THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are in a country outside the United Kingdom, another appropriately authorised independent financial adviser.

If you were a Shareholder and have sold or otherwise transferred all your Ordinary Shares, please send this document, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Unless otherwise defined in this Supplementary Circular, capitalised terms have the meanings ascribed to them in the Original Circular.

NEXTENERGY SOLAR FUND LIMITED

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no. 57739)

SUPPLEMENTARY CIRCULAR AMENDING THE ORIGINAL PROPOSALS FOR THE CREATION AND ISSUE OF UP TO 200,000,000 PREFERENCE SHARES AND AMENDMENTS TO THE COMPANY'S ARTICLES OF INCORPORATION AND INVESTMENT POLICY

This document is supplementary to, and must be read in conjunction with, the circular published by NextEnergy Solar Fund Limited (the "Company") on 16 October 2018 in relation to the Original Proposals (the "Original Circular"). Your attention is drawn to the letter from the Chairman which is set out as Part 1 of this Supplementary Circular and which contains a recommendation from your Board that you vote in favour of the Resolutions to be proposed at the EGM.

CONTENTS

Page

PART 1
LETTER FROM THE CHAIRMAN

NextEnergy Solar Fund Limited

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no. 57739)

Directors	*Registered Office*
Kevin Lyon (Chairman)	1 Royal Plaza
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23 October 2018

To Shareholders

Dear Shareholder

1. Introduction

Following consultation with Shareholders, the Company has prepared and published this Supplementary Circular to supplement the Original Circular posted on 16 October 2018, and amended the proposals announced therein (the "Original Proposals").

Under the amendments (the "Amended Proposals"):

- NextEnergy Capital IM Limited has agreed to waive a proportion of the investment management fee due to it under the investment management agreement, between the Company and NextEnergy Capital IM Limited dated 18 March 2014 so that no investment management fee is payable by the Company in respect of that part of the Company's NAV attributable to Preference Shares (as reported in the Company's financial statements from time to time); and
- in recognition of the considerable time and resource that NextEnergy Capital Limited and NextEnergy Capital IM Limited have devoted to developing and implementing an innovative and attractive new source of capital that materially improves the Company's dividend cover and cash flow, the Company has determined to pay NextEnergy Capital IM Limited a one-off arrangement fee of 0.5% of the value of each tranche of Preference Shares issued.

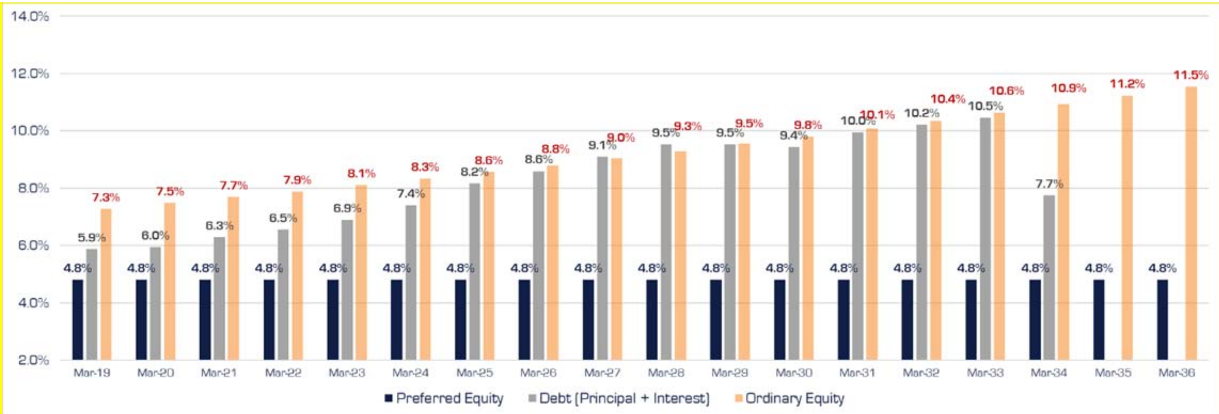
The Company, the Investment Manager and the Investment Adviser continue to consider the issue of Preference Shares to have considerable advantages in terms of cash flow to the Company and dividend cover for Ordinary Shareholders when compared to other sources of capital the Company could access.

2. Details of the Amended Proposals

The information below restates, based on the Amended Proposals, certain financial information set out in the Company's announcement of 16 October 2018.

The application of the proceeds of the Preference Shares issued pursuant to the Proposals to the financing of a typical UK solar PV investment of the Company is expected to enhance the average dividend cover for Ordinary Shareholders by 0.15x and increase the levered internal rate of return (IRR) by 1.09%. For comparison, an issuance of long-term debt financing at current best market terms is estimated to have an impact on the dividend cover and IRR of 0.03x and 0.64% respectively.

The table below provides an updated comparison of the total cash costs of different sources of capital available to the Company:



In net present value terms, the proposed Subscription would generate cash savings of £42.5m compared to issuing Ordinary Shares as a result of the lower total dividend cost of the Preference Shares over the period to 31 March 2036 (under current 2.75% long term retail price index (RPI) estimates and using the Company's unlevered discount rate of 6.75%).

When compared to the total debt service (principal and interest) of an illustrative fully-amortising debt financing at best market terms, the lower fully-costed cost of capital of the Preference Shares represents cash savings of £25.9m in net present value over the above period for the Subscription. This equates to total net cash savings for the Company of £45.1m for £100m of issued Preference Shares up to March 2036.

The proceeds of the Preference Shares will be used to repay existing debt facilities whose average yearly cash cost at current terms (comprising interest and principal amortisation) ranges from 8.6% to 10.3%. As a result, the immediate benefits are expected be more substantial than in the illustrative example above (which is, as explained above, a proforma analysis based on best market terms available for a UK solar portfolio).

The table below shows how the benefit to Ordinary Shareholders, represented by the net present value of total cash savings during the first 18 years (compared with debt financing) is higher in net present value terms than any potential dilution that may be experienced by the Ordinary Shareholders in any scenario of future NAV of the Company in 2036:

£100m Prefs vs. Debt for UK Solar portfolio

NAV change in 18 Years		-100%	-90%	-80%	-70%	-60%	-50%	-40%	-30%	-20%	Management Case -10%	Management Case Same NAV	Management Case +10%	+20%	+30%
Fund NAV @ March-2036	£m	-	70.0	140.0	210.0	280.0	350.0	420.0	490.0	560.0	630.0	700.0	770.0	840.0	910.0
of which Preferred Shares	*£m*	-	*70.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
NAV of Ordinary Shareholders	*£m*	-	-	*40.0*	*110.0*	*180.0*	*250.0*	*320.0*	*390.0*	*460.0*	*530.0*	*600.0*	*670.0*	*740.0*	*810.0*
vs. Proforma NAV of Ordinary Shareholders if no Prefs	£m	0.0	60.0	120.0	180.0	240.0	300.0	360.0	420.0	480.0	540.0	600.0	660.0	720.0	780.0
Implied NAV dilution for Ordinary Shareholders in 2036	£m	(0.0)	(60.0)	(80.0)	(70.0)	(60.0)	(50.0)	(40.0)	(30.0)	(20.0)	(10.0)	-	10.0	20.0	30.0
Dilution for Ords after 2036 (NPV today @ 6.75%)	£m	(0.0)	(19.1)	(25.5)	(22.3)	(19.1)	(15.9)	(12.7)	(9.6)	(6.4)	(3.2)	-	3.2	6.4	9.6
Cash Savings for Ords From 2018 to 2036 (NPV today @ 6.75%)	£m	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9
Net Benefits post Dilution (NPV today @ 6.75%)	£m	**25.9**	**6.7**	**0.4**	**3.6**	**6.7**	**9.9**	**13.1**	**16.3**	**19.5**	**22.7**	**25.9**	**29.0**	**32.2**	**35.4**

The table below provides an update of the Company's total financial debt outstanding, including the facilities associated with the assets acquired by the Company since the release of its March 2018 Annual Report. Net proceeds from the issue of the Preference Shares will be first used to repay those facilities that can be voluntarily terminated without incurring prepayment penalties, namely those advanced by Santander (£40m RCF), Bayerische Landesbank (with an average yearly cash cost of 8.6%), ING and Unicredit (with a combined average yearly cash cost of 10.3%) for a total amount of £163.2m.

Provider/Arranger	Type	Borrower	Tranches	Outstanding (£'000)	Maturity	Applicable rate
MIDIS/CBA/NAB	Fully-amortising long-term debt	NESH (portfolio level debt)	Tranche A – Medium-term	48,387	31-Dec-26	2.91%
			Tranche B – Floating long-term	24,194	30-Jun-35	3.68%
			Tranche C – Index linked long term	37,302	30-Jun-35	RPI index + 0.36%
			Tranche D – Fixed long term	38,710	30-Jun-35	3.82%
			Debt Service Reserve facility	-	30-Jun-26	1.50%
MIDIS	Fully-amortising long-term debt	NESH IV (portfolio level debt)	Inflation linked Tranche	25,281	30-Sep-34	RPI index + 1.44%
			Fixed Tranche	26,891	30-Sep-34	4.11%
UniCredit	Fully-amortising long-term debt	NESH V (portfolio level debt)	Floating long-term	31,330	30-Jun-29	3.04%
ING	Fully-amortising long-term debt	NESH V (portfolio level debt)	Floating long-term	33,618	30-Jun-30	4.13%
NIBC	RCF	NESH II	n/a	-	13-Feb-20	LIBOR + 2.20%
Santander	RCF	NESH VI	n/a	40,000	03-Jul-20	LIBOR + 1.30%
Bayerische Landesbank	Fully-amortising long-term debt	NESH III (project level debt)	Tranche A - Medium-term	5,615	30-Jun-20	2.89%
			Tranche B - Floating long-term	52,705	31-Mar-33	4.11%
Lombard	Financial Lease	NESH III (project level debt)	n/a	437	31-Jul-21	3.48%
	Term Loan		n/a	816	12-Jun-25	4.20%
Total				**365,285**		

The refinancing transaction will also allow to simplify the funding structure of the Company via a reduction in the number of loans outstanding.

In addition, issue costs associated with this transaction as a percentage of the amount raised are lower compared to alternative sources as per the estimate below:

- c.1.7% for an issue of new Ordinary Shares.
- c.1.3% for long-term debt.
- c.1.1% for the issue of the Preference Shares as per the Subscription.

All other details of the Preference Shares remain unchanged.

3. Recommendation

In light of the amendments, the Board recommends that Shareholders vote in favour of the Resolutions to be proposed at the EGM, as the Directors intend to do in respect of their own beneficial holdings of 348,104 Ordinary Shares, representing 0.06% of the Ordinary Shares in issue as at the date of this document.

Yours faithfully

Kevin Lyon

Chairman