Real Estate Ltd  
Picton (UK) REIT (SPV No 2) Ltd  
Picton (UK) REIT (SPV) Ltd  
Picton Capital (Guernsey) Ltd  
Picton Finance Limited  
Picton Property Income Limited  
Picton Property No 3 Ltd  
Picton Property Nominee (No 3) Ltd  
Picton Property Nominee (No 4) Ltd  
Picton Property Nominee (No 5) Limited  
Picton Property Nominee (No 6) Ltd  
Picton UK Real Estate (Property) Ltd  
Picton UK Real Estate Trust  
(Property) No 2 Ltd  
Picton ZDP Limited  
Redwood Offshore Limited  
Renshaw Bay GP I Ltd  
Roundshield 1 Co-Investment GP1 Limited  
Roundshield Fund I GP Limited  
Roundshield Holdings Limited  
RS Carry I GP Limited  
Thames River Multi Hedge PCC Limited  
Townsend Lake Constance GP Limited

**Past directorships/partnerships**

Thames River Capital Holdings Limited (in  
voluntary liquidation)  
Thames River Guernsey Property Holdings  
Limited  
Thames River Traditional Multi Funds Public  
Limited Company (in voluntary liquidation)  
Stenham Real Estate Equity Fund Limited  
Northern Trust Directors Services  
(Guernsey) Limited  
Northern Trust GFS Holdings Limited  
Northern Trust Guernsey Holdings Limited  
Northern Trust Partners Guernsey Limited  
Permira (Europe) Limited  
Permira (Guernsey) Limited  
Permira Advisors Group Holdings Limited  
Permira Advisors LLP  
Permira Carried Interest G.P. Limited  
Permira Debt Managers Group Holdings  
Limited  
Permira Europe I Nominees Limited  
Permira Europe II Managers BV  
Permira Europe II Nominees Limited  
Permira Europe III G.P. Limited  
Permira Group Investments Limited  
Permira Investments Limited  
Permira IP Limited  
Permira IV GP Limited  
Permira IV Limited  
Permira IV Managers Limited  
Permira Nominees Limited  
Permira V G.P. Limited  
Renshaw Bay GP2 Ltd  
Renshaw Bay Partners GP Ltd  
Saline Nominees Limited  
Trafalgar Representatives Limited  
The AUB Pan Asian Investment Fund I  
Traditional Funds plc

- 3.8 As at the date of this Registration Document:
- (A) none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;
  - (B) save as the noted above against relevant companies above in the directorships of each Director, none of the Directors was a director of a company, a partner of a partnership, a member of an administrative, management or supervisory body within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
  - (C) none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
  - (D) none of the Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Group which is not otherwise disclosed in this Registration Document;
  - (E) none of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group or which has been effected by the Company since its incorporation or any member of the Group in the year preceding the date of this Registration Document; and
  - (F) there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties.

#### 4. Substantial share interests

- 4.1 As at 11 November 2016, the Company was aware that the persons set out in the table below, directly or indirectly, were interested in 3.0 per cent. or more of the issued Ordinary Shares:

Investor	No. of Ordinary Shares	% of issued Ordinary Shares
Prudential plc group of companies	77,382,737	22.54
Artemis Investment Management LLP	62,308,962	18.16
Investec Wealth & Investment Limited	44,693,239	13.02
Baillie Gifford	18,037,062	5.26
Smith & Williamson Investment Management	14,916,638	4.35
Newton Investment Management	13,440,810	3.92

- 4.2 The major Shareholders do not have different voting rights from other Shareholders.
- 4.3 As at 11 November 2016, the Company was not aware of:
- (A) any person who, directly or indirectly, jointly or severally, exercised or could exercise control over the Company; or
  - (B) any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

#### 5. Articles

The Articles contain provisions, among others, to the following effect:

##### 5.1 *Share capital*

The Company may issue an unlimited number of shares in any currency including, without limitation, unclassified shares which may be designated and issued as Ordinary Shares, C Shares or otherwise as the Directors may from time to time determine.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may

determine. The Board is authorised to issue an unlimited number of shares (or options, warrants or other rights in respect of shares) including without limitation, Ordinary Shares and C Shares on a pre-emptive basis, and with shareholder authority, on a pre-emptive basis.

## 5.2 **Ordinary Shares**

### (A) *Income*

Subject to the rights of any shares which may be issued with special rights or privileges, the Ordinary Shares of each class carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income by the Company, *pro rata* to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, income shall be divided *pari passu* amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

### (B) *Capital*

On a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares in accordance with the provision of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares remaining after payment of all creditors shall, subject to the rights of any Ordinary Shares that may be issued with special rights or privileges, be divided amongst the holders of Ordinary Shares of each class *pro rata* to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, such assets shall be divided *pari passu* amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of that class held by them.

### (C) *Voting*

The holders of the Ordinary Shares shall be entitled to receive notice of and to attend, speak and vote at general meetings of the Company.

## 5.3 **C Shares**

### (A) *Definitions*

The following definitions apply for the purposes of this paragraph 5.3:

“Calculation Date” means the earliest of the:

- (a) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds attributable to the relevant class of C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested;
- (b) the close of business on the Business Day at the end of such period after allotment of the relevant class of C Shares or on such specific date, in each case as shall be determined by the Directors for that particular class of C Shares and as shall be stated in the terms of issue of the relevant class of C Share;
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent; or
- (d) close of business on such date as the Directors may determine;

“Conversion” means, in relation to any class of C Shares, conversion of that class of C Shares in accordance with paragraph 5.3(H) below;

“Conversion Date” means a date which falls after the Calculation Date and is the date on which the admission of the new Ordinary Shares arising on Conversion to trading on the London Stock Exchange becomes effective, such date being either the earlier of:

- (a) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than 20 Business Days after the Calculation Date; and
- (b) such earlier date as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances have arisen or are imminent;

“Conversion Ratio” is the ratio of the Net Asset Value per C Share of the relevant class of C Share to the Net Asset Value per Ordinary Share of the corresponding class, which is calculated to six decimal places as at the Calculation Date as:

$$\text{“Conversion Ratio”} = \frac{A}{B}$$

where:

$$A = \frac{(C - d) - D}{E}$$

$$B = \frac{(F - d) - G}{H}$$

where:

“C” is the value of the investments of the Company attributable to the C Shares of the relevant class calculated in accordance with the accounting principles adopted by the Company from time to time (as if that class was equity);

“D” is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant class on the Calculation Date) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant class on the Calculation Date;

“E” is the number of C Shares of the relevant class in issue on the Calculation Date;

“F” is the value of the investments of the Company attributable to the Ordinary Shares calculated in accordance with the accounting principles adopted by the Company from time to time;

“G” is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the Calculation Date;

“H” is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares of the relevant class held in treasury); and

“d” is, to the extent not already taken into account in D or G (as appropriate) the amount of any dividend payable in respect of any period ending before the Conversion Date and payable by reference to a record date falling on or prior to the Conversion Date;

provided that:

- (a) notwithstanding the accounting treatment of the C Shares as a liability of the Company, for the purposes of calculating the Conversion Ratio (and in particular G), the C Shares will be treated as a class of equity issued by, and not a liability of, the Company; and
- (b) the Directors shall make such adjustments to the value or amount of A and B as the Company’s auditor shall report to be appropriate having regard, among other things, to the assets of the Company immediately prior to the date on which the Company first receives the net proceeds relating to the C Shares of the relevant class and/or to the reasons for the issue of the C Shares of the relevant class.

“Existing Shares” means the Ordinary Shares in issue immediately prior to Conversion;

“Force Majeure Circumstances” means in relation to any class of C Shares:

- (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable;
- (b) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or
- (c) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

“Net Proceeds” means the net cash proceeds of the issue of the C Shares of the relevant class (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to the auditor confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to “shareholders” and “C shareholders” in this paragraph 5.3 should be construed as references to holders for the time being of Ordinary Shares of the relevant class and C Shares of the relevant class respectively.

For the purposes of the definition of Calculation Date and the definition of Force Majeure Circumstance in relation to any class of C Shares, the assets attributable to the C Shares of that class shall be treated as having been “invested” if they have been expended by or on behalf of the Company in the acquisition or making of an investment (whether by subscription or purchase) or if an obligation to make such payment has arisen or crystallised (in each case unconditionally or subject only to the satisfaction of normal pre-issue conditions) in relation to which the consideration amount has been determined or is capable of being determined by operation of an agreed contractual mechanism.

(B) *Income*

The holders of the C Shares shall, subject to the provisions of the Articles, have the following rights as to income:

- (a) subject to the rights of any C Shares which may be issued with special rights or privileges, the C Shares of each class carry the right to receive all income of the Company attributable to the C Shares, and to participate in any distribution of such income by the Company, *pro rata* to the relevant NAVs of each of the classes of C Shares and within each such class income shall be divided *pari passu* amongst the holders of that class in proportion to the number of C Shares of such class held by them;
- (b) the Ordinary Shares of the relevant class into which C Shares of the relevant class shall convert shall rank *pari passu* with the Existing Shares of the relevant class for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
- (c) no dividend or other distribution shall be made or paid by the Company on any of its shares between the Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

(C) *Capital*

At a time when any C Shares are for the time being in issue and prior to the Conversion Date, on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of C Shares in accordance with the provisions of the Articles and the Companies Law), the surplus capital and assets of the Company attributable to the C Shares remaining after payment of all creditors shall, subject to any rights of C Shares that may be issued with special rights or privileges, be divided amongst the holders of C Shares of each class *pro rata* to the relative NAVs of each of the classes of C Shares and within each such class such assets shall be distributed *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of that class held by them.

(D) *Voting*

As regards voting the C Shares shall carry the right to receive notice of and to attend, speak and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Ordinary Shares as if the C Shares and Ordinary Shares were a single class.

(E) *Variation*

Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

- (a) no alteration shall be made to the Memorandum or the Articles;
- (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares;
- (c) no resolution of the Company shall be passed to wind-up the Company; and
- (d) no change shall be made to the accounting reference date.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (a) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Ordinary Shares by the issue of such further Ordinary Shares); or
- (b) the sale of any shares held as treasury shares or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

(F) *Undertakings*

For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall in relation to each class of C Shares:

- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of the relevant class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant class;
- (b) allocate to the assets attributable to the C Shares of the relevant class such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds attributable to such C Shares and the Calculation Date relating to such C Shares of the relevant class (both dates inclusive) as the Directors fairly consider to be attributable to such C Shares; and
- (c) give appropriate instructions to the Investment Adviser so that such undertakings can be complied with by the Company.

(G) *Redemption*

The C Shares are issued on such terms that they shall be redeemable by the Company in accordance with the terms set out in the Articles. At any time prior to Conversion, the Directors may determine to redeem the C Shares then in issue by agreement with holders thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST), in accordance with the provisions of the Articles and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant C shareholders.

(H) *Conversion*

- (a) In relation to each class of C Shares, the Directors shall procure that within 10 Business Days of the Calculation Date:

- (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares of the relevant class to which each C Shareholder shall be entitled on Conversion shall be calculated; and
  - (ii) the administrator or, failing which, an independent accountant selected for the purpose by the Board, shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso (b) after the definition of 'd' in paragraph 5.3. If the Auditor is unable to confirm the calculations of the administrator or independent accountant, as described above, the Conversion shall not proceed.
- (b) The Directors shall procure that, as soon as practicable following such confirmation, an announcement is made to a Regulatory Information Service, advising holders of C Shares of the relevant class of the Conversion Date, the Conversion Ratio and the aggregate number of Ordinary Shares of the relevant class to which holders of C Shares of the relevant class are entitled on Conversion.
- (c) Conversion shall take place at the Conversion Date. On Conversion:
- (i) each issued C Share shall automatically convert and be redesignated into such number of new Ordinary Shares of the corresponding class as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of New Ordinary Shares equals the aggregate number of C Shares of that class in issue at the Conversion Date multiplied by the Conversion Ratio (rounded down to the nearest whole new Share);
  - (ii) the new Ordinary Shares arising upon Conversion shall be divided amongst the former holders of C Shares of the relevant class *pro rata* according to their respective former holdings of C Shares of the relevant class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to new Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares of the relevant class, in the case of a share in Certificated Form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in Uncertificated Form, the giving of directions to or on behalf of the former holders of any C Shares of the relevant class who shall be bound by them;
  - (iii) forthwith upon Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the new Ordinary Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold their new Ordinary Shares in Uncertificated Form;
  - (iv) the Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to trading on the London Stock Exchange's Main Market; and
  - (v) the Directors may make such adjustments to the terms and timings of Conversion as they, in their discretion, consider fair and reasonable having regard to the interest of all shareholders.

#### 5.4 **Issue of shares**

Subject to the authority to issue shares referred to in paragraph 5.1 above or any extension thereof, and to paragraph 5.5, the unissued shares shall be at the disposal of the Board which may allot, grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but

so that no share shall be issued at a discount to par value (if applicable) except in accordance with the Companies Law and so that the amount payable on application on each share shall be fixed by the Board.

**5.5 Offers to Shareholders on a pre-emptive basis**

- (A) The Company shall not allot equity securities to a person on any terms unless:
- (a) it has made an offer to each person who holds shares of the relevant class to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of that class of shares; and
  - (b) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.
- (B) Equity securities that the Company has offered to allot to a holder of shares in accordance with paragraph 5.5(A) may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening the restriction referred to in paragraph 5.5(A), and, if paragraph 5.5(A) applies in relation to the grant of such right, it will not apply in relation to the allotment of equity securities in pursuance of that right.
- (C) Shares held by the Company as treasury shares shall be disregarded for the purposes of the restriction referred to in paragraph 5.5(A), so that the Company is not treated as a person who holds shares; and the treasury shares are not treated as forming part of the share capital of the Company.
- (D) Any offer required to be made by the Company pursuant to the restriction referred to in paragraph 5.5(A) should be made by a notice (given in accordance with paragraph 5.11 below) and such offer must state a period during which such offer may be accepted and such offer shall not be withdrawn before the end of that period. Such period must be a period of at least 21 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be) pursuant to paragraph 5.11 below.
- (E) The restriction referred to in paragraph 5.5(A) shall not apply in relation to the allotment of bonus shares, nor to a particular allotment of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash. For the avoidance of doubt, and for the purposes of paragraph 5.5(A), C Shares shall not constitute the same class of shares as the Ordinary Shares into which they may or will convert pursuant to paragraph 5.3(H) above.
- (F) The Company may by special resolution resolve that the restriction referred to in paragraph 5.5(A) shall be excluded or that the restriction referred to in paragraph 5.5(A) shall apply with such modifications as may be specified in the resolution:
- (a) generally in relation to the allotment by the Company of equity securities;
  - (b) in relation to allotments of a particular description; or
  - (c) in relation to a specified allotment of equity securities;
- and any such resolution must: (a) state the maximum number of equity securities in respect of which the restriction referred to in paragraph 5.5(A) is excluded or modified; and (b) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.
- (G) Any resolution passed pursuant to the provisions referred to in paragraph 5.5(F) may:
- (a) be renewed or further renewed by special resolution of the Company for a further period not exceeding five years; and
  - (b) be revoked or varied at any time by special resolution of the Company.
- (H) In this paragraph 5.5:
- (a) “equity securities” means: (i) any class of shares of the Company; or (ii) rights to subscribe for, or to convert securities into, any class of shares of the Company; and

- (b) references to the allotment of equity securities includes: (i) the grant of a right to subscribe for, or to convert any securities into, any class of shares of the Company (but excludes the allotment and/or conversion of any class of shares of the Company pursuant to the exercise of such a right); and (ii) the sale of any class of shares of the Company that immediately before the sale are held by the Company as treasury shares.

#### 5.6 **Variation of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

#### 5.7 **Dividends**

- (A) Subject to compliance with section 304 of the Companies Law, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position, in the opinion of the Board, so justifies.
- (B) The method of payment of dividends shall be at the discretion of the Board.
- (C) No dividend shall be paid in excess of the amounts permitted by the Companies Law or approved by the Board.
- (D) Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid *pro rata* according to the number of shares held by each Shareholder.
- (E) The Board may deduct from any dividend payable to any Shareholder on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
- (F) The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.
- (G) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a Shareholder until such person has become a Shareholder.
- (H) Any dividend interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Company's register. In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means (including, in relation to any dividend or other sum payable in respect of shares held in Uncertificated Form, by means of a computerised settlement system (as defined in the CREST Regulations) in any manner permitted by the rules of the computerised settlement system concerned) and to or through such person as the holder or joint holders (as the case may be) may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividend, interest or other monies payable in respect of their joint holdings.
- (I) No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
- (J) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of six years after having been declared shall be forfeited and shall revert to the Company.

## 5.8 ***Scrip dividends***

The Board may, pursuant to section 306 of the Companies Law, or if authorised by an ordinary resolution of the Company, offer Shareholders the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend in accordance with article 43 of the Articles. The Board shall give notice to the Shareholders of their rights of election and shall specify the procedure to be followed in order to make an election. The dividend in respect of which an election is made shall not be paid and instead further shares shall be allotted in accordance with elections duly made.

## 5.9 ***Transfer of shares***

- (A) The Articles provide that the Directors may implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST system. The Articles are subject to, and do not limit or restrict the Company's powers to transfer shares in accordance with, the CREST Regulations.
- (B) Subject to such of the restrictions of the Articles as may be applicable:
- (a) any Shareholder may transfer all or any of his Uncertificated shares in such manner provided for, and subject as provided, in the CREST Regulations, any regulations issued for this purpose under the Companies Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company;
  - (b) any Shareholder may transfer all or any of their Certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and
  - (c) an instrument of transfer of a Certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer of a Certificated share need not be under seal.
- (C) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in Certificated Form or Uncertificated Form which is not fully paid up or on which the Company has a lien, provided, in the case of a listed or publicly traded share, that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may also refuse to register a transfer of shares unless such transfer is in respect of only one class of shares, is in favour of a single transferee or no more than four joint transferees, is delivered for registration to the Company's registered office or such other place as the Board may decide and is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.
- (D) Subject to the provisions of the CREST Regulations, the registration of transfers may be suspended at such times and for such periods as the Board may decide and either generally or in respect of any class of share provided that such suspension shall not be for more than 30 days in any year. Any such suspension shall be communicated to Shareholders, giving reasonable notice of such suspension by means of a Regulatory Information Service.

## 5.10 ***Alteration of capital and purchase of shares***

- (A) The Company may by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger or smaller amounts than its existing shares;
  - (b) subdivide all or any of its shares into shares of a smaller amount subject to paragraph 5.10(B);
  - (c) cancel shares which, at the date of the passing of the resolution, have not been taken up or agreed to be taken up by any person, and diminish the amount of its share capital by the amount of shares so cancelled;

- (d) convert all or any of its shares the nominal amount of which is expressed in a particular currency or former currency into shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date as may be specified therein; or
  - (e) where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise.
- (B) In any subdivision under paragraph 5.10(A)(b), the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as that proportion in the case of the share from which the reduced share was derived.
  - (C) The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required by the Companies Law.
  - (D) The Board on any consolidation of shares may deal in fractions of shares in any manner.

#### **5.11 Notices**

- (A) A notice or other communication may be given by the Company to any Shareholder either personally or by sending it by prepaid post addressed to such Shareholder at his registered address (or, subject to paragraph 5.11(G)) in electronic form) or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose.
- (B) Any notice or other document, if served by post (including registered post, recorded delivery service or ordinary letter post), shall be deemed to have been served on the third day after the day on which the same was posted from Guernsey to an address in the United Kingdom, the Channel Islands or the Isle of Man and, in any other case, on the seventh day following that on which the same was posted.
- (C) Service of a document sent by post shall be proved by showing the date of posting, the address thereon and the fact of pre-payment.
- (D) Any notice or other document, if transmitted by electronic communication, facsimile transmission or other similar means which produce or enable the production of a document containing the text of the communication, shall be regarded as served when it is received.
- (E) A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Company's register in respect of the share.
- (F) Any notice or other communication sent to the address of any Shareholder shall, notwithstanding the death, disability or insolvency of such Shareholder and whether the Company has notice thereof, be deemed to have been duly served in respect of any share registered in the name of such Shareholder as sole or joint holder and such service shall, for all purposes, be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.
- (G) All Shareholders shall be deemed to have agreed to accept communication from the Company by electronic means in accordance with sections 524 and 526 and schedule 3 of the Companies Law unless a Shareholder notifies the Company otherwise. Such notification must be in writing and signed by the Shareholder and delivered to the Company's registered office or such other place as the Board directs.

#### **5.12 Notice of general meetings**

- (A) A general meeting (including an annual general meeting) of the Company (other than an adjourned meeting) must be called by notice of at least 14 clear days.
- (B) A general meeting may be called by shorter notice than otherwise required if all the Shareholders entitled to attend, speak and vote so agree.
- (C) Notices and other documents may be sent in electronic form or published on a website in accordance with section 208 of the Companies Law.

- (D) Notice of a general meeting of the Company must be sent to every Shareholder entitled to attend, speak and vote thereat, every Director and every alternate Director registered as such.
- (E) In paragraph 5.12(D), the reference to Shareholders is only to persons registered as a Shareholder.
- (F) Notice of a general meeting of the Company must state the time and date of the meeting, state the place of the meeting, specify any special business to be put to the meeting, contain the information required under section 178(6)(a) of the Companies Law in respect of a resolution which is to be proposed as a special resolution at the meeting, contain the information required under section 179(6)(a) of the Companies Law in respect of a resolution which is to be proposed as a waiver resolution at the meeting and contain the information required under section 180(3)(a) of the Companies Law in respect of a resolution which is to be proposed as a unanimous resolution at the meeting.
- (G) Notice of a general meeting must state the general nature of the business to be dealt with at the meeting.
- (H) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Shareholder shall not invalidate any resolution or any proposed resolution otherwise duly approved.
- (I) General meetings may be held in Guernsey or elsewhere at the discretion of the Directors.

#### **5.13 Appointment, removal and remuneration of Directors**

- (A) Until otherwise determined by the Board, the number of Directors shall be not less than two. At no time shall a majority of Directors, including any duly appointed alternates, be resident in the United Kingdom, and a person shall not be appointed a Director if as a result of such appointment a majority of Directors would be resident in the UK. The Board shall have power at any time to appoint any person eligible in accordance with section 137 of the Companies Law to be a Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election. No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless, not less than 14 clear days before the date appointed for the meetings there shall have been left at the Company's registered office notice in writing signed by a Member duly qualified to attend, speak and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected. Without prejudice to the powers of the Board, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A share qualification for a Director may be fixed by the Company in general meeting and unless and until so fixed no qualification shall be required.
- (B) A Director shall cease to hold office if:
  - (a) he (not being a person holding for a fixed term an executive office subject to termination if he ceases for any reason to be a Director) resigns his office by written notice signed by him sent to or deposited at the registered office of the Company;
  - (b) he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that their office shall be vacated;
  - (c) he dies or becomes of unsound mind or incapable;
  - (d) he becomes insolvent, suspends payment or compounds with his creditors;
  - (e) he is requested to resign by written notice signed by all the other Directors;
  - (f) the Company in general meeting shall declare that he shall cease to be a Director;
  - (g) he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom; or

- (h) he becomes ineligible to be a Director in accordance with section 137 of the Companies Law.
- (C) The Articles provide that the Directors shall be paid out the funds of the Company by way of fees such sums as shall be approved by the Company in general meeting. Directors' fees shall be deemed to accrue from day to day. The Directors shall also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

#### 5.14 ***Proceedings of the Board***

- (A) The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. A Director in communication with one or more other Directors so that each Director participating in the communication can hear or read what is said or communicated by each of the others, is deemed to be present at a meeting with the other Directors so participating and, where a quorum is present, such meeting shall be treated as a validly held meeting of the Board. Where any of the Directors attending the meeting is present in Guernsey, such meeting shall be deemed to have been held in Guernsey. If no Director attending the meeting is present in Guernsey, such meeting shall be deemed to have been held in the place where the Chairman is present, unless otherwise determined by the Directors. A Director at the time of any such meeting may participate in a meeting by means of video link, telephone conference call or other electronic or telephonic means of communication.
- (B) The Board may elect a chairman of their meetings and determine the period for which he is to hold office. If no such chairman be elected, or if at any meeting the chairman be not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting. The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed, shall be two except that where the minimum number of Directors has been fixed at one a sole Director shall be deemed to form a quorum and provided that if a majority of Directors present are resident in the United Kingdom, the Directors present, irrespective of number, shall not constitute a quorum. For the purposes of this paragraph, an alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present. The Board may delegate any of its powers to committees consisting of one or more directors as they think fit, provided that a majority of members of such committees are not resident in the United Kingdom.

#### 5.15 ***Directors' conflicts of interest***

- (A) A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with section 162 of the Companies Law:
  - (a) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest; or
  - (b) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest.
- (B) The obligation referred to in paragraph 5.15(A) does not apply if:
  - (a) the transaction or proposed transaction is between the Director and the Company; and
  - (b) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.
- (C) A general disclosure to the Board to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.

- (D) Nothing in paragraphs 5.15(A), 5.15(B) applies in relation to:
  - (a) remuneration or other benefit given to a Director;
  - (b) insurance purchased or maintained for a Director in accordance with section 158 of the Companies Law; or
  - (c) qualifying third party indemnity provision provided for a Director in accordance with section 159 of the Companies Law.
- (E) Subject to paragraph 5.15(F), a Director is interested in a transaction to which the Company is a party if the Director:
  - (a) is a party to, or may derive a material benefit from, the transaction;
  - (b) has a material financial interest in another party to the transaction;
  - (c) is a director, officer, employee or member of another party (other than a party which is an associated company) who may derive a material financial benefit from the transaction;
  - (d) is the parent, child or spouse of another party who may derive a material financial benefit from the transaction; or
  - (e) is otherwise directly or indirectly materially interested in the transaction.
- (F) A Director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.
- (G) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- (H) Subject to due disclosure in accordance with the provisions referred to in this paragraph 5.15, no Director or intending Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested render the Director liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (I) Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director provided that nothing contained in the Articles shall authorise a Director or his firm to act as auditor to the Company.
- (J) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a Director, managing director, manager or other officer or member of any such other company.

#### 5.16 **Indemnity**

The Directors, secretary and officers (excluding, for the avoidance of doubt, the Auditor) for the time being of the Company and their respective heirs and executors shall, to the extent permitted by section 157 of the Companies Law, be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own negligence, default, breach of duty or breach of trust respectively and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any

property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own negligence, default, breach of duty or breach of trust.

#### 5.17 ***Borrowing powers and hedging***

The Board may exercise all the powers of the Company to borrow money and to mortgage, hypothecate, pledge or charge all or part of its undertaking property and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party. The Board may exercise all the powers of the Company to engage in currency or interest rate hedging in the interests of efficient portfolio management.

#### 5.18 ***Disclosure of third party interests in shares***

- (A) The Directors shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person other than the Shareholder (an interested party) who has any interest in the shares held by the Shareholder and the nature of such interest.
- (B) Any such notice shall require any information in response to such notice to be given in writing within the prescribed period which shall be 28 days after the service of the notice, or 14 days if the shares concerned represent 0.25 per cent. or more in value of the issued shares of the relevant class, or such other reasonable time period as the Directors may determine.
- (C) If any Shareholder has been duly served with a notice given by the Directors in accordance with paragraph 5.18(A) and is in default for the prescribed period in supplying to the Company the information thereby required the Directors may in their absolute discretion at any time thereafter serve a notice (a "Direction Notice") upon such Shareholder as follows:
- (a) a direction notice may direct that, in respect of:
- (i) the shares comprising the Shareholder account in the Register which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "default shares"); and
  - (ii) any other shares held by the Shareholder;
- the Shareholder shall not be entitled to attend or vote (either personally or by representative or by proxy) at any general meeting or meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to any such meetings; and
- (b) where the default shares represent at least 0.25 per cent. of the class of shares concerned, then the direction notice may additionally direct that:
- (i) in respect of the default shares, any dividend or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Shareholder; and
  - (ii) no transfer other than an approved transfer of any of the shares held by such Member shall be registered except in limited circumstances.

#### 5.19 ***Discontinuation vote***

If in any financial year of the Company the Ordinary Shares have traded, on average over that year, at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share, then the Board shall propose a special resolution at the Company's next annual general meeting that the Company ceases to continue in its present form. If such a special resolution is passed (requiring the approval of at least 75 per cent. of the votes cast in respect of it), the Board shall be required to put forward proposals to Shareholders at a general meeting of the Company, to be held within four months of the resolution being passed, to wind up or otherwise reconstruct the Company, bearing in mind the illiquid nature of the Company's

underlying assets. The discount prevailing on each business day will be determined by reference to the closing market price of Ordinary Shares on that day and the most recently published Net Asset Value per Ordinary Share.

#### 5.20 **Winding up**

- (A) Subject to paragraph 5.19, the Company shall have an indefinite life.
- (B) If the Company is wound up, whether voluntarily or otherwise, the liquidator may with the sanction of a special resolution divide among the Shareholders in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the Shareholders as the liquidator with the like sanction shall think fit.
- (C) In the case any of the securities or other assets to be divided as set out in paragraph 5.20(B) involve a liability to calls or otherwise any person entitled under such division to any of the said assets may within 14 clear days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall if practicable act accordingly.

#### 5.21 **Audit**

Auditors shall be engaged in accordance with Part XVI of the Companies Law.

#### 5.22 **Untraced shareholders**

- (A) The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the shares of a Shareholder or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that:
  - (a) during the period of not less than 12 years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed; and
  - (b) the Company shall following the expiry of such period of 12 years have inserted advertisements in a national newspaper and/or in a newspaper circulating in the area in which the last known address of the Shareholder or the address at which service of notices may be effected under the Articles is located giving notice of its intention to sell the said shares; and
  - (c) during the period of three months following the publication of such advertisements (or, if published on different dates, the last thereof) the Company shall have received indication neither of the whereabouts nor of the existence of such Shareholder or person; and
  - (d) notice shall have been given to the stock exchanges on which the Company is listed, if any.
- (B) The foregoing provisions are subject to any restrictions applicable under any regulations relating to the holding and/or transferring of securities in any paperless system as may be introduced from time to time in respect of the shares of the Company or any class thereof.

### 6. **Material contracts**

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company in the two years immediately preceding the publication of this Registration Document and are, or may be, material or that contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this Registration Document:

#### 6.1 **Share Issuance Programme Agreement**

Pursuant to a share issuance programme agreement dated 15 November 2016 between the Company, the Investment Manager, the Investment Adviser, the Sponsor, Cantor Fitzgerald, Fidante Capital, Macquarie and SCS, and subject to certain conditions, the Joint Bookrunners agreed on a several, and not a joint or joint and several, basis to use their respective reasonable endeavours to procure subscribers for New Shares at the Issue Price under each

Placing. In addition, the Sponsor was appointed as sponsor in connection with the applications for Admission of Shares issued pursuant to the Share Issuance Programme. The Share Issuance Programme is not underwritten.

The obligations of the Company to issue, and of the Joint Bookrunners to use their respective reasonable endeavours to procure subscribers for, New Shares are typical for an agreement of this nature, including being subject to certain conditions. These conditions included, among others: (i) in respect of each Issue, Admission occurring by not later than 8.00 a.m. on such date as the Company, the Sponsor and the Joint Bookrunners may agree; and (ii) the Share Issuance Programme Agreement not having been terminated in accordance with its terms.

In consideration for its services in relation to the Share Issuance Programme, the Sponsor and Cantor Fitzgerald will each be paid a corporate finance fee by the Company. In addition, in respect of each Issue, the Company will pay the Joint Bookrunners a commission calculated by reference to the gross proceeds of that Issue.

The Company, the Investment Adviser and the Investment Manager have given warranties to the Sponsor and the Joint Bookrunners concerning, *inter alia*, the accuracy of the information contained in the Prospectus. The Directors have also given certain warranties to the Sponsor and the Joint Bookrunners as to the accuracy of certain information in the Prospectus and as to themselves. In addition, the Company, the Investment Adviser and the Investment Manager have given indemnities to the Sponsor and the Joint Bookrunners. The warranties and indemnities given by the Company, the Investment Adviser, the Investment Manager and the Directors are standard for an agreement of this nature.

The Share Issuance Programme Agreement can be terminated by the Sponsor and Joint Bookrunners in certain customary circumstances.

The Share Issuance Programme Agreement is governed by the laws of England and Wales.

## 6.2 **Radius Facility Agreement**

Pursuant to a debt facility agreement dated 31 March 2016 between NextPower Radius Limited (Borrower and Obligor), NextEnergy Solar Holdings IV Limited (Holdco and Obligor), ReAssure Limited (Lender), P.A.T. (Pensions) Limited (Lender), Swiss Re Europe S.A.(Lender), MIDF UK1B Ireland Limited (Lender) and Elavon Financial Services Limited (Agent) it was agreed to make available (i) a term loan facility on a fixed interest rate basis in an aggregate amount not exceeding £27,500,000, and (ii) a term loan facility on a RPI-linked interest basis in an aggregate amount not exceeding £27,500,000 in order to finance specified ground mounted solar parks. The use of the funds under the facility is restricted to the making of specified payments.

The document also incorporates by reference a Common Terms Agreement dated 31 March 2016 between NextPower Radius Limited (Borrower and Obligor), NextEnergy Solar Holdings IV Limited (Holdco and Obligor), Macquarie Infrastructure Debt Investment Solutions (Mandated Lead Arranger), Elavon Financial Services Limited (Agent), U.S. Bank Trustees Limited (Security Trustee), Swiss Re Europe S.A. (Lender), P.A.T. (Pensions) Limited (Lender), ReAssure Limited (Lender) and MIDF UK1B Ireland Limited (Lender).

The debt is long-term and fully amortising, with payments due for both tranches every six months. The first repayment of the RPI-linked facility was on 30 September 2016 and the first repayment of the fixed facility will take place on 31 March 2018. The final repayment for both tranches is due on 30 September 2034.

In relation to the fixed facility the agreement imposes a base interest rate of 1.651 per cent. and a margin of 2.46 per cent. The overall interest rate for this tranche is therefore 4.11 per cent. In relation to the RPI-linked tranche the agreement imposes a base rate of -1.016 per cent. and a margin of 2.46 per cent. The overall interest rate for this tranche is therefore a minimum of 1.44 per cent. variable in accordance with the RPI.

The loan is secured by way of debentures granted by NextEnergy Solar Holdings IV Limited, NextPower Radius Limited and each asset holding SPV over all of its assets including fixed and floating charges, assignment of relevant interests (including rights in respect of group debt arrangements) and a share charge in respect of NextEnergy Solar Holdings IV Limited's interest in NextPower Radius Limited.

### 6.3 **Three Kings Facilities Agreements**

#### (A) *Fenland Renewables Limited*

Pursuant to a debt facility agreement dated 23 July 2015 between Fenland Renewables Limited (Borrower) and Bayerische Landesbank (Lender) it was agreed to make available (i) a term loan facility of £15,089,900, and (ii) a short-term loan facility of £3,235,100.

All amounts borrowed under the facilities agreement are to be used towards the payment of specified eligible costs.

The short-term facility is fully amortising, with repayments due every six months. The first repayment date for the short-term facility was on 31 December 2015 and the final repayment is due on 30 June 2020. The term facility is long-term and fully amortising, with repayments due every six months. The first repayment date for the term facility is on 31 December 2020 and the final repayment is due on 31 December 2032.

The rate of interest payable on both tranches is the percentage rate per annum which is the aggregate of the applicable margin and LIBOR.

In relation to the term loan, the margin is as follows:

- (a) from the period commencing on the date of the Agreement to (but excluding) the date falling 5 years thereafter (the first period expiry date) it is 2.20 per cent.
- (b) from (and including) the first period expiry date to (but excluding) the date falling 5 years after the first period expiry date (the second period expiry date) it is 2.50 per cent.
- (c) from (and including) the second period expiry date to (and including) the term facility final maturity date it is 2.60 per cent.

In relation to the short term loan it is 1.8 per cent.

The facility is secured by way of:

- (a) a debenture between Fenland Limited and Bayerische Landesbank;
- (b) an account pledge;
- (c) a Holdco security agreement; and
- (d) a number of direct agreements.

#### (B) *Green End Renewables Limited*

Pursuant to a debt facility agreement dated 23 July 2015 between Green End Renewables Limited (Borrower) and Bayerische Landesbank (Lender) it was agreed to make available (i) a term loan facility of £17,985,600, and (ii) a short-term loan facility of £4,014,400.

All amounts borrowed under the facilities agreement are to be used towards the payment of specified eligible costs.

The short-term facility is fully amortising, with repayments due every six months. The first repayment date for the short-term facility was on 31 December 2015 and the final repayment is due on 30 June 2020. The term facility is long-term and fully amortising, with repayments due every six months. The first repayment date for the term facility is on 31 December 2020 and the final repayment is due on 31 December 2032.

The rate of interest payable on both tranches is the percentage rate per annum which is the aggregate of the applicable margin and LIBOR.

In relation to the term loan, the margin is as follows:

- (a) From the period commencing on the date of this Agreement to (but excluding) the date falling 5 years thereafter (the first period expiry date) it is 2.20 per cent.
- (b) From (and including) the first period expiry date to (but excluding) the date falling 5 years after the first period expiry date (the second period expiry date) it is 2.50 per cent.
- (c) From (and including) the second period expiry date to (and including) the term facility final maturity date it is 2.60 per cent.

In relation to the short term loan it is 1.8 per cent.

The facility is secured by way of:

- (a) a debenture between Green End Renewables Limited and Bayerische Landesbank;
- (b) an account pledge;
- (c) a Holdco security agreement; and
- (d) a number of direct agreements.

(C) *Tower Hill Farm Renewables Limited*

Pursuant to a debt facility agreement dated 13 October 2015 between Tower Hill Farm Renewables Limited (Borrower) and Bayerische Landesbank (Lender) it was agreed to make available (i) a term loan facility of £5,053,400, and (ii) a short-term loan facility of £1,146,600.

All amounts borrowed under the facilities agreement are to be used towards the payment of specified eligible costs of any Funds Flow Statement delivered.

The short-term facility is fully amortising, with repayments due every six months. The first repayment date for the short-term facility was on 31 December 2015 and the final repayment is due on 30 June 2020. The term facility is long-term and fully amortising, with repayments due every six months. The first repayment date for the term facility is on 31 December 2020 and the final repayment is due on 30 June 2033.

The rate of interest payable on both tranches is the percentage rate per annum which is the aggregate of the applicable margin and LIBOR.

In relation to the term loan, the margin is as follows:

- (a) From the period commencing on the date of this Agreement to (but excluding) the date falling 5 years thereafter (the first period expiry date) it is 2.20 per cent.
- (b) From (and including) the first period expiry date to (but excluding) the date falling 5 years after the first period expiry date (the second period expiry date) it is 2.50 per cent.
- (c) From (and including) the second period expiry date to (and including) the term facility final maturity date it is 2.60 per cent.

In relation to the short term loan it is 1.8 per cent.

The facility is secured by way of:

- (a) a debenture between Tower Hill Farm Renewables Limited and Bayerische Landesbank;
- (b) an account pledge;
- (c) a Holdco security agreement; and
- (d) a number of direct agreements.

**6.4 2016 Tap Issue Programme Agreement**

Pursuant to the non-pre-emptive tap issuance programme agreement dated 15 July 2016 between the Company, the Investment Manager, the Investment Adviser, the Sponsor, Cantor Fitzgerald, Macquarie, Fidante Capital and SCS (the "2016 Tap Issue Programme Agreement"), and subject to certain conditions Cantor Fitzgerald, Macquarie, Fidante Capital, the Sponsor and SCS agreed on a several, and not a joint or joint and several, basis to use their respective reasonable endeavours to procure subscribers for new Shares to be issued pursuant to each placing under the 2016 Tap Issue Programme. In addition, the Sponsor was appointed as sponsor in connection with the applications for admission of the new Shares issued pursuant to the 2016 Tap Issue Programme to trading on the London Stock Exchange's Main Market and to listing on the Official List. The 2016 Tap Issue Programme was not underwritten.

The obligations of the Company to issue, and of Cantor Fitzgerald, Macquarie, Fidante Capital, the Sponsor and SCS to use their respective reasonable endeavours to procure subscribers for, new Shares pursuant to the 2016 Tap Issue Programme were typical for an agreement of this nature, including being subject to certain conditions. These conditions included the 2016 Tap Issue Programme Agreement not having been terminated in accordance with its terms.

In respect of each issue of new Shares pursuant to the 2016 Tap Issue Programme, the Company paid Cantor Fitzgerald, Macquarie, Fidante Capital, the Sponsor and SCS a commission calculated by reference to the gross proceeds of that issue.

The Company, the Investment Adviser and the Investment Manager gave warranties to the Sponsor, Cantor Fitzgerald, Macquarie, Fidante Capital, the Sponsor and SCS concerning, *inter alia*, the accuracy of the information contained in the prospectus relating to the 2016 Tap Issue Programme. In addition, the Company, the Investment Adviser and the Investment Manager gave indemnities to the Sponsor, Cantor Fitzgerald, Macquarie, Fidante Capital, SCS, the affiliates of these parties. The warranties and indemnities given by the Company, the Investment Adviser, the Investment Manager were standard for an agreement of this nature.

The 2016 Tap Issue Programme Agreement was governed by the laws of England and Wales.

#### **6.5 *The Revolving Credit Facility Agreement***

Pursuant to the Revolving Credit Facility agreement dated 17 September 2014 between among others, Macquarie Bank Limited, London Branch and NextEnergy Solar Holdings Limited it was agreed to make available a revolving credit facility.

The amount available under the Revolving Credit Facility as at 17 September 2014 was £31,500,000. The amount available under the Revolving Credit Facility was increased by an Amendment and Restatement Deed dated 30 October 2015 to £100,000,000. The amount available under the Revolving Credit Facility was further increased by an Amendment and Restatement Deed dated 17 May 2016 to £120,000,000. The amount available under the Revolving Credit Facility as at 30 September 2016 was £88,500,000 of which £43,000,000 was drawn down as at that date. Pursuant to a transfer certificate dated 31 March 2016 Abbey National Treasury Services plc (trading as Santander Global Corporate Banking) became a lender.

The interest rate on Tranche A was a margin of 2.75 per cent. plus one month LIBOR. The interest rate on Tranche B is a margin of between 1.95 and 2.50 per cent. (dependent on certain time periods and an output gearing tests) plus one month LIBOR.

Tranche A has now terminated. Tranche B has an initial termination date of 17 December 2016, which can be extended by a maximum of six months to 17 June 2017. Tranche C has a termination date of 17 May 2017, which can be extended by a maximum of six months to 17 November 2017.

The use of the funds under the Revolving Credit Facility is restricted to specific purposes which include the acquisition of operational assets, the finance of construction of Solar PV plants and the making of certain investments by the Company pursuant to the Revolving Credit Facility Agreement, the minimum amount of each loan requested is £2,000,000. The maximum amount available for drawdown is the remaining available commitment under the facility.

The Revolving Credit Facility Agreement contains representations, warranties and default provisions usual for agreements of this nature, including a negative pledge. In addition, there are borrowing covenants which require operational assets to comply with specific criteria (in particular, in relation to performance) and levels of gearing.

In connection with the Revolving Credit Facility, security has been granted over the shares and assets of NextEnergy Solar Holdings Limited and its subsidiaries.

The Revolving Credit Facility Agreement is governed by the laws of England and Wales.

#### **6.6 *NIBC Debt Facility Agreement***

Pursuant to a debt facility agreement dated 1 July 2016 between NextEnergy Solar Holdings II Limited, ESF Llwyndu Limited, Trowbridge PV Limited, NIBC Bank N.V. and NIBC Financing N.V and, subject to certain conditions, NIBC has made available a debt facility of up to £21,680,000 (the "NIBC Facility") to refinance existing debt incurred to finance the Company's Cock Hill Farm and Llwyndu projects and is fully drawn. The total investment value of the two projects amounts to £32,700,000. The NIBC Facility has a termination date of 4 July 2019.

The interest rate on the facility is a margin of 2.20 per cent. plus three month LIBOR plus (if applicable) an additional “mandatory cost” designed to compensate the lenders for the cost of compliance with their regulatory requirements.

The Debt Facility Agreement contains representations, warranties and default provisions usual for agreements of this nature.

In connection with the NIBC Debt Facility Agreement, security has been granted over the shares and assets of NextEnergy Solar Holdings II Limited and its subsidiaries.

The Debt Facility Agreement is governed by the laws of England and Wales.

#### **6.7 The OM Commitment Letter**

On 11 November 2016 the Company entered into a placing letter with Old Mutual Global Investors (UK) Limited (“OM”) pursuant to which it secured the OM Commitment. The OM Commitment Letter provides for a commitment by OM to subscribe £56,743,500 for 54,300,000 New Shares in the Initial Placing, subject to the Share Issuance Programme Agreement becoming unconditional and to Admission of the New Shares on or prior to 25 November 2016 (or such later date as may be agreed in accordance with the Share Issuance Programme Agreement) and to the other terms of the Initial Placing. The first £35,000,000 (being 33,492,823 Ordinary Shares) of the OM Commitment is not subject to scaling back.

#### **6.8 Asset Management Agreement**

Pursuant to an asset management agreement dated 15 May 2014 between WiseEnergy UK and the Company, WiseEnergy UK has been engaged by the Company to provide asset management services (on an exclusive basis) to the Company its affiliates (in practice, the project SPVs).

The Asset Management Agreement is a framework agreement whereby the Company will procure that its affiliates (the project SPVs) enter into a specific asset management agreement with WiseEnergy UK substantially in the same form as provided in the schedule to the Asset Management Agreement and WiseEnergy UK has agreed to enter into such an agreement no later than the date of the acquisition by the relevant affiliate of a solar PV plant.

The project specific asset management agreement template as scheduled to the Asset Management Agreement provides that WiseEnergy UK is appointed by the relevant affiliate (project SPV) to provide asset management services with a view to ensuring the efficient and long-term management of the PV plants owned by that affiliate. WiseEnergy UK’s services provided include periodic site visits and periodic site reports.

#### **6.9 Management Agreement**

Pursuant to an agreement dated 18 March 2014 between the Company and the Investment Manager, the Investment Manager has been appointed as the sole discretionary investment manager of the Company, to the exclusion of any other person, to consider and approve potential investments for the Company (in accordance with the Company’s investment objective and policy) and otherwise to manage and invest the Current Portfolio on a day-to-day and discretionary basis, subject to the overall control and supervision of the Board. The powers of the Investment Manager in respect of the Company’s investments are limited to investments (or potential investments) recommended to the Investment Manager by the Investment Adviser. The Investment Manager is the single external AIFM of the Company.

The Investment Manager is entitled to the management fee described under the heading “Fees and expenses” in Part 6 of this Registration Document.

The Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months’ written notice, such notice not to be given before the fourth anniversary of admission of the Ordinary Shares to trading on the London Stock Exchange’s Main Market pursuant to the IPO (which occurred on 25 April 2014).

The Management Agreement may be terminated forthwith by either party, *inter alia*, if:

- (A) certain events of insolvency occur in respect of the other party or the Investment Adviser;

- (B) the Investment Manager breaches any provision of the Management Agreement and such breach results in either trading of any class of Ordinary Shares or C Shares on the London Stock Exchange being suspended or terminated or results in the Company losing its exempt tax status for the purposes of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 or the Company becoming resident in the UK for tax purposes;
- (C) any action taken or omitted to be taken by the Investment Adviser results in either trading of any class of Ordinary Shares or C Shares on the London Stock Exchange being suspended or terminated or results in the Company losing its exempt tax status for the purposes of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 or the Company becoming resident in the UK for tax purposes;
- (D) the other party has committed any fraud, gross negligence, wilful default or material breach of its obligations under the Management Agreement and, if such breach is capable of remedy, fails to remedy such breach (to the reasonable satisfaction of the notifying party) within 45 days of receiving written notice requiring it so to do;
- (E) the Investment Adviser ceases to provide investment advisory services to the Investment Manager pursuant to the Investment Advisory Agreement;
- (F) the Investment Manager fails to obtain or ceases to hold any registration, filing, approval, authorisation, licence or consent necessary for the performance by the Investment Manager of its duties under the Management Agreement; or
- (G) either party is required so to do by a final, binding, non-appealable decision of any judicial or regulatory authority of competent jurisdiction.

In addition, the Company may terminate the Management Agreement if a Key Executive Event occurs in circumstances where replacement Key Executives reasonably satisfactory to the Board have not been appointed by the Investment Manager or its associates within four months from the occurrence of the relevant Key Executive Event. For these purposes, a “Key Executive” means each of Aldo Beolchini, Michael Bonte-Friedheim and Abid Kazim together with any replacement Key Executive appointed in accordance with the terms of the Management Agreement and “Key Executive Event” means any two or more Key Executives ceasing to devote substantially the whole of their business time to the business of the Investment Adviser and/or its associates.

The Company may direct the termination by the Investment Manager of the Investment Advisory Agreement, where certain “for cause” termination events have arisen in respect of the Investment Advisory Agreement.

Upon termination of the Management Agreement, the Investment Manager has no further obligations with respect to the investments of the Company, provided that the Investment Manager shall provide reasonable cooperation with respect to the migration of the Investment Manager’s functions and deliver (or procure delivery of) certain documents to the Company. These services on termination will generally be at the Company’s expense, save in certain limited situations.

The Company has given certain standard indemnities in favour of the Investment Manager, its associates and certain persons connected thereto in respect of certain losses and claims incurred by or asserted against them in connection with the exercise of the Investment Manager’s powers, or the performance of its obligations and duties, under the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

#### 6.10 **Investment Advisory Agreement**

Pursuant to an agreement dated 18 March 2014 between the Investment Manager and the Investment Adviser, the Investment Adviser has been appointed to provide investment advice and recommendations to the Investment Manager in connection with the Company’s investments and the execution of its investment policy. The Investment Adviser also provides advice and recommendations to the Investment Manager as to investment opportunities and in respect of acquisitions and disposals by the Company, as well as general investment strategy. The Investment Adviser does not have authority to make investment decisions on behalf of the Company but assists and advises in respect of the execution of investment decisions made by the Investment Manager.

The Investment Manager is responsible for the fees and expenses of the Investment Adviser, which are payable at a rate agreed between them from time to time.

The Investment Advisory Agreement is terminable by either the Investment Adviser or the Investment Manager giving to the other not less than 12 months' written notice, such notice not to be given before the fourth anniversary of admission of the Ordinary Shares to trading on the London Stock Exchange's Main Market pursuant to the IPO.

The Investment Advisory Agreement may be terminated forthwith by either party, *inter alia*, if:

- (A) certain events of insolvency occur in respect of either party;
- (B) the other party has committed any fraud, gross negligence, wilful default or material breach of its obligations under the Investment Advisory Agreement and, if such breach is capable of remedy fails to remedy such breach (to the reasonable satisfaction of the notifying party) within 45 days of receiving notice requiring it so to do;
- (C) the Investment Adviser fails to obtain or ceases to hold any registration, filing, approval, authorisation, licence or consent necessary for the performance by the Investment Adviser of its duties under the Investment Advisory Agreement;
- (D) either party is required to do so by a final, binding, non-appealable decision of any relevant judicial or regulatory authority of competent jurisdiction; or
- (E) the Management Agreement is terminated.

The Investment Manager has given certain standard indemnities in favour of the Investment Adviser, its associates, and certain persons connected thereto in respect of certain losses or claims incurred by or asserted against them in connection with the exercise of the Investment Adviser's powers of the performance of its obligations and duties in carrying on its responsibilities under the Investment Advisory Agreement.

The Investment Advisory Agreement is governed by the laws of England and Wales.

#### 6.11 **Project Sourcing Agreement**

Pursuant to a project sourcing agreement dated 18 March 2014 between the Company and the Developer, the Developer has agreed to use all reasonable endeavours to source and present to the Company large scale ground-mounted or building-integrated solar PV projects located within the United Kingdom, and falling within the Company's investment objective and policy. The Developer has also agreed to offer all such suitable projects of which it has actual knowledge to the Company on a "first offer" basis.

The Developer shall not be entitled to receive any fees in respect of its services under the Project Sourcing Agreement, but will be entitled to reimbursement of expenses in certain circumstances as described under the heading "Project Costs" in Part 6 of this Registration Document .

The Project Sourcing Agreement can be terminated by the Company giving not less than three months' written notice to the Developer or by the Developer giving not less than 12 months' written notice to the Company (such notice, in each case, not to expire before the fourth anniversary of admission of the Ordinary Shares to trading on the London Stock Exchange's Main Market pursuant to the IPO, which occurred on 25 April 2014).

The Project Sourcing Agreement may be terminated forthwith by either party, *inter alia*, if:

- (A) certain events of insolvency occur in respect of either party;
- (B) the other party has committed any fraud, gross negligence or wilful default or a material breach of its obligations under the Project Sourcing Agreement and, if such breach is capable of remedy, fails to remedy such breach (to the reasonable satisfaction of the notifying party, within 45 days of receiving written notice requiring it so to do;
- (C) the Developer fails to obtain or ceases to hold any registration, filing, approval, authorisation, licence or consent necessary for the performance by the Developer of its duties under the Project Sourcing Agreement;
- (D) either party is required to terminate the Project Sourcing Agreement by a final, binding, non-appealable decision of any judicial or regulatory authority of competent jurisdiction; or
- (E) the Management Agreement is terminated.

The Company has given certain standard indemnities in favour of the Developer, its associates and certain persons connected thereto in respect of certain losses or claims incurred by or asserted against them in connection with the exercise of the Developer's powers or the performance of the Developer's obligations and duties under the Project Sourcing Agreement.

The Project Sourcing Agreement is governed by the laws of England and Wales.

#### 6.12 **Administration Agreement**

Pursuant to an administration agreement dated 18 March 2014 between the Company and the Administrator, the Company has appointed the Administrator to act as its administrator and company secretary.

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee in respect of administration, accounting, corporate secretarial, corporate governance, regulatory compliance and Listing Rule continuing obligations, accruing daily and calculated on a sliding scale based on Net Asset Value. In addition, the Administrator will be entitled to receive a fee of £2,500 for each ad hoc meeting of the Board at which its attendance is required. The Administrator will, in addition, be entitled to recover third party expenses and disbursements.

The Company has given certain market standard indemnities in favour of the Administrator in respect of the Administrator's potential losses in carrying out its responsibilities under the Administration Agreement and there are certain limitations on the Administrator's liability to the Company for liabilities suffered by the Company arising as a result of or in the course of the provision by the Administrator of services pursuant to the Administration Agreement.

The Administration Agreement is terminable, *inter alia*, by either party;

- (A) on 90 Business Days' notice in writing to the other party;
- (B) forthwith by notice in writing if the other party shall go into liquidation, if a receiver of any of its assets is appointed or if it shall be insolvent or stop or threaten to stop carrying on business;
- (C) forthwith by notice in writing if the other party shall be guilty of fraud, wilful misconduct, breach of duty or negligence in connection with the Administration Agreement; or
- (D) forthwith by notice in writing should the other party commit any material breach of the Administration Agreement, any applicable law or rules or regulations of any regulatory authority, where such party has failed to remedy such breach within 30 Business Days of receipt of a written notice to do so.

The Administration Agreement is governed by the laws of the Island of Guernsey.

### 7. **Certain further information relating to the AIFM Directive**

The Company operates as an externally managed, non-EU AIF. The Investment Manager acts as the single external non-EU AIFM of the Company.

#### 7.1 **Depositary**

The Investment Manager is not required to ensure, and has not ensured, that the Company and/or any of the HoldCos have appointed a depositary for the purposes of the AIFM Directive.

#### 7.2 **Professional indemnity insurance**

The Investment Manager is not required to cover potential professional liability risks in accordance with the AIFM Directive. However, the Investment Manager has agreed, pursuant to the Management Agreement, to maintain until the sixth anniversary of the date of termination of the Management Agreement, professional indemnity cover of not less than £5 million.

#### 7.3 **Delegation**

As at the date of this Registration Document, the Investment Manager has not delegated any of its investment management functions.

#### **7.4 Valuations**

The Company's valuation arrangements are summarised under the heading "Valuations" in Part 6 of this Registration Document.

#### **7.5 Liquidity management**

Liquidity risk management is part of the Investment Manager's overall risk management process. However, the Investment Manager is not required to implement liquidity management arrangements in accordance with AIFM Directive in respect of either the Company or any of the HoldCos.

#### **7.6 Special arrangements**

As at the date of this Registration Document, neither the Company, nor any of the HoldCos had any assets that are subject to special arrangements arising from their illiquid nature.

#### **7.7 Leverage**

As at the date of this Registration Document, the Company is employing no leverage. However, its subsidiaries have entered into the financing arrangements described in paragraphs 6.2, 6.3, 6.5 and 6.6 of this Part 8.

### **8. Litigation**

There have not been in the last 12 months any Governmental, legal or arbitration proceedings, nor are there any Governmental, legal or arbitration proceedings pending or threatened which may have, or have since incorporation had, a significant effect on the Company's or the Group's financial position or profitability.

### **9. Related party transactions**

Summaries of the Management Agreement, the Project Sourcing Agreement, the Asset Management Agreement and the appointment letters entered into between the Company and each Director are set out in paragraphs 6 and 3 of this Part 8 of this Registration Document.

The entry into of the Asset Management Agreement on 15 May 2014 constituted a "smaller related party transaction" under Listing Rule 11.1.10. The agreement was therefore subject to the disclosure requirements in relation to smaller related party transactions in force prior to 16 May 2014. Details of the arrangements aggregate costs payable under the Asset Management Agreement and any other relevant details are included in the Company's historical financial information.

In the context of the definition of a smaller related party transaction under the Listing Rules, the aggregate costs under the Asset Management Agreement are not expected to exceed 5 per cent. of the Net Asset Value of the Company. Such costs will not exceed the threshold beyond which Shareholder approval would be required pursuant to the Listing Rules.

Save as disclosed in Note 15 of the historical financial information to 31 March 2015 incorporated by reference and Note 16 of the historical financial information to 31 March 2016 incorporated by reference, the Company has not entered into any related party transactions in the period from incorporation to 31 March 2016 (which for these purposes are those set out in the standards adopted according to Regulation (EC) 1606/2002). For the period from 1 April 2016 to the date of this document the Company has not entered into any such related party transactions save for payment of the management fee under the Management Agreement (£1,438,706) and payment of the asset management fee under the Asset Management Agreement (£1,172,737).

### **10. Third party sources**

Where information contained in this Registration Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 11. AIFM Directive

Under the AIFM Directive, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the EU, including that prescribed disclosures are made to such investors. Implementation and interpretation of the AIFM Directive varies among Member States and it is therefore difficult to predict the effect of the AIFM Directive, as implemented, on the Company, the Investment Manager and the Investment Adviser may vary over time. The AIFM Directive requires certain reports and disclosures to be made to regulators in those Member States and of members of the EEA in which ordinary shares in the Company are marketed. Such reports and disclosures may become publicly available.

The Company operates as an externally managed non-EU AIF for the purposes of the AIFM Directive and, as such, neither it nor the Investment Adviser will be required to seek authorisation under the AIFM Directive. However, following national transposition of the AIFM Directive in a given Member States, the marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that Member States is prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant Member States entering into regulatory co-operation agreements with one another.

The Company cannot guarantee that such conditions will be satisfied at all relevant times. In cases where the conditions are not satisfied, the ability of the Company to market Shares or raise further equity capital in the EU may be limited or removed. Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of its Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

## 12. Non-mainstream pooled investments

The Board confirms that it conducts the Company's affairs, such that the Company would qualify for approval as an investment trust if it were resident in the United Kingdom. It is the Board's intention that the Company will continue to conduct its affairs in such a manner (although no guarantee can be given that this will be achieved or will continue) and that independent financial advisers should therefore be able to recommend its Shares to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream pooled investment products. It should be noted that, as investment trust status requires (*inter alia*) that the Company retain no more than 15 per cent. of its income (as established in accordance with the requirements of the relevant UK tax regime), the Company may be obliged to distribute cash otherwise available for reinvestment.

## 13. General

- 13.1 The Investment Manager and the Investment Adviser may be promoters of the Company. Save as disclosed under the heading "Fees and expenses" in Part 6 of this Registration Document and in paragraph 6 of this Part 8 above, no amount or benefit has been paid, or given, to any promoter (or any of their respective subsidiaries) since the incorporation of the Company and none is intended to be paid, or given.
- 13.2 The Investment Manager was incorporated on 20 December 2013 and has an indefinite life. The Investment Manager's office is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL and its telephone number is 01481 713843.
- 13.3 The Investment Manager and the Investment Adviser have each given and not withdrawn their written consent to the issue of this Registration Document with references to their respective names in the form and context in which such references appear.
- 13.4 Based on the latest published Net Asset Value per Ordinary Share as at 30 September 2016, the published net assets of the Company were £350.1 million. On the basis that 350,000,000 New Ordinary Shares are issued pursuant to the Share Issuance Programme and assuming an issue price of 104.5 pence per New Ordinary Share and issue expenses equal to two per

cent. of gross proceeds, the net assets of the Company would increase by approximately £358,435,000 immediately after their Admission. The Company derives earnings from its gross assets in the form of dividends and interest.

13.5 There will be no dilution in NAV as the price at which New Ordinary Shares are issued pursuant to the Share Issuance Programme will be at a premium to the aggregate of the prevailing NAV per Ordinary Share at the time of issue and the costs associated with the Issue. In the case of an issue of C Shares, the costs of that issue will be paid out of the pool of assets attributable to the C Shares and once the C Shares will convert into Ordinary Shares on a NAV to NAV basis; accordingly, such an issue will not dilute the NAV of the Ordinary Shares.

#### **14. Documents available for inspection**

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the closure of the Share Issuance Programme.

- (A) the Memorandum and Articles; and
- (B) the report and accounts of the Company for the financial periods ended 31 March 2015 and 31 March 2016.

## PART 9

### CERTAIN ERISA CONSIDERATIONS

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of employee benefit plans and other plans (including individual retirement accounts) subject to such provisions (“Plans”), as well as certain entities in which such Plans invest and whose assets are treated as plan assets of such Plans for purposes of ERISA or section 4975 of the Code, and persons which have certain specified relationships with respect to such Plans (such persons are referred to as “parties in interest” under ERISA or as “disqualified persons” under section 4975 of the Code). A party in interest or disqualified person which engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. Title I of ERISA also sets forth fiduciary responsibility standards applicable to Plans.

The Company has been established to engage primarily in acquiring and operating solar PV plants. The Manager routinely engages in services relating to the acquisition and operation of solar energy facilities or interests therein on behalf of the Company, and the Company expects to acquire at least a majority ownership stake in a majority of its solar energy facilities. The Company believes it qualifies as an “operating company” within the meaning of the U.S. Department of Labor plan assets regulation, 29 C.F.R. 2510.3-101, as modified by section 3(42) of ERISA.

Governmental plans, church plans and non-US plans, while not subject to the fiduciary responsibility and prohibited transaction provisions of ERISA or the provisions of section 4975 of the Code, may be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before authorising an investment of plan assets for the purchase of Shares.

## PART 10

### DEFINITIONS AND GLOSSARY

<u>“2014 Share Issuance Programme”</u> or <u>“2014 SIP”</u>	the share issuance programme of up to 250 million Ordinary Shares, as described in the prospectus published by the Company dated 10 November 2014 which closed on 9 November 2015
<u>“2016 Tap Issuance Programme”</u> or <u>“2016 TIP”</u>	the tap issuance programme to sell Ordinary Shares out of treasury and to issue new Ordinary Shares without having to publish a prospectus, which was announced by the Company through a Regulatory Information Service on 15 July 2016
<u>“Administration Agreement”</u>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.12 of Part 8 of this Registration Document
<u>“Administrator”</u>	Ipes (Guernsey) Limited
<u>“Admission”</u>	in respect of any Issue, admission to trading on the London Stock Exchange’s Main Market of the New Shares issued pursuant to that Issue becoming effective in accordance with the LSE Admission Standards and admission of the relevant New Ordinary Shares or C Shares (as applicable) to listing on the premium segment or standard segment respectively of the Official List
<u>“AIC”</u>	the Association of Investment Companies
<u>“AIC Code”</u>	the AIC Code of Corporate Governance as modified from time to time for Guernsey domiciled member companies, and including commentary on the interaction with the GFSC Code
<u>“AIC Guide”</u>	the AIC Corporate Governance Guide for Guernsey Domiciled Investment Companies
<u>“AIF”</u>	an alternative investment fund, as defined in the AIFM Directive
<u>“AIFM”</u>	an alternative investment fund manager, as defined in the AIFM Directive
<u>“AIFM Directive”</u>	Directive 2011/61/EU of the European Parliament and the Council of the European Union on alternative investment fund managers and any implementing legislation or regulations thereunder
<u>“Articles”</u>	the articles of incorporation of the Company, as amended
<u>“Asset Management Agreement”</u>	the asset management agreement between the Company and WiseEnergy UK, a summary of which is set out in paragraph 6.8 of Part 8 of this Registration Document
<u>“Benefit Plan Investor”</u>	(i) an employee benefit plan (as defined in section 3(3) of ERISA) subject to Title I of ERISA, (ii) a plan described in section 4975(e)(1) of the Code to which section 4975 of the Code applies or (iii) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan or a plan’s investment in the entity within the meaning of the Plan Asset Regulation
<u>“Board”</u>	the board of directors of the Company, or any duly constituted committee thereof
<u>“Brown Power”</u>	sale of electricity to energy consumers and suppliers
<u>“Business Day”</u>	a day on which the London Stock Exchange and banks in Guernsey are normally open for business
<u>“C Shareholders”</u>	the holders of the C Shares (prior to the conversion of the C Shares into new Ordinary Shares)

<u>“C Shares”</u>	redeemable convertible shares of no par value in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in paragraph 5.3 of Part 8 of this Registration Document, which will convert into Ordinary Shares as set out in that paragraph
<u>“Capita Asset Services”</u>	a trading name of Capita Registrars Limited
<u>“Cantor Fitzgerald”</u>	Cantor Fitzgerald Europe, financial adviser and joint lead bookrunner
<u>“Certificated”</u> or <u>“Certificated Form”</u>	not in Uncertificated Form (that is, not in CREST)
<u>“CCA”</u>	Climate Change Act 2008
<u>“CfDs”</u>	contracts for differences for FiTs
<u>“Code”</u>	US Internal Revenue Code of 1986, as amended
<u>“Companies Law”</u>	the Companies (Guernsey) Law, 2008, as amended
<u>“Company”</u>	NextEnergy Solar Fund Limited
<u>“CREST”</u>	the facilities and procedures for the time being of the relevant system of which Euroclear UK & Ireland Limited has been approved as the operator pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the UK
<u>“CRS”</u>	the Organisation for Economic Co-operation and Development’s Common Reporting Standard
<u>“Current Portfolio”</u>	the portfolio of solar PV plants held by the Group as at the Latest Practicable Date, details of which are set out in Part 4 of this Registration Document
<u>“DECC”</u>	the Department of Energy and Climate Change
<u>“Developer”</u>	NextPower Development Limited
<u>“Directors”</u>	the directors of the Company
<u>“Disclosure Guidance and Transparency Rules”</u>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<u>“EBITDA”</u>	earnings before income, taxation, depreciation and amortisation
<u>“EEA”</u>	the European Economic Area
<u>“EMR”</u>	Electricity Market Reform
<u>“EPC”</u>	energy procurement and construction
<u>“ERISA”</u>	the US Employee Retirement Income Security Act of 1974, as amended and the applicable regulations thereunder
<u>“EU”</u>	the European Union
<u>“Exchange Act”</u>	the US Securities Exchange Act of 1934, as amended
<u>“FATCA”</u>	the US Foreign Account Tax Compliance Act of 2010, as amended, and the applicable regulations thereunder
<u>“Fidante Capital”</u>	Fidante Partners (Europe) Limited, joint lead bookrunner
<u>“Financial Conduct Authority”</u> or <u>“FCA”</u>	the UK Financial Conduct Authority and, where applicable, acting as the competent authority for listing in the UK
<u>“First PV Consultation”</u>	the UK Government document entitled “Consultation on changes to financial support for solar PV”, dated 13 May 2014
<u>“FIT”</u>	feed-in tariff
<u>“FSMA”</u>	the UK Financial Services and Markets Act 2000, as amended
<u>“Future Securities Note”</u>	any securities note to be issued in the future by the Company in respect of any Issue under the Share Issuance Programme which includes an open offer and/or offer for subscription component

	and made pursuant to this Registration Document and subject to separate approval by the FCA
<u>“Future Summary”</u>	any summary to be issued in the future by the Company in respect of any Issue under the Share Issuance Programme which includes an open offer and/or offer for subscription component and made pursuant to this Registration Document and subject to separate approval by the FCA
<u>“GFSC”</u>	the Guernsey Financial Services Commission
<u>“GFSC Code”</u>	the Corporate Governance Code issued by the GFSC
<u>“GHG”</u>	greenhouse gas emissions
<u>“Gross Asset Value”</u>	the aggregate of: (a) the fair value of the Group’s underlying investments (whether or not subsidiaries) valued on an unlevered, discounted cashflow basis as described in the International Private Equity and Venture Capital Valuation Guidelines (latest edition December 2012); (ii) the Group’s proportionate share of the cash balances and cash equivalents of Group companies and non-subsidiary companies in which the Group holds an interest; and (iii) the other relevant assets or liabilities of the Group valued at fair value (other than third party borrowings) to the extent not included in (a) and (ii) above
<u>“Group”</u>	the Company, the HoldCos, the SPVs and any other direct or indirect subsidiaries of any of them (together, individually or in any combination as appropriate)
<u>“GW”</u>	gigawatt, equal to one billions watts, a measure of power
<u>“HoldCos”</u>	intermediate holding companies established by the Company from time to time to acquire and/or hold (directly or through SPVs) the Company’s investments and being, as at the Latest Practicable Date: <ul style="list-style-type: none"> <li>(a) NextEnergy Solar Holdings Limited, incorporated and registered in England with registered number 8956168;</li> <li>(b) NextEnergy Solar Holdings II Limited, incorporated and registered in England with registered number 09438822;</li> <li>(c) NextEnergy Solar Holdings III Limited, incorporated and registered in England with registered number 09693016; and</li> <li>(d) NextEnergy Solar Holdings IV Limited, incorporated and registered in England with registered number 10066420;</li> </ul> each of which has its registered office at 5th Floor North Side, 7-10 Chandos Street, Cavendish Square, London W1G 9DQ
<u>“IEA”</u>	International Energy Authority
<u>“IFRS”</u>	International Financial Reporting Standards
<u>“Initial Issue”</u>	the first issue of New Shares pursuant to the Share Issuance Programme, being comprised of the Initial Placing and the Initial Offer
<u>“Investment Adviser”</u>	NextEnergy Capital Limited
<u>“Investment Advisory Agreement”</u>	the investment advisory agreement between the Investment Manager and the Investment Adviser, a summary of which is set out in paragraph 6.10 of Part 8 of this Registration Document

<u>“Investment Committee”</u>	the investment committee of the Investment Adviser, details of which are set out under the heading “Investment Committee” in Part 5 of this Registration Document
<u>“Investment Company Act”</u>	the US Investment Company Act of 1940, as amended
<u>“Investment Manager”</u>	NextEnergy Capital IM Limited
<u>“IPO”</u>	the initial public offering of the Company whereby, on 25 April 2014, 85,600,000 Ordinary Shares were admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s Main Market under the ticker “NESF”
<u>“IPO Cornerstone Shareholder”</u>	the shareholder who subscribed for at least 25 per cent of the Ordinary Shares issued at the time of the IPO and continued to subscribe for at least 25 per cent of the Ordinary Shares issued subsequently, until the Company’s NAV reached £300 million
<u>“IRR”</u>	internal rate of return
<u>“Issue”</u>	an issue of New Shares pursuant to the Share Issuance Programme as described in the Prospectus
<u>“Joint Bookrunners”</u>	together Cantor Fitzgerald, Fidante Capital, Macquarie and SCS
<u>“KW”</u>	kilowatt, equal to one thousand watts, a measure of power
<u>“KWh”</u>	kilowatt hour, a measure of energy
<u>“Latest Practicable Date”</u>	11 November 2016
<u>“Listing Rules”</u>	the listing rules made by the FCA pursuant to Part VI of FSMA
<u>“London Stock Exchange”</u> or <u>“LSE”</u>	The London Stock Exchange plc
<u>“London Stock Exchange’s Main Market”</u>	the London Stock Exchange’s main market for listed securities
<u>“LSE Admission Standards”</u>	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted London Stock Exchange’s Main Market
<u>“Macquarie”</u>	Macquarie Capital (Europe) Limited, joint lead bookrunner
<u>“Management Agreement”</u>	the management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.9 of Part 8 of this Registration Document
<u>“Market Abuse Regulation”</u>	the EU Market Abuse Regulation (Regulation 596/2014), which repealed and replaced the Market Abuse Directive (2003/6/EC) and its implementing legislation
<u>“Member States”</u>	those states which are members of the EU from time to time
<u>“Memorandum”</u>	the memorandum of incorporation of the Company
<u>“MW”</u>	megawatt, equal to one million watts, a measure of power
<u>“MWh”</u>	megawatt hour, a measure of energy
<u>“MWp”</u>	megawatt peak, being the power produced when a solar project is at peak operating performance with the sun shining strongly at midday
<u>“NEC Group”</u>	NextEnergy Capital SarL (Luxembourg) and its subsidiaries including the Investment Manager, the Investment Adviser, the Developer and WiseEnergy UK
<u>“Net Asset Value”</u> or <u>“NAV”</u>	the net asset value of the Company in total or (as the context requires) per Ordinary Share or C Share calculated in accordance with the Company’s valuation policies and as described in this Registration Document
<u>“Net Asset Value per Share”</u>	the Net Asset Value of the Company on a per Ordinary Share basis

<u>“New Ordinary Shares”</u>	new Ordinary Shares issued pursuant to the Share Issuance Programme
<u>“New Shares”</u>	New Ordinary Shares and/or new C Shares issued, or available for issue, pursuant to the Share Issuance Programme
<u>“NGET”</u>	National Grid Electricity Transmission plc
<u>“NIBC”</u>	NIBC Bank N.V.
<u>“Non-Qualified Holder”</u>	any person whose ownership of Shares may: <ul style="list-style-type: none"> <li>(a) cause the Company’s assets to be deemed “plan assets” for the purposes of the Code;</li> <li>(b) cause the Company to be required to register as an “investment company” under the Investment Company Act (including because the holder of the shares is not a “qualified purchaser” as defined in the Investment Company Act);</li> <li>(c) cause the Company to register under the Exchange Act, the Securities Act or any similar legislation;</li> <li>(d) cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the Exchange Act;</li> <li>(e) result in a person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; or</li> <li>(f) cause the Company to be a “controlled foreign corporation” for the purposes of the Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under ERISA or the Code, including as a result of the Company’s failure to comply with FATCA or the CRS as a result of the Non-Qualified Holder failing to provide information concerning itself as requested by the Company in accordance with its Articles)</li> </ul>
<u>“Non-US Holder”</u>	a beneficial owner of Ordinary Shares other than a partnership or an entity treated as a partnership for United States federal income tax purposes, that is not a US Holder (if an entity treated as a partnership for United States federal income tax purposes holds Ordinary Shares, the United States federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the partnership).
<u>“O&amp;M”</u>	operation and maintenance
<u>“Official List”</u>	the official list maintained by the Financial Conduct Authority
<u>“Ofgem”</u>	The Office of Gas and Electricity Markets
<u>“Ordinary Shareholders”</u>	holders of Ordinary Shares
<u>“Ordinary Shares”</u>	redeemable ordinary shares of no par value in the capital of the Company
<u>“Plan Asset Regulation”</u>	regulations promulgated by the U.S. Department of Labor at 29 CFR 2510.3-101, as modified in application by section 3(42) of ERISA
<u>“PPA”</u>	power purchase agreement
<u>“Project Sourcing Agreement”</u>	the agreement between the Company, the Investment Adviser and the Developer a summary of which is set out in paragraph 6.11 of Part 8 of this Registration Document
<u>“Prospectus”</u>	the prospectus published by the Company in respect of the Share Issuance Programme comprising this Registration Document, the Securities Note and the Summary (or, where a Future Securities

	Note and a Future Summary are issued in respect of any Issue, this Registration Document, that Future Securities Note and that Future Summary)
<u>“Prospectus Rules”</u>	the prospectus rules made by the FCA under section 73A of FSMA
<u>“PV”</u>	a photovoltaic panel, usually made from silicon, turns solar radiation into electricity
<u>“PV Consultations”</u>	the First PV Consultation and the Second PV Consultation
<u>“QIB”</u>	qualified institutional buyer within the meaning of Rule 144A
<u>“Radius Portfolio”</u>	the portfolio of five solar PV plants comprising Branston, Great Wilbraham, Berwick, Bottom Plain and Emberton, details of which are set out in Part 4 of this Registration Document
<u>“Registrar”</u>	Capita Registrars (Guernsey) Limited or such other person or persons from time to time appointed by the Company to act as its registrar
<u>“Regulation S”</u>	Regulation S promulgated under the Securities Act
<u>“Regulatory Information Service”</u> or <u>“RIS”</u>	a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA
<u>“Renewable Energy Directive”</u>	Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC
<u>“Revolving Credit Facility”</u>	The Facility described in paragraph 6.5 of Part 8 of this Registration Document
<u>“Renewables Obligation”</u> or <u>“RO”</u>	the financial mechanism by which the UK Government has incentivised 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
<u>“ROCs”</u>	Renewable Obligation certificates
<u>“RPI”</u>	the retail prices index as published by the Office for National Statistics or any comparable index which may replace it for all items
<u>“Rule 144A”</u>	Rule 144A under the Securities Act
<u>“Rules”</u>	the Registered Collective Investment Schemes Rules 2015 issued by the GFSC under The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended
<u>“SCS”</u>	Shore Capital Stockbrokers Limited, joint bookrunner
<u>“SEC”</u>	the US Securities and Exchange Commission
<u>“Second PV Consultation”</u>	the UK Government document entitled “Consultation on changes to financial support for solar PV”, dated 22 July 2015
<u>“Securities Act”</u>	the US Securities Act of 1933, as amended
<u>“Securities Note”</u>	the securities note dated 15 November 2016 and published by the Company in respect of the Share Issuance Programme
<u>“Shareholder”</u>	a holder of Shares
<u>“Share Issuance Programme”</u>	the proposed programme of Issues of up to 350,000,000 New Ordinary Shares and/or C Shares (in aggregate), as described in Part 2 of the Securities Note
<u>“Shares”</u>	a share in the capital of the Company (of whatever class and including Ordinary Shares and C Shares of any class, and any Ordinary Share arising on conversion of a C Share)

<u>“Similar Law”</u>	federal state, local or non-US law that is substantially similar to the prohibited transaction provisions of section 406 of ERISA and/ section 4975 of the Code
<u>“Sponsor”</u>	Shore Capital and Corporate Limited
<u>“SPV”</u>	a special purpose vehicle, being a company or other entity whose sole purpose is the holding of a particular asset
<u>“Sterling”</u>	the lawful currency of the UK
<u>“Three Kings Portfolio”</u>	the portfolio of three solar PV plants comprising Fenland, Green End and Tower Hill, details of which are set out in Part 4 of this Registration Document
<u>“TWh”</u>	terawatt hour equal to one million watts, a measure of power
<u>“UK Corporate Governance Code”</u>	the UK Corporate Governance Code as published by the Financial Reporting Council
<u>“UK”</u> or <u>“United Kingdom”</u>	the United Kingdom of Great Britain and Northern Ireland
<u>“Uncertificated”</u> or <u>“in Uncertificated”</u>	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<u>“UNFCCC”</u>	United Nations Framework Convention on Climate Change
<u>“United States”</u> or <u>“US”</u>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<u>“US Holder”</u>	a beneficial owner of the Ordinary Shares that is, for US federal income tax purposes, (a) a citizen or individual resident of the United States, (b) a corporation or other business entity treated as a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to US federal income tax without regard to its source or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust one or more US persons and have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes
<u>“W/m<sup>2</sup>”</u>	watts per square metre
<u>“WiseEnergy”</u>	WiseEnergy International Limited and/or its subsidiaries (including WiseEnergy UK), as the context may require
<u>“WiseEnergy UK”</u>	WiseEnergy (Great Britain) Limited

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**THIS SECURITIES NOTE, THE REGISTRATION DOCUMENT AND THE SUMMARY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

This Securities Note, the Registration Document and the Summary together comprise a prospectus relating to NextEnergy Solar Fund Limited in connection with the issue of New Ordinary Shares and C Shares in the Company in one or more Issues throughout the period commencing 15 November 2016 and ending 14 November 2017 (the “Share Issuance Programme”), prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A FSMA, and filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. Applications will be made for the C Shares to be admitted to listing on the standard listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities.

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## **NextEnergy Solar Fund Limited**

*(A company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no. 57739)*

### **Securities Note**

### **Share Issuance Programme in respect of up to 350,000,000 New Shares (including the Initial Placing and Initial Offer for subscription of up to 100,000,000 New Ordinary Shares)**

#### ***Lead Bookrunners***

**Cantor Fitzgerald Europe  
Fidante Partners Europe Limited  
Macquarie Capital (Europe) Limited**

#### ***Sponsor***

**Shore Capital and Corporate Limited**

#### ***Joint Bookrunner***

**Shore Capital Stockbrokers Limited**

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In connection with the Share Issuance Programme (including the Initial Issue) and other arrangements described in the Prospectus, Cantor Fitzgerald Europe, Fidante Partners Europe Limited, Macquarie Capital (Europe) Limited, Shore Capital Stockbrokers Limited and Shore Capital and Corporate Limited, each of which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting exclusively for the Company and no one else, will not regard any other person (whether or not a recipient of this Securities Note) as their respective client, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients. This does not exclude any responsibilities or liabilities of any of the Joint Bookrunners or the Sponsor under FSMA or the regulatory regime established thereunder.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission. The GFSC, in granting registration, has not reviewed this Securities Note but relied upon specific warranties provided by Ipes (Guernsey) Limited. The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This Securities Note may not be published, distributed or transmitted by any means or media, directly or indirectly in whole or in part, in or into the United States, Australia, Canada, Japan or the Republic of South Africa. This Securities Note does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements or undue burden on the Company, the Sponsor, the Joint Bookrunners, the Investment Manager and the Investment Adviser. The offer and sale of New Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the New Shares may not be offered or sold within the United States, Australia, Canada, Japan or the Republic of South Africa or to any national, resident or citizen of the United States, Australia, Canada, Japan, or the Republic of South Africa.

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act.

### **Notice to US Investors**

The New Shares may be offered and sold (i) in the United States only to persons reasonably believed to be qualified institutional buyers (each a "QIB") as defined in Rule 144A under the Securities Act ("Rule 144A") in reliance on the private placement exemption contained in Section 4(a)(2) of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) outside of the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S").

Prospective investors are hereby notified that sellers of the New Shares may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Section 4(a)(2). For a description of these and certain further restrictions on offers, sales and transfers of the New Shares and the distribution of this Securities Note, see paragraph 5 of Part 8 (Terms and Conditions of the Initial Placing) and paragraph 5 of Part 6 (Terms and Conditions of The Further Placings).

None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the New Shares offered by the Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the United States.

Prospective investors should read the whole of this Securities Note, with the Registration Document and Summary and in particular their attention is drawn to the risk factors set out on pages 3 and 4 of this Securities Note and those set out in the Registration Document.

Copies of this Securities Note, the Registration Document and Summary (and any Future Securities Note and Future Summary) will be available on the Company's website at <http://nextenergysolarfund.com/> and the FCA's National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

15 November 2016

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## EXPECTED TIMETABLE

Share Issuance Programme (including Initial Placing and Initial Offer for Subscription) opens	15 November 2016
Latest time and date for receipt of completed Offer Application Forms and payment in full under Initial Offer for Subscription	11.00 a.m. on 18 November 2016
Latest time and date for receipt of commitments under Initial Placing	3.00 p.m. on 18 November 2016
Result of Initial Issue announced	21 November 2016
Admission and commencement of dealings in New Ordinary Shares issued pursuant to Initial Issue	8.00 a.m. on 25 November 2016
CREST accounts credited in respect of New Ordinary Shares issued in uncertificated form pursuant to Initial Issue	25 November 2016
Definitive share certificates for New Ordinary Shares issued in certificated form pursuant to Initial Issue despatched	Week commencing 12 December 2016
Admission and CREST accounts (where applicable) credited in respect of subsequent Issues	8.00 a.m. on Business Day on which relevant New Shares are issued
Share certificates (where applicable) despatched in respect of subsequent Issues	Approximately two weeks after relevant Admission
Share Issuance Programme closes	14 November 2017

The dates and times specified in this Securities Note are subject to change, in which event details of the new times and dates will be notified, as required, through an RIS. References to times in this Securities Note are to London times unless otherwise stated.

## ISSUE STATISTICS

### Initial Issue

Number of New Ordinary Shares available under Initial Issue	Up to 100,000,000 <sup>1</sup>
Initial Issue Price per New Ordinary Share	104.5 pence
Estimated gross proceeds of Initial Issue	£104,500,000 <sup>2</sup>
Estimated net proceeds of Initial Issue	£102,410,000

### Share Issuance Programme

Maximum number of New Ordinary Shares and/or C Shares available under Share Issuance Programme (including New Ordinary Shares issued under Initial Issue)	Up to 350,000,000
Issue Price per New Ordinary Share	Not less than the Net Asset Value per Ordinary Share at time plus premium to cover expenses of such Issue
Issue Price per C Share	100 pence

**The Statistics referred to above are for illustrative purposes only and the assumptions on which they are based may or may not be fulfilled in practice and actual outcomes can be expected to differ from each illustration**

## DEALING CODES

### New Ordinary Shares

ISIN	GG00BJ0JVY01
SEDOL	BJ0JVY0
Ticker	NESF

### First Issue of C Shares under Share Issuance Programme

ISIN	GG00BR17KW09
SEDOL	BR17KW09
Ticker	NESC

<sup>1</sup> The Directors have the discretion, with the prior agreement of the Joint Bookrunners and the Sponsor, to increase the size of the Initial Issue in the event that overall demand for the New Ordinary Shares under the Initial Issue exceed the target amount.

<sup>2</sup> Assuming 100,000,000 New Ordinary Shares are issued.

## **RISK FACTORS**

Prospective investors should note that the risks relating to the Company, its investments and the New Shares summarised in the Summary (or any Future Summary) are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary (or any Future Summary) but also among other things, the risks and uncertainties described below and in the section headed “Risk Factors” in the Registration Document.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the New Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Company, or that it currently deems immaterial may individually or cumulatively also have a material adverse effect on the Company’s business, prospects, results or operations and financial position and, if any such risk should occur, the price of the New Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the New Shares is suitable for them in the light of the information in this Securities Note (or any Future Securities Note) and the Registration Document and their personal circumstances.

### **RISKS RELATING TO THE SHARES**

#### **The New Shares may trade at a discount**

The New Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at a price equal to, or greater than NAV per Share. The New Shares may trade at a discount to NAV per Share for a variety of reasons, including market conditions or to the extent investors undervalue the activities of the Investment Manager or discount the Company’s valuation methodology and its judgments of value. Gilt and corporate bond yields are at historically low levels and a rise in such yields may make the Company’s target returns less attractive, which could cause or increase such discount. While the Board may seek to mitigate any discount to NAV per Share through the discount management mechanisms summarised in Part 2 of the Registration Document, there can be no guarantee that they will do so or that such mechanisms will be successful and the Board accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

#### **There is no guarantee of a liquid market for the New Shares**

Market liquidity in the shares of investment companies is frequently less than that of shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the New Shares will exist. Accordingly, Shareholders may be unable to realise their New Shares at the quoted market price (or at the prevailing NAV per Share), or at all. In particular, the Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the C Shares or, if such a market develops, whether it will be maintained. In addition, a substantial number of C Shares may be issued to a limited number of investors, which could adversely affect the development or maintenance of an active and liquid market for the C Shares and, following Conversion, the New Ordinary Shares.

The London Stock Exchange has the right to suspend or limit trading in a company’s securities. Any suspension or limitation on trading in the New Shares may affect the ability of Shareholders to realise their investment.

#### **The Company would apply for a standard listing of the C Shares and accordingly the Company will not be required to comply in relation to the C Shares with those protections applicable to a premium listing**

In respect of an issue of C Shares, the Company would apply for a standard listing of the C Shares to be issued pursuant to the Share Issuance Programme on the Official List under Chapter 14 of the Listing Rules. As a consequence, despite the Company being subject to the obligations of a company that has a premium listing, the holders of C Shares will not directly benefit from the additional ongoing requirements and protections applicable to a premium listing under the Listing Rules (although they may do so as a consequence of the premium listing of the Ordinary Shares). In particular, the provisions of Chapters 6 to 8 and 10 to 13 of the Listing Rules (listing principles,

sponsors, continuing obligations, significant transactions, related party transactions, dealing in own securities and treasury shares and contents of circulars), being additional requirements for a premium listing of equity securities, will not apply to the C Shares.

#### **The value and/or market price of the Shares may go down as well as up**

Prospective investors should be aware that the value and/or market price of the Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.

The market price of the Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Shares or other securities exchangeable for, or convertible into, its Shares in the future, the addition or departure of Directors, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the UK property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may have a material adverse effect on the market price for the Shares. The market value of the Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Shares.

#### **Issue price of Shares under the Share Issuance Programme**

The issue price of the Shares issued on a non-emptive basis under the Share Issuance Programme cannot be lower than the NAV per Share. The issue price of such Shares will be calculated by reference to the latest published unaudited NAV per Share. Such NAV per Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had such issue price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the issue price actually paid by the investors. If such issue price should have been less than the issue price actually paid, investors will have borne a greater premium than intended. If such issue price should have been greater than the issue price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value per Share may have been diluted.

#### **The market price of the Shares may rise or fall rapidly**

General movement in local and international stock markets and real estate markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions may all affect the market price of the Shares. To optimise returns, Shareholders may need to hold the Shares for the long term and the Shares are not suitable for short term investment.

#### **The Company will in the future issue new equity, which may dilute Shareholders' equity**

The Company is seeking to issue new equity in the future pursuant to the Share Issuance Programme or otherwise. While the Articles contain pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, such rights can be disapplied, and will be disapplied in relation to the maximum amount of shares that may be issued pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to the voting rights of those Shareholders who cannot, or choose not to, participate in such financing.

#### **Future sales of Shares could cause the market price of the Shares to fall**

Sales of Shares or interests in the Shares by significant investors could depress the market price of the Shares. A substantial amount of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate.

## **IMPORTANT INFORMATION**

The Prospectus should be read in its entirety before making any investment in the New Shares. In assessing an investment in the Company, investors should rely only on the information in the Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in the Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, the Investment Adviser, the Sponsor, any of the Joint Bookrunners or any other person.

Without prejudice to the Company's obligations under the Prospectus Rules or FSMA, neither the delivery of this nor any subscription or purchase of New Shares made pursuant to this Securities Note shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in this Securities Note, the Registration Document, or the Summary (or where relevant any Future Securities Note or Future Summary) is correct at any time subsequent to, the date of the relevant document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Sponsor or any of the Joint Bookrunners by FSMA or the regulatory regime established thereunder, none of the Sponsor or the Joint Bookrunners accept any responsibility whatsoever for the contents of the Prospectus or for any other document or statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, the Investment Adviser, the New Shares, Admission or the Share Issuance Programme. The Sponsor and each of the Joint Bookrunners accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the Prospectus or any such other document or statement.

In connection with the Share Issuance Programme, the Joint Bookrunners and any of their respective affiliates acting as an investor for its or their own account(s), may subscribe for the New Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Share Issuance Programme or otherwise. Accordingly, references in the Prospectus to the New Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and any of their affiliates acting as an investor for its or their own account(s). The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or to buy, shares in any jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of the Prospectus may be prohibited in some countries.

### **Responsibility for information contained in this Securities Note**

The Company and the Directors, whose names appear on page 8 of this Securities Note, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Investment Manager and the Investment Adviser accepts responsibility for information attributed to it in this Securities Note. To the best of the knowledge and belief of the Investment Manager and the Investment Adviser (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the impact of such information.

### **Investment considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the New Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be institutional and sophisticated

investors and professionally advised private investors. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

The New Shares are only suitable for investors: (i) who understand and are willing to assume the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the New Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. If you are in any doubt about the contents of the Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The New Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment in the Company.

The investment objective of the Company is a target only and should not be treated as an assurance or guarantee of performance. The Prospectus contains certain historical financial and other information concerning the Company's past performance. However, past performance of the Company should not be taken as an indication of future performance. Prospective investors should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. The value of the New Shares and the income derived from them can go down as well as up. There is no guarantee that the market price of the New Shares will fully reflect their underlying Net Asset Value. In the event of a winding-up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

The contents of the Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of New Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of New Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of New Shares.

Prospective investors must rely upon their own advisers, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles, which investors should review. A summary of the Articles is set out in paragraph 5 of Part 8 of the Registration Document and in paragraph 3 of Part 5 of this Securities Note and copies of the Memorandum and Articles are available on the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com)

### **Forward-looking statements**

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. The Company's actual results of operations, performance or achievement of industry results may differ materially from those indicated in these statements as a result of a number of factors. These factors include, but are not limited to, those described in the parts of the Registration Document and this Securities Note entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in the Prospectus.

Forward-looking statements in the Prospectus reflect the Company's views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy as at the date of the Prospectus

only. Subject to any obligations under FSMA, the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement in the Prospectus, whether as a result of new information, future developments or otherwise.

Forward-looking statements contained in this Securities Note based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Prospective investors should specifically consider the factors identified in the Prospectus which could cause actual results to differ before making an investment decision.

Given these risks and uncertainties, prospective investors are cautioned not to place any undue reliance on forward-looking statements in the Prospectus.

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in paragraph 5 of Part 5 of this Securities Note.

### **Website**

The contents of the Company's website at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com) do not form part of the Prospectus and prospective investors should base their decision to invest on the contents of the Prospectus alone.

### **Currency presentation**

Unless otherwise indicated, all references in the Prospectus to "GBP", "Sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK; and all references to "euros" and "€" are to the lawful currency of the participating member states of the Eurozone (the geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency).

### **Further issues under the Share Issuance Programme**

An issue of New Shares under the Share Issuance Programme comprising a pre-emptive open offer and/or a non-pre-emptive offer for a subscription may require the publication of a Future Securities Note and Future Summary during the period of up to 12 months following the date of the Prospectus. Persons receiving this Securities Note should read the Prospectus together as a whole. Any update in a Future Securities Note and Future Summary may constitute a material change for the purpose of the Prospectus Rules.

### **Latest practicable date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is close of business on 11 November 2016.

### **Rounding adjustments**

Certain numerical figures and percentages set out in this Securities Note, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments for ease of presentation. Accordingly, a sum of numbers may not, in certain cases, conform to the total figure given (including where such numbers are presented in tabular format).

### **Definitions**

A list of defined terms used in this Securities Note is set out at pages 72 to 78 of this Securities Note.

### **Governing law**

Unless otherwise stated, statements made in this Securities Note are based on the law and practice currently in force in England and Wales or Guernsey (as appropriate) and are subject to changes therein.

## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Kevin Lyon (Chairman) Patrick Firth Vic Holmes All of: 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Investment Manager</b>	NextEnergy Capital IM Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Investment Adviser</b>	NextEnergy Capital Limited 10 Chandos Street London W1G 9DQ
<b>Developer</b>	NextPower Development Limited 10 Chandos Street London W1G 9DQ
<b>Operating Asset Manager</b>	WiseEnergy (Great Britain) Limited 10 Chandos Street London W1G 9DG
<b>Administrator, Designated Administrator, Company Secretary and Registered Office</b>	Ipes (Guernsey) Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
<b>Financial Adviser and Joint Lead Bookrunners</b>	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London E14 5RB
<b>Sponsor</b>	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
<b>Joint Lead Bookrunner</b>	Fidante Partners Europe Limited 1 Tudor Street London EC4Y 0AH

	<p>Macquarie Capital (Europe) Limited  Ropemaker Place  28 Ropemaker Street  London  EC2Y 9HD</p>
<b>Joint Bookrunner</b>	<p>Shore Capital Stockbrokers Limited  Bond Street House  14 Clifford Street  London  W1S 4JU</p>
<b>Legal Advisers to the Company in connection with the Share Issuance Programme (as to English law)</b>	<p>Simmons &amp; Simmons LLP  CityPoint  One Ropemaker Street  London  EC2Y 9SS</p>
<b>Legal Advisers to the Company in connection with the Share Issuance Programme (as to Guernsey law)</b>	<p>Carey Olsen  P.O. Box 98  Carey House  Les Banques  St Peter Port  Guernsey  GY1 4BZ</p>
<b>Legal Advisers to the Sponsor, Financial Adviser and Joint Bookrunners in connection with the Share Issuance Programme</b>	<p>Gowling WLG (UK) LLP  4 More London Riverside  London  SE1 2AU</p>
<b>Reporting Accountants</b>	<p>PricewaterhouseCoopers LLP  1 Embankment Place  London  WC2N 6RH</p>
<b>Auditor</b>	<p>PricewaterhouseCoopers CI LLP  PO Box 321  Royal Bank Place  1 Gategny Esplanade  St Peter Port  Guernsey  GY1 4ND</p>
<b>Receiving Agent</b>	<p>Capita Asset Services, Corporate Actions  The Registry  34 Beckenham Road  Beckenham  Kent  BR3 4TU</p>

**Registrar**

Capita Registrars (Guernsey) Limited  
Mont Crevelt House  
Bulwer Avenue  
St Sampson  
Guernsey  
GY2 4LH

**UK Transfer Agent**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Kent  
BR3 4TU

**Principal Bankers**

Lloyds Bank International Ltd  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4EF

## PART 1

### INTRODUCTION TO THE SHARE ISSUANCE PROGRAMME

#### Background to the Share Issuance Programme

The Company is a closed-ended investment company that seeks to provide investors with a sustainable and attractive dividend that increases in line with RPI over the long term, whilst also seeking to provide investors with an element of capital growth, by investing in a diversified portfolio of solar PV plants located in the UK.

Since its IPO in April 2014, the Company has:

- raised gross proceeds of £350.1 million by issuing Ordinary Shares pursuant to its IPO, 2014 Share Issuance Programme and 2016 Tap Issuance Programme;
- secured debt facilities comprising a combination of short- and medium-term debt and amortising long-term debt (as at 30 September 2016, £164.3 million had been drawn down under these facilities and £45.5 million remained undrawn under the £88.5 million Revolving Credit Facility); and
- acquired (or agreed to acquire) 33 solar power plants with an investment value of £481.4 million and a generating capacity of 413.7MW.

NextEnergy Capital IM Limited acts as the Company's Investment Manager, which, in turn, has appointed NextEnergy Capital Limited as its Investment Adviser. The Company has also entered into a project sourcing agreement with NextPower Development Limited, the Developer. The NEC Group has identified a pipeline of c.170MW of short-term acquisition targets which meet the Company's investment objective and policy and which offer a similar return profile to the Company's existing portfolio. The assets in this pipeline are at different stages in the NEC Group's evaluation process and there are no contractual obligations with the vendors of these assets. However, the Directors are confident that, with the NEC Group's experience and resources, suitable assets can be acquired within a short time period, either from the identified pipeline or pursuant to the other investment opportunities that the NEC Group is actively developing. In addition to the pipeline of short-term acquisition targets, the NEC Group has started negotiations in relation to additional portfolios totalling c.439. Accordingly, the Directors believe that there is a significant opportunity to deploy additional funds with favourable returns given prevailing market conditions.

In order to capitalise on its investment pipeline and new investment opportunities and in response to continuing investor demand for its Shares, the Company has decided to put in place the Share Issuance Programme. The issue of up to 350,000,000 New Shares pursuant to the Share Issuance Programme was approved by Shareholders at an extraordinary general meeting of the Company held on 11 October 2016.

#### Benefits of the Share Issuance Programme

The Directors believe that the Share Issuance Programme will have the following principal benefits for Shareholders:

- it will enable the Company to take advantage of its significant pipeline of investment opportunities and new investment opportunities, thereby further growing and diversifying its portfolio, and repay short-term borrowings;
- it will provide the Company with the flexibility to undertake multiple issues of New Shares over a 12-month period without incurring the full costs of publishing a further prospectus for each such issue;
- issues of New Shares pursuant to the Share Issuance Programme will only be undertaken on the basis that they are not, after costs and expenses (including commission) associated with the relevant Issue, dilutive to the Net Asset Value per Share for existing Shareholders;
- an increase in the size of the Company should increase the marketability of the Company to a broader investor base;
- having a larger number of Ordinary Shares in issue (including Ordinary Shares arising on the conversion of C Shares, if applicable) should increase the secondary market liquidity in the Ordinary Shares; and

- an increase in the size of the Company should result in a reduction in its ongoing charges per Ordinary Share as its operating costs will be spread over a larger capital base.

## PART 2

### THE SHARE ISSUANCE PROGRAMME AND THE INITIAL ISSUE

#### Introduction

The Company intends to issue up to 350,000,000 New Shares under the Share Issuance Programme, pursuant to one or more Issues (including the Initial Issue). New Shares will be available for issue under the Share Issuance Programme from 15 November 2016 until 14 November 2017 (or any earlier date on which all the New Shares available under the Share Issuance Programme have been issued). Each Issue will comprise a Placing on similar terms to the Initial Placing and may, at the discretion of the Directors, in consultation with the Joint Bookrunners, also comprise a non-pre-emptive offer for subscription (on similar terms to the Initial Offer) and/or a pre-emptive open offer component.

The Share Issuance Programme is flexible and may have a number of separate Issues with different closing dates in order to provide the Company with the ability to issue New Shares on appropriate occasions over a period of time. The size and frequency of each Issue, and of each Placing, open offer and/or offer for subscription component of each Issue (as appropriate), will be determined jointly by the Directors, the Joint Bookrunners and the Investment Manager and announced through an RIS. Similarly, the most appropriate class of New Shares to issue pursuant to each Issue (whether Ordinary Shares or C Shares) and the Issue Price of any New Ordinary Shares, will be determined jointly by the Directors, the Joint Bookrunners and the Investment Manager and announced through an RIS. Further Issues which include an offer for subscription or open offer component will be made pursuant to a Future Summary and Future Securities Note.

The total net proceeds of the Share Issuance Programme will depend on the number of New Shares issued under the Share Issuance Programme, the Issue Price of such New Shares and the aggregate costs and expenses (including commission) of putting the Share Issuance Programme in place and of each Issue. Assuming (i) only New Ordinary Shares are issued pursuant to the Share Issuance Programme at an Issue Price of 104.5 pence per New Ordinary Share (being the Initial Issue Price for the purpose of the Initial Issue), (ii) the Company issues the maximum number of New Ordinary Shares available for issue under the Share Issuance Programme (in a single Issue) and (iii) aggregate costs and expenses (including commission) of putting the Share Issuance Programme in place and of each Issue of approximately £7,315,000, the total net proceeds of the Share Issuance Programme would be approximately £358,435,000.

The maximum number of New Shares available under the Share Issuance Programme should not be taken as an indication of the number of New Shares finally to be issued, which will depend on, *inter alia*, market conditions and the timing and size of future acquisitions made by the Company.

#### The Share Issuance Programme

##### Overview

The Share Issuance Programme will open on 15 November 2016 and will close on 14 November 2017 (or any earlier date on which all the New Shares available under the Share Issuance Programme have been issued). The issue of New Shares under the Share Issuance Programme is at the discretion of the Directors and may take place at any time during the period that the Share Issuance Programme is open. The Share Issuance Programme will be suspended at any time when the Company is unable to issue New Shares pursuant to the Share Issuance Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Share Issuance Programme may resume when such conditions cease to exist, subject to the final closing date of the Share Issuance Programme being 14 November 2017.

The maximum number of New Shares to be issued pursuant to the Share Issuance Programme is 350,000,000. The Share Issuance Programme is not being underwritten.

Each Issue will comprise a Placing and may, at the discretion of the Directors, in consultation with the Joint Bookrunners, also include a non-pre-emptive offer for subscription and/or a pre-emptive open offer component. This Securities Note is being published only in connection with the Initial Issue and any subsequent Issue which only comprises a Placing. Where a future Issue includes an offer for subscription and/or open offer component, the Company will publish a Future Securities Note (which, *inter alia*, will set out the terms and conditions of the relevant offer for subscription and/or open offer) and a Future Summary.

In the event that there are any significant changes affecting any of the matters described in this Securities Note or where any significant new matters have arisen after the publication of the Prospectus and prior to Admission in respect of any Issue, the Company will publish a supplementary prospectus or a Future Securities Note. Any supplementary prospectus or Future Securities Note published will give details of the significant change(s) or the significant new matter(s).

Applications under the Initial Placing and under any subsequent Placing-only Issue will be subject to the terms and conditions set out in Parts 6 and 8 respectively of this Securities Note.

An announcement of each Issue will be released through a RIS including details of the number and class of New Shares issued or to be issued, the applicable Issue Price and, in respect of any issue of C Shares, the ISIN for the class of C Shares.

New Ordinary Shares and Ordinary Shares arising on conversion of C Shares issued pursuant to the Share Issuance Programme will rank *pari passu* with the existing Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment or conversion, as appropriate, of the relevant New Shares).

### **Issue Price**

All New Ordinary Shares issued pursuant to the Share Issuance Programme on a non-pre-emptive basis will be issued at a premium to the Net Asset Value per Ordinary Share sufficient to at least cover the costs and expenses of the relevant Issue. The Issue Price of any C Shares issued pursuant to the Share Issuance Programme will be 100 pence and the costs of the issue of C Shares will be deducted from the gross proceeds of the C Share Issue.

### **Allocation and scaling back**

In the event that an Issue is oversubscribed, the Directors have the discretion, in consultation with the Investment Manager and subject to agreement with the Joint Bookrunners, to determine the basis of allocation within and between the Placing and any offer for subscription and/or open offer. Accordingly, applications under an Issue may be scaled back and applicants for New Shares under that Issue may not be allotted the number of New Shares for which they applied.

The Company will notify investors of the number of New Shares in respect of which their application has been successful under an Issue and the results of that Issue will be announced by the Company on or around the date on which that Issue closes via a Regulatory Information Service announcement.

### **Conditions**

Each Issue is conditional, *inter alia*, on:

- Admission of the New Shares issued pursuant to the relevant Issue at such time and on such date (being not later than 14 November 2017) as the Company and the Joint Bookrunners may agree prior to the closing of the relevant Issue;
- if a supplementary prospectus is required to be published in accordance with FSMA, such supplementary prospectus being approved by the FCA and published by the Company in accordance with the Prospectus Rules; and
- the Share Issuance Programme Agreement becoming unconditional in respect of the relevant Issue (save for Admission) and not being terminated in accordance with its terms or such Issue not having been suspended in accordance with the Share Issuance Programme Agreement, in each case before Admission of the relevant New Shares becomes effective.

If these conditions are not satisfied in respect of an Issue, that Issue will not proceed.

There is no minimum amount required to be raised under the Share Issuance Programme in order for the Share Issuance Programme or any Issue to proceed.

### **Admission, dealing arrangements and settlement**

Applications will be made to the FCA and the London Stock Exchange for all the New Ordinary Shares to be issued pursuant to the Share Issuance Programme to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market. Applications will be made to the FCA and the London Stock Exchange for all the C Shares to be issued pursuant to the Share Issuance Programme to be admitted to the standard segment of the

Official List and to trading on the London Stock Exchange's Main Market. No application is being made for the New Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.

It is expected that Admissions of New Shares issued under the Placing Programme will become effective, and that dealings in the New Shares issued pursuant to the Share Issuance Programme will commence, during the period from 25 November 2016 to 14 November 2017 (or any earlier date on which all the New Shares available under the Share Issuance Programme have been issued). In the case of each Issue, it is expected that Admission in respect of the New Shares issued pursuant to that Issue will become effective and that unconditional dealings in such New Shares will commence no more than three Business Days after the trade date for that Issue.

The New Shares will be issued in registered form and may be held in Uncertificated Form or Certificated Form.

The New Shares will be eligible for settlement through CREST with effect from their Admission. New Shares allocated to Placees will be issued in Uncertificated Form through CREST unless otherwise stated and the Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to New Shares. Dealings in the New Shares in advance of the crediting of the relevant CREST account shall be at the risk of the person concerned.

If any New Shares are issued in Certificated Form, it is expected that share certificates will be despatched approximately two weeks after their Admission. No temporary documents of title will be issued and dealings in New Shares issued in Certificated Form in advance of receiving the relevant certificate shall be at the risk of the person concerned.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares or C Shares, nor does it guarantee the price at which a market will be made in the Shares or C Shares. Accordingly, the dealing price of the New Shares may not necessarily reflect the prevailing relevant Net Asset Value per Share (or changes therein).

### ***Use of proceeds***

The Board intends to use the net proceeds of each Issue (including the Initial Issue) to acquire further solar PV plants located in the UK which are consistent with the Company's investment objective and policy and/or to repay short-term debt.

### ***General***

If an existing Shareholder does not participate in the Share Issuance Programme for such number of New Shares (which may be issued as New Ordinary Shares or C Shares) as is equal to his proportionate ownership of existing Shares, his proportionate ownership and voting interest in the Company will be reduced and the percentage that his existing Shares will represent of the total share capital of the Company will be reduced accordingly following each Issue under the Share Issuance Programme.

Assuming that 350,000,000 New Ordinary Shares are issued pursuant to the Share Issuance Programme and that a Shareholder does not participate in the Share Issuance Programme, such Shareholder will suffer a dilution of approximately 50.5 per cent. to their existing percentage holding.

Subject to those matters on which the Share Issuance Programme is conditional, the Board, with the prior approval of the Joint Bookrunners, may bring forward or postpone the closing time and/or date for any Issue. In the event that such date is changed, the Company will notify investors by an announcement through a Regulatory Information Service.

Fractions of New Shares will not be issued.

### **The Initial Issue**

#### ***Overview***

The Initial Issue is being implemented by way of the Initial Placing and Initial Offer for Subscription. The Company is targeting an initial issue of up to 100,000,000 New Ordinary Shares at an issue price of 104.5 pence per Share. The Issue Price for the purpose of the Initial Issue compares to the latest unaudited NAV per Ordinary Share as at 30 September 2016 of 102.0 pence (100.4 pence after adjustment for the interim dividend of 1.5775 pence per Ordinary Share in

respect of the three months ended 30 September 2016 declared on 10 November 2016 and payable on 30 December 2016 to Shareholders on the register at close of business on 18 November 2016). The closing mid-market price of an Ordinary Share was 104.75 pence as at 11 November 2016.

If the Initial Issue achieves its target size, the Gross Proceeds will be £104,500,000. The Directors have reserved the right, in consultation with the Investment Manager and subject to agreement with the Joint Bookrunners, to increase the size of the Initial Issue, with any such increase being announced through a Regulatory Information Service. As referred to in the Company's announcement on 31 October 2016, the Company has received a firm commitment from Old Mutual Global Investors (UK) Limited to subscribe for 54,300,000 New Ordinary Shares with an aggregate value, at the Initial Issue Price, of £56,743,500 pursuant to the Initial Placing (the "OM Commitment"), subject to any scaling back as described below.

The Initial Issue, which is not underwritten, is conditional on, *inter alia*, Admission of the New Ordinary Shares issued occurring on or before 25 November 2016 (or such later date, not being later than 16 December 2016, as the Company and the Joint Bookrunners may agree). If this, or any of the other conditions to which the Initial Issue is subject is not met, the Initial Issue will not proceed and an announcement to that effect will be made via a Regulatory Information Service.

The New Ordinary Shares issued pursuant to the Initial Issue will be allotted, conditional on their Admission, on or around 18 November 2016. It is expected that Admission of such New Ordinary Shares issued will become effective and that dealings in such New Ordinary Shares will commence, at 8.00 a.m. on 25 November 2016. The New Ordinary Shares issued pursuant to the Initial Issue will rank in full for all dividends or other distributions declared after their Admission, but for the avoidance of doubt these New Shares will not receive the dividend of 1.5775 pence per Ordinary Share in respect of the three months ended 30 September 2016 declared on 10 November 2016 and payable on 30 December 2016 to Shareholders on the register as at the close of business on 18 November 2016.

### ***The Initial Placing***

The terms and conditions which apply to any Placée pursuant to the Initial Placing are set out in Part 6 of this Securities Note. Applications for New Ordinary Shares at the issue price of 104.5 pence per New Share under the Initial Placing must be for a minimum subscription amount of £50,000 (or such lesser amount as may be accepted by the Directors). There is no maximum subscription.

The Initial Placing will open on 15 November 2016 and the latest time and date for receipt of commitments to participate in the Initial Placing is 3.00 p.m. on 18 November 2016.

### ***The Initial Offer for Subscription***

The Company is making an offer of New Ordinary Shares at the issue price of 104.5 pence per share pursuant to the Initial Offer in the UK, subject to the terms and conditions of application set out in Part 7 of this Securities Note and the Application Form. Those terms and conditions and the Application Form should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of the Prospectus or the acquisition of Shares.

The Initial Offer for Subscription will open on 15 November 2016 and the latest time and date for receipt of completed Application Forms under the Initial Offer is 11.00 a.m. on 18 November 2016.

Applications under the Initial Offer must be made using the Application Form at the end of this Securities Note and must be for a minimum of 1,000 New Ordinary Shares and applications in excess of that amount should be made in multiples of 100 New Ordinary Shares, although the Board may accept applications below such minimum amounts in their absolute discretion.

Completed Application Forms accompanied (where applicable) by a cheque or banker's draft in Sterling made payable to "Capita Registrars Ltd re: NESF OFS 2016" and crossed "A/C Payee Only" for the appropriate sum should be returned to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU by no later than 11.00 a.m. on 18 November 2016.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 18 November 2016 to the following account:

- Bank: Royal Bank of Scotland

- Sort code: 15-10-00
- Account no.: 32517121
- Account name: Capita Registrars Ltd re: NESF OFS 2016 CHAPS A/c.

Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank. The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 5678910. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

#### ***CREST settlement***

The Company will apply for the Ordinary Shares issued pursuant to the Initial Offer in uncertificated form to be enabled for CREST transfer and settlement with effect from the relevant date of Initial Admission (the "Relevant Settlement Date"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Forms contain details of the information which the Company's Registrar, Capita Asset Services, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Capita Asset Services to match to your CREST account, Capita Asset Services will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Capita Asset Services, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Capita Asset Services in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Capita Asset Services nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the DVP instructions into the CREST system in accordance with your application. The input returned by Capita Asset Services of a matching or acceptance instruction to your CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Initial Issue Price per Ordinary Share through the CREST system upon the Relevant Settlement Date.

#### ***Allocation and scaling back***

The Company has agreed that, in the event that the Initial Issue is oversubscribed, a proportion of the OM Commitment (being 33,492,823 New Ordinary Shares) will not be scaled back. Save for that commitment, the Directors have the discretion, in consultation with the Investment Manager and subject to agreement with the Joint Bookrunners, to determine the basis of allocation within and between the Initial Placing and the Initial Offer and, accordingly, applications under the Initial Offer may be scaled back in favour of applications under the Initial Placing, and vice versa.

The Company will notify investors of the number of New Ordinary Shares in respect of which their application has been successful under the Initial Issue and the results of the Initial Issue will be announced by the Company on or around 21 November 2016 via a Regulatory Information Service announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned, by cheque, without interest, at the risk of the applicant to the bank account from which the money was received as soon as practicable after the result of the Initial Offer has been announced.

#### ***Admission, dealing arrangements and settlement***

It is expected that Admission of the New Ordinary Shares issued pursuant to the Initial Issue will become effective and that unconditional dealings in such shares will commence at 8.00 a.m. on 25 November 2016.

An investor applying for New Ordinary Shares under the Initial Issue may receive New Ordinary Shares in Uncertificated Form or Certificated Form. It is expected that CREST accounts will be credited on 25 November 2016 in respect of New Ordinary Shares issued in Uncertificated Form and definitive share certificates in respect of New Ordinary Shares issued in Certificated Form will be despatched by post during the week commencing 12 December 2016. Dealings in New Ordinary Shares issued pursuant to the Initial Issue in advance of the crediting of the relevant CREST account or receipt of the relevant share certificate (as appropriate) shall be at the risk of the person concerned.

### **The Share Issuance Programme Agreement**

The Company, the Investment Manager, the Investment Adviser, the Sponsor and the Joint Bookrunners have entered into the Share Issuance Programme Agreement pursuant to which the Joint Bookrunners have agreed, as agents for the Company, to use their reasonable endeavours to procure subscribers (in certain jurisdictions outside the United States) for the New Shares under the Share Issuance Programme at the Issue Price in return for the payment by the Company of placing commission. A summary of the terms of the Share Issuance Programme Agreement is set out in Part 8 of the Registration Document.

### **Overseas investors**

The attention of persons resident outside the UK is drawn to Parts 6, 7 and 8 of this Securities Note in relation to restrictions on the holding of New Shares by such persons in certain jurisdictions. In particular investors should note that the New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act. Accordingly, the New Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US Persons (as defined in Regulation S) except in a transaction meeting the requirements of an applicable exemption from the registration requirements of the Securities Act.

### **Anti-money laundering**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and Guernsey, any of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the Investment Manager and the Joint Bookrunners, may require evidence in connection with any application for New Shares (including further identification of the applicant(s)) before any New Shares are issued.

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the Investment Manager and the Joint Bookrunners reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Board, in consultation with any of the Company's agents, including the Administrator, the Registrar, the Receiving Agent, the Investment Manager and the Joint Bookrunners may refuse to accept a subscription for New Shares, or may refuse the transfer of New Shares held by any such Shareholder.

### **ISA, SSAS and SIPP**

The New Shares should be "qualifying investments" for the stocks and shares component of an ISA (subject to applicable subscription limit(s)) provided that they have been acquired by purchase in the market (which, for these purposes, will include any New Shares acquired directly under any offer for subscription, including the Initial Offer and/or any open offer component of an Issue, but not any New Shares acquired directly under a Placing, including the Initial Placing or any subsequent Placing). Save where an account manager is acquiring Shares using available funds in an existing stocks and shares ISA, an investment in New Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into a stocks and shares ISA (for the tax year 2016/2017 an individual may invest a combined total of £15,240 in a cash ISA, an innovative finance ISA and stocks and shares ISA).

The Board will use its reasonable endeavours to manage the affairs of the Company so as to enable the New Shares to continue to be “qualifying investments” for the stocks and shares component of an ISA.

The Shares should be eligible for inclusion in UK small self-administered schemes (“SSAS”) and self-invested personal pensions (“SIPPs”).

### **Purchase and transfer restrictions**

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager, the Investment Adviser or the Joint Bookrunners.

The Company has elected to impose the restrictions described below on the Share Issuance Programme and on the future trading of the New Shares so that the Company will not be required to register the offer and sale of the New Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the New Shares made other than in compliance with the restrictions described below.

### ***Restrictions due to lack of registration under the Securities Act and Investment Company Act restrictions***

The New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

The New Shares may be offered and sold (i) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (ii) outside of the United States in offshore transactions in reliance on Regulation S.

### ***Subscriber warranties***

Each subscriber of New Shares in the Initial Placing, any subsequent Placing or the Initial Offer will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in Parts 6, 7 and 8 of this Securities Note respectively. In addition, US persons will be required to sign a representation letter providing representations and warranties regarding their status as a QIB.

The Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by an investor are no longer accurate or have not been complied with, the investor must notify the Company immediately.

### **Legal implications of investment in the Company**

The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:

- (A) By submitting the Application Form to the Receiving Agent, the investor makes an offer to subscribe for New Shares which, once it is accepted by the Company, has the effect of a binding contract. The terms of such contract are governed by the Application Form (read together with the Prospectus).

- (B) Upon the issue of New Shares and the entry of the Shareholder's name in the Company's register of members, such investor becomes a Shareholder of the Company and Articles take effect as a contract between the Shareholders and the Company.
- (C) The Articles may only be amended in accordance with the provisions thereof and the Companies Law.
- (D) A Shareholder's liability to the Company in respect of New Shares held will generally be limited to the amount, if any, unpaid on the New Shares held by such Shareholder.
- (E) The Articles are subject to and governed exclusively by the law of Guernsey and shall be construed in accordance therewith.
- (F) A final and conclusive judgment, capable of execution, obtained in a superior court of a reciprocating country having jurisdiction over a defendant for a fixed sum (other than for taxes or similar charges)) and after a hearing of the merits in that court, would be recognised and enforced by the Royal Court of Guernsey without re-examination of the merits of that case; but subject to compliance with procedural and other requirements of Guernsey's reciprocal enforcement legislation and provided such judgment satisfies certain criteria.

None of the agreements appointing the Investment Manager, the Developer, the Auditors, legal counsel or any other of the Company's service providers provides for any third party rights for investors.

## PART 3

### THE C Shares

#### Introduction

An issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors which could arise out of a conventional fixed price issue of further shares of an existing issued class for cash. In particular:

- (A) the costs and expenses (including commission) associated with a C Share issue are paid out of the assets attributable to the C Shares and, therefore, such costs and expenses have no impact on the net asset value of existing issued shares;
- (B) the price at which New Ordinary Shares are issued often represents a premium to the aggregate of the Net Asset Value of existing Ordinary Shares and a *pro rata* shares of the costs and expenses (including commission) of the issue and, therefore, C Shares can offer the opportunity to invest in the Company at a lower premium (in essence, the premium in a C Share issue is limited to the costs and expenses of the issue, which are borne by the C Shareholders);
- (C) the assets representing the net proceeds of the C Share issue are maintained, managed and accounted for as a separate pool of capital of the Company until they C Shares convert into Ordinary Shares (typically, once at least 85 per cent. of the assets attributable to the C Shares have been invested) and, therefore, existing Ordinary Shareholders are not exposed to the effects of the Company holding a substantial amount of cash pending the investment of the net proceeds of the C Share issue; and
- (D) the C Shares convert into New Ordinary Shares on a Net Asset Value for Net Asset Value basis at the time of conversion and, therefore, neither existing Ordinary Shareholders nor converting C Shareholders suffer any dilution in Net Asset Value per Share terms as a result of the C Shares converting into Ordinary Shares.

#### Key features of the C Shares

The rights and restrictions attaching to the C Shares are set out in the Articles and summarised in paragraph 3 of Part 5 of this Securities Note. The key features of the C Shares are summarised below.

#### Conversion

The assets representing the Net Issue Proceeds are expected to be maintained, managed and accounted for as a separate pool of capital of the Company until at least 85 per cent. of the assets attributable to the C Shares have been invested in accordance with the Company's investment policy. At this point, the ratio for the conversion of C Shares into Ordinary Shares will be calculated on the basis of the NAVs attributable to a C Share and an Ordinary Share, respectively.

Shortly after the conversion ratio has been calculated, the C Shares will convert into new Ordinary Shares on the basis of that ratio and each C Shareholder will receive such number of Ordinary Shares as equals the number of C Shares held by them multiplied by the NAV per C Share and divided by the NAV per Ordinary Share, in each case as at the relevant calculation date.

The new Ordinary Shares arising on Conversion:

- (A) will rank *pari passu* in all respects with the Ordinary Shares in issue immediately prior to conversion and will rank in full for all dividends and other distributions thereafter declared, made or paid on the Ordinary Shares by reference to a record date on or after the conversion date;
- (B) will be fully paid and in registered form;
- (C) will be held in Uncertificated Form or in Certificated Form (unless otherwise agreed with the Company, holders of C Shares in Uncertificated Form will receive their Ordinary Shares arising on conversion in Uncertificated Form and, similarly, holders of C Shares in Certificated Form will receive their Ordinary Shares arising on Conversion in Certificated Form); and
- (D) will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market immediately following conversion.

Fractional entitlements to new Ordinary Shares arising on conversion will not be allocated to holders of C Shares but will be aggregated and sold for the benefit of the Company.

**Dividends**

The C Shares will carry the right to receive all dividends resolved by the Directors to be distributed out of the assets attributable to the C Shares.

**Voting**

Holders of C Shares will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each C Share held.

**Participation on a winding-up of the Company**

On a winding-up, provided the Company has satisfied all of its liabilities, the C Shareholders will be entitled to any surplus assets of the Company attributable to the C Shares.

**General**

C Shares may be issued in a number of series, having different conversion dates.

**Example of conversion**

The following example illustrates the number of Ordinary Shares that would arise in respect of the conversion of 1,000 C Shares at the relevant conversion date, using assumed NAVs attributable to the C Shares and existing Ordinary Shares, respectively, at the relevant date for calculating the conversion ratio. The assumed NAV attributable to an existing Ordinary Share at the calculation date is the unaudited NAV per Ordinary Share at the close of business on 30 September 2016, being 102.0p per Ordinary Share. The assumed NAV attributable to a C Share is based on the assumptions that (i) one thousand C Shares are issued, (ii) the net proceeds of that issue are £0.98 million (equivalent to 98 pence per C Share) and (iii) the assumed NAV attributable to a C Share at the calculation date is 98 pence.

**Example**

Amount subscribed pursuant to the Issue	£1,000
Number of C Shares issued	1,000
Assumed NAV attributable to a C Share at the Calculation Date (" <u>C</u> ")	99p
Assumed NAV attributable to an existing Ordinary Share at the Calculation Date (" <u>O</u> ")	102p
Conversion ratio (C / O)	98/102
Number of Ordinary Shares arising on conversion for a holder of 1,000 C Shares	960

## PART 4

### TAXATION

#### General

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Further, this summary is based upon current law and published revenue practice in place at the date of this Securities Note, and such law and practice is subject to change, possibly with retroactive effect. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring Ordinary Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

#### Guernsey taxation

##### *The Company*

The Company has applied for and obtained exempt status for Guernsey tax purposes (and Ipes (Guernsey) Limited has confirmed it will apply annually for exempt status for Guernsey tax purposes). In return for the payment of a fee, currently £1,200, a registered closed-ended collective investment scheme is able to apply annually for exempt status for Guernsey tax purposes.

If exempt status is granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax.

In the absence of exempt status, the Company would be treated as resident in Guernsey for Guernsey tax purposes and would be subject to the standard company rate of tax, currently zero per cent.

Guernsey currently does not levy taxes upon capital inheritances, capital gains gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty or other taxes are chargeable in Guernsey on the issue, transfer, disposal, conversion or redemption of New Shares.

##### *Shareholders*

Shareholders not resident in Guernsey for tax purposes will not be subject to income tax in Guernsey and will receive dividends without deduction of Guernsey income tax. Any Shareholders who are resident for tax purposes in the Islands of Guernsey, Alderney or Herm will be subject to income tax in Guernsey on any dividends paid on New Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status.

The Company is required to provide the Director of Income Tax in Guernsey with such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Shareholders resident in Guernsey should note that where income is not distributed but is accumulated, then a tax charge will not arise until the holding is disposed of. On disposal the element of the proceeds relating to the accumulated income may have to be determined.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in New Shares in the Company, with details of the interest.

Shareholders are not subject to tax in Guernsey as a result of purchasing, owning or disposing of New Shares or either participating or choosing not to participate in a redemption of New Shares.

### ***Implementation of the EU Savings Directive in Guernsey***

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings income. However, paying agents located in Guernsey are not required to operate the measures on payments made by closed-ended investment companies.

However, on 10 November 2015 the Council of the European Union repealed the EU Savings Directive (2003/48/EC) (the “EU Savings Directive”) from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Directive and the implementation of the Common Reporting Standard in the EU under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Guernsey is in the process of seeking confirmation from each EU Member State that the repeal of the EU Savings Directive suspends the equivalent agreements that the EU Member States have with Guernsey. It is anticipated that all EU Member States, other than Austria, will give this confirmation. Discussions with Austria are ongoing and it may be that the equivalent agreement with Austria continues to have effect until 31 December 2016 (at which point the EU Savings Directive will cease to apply to Austria). Guernsey is also intending to suspend retroactively its domestic EU Savings Directive legislation with effect from 1 January 2016 (whilst retaining the relevant provisions to enable reports for 2015 to be made), although this process may be delayed pending the outcome of discussions with the Austrian authorities.

### ***Anti-avoidance***

Guernsey has a wide-ranging anti-avoidance provision. This provision targets transactions where the effect of the transaction or series of transactions is the avoidance, reduction or deferral of a tax liability. At his discretion, the Director of Income Tax will make such adjustments to the tax liability to counteract the effect of the avoidance, reduction or deferral of the tax liability.

### ***FATCA – US-Guernsey Intergovernmental Agreement***

On 13 December 2013, Guernsey signed an intergovernmental agreement with the United States regarding the implementation of FATCA (“US-Guernsey IGA”). Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements may be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey’s domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from 1 January 2019) proceeds from the sale of property that could give rise to US source interest or dividends. The US-Guernsey IGA is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are “regularly traded” on an established securities market, such as the Main Market of the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, New Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the New Shares on an

ongoing basis. Notwithstanding the foregoing, a New Share will not be considered “regularly traded” and will be considered a financial account if the Shareholder is not a financial institution acting as an intermediary. Such Shareholders will be required to provide information to the Company to allow it to satisfy its obligations under FATCA, although it is expected that whilst a New Share is held in uncertificated form through CREST, the holder of that New Share will likely be a financial institution acting as an intermediary. Shareholders that own New Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

### ***Common Reporting Standard***

On 13 February 2014, the Organisation for Economic Co-operation and Development released the “Common Reporting Standard” (“CRS”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement (“Multilateral Agreement”) that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS. Over 50 of these jurisdictions have adopted the CRS with effect from 1 January 2016.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018.

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements may be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form and which is supplemented by guidance issued by the Organisation for Economic Co-operation and Development.

Under the CRS, there is currently no reporting exemption for securities that are “regularly traded” on an established securities market, although it is expected that whilst a New Share is held in uncertificated form through CREST, the holder of the New Share will likely be a financial institution acting as an intermediary. Shareholders that own New Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

### **Implications of FATCA, the CRS and similar legislation and/or regulations**

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Company will be able to satisfy such obligations.

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the Multilateral Agreement, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

## **United Kingdom taxation**

The following statements do not constitute tax advice. They are based on current UK tax law and published practice of HM Revenue & Customs (“HMRC”), both of which are subject to change at any time (possibly with retrospective effect). The statements refer to certain limited aspects of the UK tax treatment of Shareholders and (except to the extent stated otherwise) apply only to persons who are the direct absolute beneficial owner of the Ordinary Shares; hold their Ordinary Shares as an investment and not as securities to be realised in the course of a trade; and have not (and are not deemed to have) acquired their Ordinary Shares by virtue of an office or employment (whether current, historic or prospective) and are not officers or employees of any member of the group.

The information given is by way of general summary only and does not purport to be a comprehensive analysis of the tax consequences applicable to Shareholders and may not apply to certain classes of Shareholders, such as dealers in securities, insurance companies or collective investment schemes, or to Shareholders who are not absolute beneficial owners of their Ordinary Shares. The scope of this summary does not include shares held through an ISA or SIPP. In addition, except where the position of non-UK residents is expressly referred to, the following statements relate solely to Shareholders who are resident (and in the case of individuals, resident and domiciled) in the UK for UK tax purposes.

**Any Shareholder who is in doubt as to their tax position or who is or may be subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser without delay.**

### ***The Company***

The affairs of the Company will be managed and conducted outside of the UK so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any UK source income.

Certain interest and certain other types of income received by the Company which have a UK source may be subject to UK withholding taxes.

### ***Income***

#### ***Individual Shareholders***

Shareholders who are resident and domiciled in the UK for taxation purposes may, depending on their circumstances, be liable to UK income tax in respect of dividends paid by the Company.

All dividends received from the company by an individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

**From 6 April 2016, a nil rate of income tax will apply to the first £5,000 of dividend income received by an individual shareholder in a tax year (the “Nil Rate Amount”), regardless of what tax rate would otherwise apply to that dividend income. Any dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the following dividend rates for 2016/17: 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers (2016/2017). The previous tax credit regime has been repealed.**

Dividend income that is within the dividend nil rate amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the nil rate amount. In calculating into which tax band any dividend income over the nil rate falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

#### ***Corporate Shareholders***

A UK resident corporate Shareholder which is considered to be a “small company” will be liable to UK corporation tax as the Company is not resident in the UK or resident in a Qualifying territory. As such, small UK corporate shareholders receiving dividends from the Company will be liable to UK corporation tax (currently at a rate of 20 per cent. with effect from 1 April 2015 reducing to 19 per cent. from 1 April 2017, and reducing to 17 per cent. from 1 April 2020).

A UK resident corporate Shareholder (which is not a “small company” for the purposes of the UK taxation of dividends legislation in Part 9A of the Corporation Tax Act 2009) will be liable to UK corporation tax (currently at a rate of 20 per cent. (2016/2017) with effect from 1 April 2015 reducing to 19 per cent from 1 April 2017, and reducing to 17 per cent from 1 April 2020) unless the dividend falls within one of the exempt classes set out in Part 9A. As both the Ordinary Shares and C Shares are redeemable shares and have no par value, there is uncertainty as to whether the distribution exemption can apply to large corporate recipients of dividends from the Company.

Dividends may fall within one of such exempt classes but Shareholders within the charge to UK corporation tax are advised to consult their professional advisers to determine the UK corporation tax treatment of such dividends.

### ***Chargeable gains***

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder’s circumstances and subject to any available exemption or relief.

For the purpose of UK tax on chargeable gains, the amounts paid by a Shareholder for Ordinary Shares will generally constitute the base cost of his holdings in those Ordinary Shares.

### ***Individual Shareholders***

UK resident and domiciled Shareholders who are individuals (or otherwise not within the charge to UK corporation tax) and who are basic rate taxpayers are currently subject to tax on their chargeable gains arising from disposals of Ordinary Shares at a rate of 10 per cent. (2016/2017). Individuals who are higher or additional rate taxpayers are currently subject to tax on their chargeable gains arising from disposals of Ordinary Shares at a rate of 20 per cent. (2016/2017). An individual Shareholder is entitled to realise an annual exempt amount of gains (currently £11,100) for the year to 5 April 2017 without being liable to UK capital gains tax.

### ***Corporate Shareholders***

Corporate Shareholders within the charge to UK corporation tax may be subject to UK corporation tax on chargeable gains in respect of any gain arising on a disposal or deemed disposal of Ordinary Shares at the rate of corporation tax applicable to that Shareholder (currently 20 per cent. for companies with effect from 1 April 2015, reducing to 19 per cent from 1 April 2017, and reducing to 17 per cent from 1 April 2020), or an allowable loss for the purposes of UK corporation tax. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares but will not create or increase an allowable loss.

The Directors have been advised that the Company should not be an offshore fund for the purposes of the provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010.

## **Chargeable gains taxation on acquisition of new Ordinary Shares**

### ***Initial Offer***

The issue of New Shares pursuant to the Initial Offer will not constitute a reorganisation of the Company’s share capital for the purposes of UK taxation of chargeable gains and accordingly, any New Shares acquired pursuant to the Offer will be treated as separately acquired from any existing Ordinary Shares held. For both corporate and individual Shareholders, the New Shares should be pooled with their existing Ordinary Shares (provided the Shares are of the same class) and the share identification rules will apply on a future disposal. For the purposes of calculating the indexation allowance (only in the case of corporate shareholders) on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made.

### ***Placings***

The acquisition of New Ordinary Shares pursuant to the Placing will not be regarded as a reorganisation of the company’s share capital for the purposes of UK taxation of chargeable gains. Accordingly such an acquisition of New Ordinary Shares will instead be treated as a separate acquisition of shares.

### *Scrip dividends*

A scrip dividend is a scrip issue of new Shares made in lieu of a cash dividend. Shareholders can choose whether to receive a cash dividend or the equivalent dividend in shares. The Shares issued under a scrip dividend arrangement have an equivalent cash value to the cash dividend.

A UK resident corporate Shareholder may be liable to corporation tax on the New Shares because their issue by the Company will constitute an income distribution. As a result, a UK resident corporate Shareholder will be subject to corporation tax on the New Shares unless one of the exemptions in the taxation of dividends legislation in Part 9A of the Corporation tax Act 2009 applies. As mentioned in the dividends section, a small UK resident company cannot benefit from the distribution exemption so will be taxable on the New Shares, and the availability of an exemption for other UK resident corporates is uncertain.

A UK resident corporate Shareholder that elects to receive New Shares instead of a cash dividend should not incur a liability to UK corporation tax on chargeable gains. The New Shares should be regarded as a reorganisation of the company's share capital under the Taxation of Chargeable Gains Act 1992 s126, based on HMRC's published Statement of Practice 4.94. For the purposes of computing any future liability to UK corporation tax on chargeable gains, no consideration will be treated as having been paid for the new shares. They will be added to the corporate Shareholder's existing holding of shares in the Company and treated as though they had been acquired when the corporate Shareholder's existing holding was acquired.

Where a UK resident individual Shareholder accepts new Shares from the Company in place of a cash dividend, the individual is likely to be subject to income tax on the Shares received as if they were dividend income. For capital gains tax purposes, where the election to receive new Shares instead of a cash dividend is made then (as is the case for a UK resident corporate Shareholder described above) the New Shares should be regarded as a reorganisation of the company's share capital. No consideration will be treated as having been paid for the new shares and the new shares are treated, along with the original Shareholding, as the same asset acquired at the same time as the existing holding of shares in the Company (as is the case for a UK resident corporate Shareholder).

Both UK resident individual and corporate Shareholders may be subject to UK tax in respect of chargeable gains arising on a subsequent disposal of the New Shares depending on their individual circumstances.

The UK taxation of scrip dividends is complex and UK resident Shareholders are advised to consult their own independent professional advisers.

No stamp duty or stamp duty reserve tax is payable on the issue of new Shares in these circumstances.

### ***Other UK tax considerations***

The attention of Shareholders who are resident in the United Kingdom for tax purposes are drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992. This provides that for so long as the Company is a company that would be a close company if UK resident, Shareholders could (depending on individual circumstances) be liable to UK capital gains taxation on their *pro rata* share of any capital gain accruing to the Company (or, in certain circumstances, to a subsidiary or investee company of the Company). No liability under section 13 could be incurred by such a person, however, in respect of a chargeable gain accruing to the Company if the aggregate proportion of that gain that could be attributed under section 13 both to that person and to any persons connected with him for UK taxation purposes does not exceed one quarter of the gain. It is not anticipated that the Company would be regarded as a close company if it were resident for tax purposes in the UK although this cannot be guaranteed. Section 13 is complex, and prospective Shareholders should consult their own independent professional advisers.

Individuals resident in the UK for taxation purposes should note that Chapter 2 of Part 13 of the UK Income Tax Act 2007 contains anti-avoidance provisions dealing with the transfer of assets to overseas persons that may in certain circumstances render such individuals liable to taxation in respect of undistributed income profits of the Company.

If the Company were at any time to be controlled, for UK tax purposes, by persons (of any type) resident in the United Kingdom for tax purposes, the "Controlled Foreign Companies" provisions in Part 9A of Taxation (International and Other Provisions) Act 2010 could apply to UK resident corporate Shareholders. Under these provisions, part of any "chargeable profits" accruing to the

Company (or in certain circumstances to a subsidiary or investee company of the Company) may be attributed to such a Shareholder and may in certain circumstances be chargeable to UK corporation tax in the hands of the Shareholder. The Controlled Foreign Companies provisions are complex, and prospective Shareholders should consult their own independent professional advisers.

### ***Inheritance tax***

The Ordinary Shares are assets situated outside the UK for the purposes of UK inheritance tax. A gift of shares by, or the death of, an individual Shareholder may (subject to certain exemptions and relief) give rise to a liability to UK inheritance tax if the Shareholder is domiciled or deemed to be domiciled in the UK for inheritance tax purposes.

The inheritance tax rules are complex and specialist advice should be taken.

### ***Stamp duty and stamp duty reserve tax (SDRT)***

The following comments are intended as a guide to the general UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares.

Transfers of Ordinary Shares should not be liable to UK stamp duty unless the instrument of transfer is executed within the UK (or in certain cases executed outside the UK and subsequently brought into the UK) when the transfer will be liable to UK *ad valorem* stamp duty at the rate of 0.5 per cent. of the consideration paid rounded up to the nearest £5 (unless the consideration for the transaction is £1,000 or less and it is certified on the transfer document that the transfer effected by the instrument does not form part of a larger transaction or series of transactions where the aggregate consideration exceeds £1,000). No UK SDRT is payable on transfers of Ordinary Shares, or agreements to transfer Ordinary Shares provided that Ordinary Shares are not registered in any register of the Company kept in the UK and are not paired with shares issued by a UK company.

### ***ISAs, SSAS and SIPPs***

It is expected that the Ordinary Shares will be “qualifying investments” for inclusion in the stocks and shares component of an ISA (except where they are allotted under any Placing). The overall subscription limit for a cash ISA, an innovative finance ISA and a stocks and shares ISA account is £15,240 for the 2016/2017 tax year. Where the Ordinary Shares are held in a stocks and shares ISA, income and gains arising in respect of them will be exempt from UK taxation.

It is also expected that the Ordinary Shares should qualify as a permissible asset for inclusion in a UK SSAS or SIPP.

### **United States federal income taxation**

The following is a summary of certain of the US federal income tax consequences of the acquisition, ownership and disposition of Ordinary Shares by a US Holder (as defined below). This summary is based upon the Internal Revenue Code of 1986 (the “Code”), Treasury Regulations promulgated (and in certain cases, proposed) thereunder, judicial decisions, and the current administrative rules, practices and interpretations or law of the IRS, all as in effect on the date of the Prospectus, and all of which are subject to change and differing interpretations, possibly with retroactive effect.

As used herein, the term “US Holder” means a beneficial owner of Ordinary Shares that is, for US federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity treated as a corporation for US federal tax purposes created or organised in or under the laws of the United States or any State thereof (including the District of Columbia); (iii) an estate, the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

A “Non-US Holder” means a beneficial owner of Ordinary Shares other than a partnership or an entity treated as a partnership for United States federal income tax purposes that is not a US Holder. If an entity treated as a partnership for United States federal income tax purposes holds

Ordinary Shares, the United States federal income tax treatment of a partner in the partnership generally will depend on the status and the activities of the partner and the partnership. A partnership holding Ordinary Shares is urged to consult its own tax advisers with respect to the United States federal income tax consequences applicable to it and its partners of the acquisition, ownership and disposition of Ordinary Shares.

This summary is only a general discussion and is not intended to be, and should not be construed to be, legal or tax advice to any prospective investor. In addition, this summary does not discuss all aspects of US federal income taxation that may be relevant to a US Holder in light of such person's particular circumstances, including certain holders of Ordinary Shares that may be subject to special treatment under the Code (for example, persons that (i) are tax-exempt organisations, qualified retirements plans, individual retirement accounts and other tax-deferred accounts; (ii) are financial institutions, insurance companies, grantor trusts, real estate investment trusts, regulated investment companies, or brokers, dealers or traders in securities; (iii) are subject to the alternative minimum tax provisions of the Code; (iv) own Ordinary Shares as part of a straddle, hedging, conversion transaction, constructive sale or other arrangement involving more than one disposition; (v) are expatriates or other former long-term residents of the United States; (vi) own (or are deemed to own) 10 per cent. or more (by voting power or value) of the stock of the Company, and (vii) hold Ordinary Shares other than as capital assets or do not use the US Dollar as their functional currency). Moreover, this summary does not include any discussion of US federal estate or gift tax consequences or state, local or foreign income, estate, gift or other tax consequences.

The summary of US federal income tax consequences set out below is for US Holders for their general information only. US Holders are urged to consult their own tax advisers as to the particular tax consequences to them of owning the Ordinary Shares including the applicability and effect of state, local, non-US and other tax laws and possible changes in tax law.

THE FEDERAL INCOME TAX CONSEQUENCES RELATING TO THE ACQUISITION, OWNERSHIP AND DISPOSITION OF SHARES ARE COMPLEX AND POTENTIALLY UNFAVOURABLE TO US HOLDERS. ACCORDINGLY, EACH US HOLDER WHO ACQUIRES SHARES IS STRONGLY URGED TO CONSULT HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME, ESTATE, GIFT AND OTHER TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF SHARES, WITH SPECIFIC REFERENCE TO SUCH HOLDER'S PARTICULAR CIRCUMSTANCES.

PROSPECTIVE INVESTORS SHOULD SEEK ADVICE FROM THEIR OWN INDEPENDENT TAX ADVISORS CONCERNING THE US FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF AN INVESTMENT IN SHARES BASED ON THEIR PARTICULAR CIRCUMSTANCES.

### ***US tax classification of the Company***

The Company will be treated as a corporation for US federal income tax purposes. The Company expects to be classified as a "passive foreign investment company" ("PFIC") as defined in Code Section 1297.

### ***US tax-exempt Shareholders***

Ordinary Shares and C Shares may be sold to a limited number of US persons which are pension and profit sharing trusts or other tax exempt organizations ("US Tax Exempt Shareholders"). Assuming a US Tax Exempt Shareholder does not borrow money or otherwise utilize leverage to purchase its Ordinary Shares and C Shares, any dividends from the Company or gain on the sale, conversion or redemption of Ordinary Shares or C Shares should not constitute "unrelated debt-financed income" as defined in Code Section 514 or "unrelated business taxable income" as defined in Code Section 512 to the US Tax Exempt Shareholder and should not be subject to US federal income tax under the PFIC provisions of the Code.

### ***US taxable Shareholders***

Persons generally subject to US federal income taxation on worldwide income ("US Taxable Shareholders") should be aware of certain tax consequences of investing directly or indirectly in the Company. As noted above, the Company will be treated as a PFIC as defined in Code Section 1297. A US Taxable Shareholder is subject to different rules depending on whether the US Taxable Shareholder makes an election to treat the Company as a "qualified electing fund" (a "QEF election") for the first taxable year that the US Taxable Shareholder holds Ordinary Shares

or C Shares (a “timely QEF election”) or makes a “mark-to-market” election with respect to the Ordinary Shares or C Shares.

The conversion of C Shares to Ordinary Shares should not result in the recognition of taxable gain or loss to a US Taxable Shareholder. The tax basis of any Ordinary Shares received on a conversion of C Shares by a US Taxable Shareholder should be equal to the tax basis of the C Shares in the hands of the US Taxable Shareholder immediately prior to conversion and the holding period of such Ordinary Shares should include the holding period of any C Shares converted for US federal income tax purposes. A US Taxable Shareholder should consult his tax adviser regarding the consequences of converting C Shares to Ordinary Shares under the PFIC rules.

If a US Taxable Shareholder makes a timely QEF election, the US Taxable Shareholder must report each year for federal income tax purposes his *pro rata* share of the Company’s ordinary earnings and net capital gain, if any, for the year, but certain tax penalty provisions applicable to a non-electing shareholder will not apply. If a US Taxable Shareholder does not make a timely QEF election, certain tax penalties may be applicable. These alternative sets of tax rules are discussed in more detail below.

A US Taxable Shareholder who makes a timely QEF election (an “Electing Shareholder”) must report for federal income tax purposes his *pro rata* share of the ordinary earnings and the net capital gain, if any, of the Company for the taxable year of the Company that ends with or within the taxable year of the Electing Shareholder. The “net capital gain” of the Company is the excess, if any, of the Company’s net long-term capital gains over its net short-term capital losses and is reported by the Electing Shareholder as long-term capital gain. Any net operating losses or net capital losses of the Company will not pass through to the Electing Shareholder and will not offset any ordinary earnings or net capital gain of the Company reportable to Electing Shareholders in subsequent years (although such losses would ultimately reduce the gain, or increase the loss, recognized by the Electing Shareholder on his disposition of his Ordinary Shares or C Shares).

A US Taxable Shareholder makes a QEF election for a taxable year by completing and filing IRS Form 8621 in accordance with the instructions thereto. In order for a US Shareholder to make a QEF election, the Company must annually provide certain information to the shareholder. The Company has not committed to provide this information and therefore US Taxable Shareholders may not be able to make a QEF election with respect to their Ordinary Shares or C Shares.

Alternatively, if the Ordinary Shares or C Shares are treated as “marketable stock,” a US Taxable Shareholder would be allowed to make a “mark-to-market” election with respect to such shares, provided the US Taxable Shareholder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the US Taxable Shareholder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the Ordinary Shares or C Shares at the end of the taxable year over such holder’s adjusted tax basis in the Ordinary Shares or C Shares. The US Taxable Shareholder would also be permitted an ordinary loss in respect of the excess, if any, of the US Taxable Shareholder’s adjusted tax basis in the Ordinary Shares or C Shares over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A US Taxable Shareholder’s tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of Ordinary Shares or C Shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the US Taxable Shareholder.

The mark-to-market election is available only for “marketable stock”, which is stock that is “regularly traded” on a “qualified exchange” as defined in applicable Treasury Regulations. “Regularly traded”, in general, means that the Ordinary Shares or C Shares, as the case may be, are (A) traded on a qualified exchange and (B) traded in more than *de minimis* amounts for 15 or more days during each calendar quarter. The Company expects that the Ordinary Shares and the C Shares will be listed on the London Stock Exchange. A “qualified exchange” includes any foreign exchange that is regulated by a government authority in the jurisdiction in which the exchange is located and in respect of which certain other requirements are met. The Company expects that the London Stock Exchange would be considered a “qualified exchange or other market”, however, no assurance can be given as to whether it will be so treated.

A US Taxable Shareholder who does not make a timely QEF election or mark-to-market election (a “Non-Electing Shareholder”) will be subject to special rules with respect to (i) any “excess distribution” (generally, the portion of any distributions received by the Non-Electing Shareholder on the Ordinary Shares or C Shares in a taxable year in excess of 125 per cent. of the average annual distributions received by the Non-Electing Shareholder in the three preceding taxable years, or, if shorter, the Non-Electing Shareholder’s holding period for his Ordinary Shares or C Shares), and (ii) any gain realized on the sale or other disposition of such Ordinary Shares or C Shares. Under these rules, (i) the excess distribution or gain would be allocated ratably over the Non-Electing Shareholder’s holding period for the Ordinary Shares or C Shares; (ii) the amount allocated to the current taxable year would be taxed as ordinary income; and (iii) the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year. If a Non-Electing Shareholder who is an individual dies while owning Ordinary Shares or C Shares, the Non-Electing Shareholder’s successor would be ineligible to receive a step-up in tax basis of the Ordinary Shares or C Shares. Assuming that the Company is a PFIC, for taxable years ending on or after December 31, 2013, a US Taxable Shareholder generally will be required to file an annual report with the IRS reporting his investment in the Company.

The Company may invest in companies that are PFICs. US Taxable Shareholders will be subject to the PFIC rules with respect to their indirect ownership interests in such PFICs. There can be no assurance that a US Taxable Shareholder will be able to make a QEF election with respect to PFICs in which the Company invests.

#### ***Controlled foreign corporation considerations***

Special rules would apply if the Company were considered to be a “controlled foreign corporation” (a “CFC”) as defined in Code Section 957. A foreign corporation is considered to be a CFC if, on any day during its taxable year, more than 50 per cent. of the total voting power or the total value of the stock is owned, directly or indirectly, by “United States shareholders”. A “United States shareholder” is a United States person who owns, directly or indirectly, 10 per cent. or more of the total voting power of the stock of the foreign corporation. If the Company were classified as a CFC, each US Taxable Shareholder who owned, directly or indirectly, 10 per cent. or more of the outstanding voting shares of the Company would be required to include in his gross income, for his taxable year in which the taxable year of the Company ends, his *pro rata* share of the Company’s income for such year. This income would be reported by the US Taxable Shareholder as ordinary income even to the extent that it is attributable to long-term capital gains of the Company. The PFIC rules will not apply to any portion of a US Taxable Shareholder’s holding period during which the shareholder is a “United States shareholder” and the Company is a CFC.

#### ***Information reporting requirements***

Any US person owning 10 per cent. or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of a foreign corporation such as the Company will likely be required to file an information return with the IRS containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Company has not committed to provide all of the information about the Company or its Shareholders needed to complete the return. In addition, a US person that transfers cash to a foreign corporation such as the Company will likely be required to report the transfer to the IRS if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10 per cent. of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000. Further, shareholders may be required to file an information return with respect to an investment in the Company pursuant to Code Section 6038D. US persons also may be required to file other information returns with the US Treasury Department or the IRS with respect to their investment in the Company. Shareholders are urged to consult their own tax advisors concerning these and any other reporting requirements.

The IRS has released final Treasury Regulations expanding previously existing information reporting, record maintenance and investor list maintenance requirements with respect to certain “tax shelter” transactions (the “Tax Shelter Regulations”). The Tax Shelter Regulations may potentially apply to a broad range of investments that would not typically be viewed as tax shelter transactions, including investments in investment companies and portfolio investments of

investment companies. Under the Tax Shelter Regulations, if the Company engages in a “reportable transaction,” a Shareholder would be required, under certain circumstances, to (i) retain all records material to such “reportable transaction”; (ii) complete and file IRS Form 8886, “Reportable Transaction Disclosure Statement” as part of its federal income tax return for each year it participates in the “reportable transaction”; and (iii) send a copy of such form to the IRS Office of Tax Shelter Analysis at the time the first such tax return is filed. The scope of the Tax Shelter Regulations may be affected by further IRS guidance. Non-compliance with the Tax Shelter Regulations may involve significant penalties and other consequences. Each Shareholder should consult its own tax advisors as to its obligations under the Tax Shelter Regulations.

***Non-confidentiality***

AN INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE COMPANY AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

## PART 5

### ADDITIONAL INFORMATION

#### 1. Share capital

- 1.1 The share capital of the Company consists of an unlimited number of unclassified shares of no par value which upon issue the Directors may classify into such classes as they may determine, including Ordinary Shares or C Shares. The Company does not have, therefore, an authorised share capital. The principal legislation under which the Company operates, and under which the Shares were created, is the Companies Law.
- 1.2 One founder share was issued at a price of 100 pence on the incorporation of the Company on 20 December 2013 and was subsequently repurchased by the Company for 100 pence and cancelled on 24 October 2014. During the period following the Company's incorporation and ending on 11 November 2016, the following issues, and market purchase, of Ordinary Shares by the Company took place:

Date of issue or sale	Transaction	No. of Ordinary Shares issued or sold from treasury / (repurchased)	Issue or sale price / (repurchase price)
25-Apr-14	Issue – placing & offer for subscription (IPO)	85,600,000	100.00p
19-Nov-14	Issue – placing & offer for subscription (2014 SIP)	91,000,000	104.90p
23-Dec-14	Issue – placing (2014 SIP)	4,000,000	103.00p
27-Feb-15	Issue – placing & offer for subscription (2014 SIP)	59,750,000	102.77p
30-Sep-15	Issue – placing & offer for subscription (2014 SIP)	37,607,105	103.30p
9-Nov-15	Issue – placing (2014 SIP)	30,850,000	104.00p
9-Nov-15	Market purchase into treasury	(30,850,000)	(104.00p)
27-Jul-16	Sale out of treasury – placing (2016 TIP)	30,850,000	100.40p
27-Jul-16	Issue – placing (2016 TIP)	11,141,242	100.40p
27-Jul-16	Issue – placing (2016 TIP)	1,822,656	100.40p
4-Aug-16	Issue – placing (2016 TIP)	4,254,855	101.00p
4-Aug-16	Issue – placing (2016 TIP)	740,690	101.00p
4-Aug-16	Issue – placing (2016 TIP)	300,000	101.00p
9-Aug-16	Issue – placing (2016 TIP)	5,775,557	101.00p
15-Sep-16	Issue – placing (2016 TIP)	9,215,926	103.25p
30-Sep-16	Issue – scrip dividend alternative	1,139,374	104.626p

All of the issues pursuant to the IPO, the 2014 Share Issuance Programme and the 2016 Tap Issuance Programme, and the sale of Ordinary Shares from treasury, referred to in this paragraph 1.2 were on a non-pre-emptive basis for cash, in each case at a price representing a premium to the estimated prevailing NAV per Ordinary Share at the time the relevant issue, or sale, was agreed.

- 1.3 As at the date of this Securities Note:
- (A) the Company's issued share capital comprises 343,197,405 Ordinary Shares, all of which are fully paid;
  - (B) no Shares are held in treasury; and
  - (C) no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 1.4 Pursuant to a special resolution passed on 24 August 2016, the Company was authorised to make market purchases of up to 49,893,031 Ordinary Shares (14.99 per cent. of the Company's issued share capital as at the date of passing the resolution). The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) 105 per cent. of the average of the mid-market values of Ordinary Shares for the five business days before the purchase is made and (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. Such authority will expire on the conclusion of the Company's annual general meeting in 2017.

- 1.5 Pursuant to a resolution passed on 19 June 2015, the Company has authority to issue Ordinary Shares in connection with any scrip dividends declared in the five years from the date of the authority.
- 1.6 Pursuant to a special resolution passed on 11 October 2016, the Company was authorised to allot and issue up to 350,000,000 Shares for cash on a non-pre-emptive basis pursuant to the Share Issuance Programme, such authority to expire on the date falling 12 months from the date of this Securities Note.
- 1.7 Pursuant to the authority referred to in paragraph 1.6 of this Part 5 and in accordance with the Companies Law, it is expected that the New Shares to be issued pursuant to each Issue will be allotted (conditionally upon the relevant Admission) pursuant to a resolution of the Board to be passed shortly before the relevant Admission of such New Shares.

## 2. Directors' and other interests

- 2.1 At the date of this Securities Note, the interests (all of which were beneficial) of the Directors (and, so far as is known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them) in the Ordinary Shares are as set out in the following table.

<b>Director</b>	<b>No. of Ordinary Shares</b>	<b>% of voting rights</b>
Kevin Lyon ( <i>Chairman</i> )	60,000	0.018
Patrick Firth	20,000	0.006
Vic Holmes	10,000	0.003

Assuming that the Initial Issue is fully subscribed for, the interests of the Directors in the Company's Ordinary Shares following Admission in respect of the Initial Issue will be:

<b>Director</b>	<b>No. of New Ordinary Shares</b>	<b>% of voting rights</b>
Kevin Lyon	60,000	0.014
Patrick Firth	20,000	0.005
Vic Holmes	10,000	0.002

Save as disclosed in this paragraph 2.1, at the date of this Securities Note, none of the Directors (and, so far as is known to or could with reasonable diligence be ascertained by the Directors, any persons connected with them) had:

(A) any interest in the share capital of the Company; or

(B) any options over shares in the Company's capital.

- 2.2 As at 11 November 2016, the Company was aware that the persons set out in the table below, directly or indirectly, were interested in 3.0 per cent. or more of the issued Ordinary Shares:

<b>Investor</b>	<b>No. of Ordinary Shares</b>	<b>% of issued Ordinary Shares</b>
Prudential plc group of companies	77,382,737	22.54
Artemis Investment Management LLP	62,308,962	18.16
Investec Wealth & Investment Limited	44,693,239	13.02
Baillie Gifford	18,037,062	5.26
Smith & Williamson Investment Management	14,916,638	4.35
Newton Investment Management	13,440,810	3.92

2.3 The major Shareholders do not have different voting rights from other Shareholders.

2.4 As at 11 November 2016, the Company was not aware of:

- (A) any person who, directly or indirectly, jointly or severally, exercised or could exercise control over the Company; or
- (B) any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

### 3. Rights attached to the Shares

The Articles contain provisions, among others, to the following effect:

#### 3.1 *Share capital*

The Company may issue an unlimited number of shares in any currency including, without limitation, unclassified shares which may be designated and issued as Ordinary Shares, C Shares or otherwise as the Directors may from time to time determine.

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may determine. The Board is authorised to issue an unlimited number of shares (or options, warrants or other rights in respect of shares) including without limitation, Ordinary Shares and C Shares on a pre-emptive basis, and with shareholder authority, on a pre-emptive basis.

#### 3.2 *Ordinary Shares*

The rights attaching to the Ordinary Shares shall be as follows:

##### (A) *Income*

Subject to the rights of any shares which may be issued with special rights or privileges, the Ordinary Shares of each class carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income by the Company, *pro rata* to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, income shall be divided *pari passu* amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of such class held by them.

##### (B) *Capital*

On a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares in accordance with the provision of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares remaining after payment of all creditors shall, subject to the rights of any Ordinary Shares that may be issued with special rights or privileges, be divided amongst the holders of Ordinary Shares of each class *pro rata* to the relative NAVs of each of the classes of Ordinary Shares and, within each such class, such assets shall be divided *pari passu* amongst the holders of Ordinary Shares of that class in proportion to the number of Ordinary Shares of that class held by them.

##### (C) *Voting*

The holders of the Ordinary Shares shall be entitled to receive notice of and to attend, speak and vote at general meetings of the Company.

### 3.3 C Shares

#### (A) Definitions

The following definitions apply for the purposes of this paragraph 3.3.

“Calculation Date” means the earliest of the:

- (a) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds attributable to the relevant class of C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested;
- (b) the close of business on the Business Day at the end of such period after allotment of the relevant class of C Shares or on such specific date, in each case as shall be determined by the Directors for that particular class of C Shares and as shall be stated in the terms of issue of the relevant class of C Share;
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent; or
- (d) close of business on such date as the Directors may determine;

“Conversion” means, in relation to any class of C Shares, conversion of that class of C Shares in accordance with paragraph 3.3(H) below;

“Conversion Date” means a date which falls after the Calculation Date and is the date on which the admission of the new Ordinary Shares arising on Conversion to trading on the London Stock Exchange becomes effective, such date being either the earlier of:

- (a) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than 20 Business Days after the Calculation Date; and
- (b) such earlier date as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances have arisen or are imminent;

“Conversion Ratio” is the ratio of the Net Asset Value per C Share of the relevant class of C Share to the Net Asset Value per Ordinary Share of the corresponding class, which is calculated to six decimal places as at the Calculation Date as:

$$\text{“Conversion Ratio”} = \frac{A}{B}$$

where:

$$A = \frac{(C - d) - D}{E}$$

$$B = \frac{(F - d) - G}{H}$$

where:

“C” is the value of the investments of the Company attributable to the C Shares of the relevant class calculated in accordance with the accounting principles adopted by the Company from time to time (as if that class was equity);

“D” is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant class on the Calculation Date) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant class on the Calculation Date;

“E” is the number of C Shares of the relevant class in issue on the Calculation Date;

“F” is the value of the investments of the Company attributable to the Ordinary Shares calculated in accordance with the accounting principles adopted by the Company from time to time;

“G” is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the Calculation Date;

“H” is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares of the relevant class held in treasury); and

“d” is, to the extent not already taken into account in D or G (as appropriate) the amount of any dividend payable in respect of any period ending before the Conversion Date and payable by reference to a record date falling on or prior to the Conversion Date;

provided that:

- (a) notwithstanding the accounting treatment of the C Shares as a liability of the Company, for the purposes of calculating the Conversion Ratio (and in particular G), the C Shares will be treated as a class of equity issued by, and not a liability of, the Company; and
- (b) the Directors shall make such adjustments to the value or amount of A and B as the Company’s auditor shall report to be appropriate having regard, among other things, to the assets of the Company immediately prior to the date on which the Company first receives the net proceeds relating to the C Shares of the relevant class and/or to the reasons for the issue of the C Shares of the relevant class.

“Existing Shares” means the Ordinary Shares in issue immediately prior to Conversion;

“Force Majeure Circumstances” means in relation to any class of C Shares:

- (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable;
- (b) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of that class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or
- (c) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

“Net Proceeds” means the net cash proceeds of the issue of the C Shares of the relevant class (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to the auditor confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to “shareholders” and “C Shareholders” in this paragraph 3.3 should be construed as references to holders for the time being of Ordinary Shares of the relevant class and C Shares of the relevant class respectively.

For the purposes of the definition of Calculation Date and the definition of Force Majeure Circumstance in relation to any class of C Shares, the assets attributable to the C Shares of that class shall be treated as having been “invested” if they have been expended by or on behalf of the Company in the acquisition or making of an investment (whether by subscription or purchase) or if an obligation to make such payment has arisen or crystallised (in each case unconditionally or subject only to the satisfaction of normal pre-issue conditions) in relation to which the consideration amount has been determined or is capable of being determined by operation of an agreed contractual mechanism.

(B) *Income*

The holders of the C Shares shall, subject to the provisions of the Articles, have the following rights as to income:

- (a) subject to the rights of any C Shares which may be issued with special rights or privileges, the C Shares of each class carry the right to receive all income of the Company attributable to the C Shares, and to participate in any distribution of such income by the Company, *pro rata* to the relevant NAVs of each of the classes of

C Shares and within each such class income shall be divided *pari passu* amongst the holders of that class in proportion to the number of C Shares of such class held by them;

- (b) the Ordinary Shares of the relevant class into which C Shares of the relevant class shall convert shall rank *pari passu* with the Existing Shares of the relevant class for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
- (c) no dividend or other distribution shall be made or paid by the Company on any of its shares between the Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

(C) *Capital*

At a time when any C Shares are for the time being in issue and prior to the Conversion Date, on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of C Shares in accordance with the provisions of the Articles and the Companies Law), the surplus capital and assets of the Company attributable to the C Shares remaining after payment of all creditors shall, subject to any rights of C Shares that may be issued with special rights or privileges, be divided amongst the holders of C Shares of each class *pro rata* to the relative NAVs of each of the classes of C Shares and within each such class such assets shall be distributed *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of that class held by them.

(D) *Voting*

As regards voting the C Shares shall carry the right to receive notice of and to attend, speak and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Ordinary Shares as if the C Shares and Ordinary Shares were a single class.

(E) *Variation*

Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

- (a) no alteration shall be made to the Memorandum or the Articles;
- (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares;
- (c) no resolution of the Company shall be passed to wind-up the Company; and
- (d) no change shall be made to the accounting reference date.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (a) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Ordinary Shares by the issue of such further Ordinary Shares); or
- (b) the sale of any shares held as treasury shares or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

(F) *Undertakings*

For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall in relation to each class of C Shares:

- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of the relevant class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant class;
- (b) allocate to the assets attributable to the C Shares of the relevant class such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds attributable to such C Shares and the Calculation Date relating to such C Shares of the relevant class (both dates inclusive) as the Directors fairly consider to be attributable to such C Shares; and
- (c) give appropriate instructions to the Investment Adviser so that such undertakings can be complied with by the Company.

(G) *Redemption*

The C Shares are issued on such terms that they shall be redeemable by the Company in accordance with the terms set out in the Articles. At any time prior to Conversion, the Directors may determine to redeem the C Shares then in issue by agreement with holders thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST), in accordance with the provisions of the Articles and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant C Shareholders.

(H) *Conversion*

- (a) In relation to each class of C Shares, the Directors shall procure that within 10 Business Days of the Calculation Date:
  - (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares of the relevant class to which each C Shareholder shall be entitled on Conversion shall be calculated; and
  - (ii) the administrator or, failing which, an independent accountant selected for the purpose by the Board, shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso (b) after the definition of 'd' in paragraph 3.3(A). If the Auditor is unable to confirm the calculations of the administrator or independent accountant, as described above, the Conversion shall not proceed.
- (b) The Directors shall procure that, as soon as practicable following such confirmation, an announcement is made to a Regulatory Information Service, advising holders of C Shares of the relevant class of the Conversion Date, the Conversion Ratio and the aggregate number of Ordinary Shares of the relevant class to which holders of C Shares of the relevant class are entitled on Conversion.
- (c) Conversion shall take place at the Conversion Date. On Conversion:
  - (i) each issued C Share shall automatically convert and be redesignated into such number of new Ordinary Shares of the corresponding class as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of New Ordinary Shares equals the aggregate number of C Shares of that class in issue at the Conversion Date multiplied by the Conversion Ratio (rounded down to the nearest whole new Share);
  - (ii) the new Ordinary Shares arising upon Conversion shall be divided amongst the former holders of C Shares of the relevant class *pro rata* according to their respective former holdings of C Shares of the relevant class (provided always that the Directors may deal in such manner as they think fit with

fractional entitlements to new Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares of the relevant class, in the case of a share in Certificated Form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in Uncertificated Form, the giving of directions to or on behalf of the former holders of any C Shares of the relevant class who shall be bound by them;

- (iii) forthwith upon Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the new Ordinary Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold their new Ordinary Shares in Uncertificated Form;
- (iv) the Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to trading on the London Stock Exchange's Main Market; and
- (v) the Directors may make such adjustments to the terms and timings of Conversion as they, in their discretion, consider fair and reasonable having regard to the interest of all shareholders.

#### **3.4 Issue of shares**

Subject to the authority to issue shares referred to in paragraph 3.1 or any extension thereof and to paragraph 3.5, the unissued shares shall be at the disposal of the Board which may allot, grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that no share shall be issued at a discount to par value (if applicable) except in accordance with the Companies Law and so that the amount payable on application on each share shall be fixed by the Board.

#### **3.5 Offers to Shareholders on a pre-emptive basis**

- (A) The Company shall not allot equity securities to a person on any terms unless:
  - (a) it has made an offer to each person who holds shares of the relevant class to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in number held by him of that class of shares; and
  - (b) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.
- (B) Equity securities that the Company has offered to allot to a holder of shares in accordance with paragraph 3.5(A) may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening the restriction referred to in paragraph 3.5(A), and, if paragraph 3.5(A) applies in relation to the grant of such right, it will not apply in relation to the allotment of equity securities in pursuance of that right.
- (C) Shares held by the Company as treasury shares shall be disregarded for the purposes of the restriction referred to in paragraph 3.5(A), so that the Company is not treated as a person who holds shares; and the treasury shares are not treated as forming part of the share capital of the Company.
- (D) Any offer required to be made by the Company pursuant to the restriction referred to in paragraph 3.5(A) should be made by a notice (given in accordance with article 48 of the Articles) and such offer must state a period during which such offer may be accepted and such offer shall not be withdrawn before the end of that period. Such period must be a period of at least 21 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be), pursuant to article 48 of the Articles.

- (E) The restriction referred to in paragraph 3.5(A) shall not apply in relation to the allotment of bonus shares, nor to a particular allotment of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash. For the avoidance of doubt, and for the purposes of paragraph 3.5(A), C Shares shall not constitute the same class of shares as the Ordinary Shares into which they may or will convert pursuant to paragraph 3.3(H).
- (F) The Company may by special resolution resolve that the restriction referred to in paragraph 3.5(A) shall be excluded or that the restriction referred to in paragraph 3.5(A) shall apply with such modifications as may be specified in the resolution:
  - (a) generally in relation to the allotment by the Company of equity securities;
  - (b) in relation to allotments of a particular description; or
  - (c) in relation to a specified allotment of equity securities;
 and any such resolution must: (i) state the maximum number of equity securities in respect of which the restriction referred to in paragraph 3.5(A) is excluded or modified; and (ii) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.
- (G) Any resolution passed pursuant to the provisions referred to in paragraph 3.5(F) may:
  - (a) be renewed or further renewed by special resolution of the Company for a further period not exceeding five years; and
  - (b) be revoked or varied at any time by special resolution of the Company.
- (H) In this paragraph 3.5:
  - (a) “equity securities” means: (i) any class of shares of the Company; or (ii) rights to subscribe for, or to convert securities into, any class of shares of the Company;
  - (b) references to the allotment of equity securities includes: (i) the grant of a right to subscribe for, or to convert any securities into, any class of shares of the Company (but excludes the allotment and/or conversion of any class of shares of the Company pursuant to the exercise of such a right); and (ii) the sale of any class of shares of the Company that immediately before the sale are held by the Company as treasury shares.

### 3.6 **Variation of class rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

### 3.7 **Dividends**

- (A) Subject to compliance with section 304 of the Companies Law, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.
- (B) The method of payment of dividends shall be at the discretion of the Board.
- (C) No dividend shall be paid in excess of the amounts permitted by the Companies Law or approved by the Board.
- (D) Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid *pro rata* according to the number of shares held by each Shareholder.
- (E) The Board may deduct from any dividend payable to any Shareholder on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
- (F) The Board may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

- (G) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a Shareholder until such person has become a Shareholder.
- (H) Any dividend interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Company's register. In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means (including, in relation to any dividend or other sum payable in respect of shares held in Uncertificated Form, by means of a computerised settlement system (as defined in the CREST Regulations) in any manner permitted by the rules of the computerised settlement system concerned) and to or through such person as the holder or joint holders (as the case may be) may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividend, interest, or other monies payable in respect of their joint holdings.
- (I) No dividend or other monies payable on or in respect of a share shall bear interest against the Company.
- (J) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of six years after having been declared shall be forfeited and shall revert to the Company.

### 3.8 ***Scrip dividends***

The Board may, pursuant to section 306 of the Companies Law, or if authorised by an ordinary resolution of the Company, offer Shareholders the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend in accordance with article 43 of the Articles. The Board shall give notice to the Shareholders of their rights of election and shall specify the procedure to be followed in order to make an election. The dividend in respect of which an election is made shall not be paid and instead further shares shall be allotted in accordance with elections duly made.

### 3.9 ***Transfer of shares***

- (A) The Articles provide that the Directors may implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST system. The Articles are subject to, and do not limit or restrict the Company's powers to transfer shares in accordance with the CREST Regulations.
- (B) Subject to such of the restrictions of the Articles as may be applicable:
  - (1) any Shareholder may transfer all or any of his Uncertificated shares in such manner provided for, and subject as provided, in the CREST Regulations, any regulations issued for this purpose under the Companies Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company;
  - (2) any Shareholder may transfer all or any of their Certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and
  - (3) an instrument of transfer of a Certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer of a Certificated share need not be under seal.
- (C) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in Certificated Form or Uncertificated Form which is not fully paid up or on which the Company has a lien, provided, in the case of a listed or publicly traded share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may also refuse to register a transfer of shares unless such transfer is in respect of only one class of shares, is in favour of a single transferee or no more than four joint transferees, is delivered for registration to the Company's registered office or such other place as the Board may decide, and is

accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

- (D) Subject to the provisions of the CREST Regulations, the registration of transfers may be suspended at such times and for such periods as the Board may decide and either generally or in respect of any class of share provided that such suspension shall not be for more than 30 days in any year. Any such suspension shall be communicated to Shareholders, giving reasonable notice of such suspension by means of a Regulatory Information Service.

### **3.10 Alteration of capital and purchase of shares**

- (A) The Company may by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger or smaller amounts than its existing shares;
  - (b) subdivide all or any of its shares into shares of a smaller amount subject to paragraph 3.10(B);
  - (c) cancel shares which, at the date of the passing of the resolution, have not been taken up or agreed to be taken up by any person, and diminish the amount of its share capital by the amount of shares so cancelled;
  - (d) convert all or any of its shares the nominal amount of which is expressed in a particular currency or former currency into shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other day as may be specified therein; or
  - (e) where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise.
- (B) In any subdivision under paragraph 3.10(A)(b) above, the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as that proportion in the case of the share from which the reduced share was derived.
- (C) The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required by the Companies Law.
- (D) The Board on any consolidation of shares may deal in fractions of shares in any manner.

### **3.11 Disclosure of third party interests in shares**

- (A) The Directors shall have power by notice in writing to require any Shareholder to disclose to the Company the identity of any person other than the Shareholder (an interested party) who has any interest in the shares held by the Shareholder and the nature of such interest.
- (B) Any such notice shall require any information in response to such notice to be given in writing within the prescribed period which shall be 28 days after the service of the notice, or 14 days if the shares concerned represent 0.25 per cent. or more in value of the issued shares of the relevant class, or such other reasonable time period as the Directors may determine.
- (C) If any Shareholder has been duly served with a notice given by the Directors in accordance with paragraph 3.11(A) and is in default for the prescribed period in supplying to the Company the information thereby required the Directors may in their absolute discretion at any time thereafter serve a notice (a "Direction Notice") upon such Shareholder as follows:
- (i) a direction notice may direct that, in respect of: (i) the shares comprising the Shareholder account in the Register which comprises or includes the shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "default shares"); and (ii) any other shares held by the

Shareholder; the Shareholder shall not be entitled to attend or vote (either personally or by representative or by proxy) at any general meeting or meeting of the holders of any class of shares of the Company or to exercise any other right conferred by membership in relation to any such meetings; and

- (ii) where the default shares represent at least 0.25 per cent. of the class of shares concerned, then the direction notice may additionally direct that: (i) in respect of the default shares, any dividend or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Shareholder; and (ii) no transfer other than an approved transfer of any of the shares held by such Member shall be registered except in limited circumstances.

### 3.12 **Untraced Shareholders**

- (A) The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the shares of a Shareholder or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that:
  - (i) during the period of not less than twelve years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed; and
  - (ii) the Company shall following the expiry of such period of twelve years have inserted advertisements in a national newspaper and/or in a newspaper circulating in the area in which the last known address of the Shareholder or the address at which service of notices may be effected under the Articles is located giving notice of its intention to sell the said shares; and
  - (iii) during the period of three months following the publication of such advertisements (or, if published on different dates, the last thereof) the Company shall have received indication neither of the whereabouts nor of the existence of such Shareholder or person; and
  - (iv) notice shall have been given to the stock exchanges on which the Company is listed, if any.
- (B) The foregoing provisions are subject to any restrictions applicable under any regulations relating to the holding and/or transferring of securities in any paperless system as may be introduced from time to time in respect of the shares of the Company or any class thereof.

### 3.13 **Discontinuation vote**

If in any subsequent financial year of the Company the Ordinary Shares have traded, on average over that year, at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share, then the Board shall propose a special resolution at the Company's next annual general meeting that the Company ceases to continue in its present form.

If such a special resolution is passed (requiring the approval of at least 75 per cent. of the votes cast in respect of it), the Board shall be required to put forward proposals to Shareholders at a general meeting of the Company, to be held within four months of the resolution being passed, to wind up or otherwise reconstruct the Company, bearing in mind the illiquid nature of the Company's underlying assets.

The discount prevailing on each business day will be determined by reference to the closing market price of Ordinary Shares on that day and the most recently published Net Asset Value per Ordinary Share.

### 3.14 **Winding up**

- (A) Subject to paragraph 3.13, the Company shall have an indefinite life.
- (B) If the Company is wound up whether voluntarily or otherwise the liquidator may with the sanction of a special resolution divide among the Shareholders a specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the Shareholders as the liquidator with the like sanction shall think fit.

- (C) In case any of the securities or other assets to be divided as set out in paragraph 3.14(B) involve a liability to calls or otherwise any person entitled under such division to any of the said assets may within 14 clear days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall if practicable act accordingly.

#### 4. Takeover bids

In respect of the Company's equity, there have been no public takeover bids by third parties in the last financial year and the current financial year.

#### 5. Working capital

Taking into account the net proceeds of the OM Commitment, the Company is of the opinion that the working capital available to it is sufficient for the Company's present requirements, that is, for at least the next 12 months from the date of this Securities Note.

#### 6. Capitalisation and indebtedness

##### Indebtedness

The following table shows the Company's gross indebtedness as at 30 September 2016 prepared under IFRS using accounting policies which are consistent with those used in preparing the Company's historical financial information set out or incorporated by reference in Part 7 of the Registration Document.

	<b>(Unaudited)</b>
	£
<b>Total current debt</b>	
Guaranteed/secured	—
Unguaranteed/unsecured	—
<b>Total non-current debt</b>	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—

##### Capitalisation

The following table shows the capitalisation of the Company as at 31 March 2016 prepared under IFRS using accounting policies which are consistent with those used in preparing the Company's historical financial information set out or incorporated by reference in Part 7 of the Registration Document.

	<b>(Audited)</b>
	(£)
<b>Shareholders' equity (excluding retained earnings)</b>	
Share capital and premium	314,956,625
Treasury shares	(32,084,000)
<b>Total</b>	<b>282,872,625</b>

There has been no material change in the Company's capitalisation since 31 March 2016 save for the Ordinary Shares issued or sold from treasury pursuant to the Tap Issuance Programme and shares issued as a scrip dividend as detailed in paragraphs 1.2 and 1.3 of Part 5 of this document. The total net proceeds from the issue or sale of Ordinary Shares since 31 March 2016 were £63.7 million.

Shares issued as a scrip dividend represent an alternative to receiving a cash dividend in respect of the Company's first quarter dividend for the 2016/2017 financial year.

## Net indebtedness

The following table shows the Company's net indebtedness as at 30 September 2016 prepared under IFRS using accounting policies which are consistent with those used in preparing the Company's historical financial information set out in Part 7 of the Registration Document:

	<b>(unaudited)</b>
	<b>(£)</b>
Cash	1,846,352
Cash Equivalent	—
Trading Securities	—
	<hr/>
<b>Liquidity</b>	<b>1,846,352</b>
<b>Current financial receivables</b>	—
Current Bank Debt	—
Current proportion of non-current debt	—
Other current financial debt	—
<b>Current financial debt</b>	—
	<hr/>
<b>Net current financial receivables</b>	<b>1,846,352</b>
Non-current bank loans	—
Bonds issued	—
Other non-current loans	—
<b>Non-current financial indebtedness</b>	—
	<hr/>
<b>Net financial indebtedness</b>	<b>1,846,352</b>
	<hr/> <hr/>

The table above does not include borrowings held by the Company's direct and indirect owned subsidiaries which are not consolidated in the financial statements of the Company in accordance with IFRS 10. The amounts outstanding under these facilities as at 30 September 2016 are as follows:

		<b>(unaudited)</b>
		<b>(£)</b>
<b>Subsidiary</b>	<b>Facility</b>	
NextEnergy Solar Holding I	Macquarie & Santander	43,000,000
NextEnergy Solar Holding II	NIBC	21,680,000
NextEnergy Solar Holding III	Bayern LB	44,932,871
NextEnergy Solar Holding IV	MIDIS	54,662,559
		<hr/>
		<b>164,275,430</b>
		<hr/> <hr/>

The Company is a guarantor under the NIBC Debt Facility Agreement. The Company does not have any other indirect or contingent indebtedness.

## 7. Mandatory bids, squeeze out and sell out rights relating to the Shares

- 7.1 The City Code on Takeovers and Mergers (the "Takeover Code") applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel on Takeovers and Mergers (the "Panel"), to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.
- 7.2 Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Companies Law, or in the event of a scheme of arrangement under Part VIII of the Companies Law.

- 7.3 In order for a takeover offer to satisfy the requirements of Part XVIII of the Companies Law, the prospective purchaser must prepare a scheme or contract (the "Takeover Offer") relating to the acquisition of the Shares and make the Takeover Offer to some or all of the Shareholders. If, at the end of a four month period following the making of the Takeover Offer, the Takeover Offer has been accepted by Shareholders holding 90 per cent. in value of the Shares affected by the Takeover Offer, the purchaser has a further two months during which it can give a notice (the "Notice to Acquire") to any Shareholder to whom the Takeover Offer was made but who has not accepted the Takeover Offer (the "Dissenting Shareholders") explaining the purchaser's intention to acquire their Shares on the same terms. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the Royal Court of Guernsey (the "Court") for the cancellation of the Notice to Acquire. Unless, prior to the end of that one month period the Court has cancelled the Notice to Acquire or granted an order preventing the purchaser from enforcing the Notice to Acquire, the purchaser may acquire the Shares belonging to the Dissenting Shareholders by paying the consideration payable under the Takeover Offer to the Company, which it will hold on trust for the Dissenting Shareholders.
- 7.4 A scheme of arrangement is a proposal made to the Court by the Company in order to effect an "arrangement" or reconstruction, which may include a corporate takeover in which the Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number representing at least 75 per cent. (in value) of the members (or any class of them) present and voting in person or by proxy at a meeting convened by the Court and subject to the approval of the Court. If approved, the scheme of arrangement is binding on all Shareholders.
- 7.5 In addition, the Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity. The Shares would then be shares in the capital of the combined entity.

## PART 6

### TERMS AND CONDITIONS OF THE INITIAL PLACING

#### 1. Introduction

Each Placee which confirms its agreement to Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie and/or Pershing Securities Limited (“PSL”) (acting as settlement agent of Fidante in connection with the Initial Placing), as applicable, to subscribe for New Shares under the Initial Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie and/or PSL, as applicable, may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

#### 2. Agreement to subscribe for New Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 25 November 2016 (or such later time and/or date, not being later than 16 December 2016, as the Company and the Joint Bookrunners may agree); (ii) the Share Issuance Programme Agreement becoming otherwise unconditional in all respects, (save for any conditions relating to Admission) and not having been terminated on or before 25 November 2016 (or such later time and/or date, not being later than 16 December 2016 as the Company and the Joint Bookrunners may agree); and (iii) Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, at the Initial Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Subject to complying with the public hands test set out in Listing Rule 6.1.19(4) R, there are no minimum gross proceeds required for Placings pursuant to the Share Issuance Programme. Applications for New Shares under the Share Issuance Programme must be for a minimum subscription amount of £50,000. There is no maximum subscription, unless notified to investors. The Joint Bookrunners (in consultation with the Directors) may in their absolute discretion waive the minimum application amounts in respect of any particular application for New Shares under the Share Issuance Programme.

Fractions of New Shares will not be issued.

Should the Initial Placing be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant.

#### 3. Payment for New Shares

Each Placee undertakes to pay the Initial Issue Price for the New Shares issued to the Placee in the manner and by the time directed by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable. In the event of any failure by any Placee to pay as so directed and/or by the time required by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, the relevant Placee’s application may be rejected, and at the election of Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie the relevant Placee shall be deemed hereby to have appointed the Joint Bookrunners, or any nominee of them, as applicable, as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Shares in respect of which payment shall not have been made as directed, and to indemnify the Joint Bookrunners and the Company, and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such New Shares shall not release the relevant Placee from the obligation to make such payment for relevant New Shares to the extent that the Company or the Joint Bookrunners, as applicable, or their nominees have failed to sell such New Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is agreed to or exceeds the applicable Issue Price per Share.

#### **4. Representations and warranties**

By agreeing to subscribe for New Shares, each Placee which enters into a commitment to subscribe for New Shares will (for itself and for any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Registrar, the Joint Bookrunners and PSL, as applicable, that:

- 4.1 in agreeing to subscribe for New Shares under the Share Issuance Programme, it is relying solely on the Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Shares or the Share Issuance Programme. It agrees that none of the Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners, the Administrator, PSL or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Share Issuance Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners, the Administrator, PSL or the Registrar or the any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Share Issuance Programme;
- 4.3 it has carefully read and understands the Prospectus in its entirety and acknowledges that it is acquiring New Shares on the terms and subject to the conditions set out in this Part 6 and the Articles as in force at the date of Admission;
- 4.4 it has not relied on any Joint Bookrunners, or any person affiliated with a Joint Bookrunner (which, for the avoidance of doubt, in this Part 6 includes PSL in respect of Fidante) and/or Macquarie, as applicable, in connection with any investigation of the accuracy of any information contained in the Prospectus;
- 4.5 it acknowledges that none of the Joint Bookrunners, PSL nor any person acting on their behalf, nor any of their affiliates, has provided it with any material or information regarding the Company or the New Shares and the content of the Prospectus is exclusively the responsibility of the Company and its Directors and none of the Joint Bookrunners, PSL nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in the Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Share Issuance Programme based on any information, representation or statement contained in the Prospectus or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Share Issuance Programme to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by any Joint Bookrunner, the Company, the Investment Manager, the Investment Adviser, the Administrator, PSL or the Registrar;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.8 it will acquire New Shares for its own account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations, warranties and agreements herein on behalf of each such account.

- 4.9 it accepts that none of the New Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- 4.10 if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.11 if it is a resident in the EEA (other than the United Kingdom), it is (a) a "qualified investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(c)(i), (ii) or (iii) of the Prospectus Directive and (b) if that Relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Shares may be lawfully marketed under the AIFM Directive or under the applicable implementing legislation in that Relevant Member State;
- 4.12 in the case of any New Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(c)(i), (ii) or (iii) of the Prospectus Directive; (i) the New Shares acquired by it in the Share Issuance Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where New Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.13 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Share Issuance Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Share Issuance Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.14 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- 4.15 (i) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for New Shares under the Share Issuance Programme and will not be any such person on the date any such Share Issuance Programme is accepted; and (ii) if the investor is an entity, such entity has taken all necessary corporate actions to authorise its agreement to subscribe for New Shares, and the person signing on its behalf is its duly authorised representative with the corporate power and authority to enter into the agreement to subscribe for New Shares.
- 4.16 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other offering materials concerning the Share Issuance Programme or the New Shares to any persons within the United States, except to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- 4.17 it acknowledges that none of the Joint Bookrunners, nor any of their respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Share Issuance Programme or providing any advice in relation to the Share Issuance Programme and participation in the Share Issuance Programme is on the basis that it is not and will not be a client of any Joint Bookrunner, and that no Joint Bookrunner has any duties or responsibilities

to it for providing protection afforded to their respective clients or for providing advice in relation to the Share Issuance Programme nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;

- 4.18 that, save in the event of fraud on the part of that Joint Bookrunner, PSL or the Sponsor, none of the Joint Bookrunners, PSL or the Sponsor, their ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of a Joint Bookrunner's or the Sponsor's role as sponsor, broker, financial adviser or settlement agent to Fidante or otherwise in connection with the Share Issuance Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.19 it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Share Issuance Programme in the form provided by the Company, the Joint Bookrunners and PSL. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 4.20 it irrevocably appoints any Director of the Company and any director of any Joint Bookrunner to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Shares for which it has given a commitment under the Share Issuance Programme, in the event of its own failure to do so;
- 4.21 it accepts that if the Share Issuance Programme does not proceed or the conditions to the Share Issuance Programme under the Share Issuance Programme Agreement are not satisfied or the New Shares for which valid application are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then none of the Joint Bookrunners or the Sponsor, or the Company, the Investment Manager or the Investment Adviser or PSL, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.22 in connection with its participation in the Share Issuance Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("Money Laundering Legislation") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.23 it acknowledges that due to anti-money laundering requirements, the Joint Bookrunners, PSL and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Joint Bookrunners, PSL and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify the Joint Bookrunners, PSL and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

- 4.24 it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended);
- 4.25 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- 4.26 it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "Data Protection Law") and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
- (A) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (B) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Shares;
  - (C) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (D) without limitation, provide such personal data to the Company, or a Joint Bookrunner, PSL, or the Investment Adviser and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (E) process its personal data for the Administrator's internal administration.
- 4.27 in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph 4.26 above). For the purposes of the Prospectus, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- 4.28 each of the Joint Bookrunners, the Sponsor and the Company are entitled to exercise any of their rights under the Share Issuance Programme Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- 4.29 the representations, undertakings and warranties contained in this Part 6 are irrevocable. It acknowledges that the Joint Bookrunners, the Sponsor and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Shares are no longer accurate, it shall promptly notify the Joint Bookrunners and the Company;
- 4.30 where it or any person acting on behalf of it is dealing with a Joint Bookrunner and/or PSL, any money held in an account with a Joint Bookrunner and/or PSL, as applicable, on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require the Joint Bookrunners or PSL to segregate such money, as that money will be held by the Joint Bookrunner or PSL under a banking relationship and not as trustee;

- 4.31 any of its clients, whether or not identified to a Joint Bookrunner or PSL, will remain its sole responsibility and will not become clients of the Joint Bookrunners or PSL or any of them, for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- 4.32 it accepts that the allocation of New Shares shall be determined by the Joint Bookrunners and the Company in their absolute discretion and that such persons may scale down any Share Issuance Programme commitments for this purpose on such basis as they may determine;
- 4.33 time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Share Issuance Programme;
- 4.34 it authorises the Joint Bookrunners, to deduct from the total amount subscribed under the Share Issuance Programme the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of New Shares allocated under the Share Issuance Programme.

## **5. United States purchase and transfer restrictions**

The New Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States.

The New Shares are being offered and sold outside of the United States in reliance on Regulation S. The Share Issuance Programme Agreement provides that the Joint Bookrunners may, directly or through its respective US broker-dealer affiliates, arrange for the offer and sale of New Shares within the United States only to QIBs in reliance on Rule 144A in a transaction not subject to the registration requirements of the Securities Act.

### ***Placing in the United States***

If you are a QIB purchasing the New Shares in the United States, by accepting delivery of this Securities Note, you will be deemed to have represented and agreed that:

- (a) you are a QIB, as defined in Rule 144A and a “qualified purchaser” for the purposes of Section 3(c)(7) of the Investment Company Act, and are not an affiliate of the Company or otherwise acting on its behalf;
- (b) you are aware and each beneficial owner of the New Shares has been advised that the seller of New Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Section 4(a)(2) or another exemption under the Securities Act, you are purchasing such New Shares for your own account or the account of a QIB with respect to which you invest on a discretionary basis, and not with a view to distribution, within the meaning of the United States’ federal securities laws;
- (c) you acknowledge that the New Shares have not been offered to you as the result of any general solicitation or general advertising (within the meaning of Rule 502(c) of the Securities Act) or any directed selling efforts (within the meaning of Regulation S).
- (d) you understand that the New Shares being offered have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred to (i) to a person who you reasonably believe is a QIB purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to an exemption from the registration requirements of the Securities Act such as those provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (e) the New Shares sold in the Initial Issue will constitute “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, and for so long as they remain “restricted securities,” such New Shares may not be transferred except as described in clause (d) above. No representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the New Shares;

- (f) you understand that the New Shares sold within the United States (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT SUCH AS PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES,” and

- (g) (1) you are not, and you are not acting on behalf of, a Benefit Plan Investor unless you acquire the New Shares on or prior to Admission with the written consent of the Company, or (2) (A) if you are, or you are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such New Share does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and (B) if you are a governmental, church, non-US or other plan which is subject to Similar Law, your acquisition, holding and disposition of such New Shares will not constitute or result in a non-exempt violation of any Similar Law.

***Placing outside the United States***

If you purchase the New Shares outside the United States in reliance on Regulation S hereby, by accepting delivery of this Securities Note, you will be deemed to have represented and agreed that:

- (a) you, and the person, if any, for whose account you are acquiring New Shares are not a US person as defined in Regulation S;
- (b) you, and the person, if any, for whose account you are acquiring New Shares, are purchasing such New Shares outside the United States in an offshore transaction in accordance with Regulation S;
- (c) you understand that the New Shares being offered have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (i) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) inside the United States as to a US person only pursuant to an exemption from registration under the Securities Act such as provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (d) any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions will not be recognised by us in respect of the New Shares; and
- (e) (1) you are not, and you are not acting on behalf of, a Benefit Plan Investor unless you acquire the New Shares on or prior to Admission with the written consent of the Company, or (2) (A) if you are, or you are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such New Share does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and (B) if you are a governmental, church, non-US or other plan which is subject to Similar Law, your acquisition, holding and disposition of such New Shares will not constitute or result in a non-exempt violation of any Similar Law.

## **6. Supply and disclosure of information**

If the Joint Bookrunners, the Sponsor, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Shares under the Share Issuance Programme, such Placee must promptly disclose it to them.

## **7. Miscellaneous**

PSL is acting as receiving agent for Fidante in connection with the Initial Placing and for no-one else and will not treat a Placee or any other person as its customer by virtue of such application being accepted or owe a Placee or any other person any duties or responsibilities concerning the price New Shares the suitability New Shares Placee person a Placee or to any other person for providing the protections afforded to its customers.

The rights and remedies of the Joint Bookrunners, the Sponsor, the Investment Manager, the Registrar, the Investment Adviser, the Administrator, PSL and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Share Issuance Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Shares, which the Placee has agreed to subscribe for pursuant to the Share Issuance Programme, have been acquired by the Placee. The contract to subscribe for New Shares under the Share Issuance Programme and the appointments and authorities mentioned in the Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Joint Bookrunners, the Sponsor, the Company, the Investment Manager, the Investment Adviser, the Administrator the Registrar and PSL, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Shares under the Share Issuance Programme, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Joint Bookrunners and the Company expressly reserve the right to modify the Share Issuance Programme (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Share Issuance Programme is subject to the satisfaction of the conditions contained in the Share Issuance Programme Agreement and to the Share Issuance Programme Agreement not having been terminated. Further details of the terms of the Share Issuance Programme Agreement are contained in Part 8 of the Registration Document.

## PART 7

### TERMS AND CONDITIONS OF THE INITIAL OFFER

#### 1. Introduction

If you apply for any New Shares under the Initial Offer, you will be agreeing with the Company, the Registrar and the Receiving Agent to the Terms and Conditions of Application set out below.

The Initial Offer will remain open from 15 November 2016 to 18 November 2016 (the "Closing Date"), or such earlier date as the Company may determine and announce through a Regulatory Information Service.

Admission of the New Shares under the Initial Offer is expected to occur on or prior to 25 November 2016 whilst the Initial Offer remains open.

#### 2. Offer to acquire New Shares

Your application must be made on the Application Form attached at the end of this Securities Note or as may be otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- 2.1 offer to subscribe for such number of New Shares at the Initial Issue Price as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of £1,000) and subject to the conditions, set out in this Securities Note, including these Terms and Conditions of Application and the Articles and of any announcement made by the Company in relation to the Initial Offer;
- 2.2 agree that, in consideration of the Company agreeing that it will not, prior to the Closing Date of the Initial Offer, offer for subscription any New Shares to any person other than by means of the procedures referred to in this Securities Note, your application may not be revoked (save for any statutory withdrawal rights) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Application Form;
- 2.3 undertake to pay the amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the share certificates for the New Shares applied for in certificated form or be entitled to commence dealing in the New Shares applied for in Uncertificated Form or to enjoy or receive any rights in respect of such New Shares unless and until you make payment in cleared funds for such New Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the New Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- 2.4 agree that where on your Application Form a request is made for New Shares to be deposited into a CREST Account: (i) the Receiving Agent acting on behalf of the Company may in its absolute discretion amend the form so that such New Shares may be issued in Certificated Form registered in the name(s) of the holders specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds); and (ii) the Receiving Agent or the Company may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of the number of New Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your application form;

- 2.5 agree, in respect of applications for New Shares in Certificated Form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.4 above to issue New Shares in Certificated Form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.4 above (and any monies returnable to you) may be retained by the Receiving Agent:
- (A) pending clearance of your remittance;
  - (B) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these Terms and Conditions of Application; or
  - (C) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purposes of the Guernsey AML Requirements; and
  - (D) and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 2.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.7 agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot New Shares and, in such case, the New Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- 2.8 agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
- 2.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of New Shares for which your application is accepted or if you have completed Box 7 on your Application Form, but subject to paragraph 2.4 above, to deliver the number of New Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
- 2.12 confirm that you have read and complied with paragraph 8 of this Part 7;
- 2.13 agree that all subscription cheques and payments will be processed through a bank account (the "Acceptance Account") in the name of "**Capita Registrars Limited A/C NESF OFS 2016**" opened with the Receiving Agent;
- 2.14 acknowledge and agree that information provided by you to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the DP Law and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the Purposes), being to:
- (A) process your personal data (including sensitive personal data) as required by or in connection with your holding of Shares, including processing personal data in connection with credit and money laundering checks on you;
  - (B) communicate with you as necessary in connection with your affairs and generally in connection with your holding of Shares;

- (C) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with your affairs and generally in connection with your holding of Shares or as the DP Law may require, including to third parties outside the Bailiwick of Guernsey or the EEA;
  - (D) without limitation, provide such personal data to the Company, the Sponsor or the Investment Adviser and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the EEA; and
  - (E) process your personal data for the Administrator's internal administration;
- 2.15 agree that your Application Form is addressed to the Company and the Receiving Agent.
- 2.16 Any application may be rejected in whole or in part at the sole discretion of the Company.
- 2.17 Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.
- 2.18 Fractions of Shares will not be issued.

### **3. Acceptance of your Initial Offer**

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying acceptance to the Receiving Agent.
- 3.2 The basis of allocation will be determined by the Joint Bookrunners in consultation with the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The Company and Receiving Agent reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of Application.
- 3.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. Per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- 3.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription of £1,000.

### **4. Conditions**

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Initial Offer will be conditional upon:
- (A) Admission occurring by not later than 8.00 a.m. on the Closing Date; and
  - (B) the Share Issuance Programme Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before the Admission becomes effective.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

## **5. Return of application monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## **6. Warranties**

By completing an Application Form, you:

- 6.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant that you are not located for the purposes of the Initial Offer in the United Kingdom and no other jurisdiction;
- 6.3 warrant that you are not located within the United States, you are acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and are not acquiring the Shares for the account or benefit of a US person (as defined in Regulation S);
- 6.4 acknowledge that Shares are not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey and offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
- 6.5 warrant, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Sponsor or the Receiving Agent, or any of their respective officers, agents, employees or affiliates, acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside Guernsey or the United Kingdom in connection with the Initial Offer in respect of your application;
- 6.6 confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- 6.7 agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- 6.8 acknowledge that no person is authorised in connection with the Initial Offer to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Sponsor or the Receiving Agent;
- 6.9 warrant that you are not under the age of 18 on the date of your application;
- 6.10 agree that all documents and monies sent by post to, by or on behalf of the Company, or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 6.11 confirm that you have reviewed the restrictions contained in paragraph 8 of this Part 7 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;

- 6.12 agree that, in respect of those New Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the share registry;
- 6.13 agree that all applications, acceptances of applications and contracts resulting therefrom under the Initial Offer (including any non-contractual obligations arising under or in connection therewith) shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.14 irrevocably authorise the Company, or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and to execute any documents required therefor and to enter your name on the register of members of the Company;
- 6.15 agree to provide the Company and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Guernsey AML Requirements;
- 6.16 agree that the Receiving Agent is acting for the Company in connection with the Initial Offer and for no-one else and that they will NOT treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Shares or concerning the suitability of Shares for you or be responsible to you for providing the protections afforded to their customers;
- 6.17 warrant that you are not subscribing for the New Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Shares; and
- 6.18 warrant that the information contained in your Application Form is true and accurate.

## **7. Money laundering**

- 7.1 You agree that, in order to ensure compliance with the UK Money Laundering Regulations 2007 (where applicable) and the Guernsey AML Requirements, the Receiving Agent or the Administrator may respectively at their absolute discretion require verification of identity from any person lodging an Application Form.
- 7.2 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 7.3 Payments must be made by cheque or banker's draft in sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to **Capita Registrars Limited A/C NESF OFS 2016 and crossed "A/C payee"**. **Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft by following the instructions.**
- 7.4 The name on the bank account must be the same as that stated on the Application Form.
- 7.5 Where you appear to the Receiving Agent to be acting on behalf of some other person certifications of identity of any persons on whose behalf you appear to be acting may be required.
- 7.6 Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the dispatch of documents.

- 7.7 In all circumstances, verification of the identity of applicants will be required. If you use a building society cheque, banker's draft or money order you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp. The name on the bank account must be the same as that stated on the Application Form.
- 7.8 You should endeavour to have the certificate contained in Box 8 of the Application Form signed by an appropriate firm as described in that Box.

## **8. Overseas investors**

The attention of investors who are not resident in, or who are not citizens of the United Kingdom is drawn to paragraphs 8.1 to 8.6 below:

- 8.1 The offer of Shares under the Initial Offer is only being made in the UK. Persons who are resident in, or citizens of, countries other than the United Kingdom (Overseas Investors) who wish to subscribe for Shares under the Initial Offer may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Shares under the Initial Offer. It is the responsibility of all Overseas Investors receiving the Prospectus and/or wishing to subscribe for the Shares under the Initial Offer, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territory.
- 8.2 No person receiving a copy of the Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3 The Shares have not been and they will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold, directly or indirectly, within the United States. In addition, the Company has not been and will not be registered under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act.
- 8.4 None of the Shares have been or will be registered under the laws of Australia, Canada, Japan or the Republic of South Africa or under the Securities Act or with any securities regulatory authority of any State or other political subdivision of the United States, Australia, Canada, Japan or the Republic of South Africa. Accordingly, unless an exemption under such Act or laws is applicable, the Shares may not be offered, sold or delivered, directly or indirectly, within Australia, Canada, Japan, the Republic of South Africa or the United States (as the case may be). If you subscribe for Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company that you are not located in the United States or a resident of Australia, Canada, Japan or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the United States, Australia or Canada (or any political subdivision of any of them), Japan or the Republic of South Africa and that you are not subscribing for such Shares for the account of any US Person or resident of Australia, Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into the United States, Australia, Canada, Japan or the Republic of South Africa or to any person located in the United States or resident in Australia, Canada, Japan or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a prospective holder having an address in the United States, Australia, Canada, Japan or the Republic of South Africa.
- 8.5 Persons (including, without limitation, nominees and trustees) receiving the Prospectus should not distribute or send it in or into the United States, Canada, Australia, Japan and South Africa or their respective territories of possessions or any other jurisdictions where to do so would or might contravene local securities laws or regulations.

8.6 The Company reserves the right to treat as invalid any agreement to subscribe for New Ordinary Shares pursuant to the Initial Offer if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## **9. The Data Protection (Bailiwick of Guernsey) Law 2001**

9.1 Pursuant to the DP Law, the Company, the Administrator and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders.

9.2 Such personal data held is used by the Registrar to maintain a register of the Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and redemption proceeds to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties; and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

9.3 The countries referred to above include, but need not be limited to, those in the EEA or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.

9.4 By becoming registered as a holder of Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

## **10. Miscellaneous**

10.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Shares and the Initial Offer.

10.2 The rights and remedies of the Company and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

10.3 The Company reserves the right to shorten the closing time of the Initial Offer from the date announced as being the closing time for the Initial Offer by giving notice to the London Stock Exchange. The Company will notify investors via a RIS and any other manner, having regard to the requirements of the London Stock Exchange.

10.4 The Company may terminate the Initial Offer in its absolute discretion at any time prior to the Closing Date. If such right is exercised, the Initial Offer will lapse and any monies will be returned as indicated without interest.

10.6 The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Share Issuance Programme Agreement (as the same may be altered from time to time in accordance with its terms).

10.7 Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used elsewhere in this Securities Note.

## PART 8

### TERMS AND CONDITIONS OF THE FURTHER PLACINGS

#### 1. Introduction

Each Placee which confirms its agreement to Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie and/or PSL (acting as settlement agent of Fidante in connection with the Initial Placing), as applicable, to subscribe for New Shares under the Share Issuance Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie and/or PSL, as applicable, may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a "Placing Letter").

#### 2. Agreement to subscribe for New Shares

Conditional on: (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to the date specified in relation to an Issue (or such later time and/or date, as the Company, and the Joint Bookrunners may agree); (ii) the Share Issuance Programme Agreement becoming otherwise unconditional in all respects, (save for any conditions relating to Admission) and not having been terminated on or before the date specified in relation to an Issue (or such later time and/or date, as the Company and the Joint Bookrunners may agree); and (iii) Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Subject to complying with the public hands test set out in Listing Rule 6.1.19(4)R, there are no minimum gross proceeds required for Placings pursuant to the Share Issuance Programme. Applications for New Shares under the Share Issuance Programme must be for a minimum subscription amount of £50,000. There is no maximum subscription, unless notified to investors. The Joint Bookrunners (in consultation with the Directors) may in their absolute discretion waive the minimum application amounts in respect of any particular application for New Shares under the Share Issuance Programme.

Fractions of New Shares will not be issued.

Should a Placing be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant.

#### 3. Payment for New Shares

Each Placee undertakes to pay the Issue Price for the New Shares issued to the Placee in the manner and by the time directed by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable. In the event of any failure by any Placee to pay as so directed and/or by the time required by Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie, as applicable, the relevant Placee's application may be rejected, and at the election of Cantor Fitzgerald and/or Fidante and/or SCS and/or Macquarie the relevant Placee shall be deemed hereby to have appointed the Joint Bookrunners, or any nominee of them, as applicable, as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Shares in respect of which payment shall not have been made as directed, and to indemnify the Joint Bookrunners and the Company, and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such New Shares shall not release the relevant Placee from the obligation to make such payment for relevant New Shares to the extent that the Company or the Joint Bookrunners, as applicable, or their nominees have failed to sell such New Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is agreed to or exceeds the applicable Issue Price per Share.

#### **4. Representations and warranties**

By agreeing to subscribe for New Shares, each Placee which enters into a commitment to subscribe for New Shares will (for itself and for any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Investment Manager, the Investment Adviser, the Administrator, the Registrar and Joint Bookrunners and PSL, as applicable, that:

- 4.1 in agreeing to subscribe for New Shares under the Share Issuance Programme, it is relying solely on the Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Shares or the Share Issuance Programme. It agrees that none of the Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners, the Administrator, PSL or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Share Issuance Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Investment Adviser, the Joint Bookrunners, the Administrator, PSL or the Registrar or the any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Share Issuance Programme;
- 4.3 it has carefully read and understands the Prospectus in its entirety and acknowledges that it is acquiring New Shares on the terms and subject to the conditions set out in this Part 8 and the Articles as in force at the date of Admission;
- 4.4 it has not relied on any Joint Bookrunners, or any person affiliated with a Joint Bookrunner (which, for the avoidance of doubt, in this Part 8, includes PSL in respect of Fidante) in connection with any investigation of the accuracy of any information contained in the Prospectus;
- 4.5 it acknowledges that none of the Joint Bookrunners, PSL nor any person acting on their behalf, nor any of their affiliates, has provided it with any material or information regarding the Company or the New Shares and the content of the Prospectus is exclusively the responsibility of the Company and its Directors and neither none of the Joint Bookrunners, PSL nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in the Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Share Issuance Programme based on any information, representation or statement contained in the Prospectus or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Share Issuance Programme to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by any Joint Bookrunner, PSL, the Company, the Investment Manager, the Investment Adviser, the Administrator or the Registrar;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.8 it will acquire New Shares for its own account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations, warranties and agreements herein on behalf of each such account.

- 4.9 it accepts that none of the New Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- 4.10 if it is within the United Kingdom, it is a person who falls within Articles 49 or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.11 if it is a resident in the EEA (other than the United Kingdom), it is (a) a "qualified investor" within the meaning of the law in the Relevant Member State implementing Article 2(1)(c)(i), (ii) or (iii) of the Prospectus Directive and (b) if that Relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Shares may be lawfully marketed under the AIFM Directive or under the applicable implementing legislation in that Relevant Member State;
- 4.12 in the case of any New Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(c)(i), (ii) or (iii) of the Prospectus Directive; (i) the New Shares acquired by it in the Share Issuance Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where New Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.13 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Share Issuance Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Share Issuance Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.14 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Shares and it is not acting on a non-discretionary basis for any such person;
- 4.15 (i) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for New Shares under the Share Issuance Programme and will not be any such person on the date any such Share Issuance Programme is accepted and (ii) if the investor is an entity, such entity has taken all necessary corporate actions to authorise its agreement to subscribe for New Shares, and the person signing on its behalf is its duly authorised representative with the corporate power and authority to enter into the agreement to subscribe for New Shares;
- 4.16 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other offering materials concerning the Share Issuance Programme or the New Shares to any persons within the United States except to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, nor will it do any of the foregoing;
- 4.17 it acknowledges that none of the Joint Bookrunners, nor any of their respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Share Issuance Programme or providing any advice in relation to the Share Issuance Programme and participation in the Share Issuance Programme is on the basis that it is not and will not be a client of any Joint Bookrunners, and that no Joint Bookrunner has any duties or

responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Share Issuance Programme nor, if applicable, in respect of any representations, warranties, undertakings or indemnities contained in any Placing Letter;

- 4.18 that, save in the event of fraud on the part of that Joint Bookrunner, PSL or the Sponsor, none of the Joint Bookrunners, PSL or the Sponsor, their ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of a Joint Bookrunner's or the Sponsor's role as sponsor, broker, financial adviser or settlement agent to Fidante or otherwise in connection with the Share Issuance Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.19 it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Share Issuance Programme in the form provided by the Company, the Joint Bookrunners and PSL. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 4.20 it irrevocably appoints any Director of the Company and any director of any Joint Bookrunner, to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the New Shares for which it has given a commitment under the Share Issuance Programme, in the event of its own failure to do so;
- 4.21 it accepts that if the Share Issuance Programme does not proceed or the conditions to the Share Issuance Programme under the Share Issuance Programme Agreement are not satisfied or the New Shares for which valid application are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then none of the Joint Bookrunners, or the Sponsor, or the Company, the Investment Manager or the Investment Adviser, or PSL nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.22 in connection with its participation in the Share Issuance Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("Money Laundering Legislation") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.23 it acknowledges that due to anti-money laundering requirements, the Joint Bookrunners, PSL, and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Joint Bookrunners, PSL and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify the Joint Bookrunners, PSL and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;

- 4.24 it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);
- 4.25 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- 4.26 it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "Data Protection Law") and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
- (A) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (B) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Shares;
  - (C) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (D) without limitation, provide such personal data to the Company or a Joint Bookrunner, PSL, or the Investment Adviser and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (E) process its personal data for the Administrator's internal administration.
- 4.27 in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph 4.26 above). For the purposes of the Prospectus, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- 4.28 the Joint Bookrunners, the Sponsor and the Company are entitled to exercise any of their rights under the Share Issuance Programme Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- 4.29 the representations, undertakings and warranties contained in this Part 8 are irrevocable. It acknowledges that the Joint Bookrunners, the Sponsor and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Shares are no longer accurate, it shall promptly notify the Joint Bookrunners and the Company;
- 4.30 where it or any person acting on behalf of it is dealing with a Joint Bookrunner, and/or PSL, any money held in an account with a Joint Bookrunner, and/or PSL on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require the Joint Bookrunners or PSL to segregate such money, as that money will be held by the Joint Bookrunner or PSL, under a banking relationship and not as trustee;
- 4.31 any of its clients, whether or not identified to a Joint Bookrunner or PSL will remain its sole responsibility and will not become clients of the Joint Bookrunners or PSL or any of them for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;

- 4.32 it accepts that the allocation of New Shares shall be determined by the Joint Bookrunners and the Company in their absolute discretion and that such persons may scale down any Share Issuance Programme commitments for this purpose on such basis as they may determine;
- 4.33 time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Share Issuance Programme;
- 4.34 it authorises the Joint Bookrunners to deduct from the total amount subscribed under the Share Issuance Programme the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of New Shares allocated under the Share Issuance Programme.

## **5. United States purchase and transfer restrictions**

The New Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States.

The New Shares are being offered and sold outside of the United States in reliance on Regulation S. The Share Issuance Programme Agreement provides that the Joint Bookrunners may, directly or through its respective US broker-dealer affiliates, arrange for the offer and sale of New Shares within the United States only to QIBs in reliance on Rule 144A in a transaction not subject to the registration requirements of the Securities Act.

### ***Placing in the United States***

If you are a QIB purchasing the New Shares in the United States in reliance on Rule 144A, by accepting delivery of this Securities Note, you will be deemed to have represented and agreed that:

- (a) you are a QIB as defined in Rule 144A, and a “qualified purchaser” for the purposes of Section 3(c)(7) of the Investment Company Act, and are not an affiliate of the company or otherwise acting on its behalf;
- (b) you are aware and each beneficial owner of the New Shares has been advised, that the seller of New Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Section 4(a)(2) or another exemption under the Securities Act, and you are purchasing such New Shares for your own account or the account of a QIB with respect to which you invest on a discretionary basis and not with a view to distribution within the meaning of the United States’ federal securities laws;
- (c) you acknowledge that the New Shares have not been offered to you as the result of any general solicitation or general advertising (within the meaning of Rule 502(c) of the Securities Act) or any directed selling efforts (within the meaning of Regulation S).
- (d) you understand that the New Shares being offered have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred (i) to a person who you reasonably believe is a QIB purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (e) the New Shares sold in the Initial Issue will constitute “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, and for so long as they remain “restricted securities,” such New Shares may not be transferred except as described in clause (b) above. No representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the New Shares;
- (f) you understand that the New Shares sold within the United States (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT SUCH AS PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES;” and

- (g) (1) you are not, and you are not acting on behalf of, a Benefit Plan Investor unless you acquire the New Shares on or prior to Admission with the written consent of the Company, or (2) (A) if you are, or you are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such New Share does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and (B) if you are a governmental, church, non-US or other plan which is subject to Similar Law, your acquisition, holding and disposition of such New Shares will not constitute or result in a non-exempt violation of any Similar Law.

#### ***Placing outside the United States***

If you purchase the New Shares outside the United States in reliance on Regulation S hereby, by accepting delivery of this Securities Note, you will be deemed to have represented and agreed that:

- (a) you, and the person, if any, for whose account you are acquiring New Shares, are purchasing such New Shares outside the United States in an offshore transaction in accordance with Regulation S;
- (b) you understand that the New Shares being offered have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (i) to a person you reasonably believe is a QIB purchasing for its own account or for the account of a QIB, in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (c) any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions will not be recognised by us in respect of the New Shares; and
- (d) (1) you are not, and you are not acting on behalf of, a Benefit Plan Investor unless you acquire the New Shares on or prior to Admission with the written consent of the Company, or (2) (A) if you are, or you are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such New Share does not and will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and (B) if you are a governmental, church, non-US or other plan which is subject to Similar Law, your acquisition, holding and disposition of such New Shares will not constitute or result in a non-exempt violation of any Similar Law.

#### **6. Supply and disclosure of information**

If the Joint Bookrunners, the Sponsor, the Registrar or the Company or any of their agents request any information about a Placee’s agreement to subscribe for New Shares under the Share Issuance Programme, such Placee must promptly disclose it to them.

## **7. Miscellaneous**

PSL is acting as receiving agent for Fidante in connection with the Placing and for no-one else and will not treat a Placee or any other person as its customer by virtue of such application being accepted or owe a Placee or any other person any duties or responsibilities concerning the price New Shares the suitability New Shares Placee person a Placee or to any other person for providing the protections afforded to its customers.

The rights and remedies of the Joint Bookrunners, the Sponsor, the Investment Manager, the Registrar, the Investment Adviser, the Administrator, PSL and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Share Issuance Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Shares, which the Placee has agreed to subscribe for pursuant to the Share Issuance Programme, have been acquired by the Placee. The contract to subscribe for New Shares under the Share Issuance Programme and the appointments and authorities mentioned in the Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Joint Bookrunners, the Sponsor, the Company, the Investment Manager, the Investment Adviser, the Administrator, the Registrar and PSL, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Shares under the Share Issuance Programme, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Joint Bookrunners and the Company expressly reserve the right to modify the Share Issuance Programme (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Share Issuance Programme is subject to the satisfaction of the conditions contained in the Share Issuance Programme Agreement and to the Share Issuance Programme Agreement not having been terminated. Further details of the terms of the Share Issuance Programme Agreement are contained in Part 8 of the Registration Document.

## DEFINITIONS

<u>“2014 Share Issuance Programme”</u> or <u>“2014 SIP”</u>	the share issuance programme of up to 250 million Ordinary Shares, as described in the prospectus published by the Company dated 10 November 2014 which closed on 9 November 2015
<u>“2016 Tap Issuance Programme”</u> or <u>“2016 TIP”</u>	the tap issuance programme to sell Ordinary Shares out of treasury and to issue new Ordinary Shares without having to publish a prospectus, which was announced by the Company through a Regulatory Information Service on 15 July 2016
<u>“Administration Agreement”</u>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.12 of Part 8 of the Registration Document
<u>“Administrator”</u>	Ipes (Guernsey) Limited
<u>“Admission”</u>	in respect of any Issue, admission to trading on the London Stock Exchange’s Main Market of the New Shares issued pursuant to that Issue becoming effective in accordance with the LSE Admission Standards and admission of the relevant New Ordinary Shares or C Shares (as applicable) to listing on the premium segment or standard segment respectively of the Official List
<u>“AIC”</u>	the Association of Investment Companies
<u>“AIC Code”</u>	the AIC Code of Corporate Governance as modified from time to time for Guernsey domiciled member companies, and including commentary on the interaction with the GFSC Code
<u>“AIC Guide”</u>	the AIC Corporate Governance Guide for Guernsey Domiciled Investment Companies
<u>“AIF”</u>	an alternative investment fund, as defined in the AIFM Directive
<u>“AIFM”</u>	an alternative investment fund manager, as defined in the AIFM Directive
<u>“AIFM Directive”</u>	Directive 2011/61/EU of the European Parliament and the Council of the European Union on alternative investment fund managers and any implementing legislation or regulations thereunder
<u>“Application Form”</u>	Means the application form set out in Appendix 1 to this Securities Note
<u>“Articles”</u>	the articles of incorporation of the Company, as amended
<u>“Asset Management Agreement”</u>	the asset management agreement between the Company and WiseEnergy UK, a summary of which is set out in paragraph 6.8 of Part 8 of the Registration Document
<u>“Benefit Plan Investor”</u>	(i) an employee benefit plan (as defined in section 3(3) of ERISA) subject to Title I of ERISA, (ii) a plan described in section 4975(c)(1) of the Code to which section 4975 of the Code applies or (iii) any other entity whose underlying assets could be deemed to include plan assets by reason of an employee benefit plan or a plan’s investment in the entity within the meaning of the Plan Asset Regulation
<u>“Board”</u>	the board of directors of the Company, or any duly constituted committee thereof
<u>“Brown Power”</u>	sale of electricity to energy consumers and suppliers
<u>“Business Day”</u>	a day on which the London Stock Exchange and banks in Guernsey are normally open for business
<u>“C Shareholders”</u>	the holders of the C Shares (prior to the conversion of the C Shares into new Ordinary Shares)

<u>“C Shares”</u>	redeemable convertible shares of no par value in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in paragraph 3.3(A) of Part 5 of this Securities Note, which will convert into Ordinary Shares as set out in that paragraph
<u>“Capita Asset Services”</u>	a trading name of Capita Registrars Limited
<u>“Cantor Fitzgerald”</u>	Cantor Fitzgerald Europe, financial adviser and joint lead bookrunner
<u>“Certificated”</u> or <u>“Certificated Form”</u>	not in Uncertificated Form (that is, not in CREST)
<u>“CCA”</u>	Climate Change Act 2008
<u>“CfDs”</u>	contracts for differences for FiTS
<u>“Closing Date”</u>	18 November 2016
<u>“Code”</u>	US Internal Revenue Code of 1986
<u>“Companies Law”</u>	the Companies (Guernsey) Law, 2008, as amended
<u>“Company”</u>	NextEnergy Solar Fund Limited
<u>“CREST”</u>	the facilities and procedures for the time being of the relevant system of which Euroclear UK & Ireland Limited has been approved as the operator pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the UK
<u>“CRS”</u>	the Organisation for Economic Co-operation and Development’s Common Reporting Standard
<u>“Current Portfolio”</u>	the portfolio of solar PV plants held by the Group as at the Latest Practicable Date, details of which are set out in Part 4 of the Registration Document
<u>“DECC”</u>	the Department of Energy and Climate Change, now BEIS
<u>“Developer”</u>	NextPower Development Limited
<u>“Directors”</u>	the directors of the Company
<u>“Disclosure Guidance and Transparency Rules”</u>	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<u>“DP Law”</u>	means the Data Protection (Bailiwick of Guernsey) Law 2001
<u>“EBITDA”</u>	earnings before income, taxation, depreciation and amortisation
<u>“EEA”</u>	the European Economic Area
<u>“EMR”</u>	Electricity Market Reform
<u>“EPC”</u>	energy procurement and construction
<u>“ERISA”</u>	the US Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder
<u>“EU”</u>	the European Union
<u>“Exchange Act”</u>	the US Securities Exchange Act of 1934, as amended
<u>“FATCA”</u>	the US Foreign Account Tax Compliance Act of 2010, as amended, and the applicable regulations thereunder
<u>“Fidante Capital”</u>	Fidante Partners (Europe) Limited, joint lead bookrunner
<u>“Financial Conduct Authority”</u> or <u>“FCA”</u>	the UK Financial Conduct Authority and, where applicable, acting as the competent authority for listing in the UK

<u>“First PV Consultation”</u>	the government document entitled “Consultation on changes to financial support for solar PV”, dated 13 May 2014
<u>“FIT”</u>	feed-in tariff
<u>“FSMA”</u>	the UK Financial Services and Markets Act 2000, as amended
<u>“Future Securities Note”</u>	any securities note to be issued in the future by the Company in respect of any Issue under the Share Issuance Programme which includes an open offer and/or offer for subscription component and made pursuant to the Registration Document and subject to separate approval by the FCA
<u>“Future Summary”</u>	any summary to be issued in the future by the Company in respect of any Issue under the Share Issuance Programme which includes an open offer and/or offer for subscription component and made pursuant to the Registration Document and subject to separate approval by the FCA
<u>“GFSC”</u>	the Guernsey Financial Services Commission
<u>“GFSC Code”</u>	the Corporate Governance Code issued by the GFSC
<u>“GHG”</u>	greenhouse gas emissions
<u>“Gross Asset Value”</u>	the aggregate of: (a) the fair value of the Group’s underlying investments (whether or not subsidiaries) valued on an unlevered, discounted cashflow basis as described in the International Private Equity and Venture Capital Valuation Guidelines (latest edition December 2012); (ii) the Group’s proportionate share of the cash balances and cash equivalents of Group companies and non-subsidiary companies in which the Group holds an interest; and (iii) the other relevant assets or liabilities of the Group valued at fair value (other than third party borrowings) to the extent not included in (a) and (ii) above
<u>“Group”</u>	the Company, the HoldCos, the SPVs and any other direct or indirect subsidiaries of any of them (together, individually or in any combination as appropriate)
<u>“Guernsey AML Requirements”</u>	The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), ordinances, rules and regulations made thereunder, and the GFSC’s Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
<u>“GW”</u>	gigawatt, equal to one billion watts, a measure of power
<u>“HoldCos”</u>	intermediate holding companies established by the Company from time to time to acquire and/or hold (directly or through SPVs) the Company’s investments and being, as at the Latest Practicable Date: <ul style="list-style-type: none"> <li>(a) NextEnergy Solar Holdings Limited, incorporated and registered in England with registered number 8956168;</li> <li>(b) NextEnergy Solar Holdings II Limited, incorporated and registered in England with registered number 09438822;</li> <li>(c) NextEnergy Solar Holdings III Limited, incorporated and registered in England with registered number 09693016; and</li> <li>(d) NextEnergy Solar Holdings IV Limited, incorporated and registered in England with registered number 10066420;</li> </ul> each of which has its registered office at 5th Floor North Side, 7-10 Chandos Street, Cavendish Square, London W1G 9DQ
<u>“IEA”</u>	International Energy Authority

“ <u>IFRS</u> ”	International Financial Reporting Standards
“ <u>Initial Issue</u> ”	the first issue of New Shares pursuant to the Share Issuance Programme, being comprised of the Initial Placing and the Initial Offer
“ <u>Initial Issue Price</u> ”	104.5 pence per New Share
“ <u>Initial Offer</u> ”	the first offer for subscription on the terms and conditions set out in Part 7 of this Securities Note
“ <u>Initial Placing</u> ”	the first placing of New Shares pursuant to the Share Issuance Programme on the terms and conditions set out in Part 6 of this Securities Note
“ <u>Investment</u> ”	the Investment Manager has agreed to make certain payments out of its Manager’s fee to the Cornerstone Shareholder of the Registration Document
“ <u>Investment Adviser</u> ”	NextEnergy Capital Limited
“ <u>Investment Advisory Agreement</u> ”	the investment advisory agreement between the Investment Manager and the Investment Adviser, a summary of which is set out in paragraph 6.10 of Part 8 of the Registration Document
“ <u>Investment Committee</u> ”	the investment committee of the Investment Adviser, details of which are set out under the heading “Investment Committee” in Part 5 of the Registration Document
“ <u>Investment Company Act</u> ”	the US Investment Company Act of 1940, as amended
“ <u>Investment Manager</u> ”	NextEnergy Capital IM Limited
“ <u>IPO</u> ”	the initial public offering of the Company whereby, on 25 April 2014, 85,600,000 Ordinary Shares were admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s Main Market under the ticker “NESF”
“ <u>IRR</u> ”	internal rate of return
“ <u>ISA</u> ”	an individual savings account
“ <u>Issue</u> ”	an issue of New Shares pursuant to the Share Issuance Programme as described in the Prospectus
“ <u>Issue Price</u> ”	the price at which a New Share is issued under an Issue
“ <u>Joint Bookrunners</u> ”	together Cantor Fitzgerald, Fidante Capital, Macquarie and SCS
“ <u>KW</u> ”	kilowatt, equal to one thousand watts, a measure of power
“ <u>KWh</u> ”	kilowatt hour, a measure of energy
“ <u>Latest Practicable Date</u> ”	11 November 2016
“ <u>Listing Rules</u> ”	the listing rules made by the FCA pursuant to Part VI of FSMA
“ <u>London Stock Exchange</u> ” or “ <u>LSE</u> ”	The London Stock Exchange plc
“ <u>London Stock Exchange’s Main Market</u> ”	the London Stock Exchange’s main market for listed securities
“ <u>LSE Admission Standards</u> ”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted London Stock Exchange’s Main Market
“ <u>Macquarie</u> ”	Macquarie Capital (Europe) Limited, joint lead bookrunner
“ <u>Management Agreement</u> ”	the management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.9 of Part 8 of the Registration Document
“ <u>Member States</u> ”	those states which are members of the EU from time to time
“ <u>Memorandum</u> ”	the memorandum of incorporation of the Company
“ <u>MW</u> ”	megawatt, equal to one million watts, a measure of power

<u>“MWh”</u>	megawatt hour, a measure of energy
<u>“MWp”</u>	megawatt peak, being the power produced when a solar project is at peak operating performance with the sun shining strongly at midday
<u>“NEC Group”</u>	NextEnergy Capital SaRL (Luxembourg) and its subsidiaries including the Investment Manager, the Investment Adviser, the Developer and WiseEnergy UK
<u>“Net Asset Value”</u> or <u>“NAV”</u>	the net asset value of the Company in total or (as the context requires) per Ordinary Share or C Share calculated in accordance with the Company’s valuation policies and as described in the Registration Document
<u>“Net Asset Value per Share”</u>	the Net Asset Value of the Company on a per Share basis
<u>“New Ordinary Shares”</u>	new Ordinary Shares issued pursuant to the Share Issuance Programme
<u>“New Shares”</u>	New Ordinary Shares and/or new C Shares issued, or available for issue, pursuant to the Share Issuance Programme
<u>“NIBC”</u>	NIBC Bank N.V.
<u>“Non-Qualified Holder”</u>	any person whose ownership of Shares may: <ul style="list-style-type: none"> <li>(a) cause the Company’s assets to be deemed “plan assets” for the purposes of the Code;</li> <li>(b) cause the Company to be required to register as an “investment company” under the Investment Company Act (including because the holder of the shares is not a “qualified purchaser” as defined in the Investment Company Act);</li> <li>(c) cause the Company to register under the Exchange Act, the Securities Act or any similar legislation;</li> <li>(d) cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the Exchange Act;</li> <li>(e) result in a person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; or</li> <li>(f) cause the Company to be a “controlled foreign corporation” for the purposes of the Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under ERISA or the Code, including as a result of the Company’s failure to comply with FATCA or the CRS as a result of the Non-Qualified Holder failing to provide information concerning itself as requested by the Company in accordance with its Articles)</li> </ul>
<u>“Non-US Holder”</u>	a beneficial owner of Ordinary Shares other than a partnership or an entity treated as a partnership for United States federal income tax purposes, that is not a US Holder (if an entity treated as a partnership for United States federal income tax purposes holds Ordinary Shares, the United States federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the partnership).
<u>“O&amp;M”</u>	operation and maintenance
<u>“Official List”</u>	the official list maintained by the Financial Conduct Authority
<u>“Ofgem”</u>	The Office of Gas and Electricity Markets
<u>“OM Commitment”</u>	has the meaning given to it on page 16 of this Securities Note
<u>“Ordinary Shareholders”</u>	holders of Ordinary Shares

<u>“Ordinary Shares”</u>	redeemable ordinary shares of no par value in the capital of the Company
<u>“Plan Asset Regulation”</u>	regulations promulgated by the US Department of Labor at 29 CFR 2510.3-101, as modified in application by section 3(42) of ERISA
<u>“PPA”</u>	power purchase agreement
<u>“Project Sourcing Agreement”</u>	the agreement between the Company, the Investment Adviser and the Developer a summary of which is set out in paragraph 6.11 of Part 8 of the Registration Document
<u>“Prospectus”</u>	the prospectus published by the Company in respect of the Share Issuance Programme comprising the Registration Document, this Securities Note and the Summary (or, where a Future Securities Note and a Future Summary are issued in respect of any Issue, the Registration Document, that Future Securities Note and that Future Summary)
<u>“Prospectus Directive”</u>	means Directive 2003/71/EC
<u>“Prospectus Rules”</u>	the prospectus rules made by the FCA under section 73A of FSMA
<u>“PSL”</u>	Pershing Securities Limited
<u>“PV”</u>	a photovoltaic panel, usually made from silicon, turns solar radiation into electricity
<u>“PV Consultations”</u>	the First PV Consultation and the Second PV Consultation
<u>“QIB”</u>	qualified institutional buyer within the meaning of Rule 144A
<u>“Radius Portfolio”</u>	the portfolio of five solar PV plants comprising Branston, Great Wilbraham, Berwick, Bottom Plain and Emberton, details of which are set out in Part 4 of the Registration Document
<u>“Registrar”</u>	Capita Registrars (Guernsey) Limited or such other person or persons from time to time appointed by the Company to act as its registrar
<u>“Registration Document”</u>	means the registration document dated the date hereof which forms part of the Prospectus comprising the Summary, this Securities Note and the Registration Document (as updated by any Future Securities Note or Future Summary).
<u>“Regulation S”</u>	Regulation S promulgated under the Securities Act
<u>“Regulatory Information Service”</u> or <u>“RIS”</u>	a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA
<u>“Relevant Member State”</u>	means the relevant member state of the European Union
<u>“Renewable Energy Directive”</u>	Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC
<u>“Renewables Obligation”</u> or <u>“RO”</u>	the financial mechanism by which the UK Government has incentivised 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
<u>“ROCs”</u>	Renewable Obligation certificates
<u>“RPI”</u>	the retail prices index as published by the Office for National Statistics or any comparable index which may replace it for all items
<u>“Rule 144A”</u>	Rule 144A under the Securities Act

<u>“SCS”</u>	Shore Capital Stockbrokers Limited, joint bookrunner
<u>“SEC”</u>	the US Securities and Exchange Commission
<u>“Second PV Consultation”</u>	the government document entitled “Consultation on changes to financial support for solar PV”, dated 22 July 2015
<u>“Securities Act”</u>	the US Securities Act of 1933, as amended
<u>“Securities Note”</u>	this securities note
<u>“Shareholder”</u>	a holder of Shares
<u>“Share Issuance Programme”</u>	the proposed programme of Issues of up to 350,000,000 New Ordinary Shares and/or C Shares (in aggregate), as described in Part 2 of this Securities Note
<u>“Shares”</u>	a share in the capital of the Company (of whatever class and including Ordinary Shares and C Shares of any class, and any Ordinary Share arising on conversion of a C Share)
<u>“Similar Law”</u>	Federal, state, local or non-US law that is substantially similar to the prohibited transaction provisions of section 406 of ERISA and/ section 4975 of the Code
<u>“Sponsor”</u>	Shore Capital and Corporate Limited
<u>“SPV”</u>	a special purpose vehicle, being a company or other entity whose sole purpose is the holding of a particular asset
<u>“Sterling”</u>	the lawful currency of the UK
<u>“Three Kings Portfolio”</u>	the portfolio of three solar PV plants comprising Fenland, Green End and Tower Hill, details of which are set out in Part 4 of the Registration Document
<u>“TWh”</u>	terawatt hour equal to one million watts, a measure of power
<u>“UK Corporate Governance Code”</u>	the UK Corporate Governance Code as published by the Financial Reporting Council
<u>“UK”</u> or <u>“United Kingdom”</u>	the United Kingdom of Great Britain and Northern Ireland
<u>“Uncertificated”</u> or <u>“Uncertificated Form”</u>	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<u>“UNFCCC”</u>	United Nations Framework Convention on Climate Change
<u>“United States”</u> or <u>“US”</u>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<u>“US Holder”</u>	a beneficial owner of the Ordinary Shares that is, for US federal income tax purposes, (a) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes
<u>“W/m<sup>2</sup>”</u>	watts per square metre
<u>“WiseEnergy”</u>	WiseEnergy International Limited and/or its subsidiaries (including WiseEnergy UK), as the context may require
<u>“WiseEnergy UK”</u>	WiseEnergy (Great Britain) Limited

This Securities Note is dated 15 November 2016.

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# APPLICATION FORM

## NEXTENERGY SOLAR FUND LIMITED

### Application Form for the Initial Offer for Subscription

If you wish to apply for New Ordinary Shares, please complete, sign and return this Application Form, by post or (during normal business hours only) by hand to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU so as to be received no later than 1.00 p.m. on the Closing Date.

**IMPORTANT:** By completing and submitting this form you will be agreeing to subscribe for New Shares on the terms and conditions contained in Part 7 of the Securities Note. Before completing this Application Form, you should read the notes set out under the section entitled “Notes on how to complete the Application Form” at the back of this Application Form. All applicants must complete Boxes 1 to 3. Joint applicants should also complete Box 4.

If you have a query concerning completion of this Application Form, please call Capita Asset Services on 0871 664 0321 from within the UK or +44 208 639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10p per minute plus your service provider’s network extras. Calls to the helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded or randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

To: The Directors,  
NextEnergy Solar Fund Limited (the “Company”)

#### 1. Application

I/We offer to subscribe for such number of New Ordinary Shares at the Initial Issue Price of 104.5 pence per Share (as defined in the Prospectus) as may be purchased by the subscription amount set out in the box immediately below (the minimum being £1,000 and in multiples of £1,000 thereafter), fully paid subject to the Terms and Conditions of Application under the Initial Offer set out in Part 7 of the Securities Note element of the Prospectus published by the Company dated 15 November 2016 and subject to the Memorandum and Articles, and I/we enclose a cheque for the amount payable (the “Application Amount”).

Subscription monies for New Shares

Number of Shares	Initial Issue Price	Subscription Monies
	104.5 pence	

#### 2. Personal Details (Please use Block Capitals)

Main Holder	
Mr, Mrs, Ms or Title:	Forenames (in full):
Surname:	
Address (in full):	
Postcode:	



**3. Joint Holders (Please use Block Capitals)**

1. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	
2. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	
3. Mr, Mrs, Ms or Title:	
Forenames (in full):	
Surname:	
Signature:	

**4. Signature(s)**

Dated:	Signature:

**5. Payment**

Please tick the appropriate box  CHEQUE  CHAPS  CREST

**(a). Cheque/Banker’s Draft Details**

By Cheque or Banker’s Draft: Attach your cheque or banker’s draft for the exact amount shown in Box 1 made payable to “**Capita Registrars Limited Re: NESF OFS 2016**” and crossed “A/C Payee”.

**(b) Electronic Payment**

For applicants making payment electronically, payment must be made for value by 11.00 a.m. on 18 November 2016. Please make payment to the Sterling bank account detailed below.

Applicants must ensure that they remit sufficient funds to the account below to cover any charges incurred by their bank. Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 11.00 a.m. on 18 November 2016 together with the name and number of the account to be debited with such payment and the branch contact details.

Bank:  
 Sort Code:  
 Account number .....  
 Contact name at branch and telephone number:.....

Electronic Payment should be made in Sterling to the appropriate account below:

Sort Code: 15-10-00

Account No. 32517121

IBAN No. GB24RBOS15100032517121

Swift No. RBOSGB2L

Account Name: Capita Registrars Ltd: RE: NESF OFS 2016 A/C

**(c) CREST Settlement**

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 25 November 2016 against payment of the Initial Issue Price per Ordinary Share. Failure by you to do so will result in you being charged interest at the rate of 2 percentage points above the then published bank base rate of a clearing bank selected by Capita Asset Services.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date: 21 November 2016 (following announcement)

Settlement Date: 25 November 2016

Company: NextEnergy Solar Fund Limited

Security Description: Ordinary Shares of No Par Value/ C Shares

SEDOL:

ISIN:

Should you wish to settle on a "delivery versus payment" basis, you will need to input your instructions to Capita Asset Services' Participant account RA06 to settle by no later than 8.00 a.m. on 25 November 2016.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Please note that the trade date cannot be forward dated.

In the event of late CREST settlement, the Company, after having consulted with Capita Asset Services, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the relevant Offer have been satisfied.



**6. Identity Information**

In accordance with internationally recognised standards for the prevention of money laundering the under mentioned documents and information must be provided.



- 6.1 For each holder being an individual enclose:
  - 6.1.1 a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
  - 6.1.2 certified copies of at least two of the following documents which purport to confirm that the address given in section 2 is that person’s residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, council rates bill or similar document issued by a recognised authority; and
  - 6.1.3 if none of the above documents show their date and place of birth, enclose a note of such information; and
  - 6.1.4 details of the name and address of their personal bankers from which Receiving Agent may request a reference, if necessary.
- 6.2 For each holder being a company (a “holder company”) enclose:
  - 6.2.1 a certified copy of the certificate of incorporation of the holder company; and
  - 6.2.2 the name and address of the holder company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and
  - 6.2.3 a statement as to the nature of the holder company’s business, signed by a director; and
  - 6.2.4 a list of the names and residential addresses of each director of the holder company; and
  - 6.2.5 for each director provide documents and information similar to that mentioned in 6.1.1 to 6.1.4 above; and
  - 6.2.6 a copy of the authorised signatory list for the holder company; and
  - 6.2.7 a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete 6.3 below and, if another company is named (hereinafter a “beneficiary company”), also complete 6.4 below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.
- 6.3 For each person named in 6.2.7 as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6.1.1 to 6.1.4.

- 6.4 For each beneficiary company named in 6.2.7 as a beneficial owner of a holder company enclose:
  - 6.4.1 a certified copy of the certificate of incorporation of that beneficiary company; and
  - 6.4.2 a statement as to the nature of that beneficiary company's business signed by a director; and
  - 6.4.3 the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and
  - 6.4.4 enclose a list of the names and residential/ registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.
- 6.5 If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:
  - 6.5.1 if the payor is a person, for that person the documents mentioned in 6.1.1 to 6.1.4; or
  - 6.5.2 if the payor is a company, for that company the documents mentioned in 6.2.1 to 6.2.7; and
  - 6.5.3 an explanation of the relationship between the payor and the holder(s).

**The Company and/or the Receiving Agent reserve the right to ask for additional documents and information.**

**7. CREST details**

CREST Participant ID:	
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CREST Member Account ID:	
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**8. Reliable Introducer Certificate**

Completion and signing of this certificate by a suitable person or institution may avoid presentation being requested of the identity documents. The certificate below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country of operation to "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Australia, Austria, Belgium, Bermuda, Bulgaria, Canada, Cayman Islands, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States.

