NEXTENERGY
SOLAR FUND

Generating a more sustainable future

Annual Report
for the year ended 31 March 2020

Our Objectives

Investment Objective

To provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets.

Strategic Objectives

Investment

- To maintain our pricing discipline in relation to acquisitions.
- To optimise the value of our investments through active asset management.

Operational

- To achieve consistently positive Asset Management Alpha (operational outperformance of the portfolio attributable to active asset management).

Environmental

- To mitigate climate change, enhance biodiversity and contribute towards a zero-carbon future.

Society

- To positively impact the communities in which our solar assets are located.

Governance

- To act in a manner consistent with our values of integrity, fairness and transparency.
- To maintain strong and constructive relationships with our shareholders and other key stakeholders.

Performance Highlights

Financial Highlights

NAV per ordinary share as at 31 March 2020
99.0p
(2019: 110.9p)

Ordinary shareholders' NAV as at 31 March 2020
£579m
(2019: £645m)

Dividend per ordinary share for the year ended 31 March 2020
6.87p
(2019: 6.65p)

Cash dividend cover (pre-scrip dividends) for the year ended 31 March 2020
1.2x
(2019: 1.3x)

Gearing as at 31 March 2020
42%
(2019: 36%)

Ordinary shareholder annualised total return since IPO
6.3%
(2019: 9.5%)

Operational Highlights

Total capacity installed as at 31 March 2020
755MW
(2019: 691MW)

Total electricity generation for the year ended 31 March 2020
712GWh
(2019: 693GWh)

Operating solar assets as at 31 March 2020
90
(2019: 87)

Generation above budget for the year ended 31 March 2020
+4.7%
(2019: +9.1%)

ESG Highlights

Tonnes of CO_2e emissions avoided p.a.[1]
307,500
(2019: 299,000)

UK homes powered for one year[2]
185,000
(2019: 184,000)

1 www.greeninvestmentgroup.com/green-impact/green-investment-handbook
2 www.gov.uk/government/statistics/energy-consumption-in-the-uk

Contents

NextEnergy Solar Fund

SOLAR INFRASTRUCTURE INVESTMENT COMPANY FOCUSED ON THE UK AND OTHER OECD COUNTRIES

TARGETING A TOTAL DIVIDEND OF 7.05P PER ORDINARY SHARE IN RESPECT OF THE YEAR ENDING 31 MARCH 2021, PAYABLE QUARTERLY

DIVERSIFIED PORTFOLIO OF 90 INDIVIDUAL OPERATING SOLAR PLANTS

OPERATING AND ASSET MANAGEMENT OUTPERFORMANCE SINCE IPO

POWERING THE EQUIVALENT OF OVER 185,000 UK HOMES (EQUIVALENT TO BRIGHTON AND ABERDEEN COMBINED) ANNUALLY WITH CLEAN RENEWABLE ENERGY

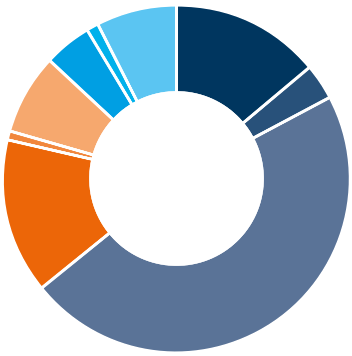
MANAGED BY THE NEXTENERGY CAPITAL GROUP, ONE OF THE LEADING SPECIALIST INVESTMENT AND ASSET MANAGERS IN THE SOLAR ENERGY INFRASTRUCTURE SECTOR

OUR INVESTMENT MANAGER IS A SIGNATORY TO THE UNITED NATIONS PRINCIPLES OF RESPONSIBLE INVESTMENT

Snapshot of Our Diversified Portfolio

As at 31 March 2020

By Subsidy



- **13.9%** 1.2 ROCs
- **3.5%** 1.3 ROCs
- **46.9%** 1.4 ROCs
- **14.5%** 1.6 ROCs
- **0.8%** 2.0 ROCs
- **7.4%** FiTs UK
- **4.6%** FiTs Italy
- **1.1%** 1.4 NIROCs
- **7.3%** Subsidy-free

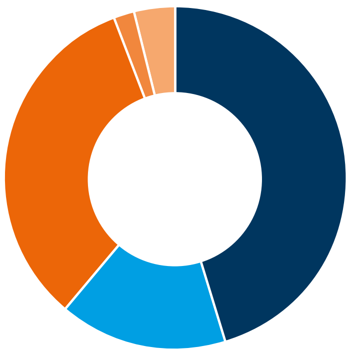
% of assets by MW capacity

By Installed Capacity

- **56.7%** 0-5MWp
- **20.0%** 6-10MWp
- **23.3%** >10MWp

% of assets

By Revenue Type



- **45.4%** ROCs/NIROCs
- **15.8%** FiTs
- **33.2%** Fixed PPA
- **1.9%** Embedded Benefits
- **3.7%** Wholesale

% of total revenue for the year ended 31 March 2020

By Inverter Manufacturer

- **30.5%** SMA
- **19.5%** Power Electronics
- **10.3%** Huawei
- **8.1%** Emerson
- **7.3%** Schneider
- **6.5%** Gamesa
- **5.7%** ABB
- **4.5%** Power-One
- **7.6%** Other

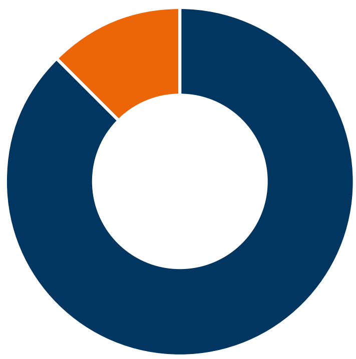
% of assets by MW capacity

By Solar Module Manufacturer

- **23.2%** Hanwha Q Cells
- **12.4%** Yingli
- **9.5%** REC
- **8.6%** Jinko Solar
- **8.6%** LDK Solar
- **8.0%** TRINA
- **6.5%** Canadian Solar
- **4.7%** BYD
- **4.4%** Renesola
- **14.1%** Other

% of assets by MW capacity

By Location

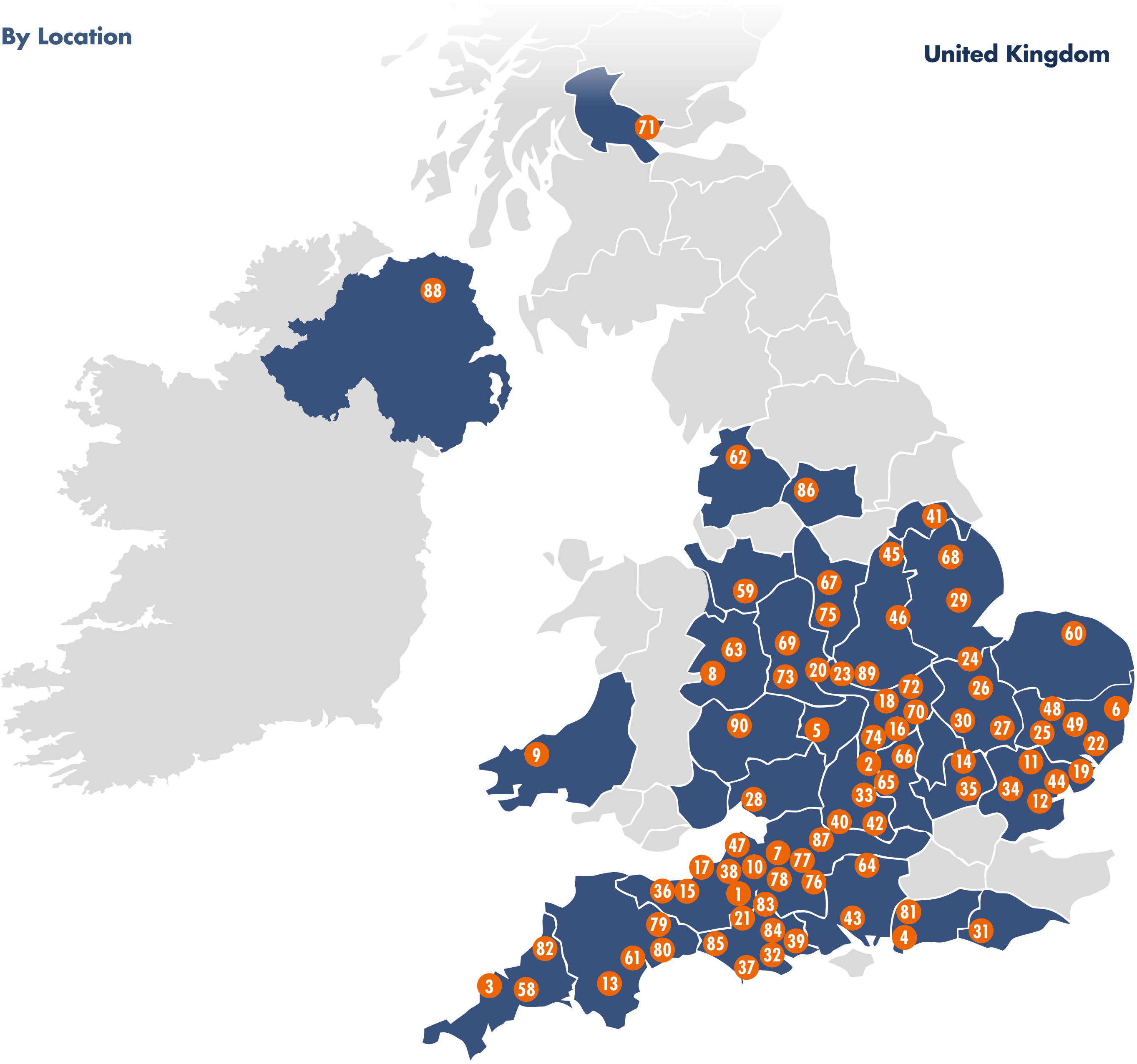


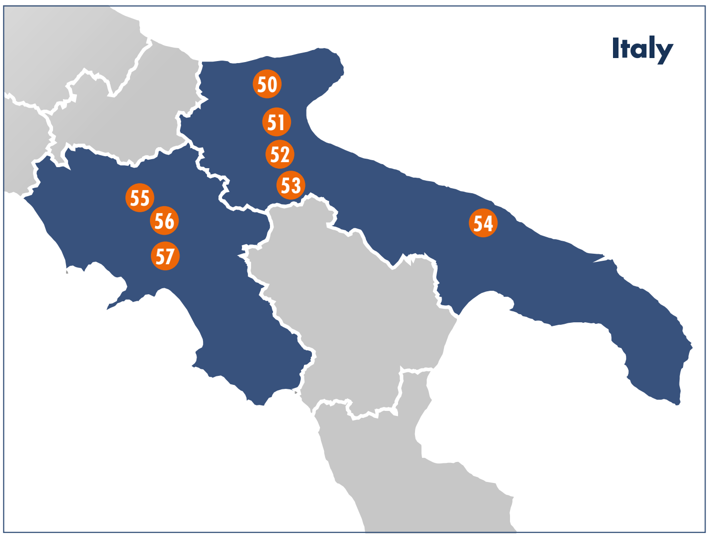
- **87.8%** UK
- **12.2%** Italy

% of invested capital

Snapshot of Our Diversified Portfolio continued

By Location





Operating assets – for further information, see pages 34 and 35.

Why invest in Solar Assets?

ABUNDANT ENERGY SOURCE

More solar energy hits the Earth in a single hour than the energy being used by the entire human population in a year

Solar energy generation has achieved significant growth in markets not characterised by high levels of solar irradiation (e.g. United Kingdom)

PROVEN AND STABLE TECHNOLOGY

Reliable and predictable source of electricity due to high consistency in yearly solar irradiation

Long useful life (24-45 years) with high proportion of contracted cash flows from operating solar plants

COST-EFFECTIVE ELECTRICITY GENERATION

Low operating and maintenance costs and ongoing capital expenditures

Solar PV technology has benefited from a significant reduction in costs and non-subsidised solar assets are now economically competitive with fossil fuel sources and provide attractive financial returns

CLIMATE CHANGE SOLUTION

Fundamental to achieving a more sustainable future by accelerating the transition to clean renewable energy

Meaningful contribution to reducing CO_2e emissions through the generation of clean solar power

Strategic Report

Chairman's Statement

**Kevin Lyon,
Chairman of NESF, commented:**

I am pleased to report another solid set of operating results, benefiting from high levels of solar irradiation and technical and operational outperformance across the portfolio. Over the past year, we have continued to extend the useful life of more of our assets, reduce operating costs, make technical improvements and execute our electricity sales strategy to maximise revenue and reduce power price risk.

Our portfolio and asset management strategy has enabled us to cope with falling power prices during the course of the financial year, which resulted mainly from lower international hydrocarbon commodity prices as well as warmer weather patterns. In addition, during March 2020 an oil price war between oil-producing countries coupled with the initial effects of the COVID-19 pandemic on power demand further depressed power prices in the UK and Italy. This had a material adverse impact on our NAV as at 31 March 2020, which reduced to 99.0p.

We have made significant progress with our subsidy-free programme in the last 12 months, becoming the first listed solar investment company to develop, build and energise a subsidy-free asset in the UK, Hall Farm II. We also successfully energised Staughton, the largest subsidy-free solar plant in the UK to date, which will cover the yearly electricity demand of approximately 15,000 UK households.

We are also proud to have been awarded the Guernsey Green Fund accreditation and the London Stock Exchange's Green Economy Mark earlier in the year in recognition of our meaningful contribution to reducing CO_2e emissions through the generation of clean solar power.

I am pleased to present, on behalf of the Board, the Annual Report and Audited Financial Statements for NextEnergy Solar Fund Limited ("NESF" or the "Company") for the year ended 31 March 2020.

The final months of this financial year have witnessed the emergence and effects of the COVID-19 pandemic. The electricity sector, along with most others, is in unchartered territory in terms of the short- to long-term effects stemming from the pandemic and the ongoing efforts to contain it. Workers in the electricity sector are considered key workers, and as a result, COVID-19 has not had a material impact on the operating performance of our portfolio.

In the UK, electricity demand in March 2020 declined by 4.5% versus expectations without COVID-19 (deviation from business as usual)[1]. In April 2020 the decline was more significant at 15.3% as it captured a full month under lock down[1]. Declining demand led to further falls in UK power prices. Before the impact of COVID-19, power prices had been falling significantly over the previous quarters of the financial year, mainly due to an over-supply of gas for power generation as well as milder winter temperatures. Recovery in demand for electricity and the normalisation of power prices will be driven by the pace of economic recovery once the effects of COVID-19 subside.

Developments in electricity demand and power prices in Italy, where we have a sizeable operating portfolio, largely followed the same trend as in the UK.

We, together with the NextEnergy Capital Group, which manages our portfolio, continue to monitor the effects of the COVID-19 pandemic closely, and have taken actions where necessary to protect employees, contractors and counterparts, while maintaining the Company's operations. The economic slowdown has not had a significant impact on the operations of the Company or its underlying portfolio. However, the decline in demand for energy has reduced the forecast price of electricity, which has had a material impact on the valuation of our assets.

A significant proportion of the Company's revenues are fixed for the long-term in accordance with the terms of the relevant ROC, NIROC or FiT subsidy (61% of the Company's revenues for the year ended 31 March 2020 were derived from subsidies and, as at 31 March 2020, the average remaining weighted life under the relevant subsidies was 16.5 years). We seek to maximise the Company's wholesale revenues (that is, non-subsidised revenues) and mitigate the negative impact of short-term fluctuations in power prices by securing fixed prices for specified periods. Of the wholesale revenues derived from the sale of electricity generation, the Company has secured fixed pricing for 95% of its electricity generation for this summer and 50% of its electricity generation for winter 2020/21. These fixed prices were secured primarily during the 2019 calendar year and at prices well above the current market prices.

We energised our first subsidy-free asset in the UK, Hall Farm II (5MW), in August 2019. NESF was the first listed solar investment company to develop, build and energise a subsidy-free asset in the UK, marking a defining moment in our Company's history. Our second subsidy-free asset, Staughton (50MW), was energised in December 2019. This plant is the largest in our portfolio and will cover the yearly electricity demand of approximately 15,000 UK households. Our third subsidy-free asset, High Garrett (9MW), is expected to energise in autumn 2020 subject to the impact of COVID-19.

[1] Bloomberg New Energy Finance - COVID-19/Electricity Demand Tracker

Chairman's Statement continued

Throughout the year, sales values for UK operating solar plants with subsidies largely remained at unattractive levels. Nevertheless, during the first half of the year, we acquired one operating solar plant, Ballygarvey in Northern Ireland, which demonstrates our Investment Adviser's expertise in finding value in the saturated UK market. The 8MW plant benefits from subsidies under the NIROCs' regulatory framework. The Company now has a presence in England, Scotland, Wales and Northern Ireland.

In August 2019, we raised £100m by issuing further preference shares on similar terms to the £100m issuance in November 2018. The preference shares have a fixed 4.75% p.a. coupon, resulting in significantly lower all-in annual cash costs to the Company over the subsidy period of our assets, when compared to the issue of ordinary shares or long-term amortising financial debt products. As a result, the preference shares also provide us with some protection against ongoing lower power prices compared to traditional debt financing structures.

Over the past year, our Investment Adviser and Asset Manager have continued to optimise the returns from the portfolio by:

- extending the useful life of 17 more of our assets;
- reducing operating costs through re-negotiating contractual terms and entering into new agreements;
- implementing technical improvements; and
- executing our electricity sales strategy to maximise revenue and reduce power price risk.

For the financial year, the ordinary shareholder total return was -7.8% and the NAV total return was -4.6%. As at 31 March 2020, NESF had achieved an annualised ordinary shareholder total return of 6.3% and an annualised NAV total return of 5.9%, both below the target range of 7–9% p.a. equity return for investors, based on the IPO price. At the year-end, the NESF share price was 101.5p, which was a 2.5% premium to the NAV per ordinary share of 99.0p (2019: share price was 117.5p, premium was 6.0%, NAV per ordinary share was 110.9p).

Electricity generated by NESF provides enough to power

185,000 homes

After the year-end, the share price has risen and, as at 26 June 2020, was 107.4p, equivalent to a premium of 8.5% to the NAV per ordinary share as at 31 March 2020. The Company's annualised ordinary shareholder total return since IPO to 26 June 2020 equates to 7.3%.

Net Asset Value

At the year-end, the Company's ordinary NAV was £579m, equivalent to 99.0p per ordinary share (2019: NAV was £645m, NAV per ordinary share was 110.9p).

Our valuation methodology has remained consistent since IPO, using a discounted cash flow model prepared by the Investment Adviser and using key assumptions recommended by the Investment Adviser based on its extensive experience, judgement and benchmarking valuations against comparable transactions to arrive at the fair value of each of our assets.

The main detractor during the 12 months was the downward revision of the forecasts for the power prices (13.4p per share). The Investment Adviser endeavours to mitigate the portfolio's exposure to power prices (see "Power Purchase Agreements" in the Investment Adviser's Report on page 21).

The main contributors during the year were the decrease in the unlevered discount rate from 6.50% to 6.25% (1.6p per share) and the lease extensions (2.5p per share).

Further details on the valuation process and the calculation of the NAV can be found on pages 23-27 of the Investment Adviser's Report.

Operating Results

Loss before tax was £29.7m (2019: profit of £71.6m) with earnings per ordinary share of -5.09p (2019: 12.37p). Cash dividend cover (pre-scrip dividends) was 1.2x (2019: 1.3x). The loss for the year was due to the reduction in the valuation of the investments mainly due to the reduction in the forecast price of electricity in the short and medium term as mentioned above.

Portfolio Performance

Energy generated was 712GWh (2019: 693GWh), 4.7% above budget (2019: 9.1%), resulting in the sixth continuous year of outperformance.

During the year, solar irradiation across the portfolio was 4.0% above expectation (2019: 9.0%). Asset Management Alpha for the year was 0.7% (2019: 0.1%), which would have been 1.5% (2019: 1.1%) if we excluded distributor network outages, over which we have no control.

Our UK portfolio performed above expectations with generation outperformance of 4.6% (2019: 9.4%) and an Asset Management Alpha of 0.7% (2019: -0.1%).

Our Italian portfolio also performed well during the year with 6.4% extra generation over budget (2019: 5.4%) and an Asset Management Alpha of 1.3% (2019: 2.5%).

Overall, we estimate the generation outperformance to have delivered additional revenues of approximately £3.5m (2019: £6.4m) to the Company.

Portfolio Update

During the year, the portfolio's installed capacity increased by 64MW with the acquisition of Ballygarvey and the energisation of our two subsidy-free assets, Hall Farm II and Staughton. The construction of High Garrett is advancing and is expected to add a further 9MW by autumn 2020, subject to the impact of the COVID-19 pandemic.

Our strategy envisages a total of approximately 150MW in subsidy-free capacity in the portfolio by the end of the current financial year. This amounts to an estimated further investment of between £55m and £80m (6-8% of GAV as at 31 March 2020). Assuming 150MW of subsidy-free capacity and average generation levels, our subsidy-free portfolio would be equivalent to approximately 15-20% of the Company's generation during the year ended 31 March 2020. We are progressing strategies for the sale of electricity from these subsidy-free plants to secure attractive risk-adjusted returns using electricity sales agreements, corporate power purchase agreements or direct-wire agreements with off-takers. For example, the Company will finance, design, build, operate and own over 43MW of solar, the power generated from which will be sold directly to Anglian Water for a 25-year period through private wire agreements.

On 14 May 2020, two subsidy-free projects under development, Strensham (40MW) & Llanwern (75MW), were disposed of for a combined consideration of £11.5m. This resulted in NESF recovering all development costs incurred and producing a return of capital invested significantly in excess of NESF's annualised target return of 7-9%. Construction had not started on either of these projects, and they were disposed of as it became apparent during the development process they would not meet NESF's annualised target return, partly due to the decline in power price forecasts. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rules. The Investment Adviser's Report on page 22 contains more information on our subsidy-free asset strategy.

Capital Raising and Debt Financing

In August 2019, the Company successfully issued a second tranche of preference shares, raising gross proceeds of £100m. The proceeds were deployed to partially repay a HoldCo level short-term credit facility, finance the acquisition of Ballygarvey and invest in the construction of Staughton.

The preference shares are irredeemable save for in the event of a change in control or delisting of the Company and then only at the option of the holders at any time after 1 April 2030. After March 2036, preference shares have the right to convert into new ordinary shares or a new class of unlisted B shares with the same dividend and capital rights as the ordinary shares, based on the preference share issue price of 100p and the NAV per ordinary share at the time of conversion. The preference shares are treated as a long-term liability.

As at 31 March 2020, in addition to the £200m of preference shares (2019: £100m), the Company's subsidiaries had consolidated financial debt outstanding of £214m (2019: £269m) on a look-through basis, including project-level debt. Of the financial debt, £196m comprises two long-term fully amortising debt facilities and £18m was drawn under a short-term credit facility.

At the year-end, the Company's subsidiaries had £52m undrawn from two short-term credit facilities and NESF had cash of £25m. One short-term credit facility of £20m was extended to February 2022 during the year and the other of £70m has been extended from July 2020 to July 2022 following the year-end.

The total financial debt represented 22% of GAV as at 31 March 2020 (2019: 27%). As at 31 March 2020, the aggregate gearing comprising the total financial debt and the Company's preference shares represented 42% of GAV (2019: 36%).

Dividends

The Directors have approved a fourth interim dividend of 1.7175p per ordinary share, which will be payable on 30 June 2020 to ordinary shareholders on the register as at the close of business on 22 May 2020. Following the payment of the fourth interim dividend, the Company will have paid total dividends of 6.87p per ordinary share in respect of the year ended 31 March 2020 (2019: 6.65p).

During the year under review, the Company paid a total of £36.7m of dividends (2019: £31.5m) and, in addition, issued £3m of scrip shares to ordinary shareholders who elected for the scrip dividend alternative (2019: £6.6m), making a total of £39.7m of distributions (2019: £38.1m).

For the financial year ending 31 March 2021, the UK RPI applicable to the value of ROCs is 2.6% (as published by the Office for National Statistics). We are therefore targeting an increased total dividend of 7.05p per ordinary share in respect of the current financial year. The Company intends to continue to offer scrip dividends subject to shareholder approval at this year's AGM.

The Company has paid dividends since IPO that have increased annually in line with RPI. However, power prices and inflation levels have become less correlated since the IPO. This has been exacerbated by the significant fall in the forecast power prices and the uncertain economic outlook as a result of COVID-19. We believe it is prudent, therefore, to keep the Company's future dividend policy under review.

Environmental, Social and Governance Matters

The Company is committed to its Environmental, Social and Governance ("ESG") responsibilities. Our Investment Adviser is a signatory of the United Nations' Principles for Responsible Investments and has integrated ESG principles into all aspects of the NEC Group's investment and asset management processes.

The Company makes a meaningful contribution to reducing CO_2e emissions through the generation of clean solar power. The electricity generated by our portfolio during the year ended 31 March 2020 is equivalent to a saving of 307,500 tonnes of CO_2e emissions (2019:

Chairman's Statement continued

299,000 tonnes) and sufficient to power some 185,000 UK homes for an entire year (2019: 184,000 homes). This is roughly equivalent to powering a city with 443,000 inhabitants (e.g. Brighton and Aberdeen combined) for an entire year.

Our Asset Manager actively engages in activities that enhance the environment and community surrounding our solar plants, including, where feasible, on-site activities such as encouraging wildflower meadows, installing bug hotels, partnering with local beekeepers and other initiatives to improve the local biodiversity, as well as local community programmes.

During the year, NESF was awarded the London Stock Exchange's Green Economy Mark, which recognises companies that derive over 50% of their annual revenues from products and services that contribute to the global green economy. As an investment company that meets strict eligibility criteria of green investing and has the objective of a net positive outcome on the planet's environment, the Company was also designated a Guernsey Green Fund by the Guernsey Financial Services Commission during the year.

During the year, the Company made a charitable donation of £50,000 to the NextEnergy Foundation. Information on the NextEnergy Foundation and how it has used the donation can be found of page 40.

Board Changes

During the year, Sharon Parr resigned, and the Board would like to take this opportunity to thank her for her contributions during her time as a Director, and we wish her well for the future.

The Board was pleased to announce the appointment of Joanne Peacegood to the Board as a Non-executive Director with effect from 20 February 2020. This appointment maintains appropriate Board diversity and broadens expertise, especially with respect to audit and controls.

Proposed Change to Investment Policy

The Company is permitted to invest up to 15% of GAV (at the time of investment) in OECD countries outside the UK. The Company acquired a portfolio of Italian solar assets in 2017 that has delivered attractive risk-adjusted returns as well as increasing our portfolio's geographic diversification. As at 31 March 2020, the value of the Italian solar assets was 12% of GAV

In recent years, UK solar assets have become more expensive, and, as a result, yield lower returns. There continue to be more attractively priced assets elsewhere with risk-adjusted returns that are compatible with the Company's objectives, but the current limit on the Company's permission to invest in OECD countries outside the UK severely restricts the Company's ability to acquire such assets. Increasing the Company's exposure to non-UK assets would have the additional benefit of reducing the sensitivity of our overall portfolio to volatility of wholesale power markets.

Having considered the benefits to shareholders of increasing the diversity in the geographic focus of the Company's portfolio, sought advice from the Company's corporate brokers and sought the views of the Company's largest ordinary shareholders, we have concluded that it would be in the best interests of shareholders as a whole to increase the Company's authority to invest in OECD countries outside the UK, Therefore, at this year's AGM, we intend to put forward an ordinary resolution seeking ordinary shareholder approval to permit the Company to invest up to 30% of GAV (at the time of investment) in OECD countries outside the UK.

Distribution of Reports and Communications

This Annual Report can be accessed on the Company's website. As part of our principles of environmental responsibility, the Company no longer issues printed copies of reports or communications, except where a shareholder has expressly requested a hard copy.

Outlook

The ongoing COVID-19 situation is unprecedented and the effects on electricity demand and prices in the short- and medium-term, and on the economies in our key markets, remain uncertain. We continue to monitor closely macro and micro economic indicators and governmental information to assess the potential future impact on the Company's activities. Nonetheless, the Company will continue to focus on generating attractive financial returns for our shareholders, while having positive social and environmental impacts.

The price for electricity is driven by a number of factors that are proving difficult to predict under the current environment but is ultimately dependent on the supply and demand for electricity. On a macro level, countries have operated different processes towards the lifting of the lock downs, and the change in the number of COVID-19 cases affects governmental intervention and consumer confidence. The economic shock of COVID-19 has had a profound impact on oil prices and the prices of energy. Recovery in demand for electricity will be driven by the pace of economic recovery once the effects of the pandemic subside.

The development and construction of two subsidy-free assets has demonstrated our ability to construct such solar plants in the UK. In seeking to meet our target of a total of approximately 150MW in subsidy-free solar plants by the end of the current financial year, we will select projects from our pipeline of development opportunities that can still meet the Company's target returns in these volatile markets.

The NEC Group's specialist energy trading desk will seek to ensure that our wholesale electricity sales strategy, including for our subsidy-free assets, maximises revenues and manages the risk of further falls in power prices during these volatile times.

We are aiming to extend the useful life of a further 20 assets during the current financial year, adding to the 31 assets which have already secured extensions. These extensions will be value accretive, and optimise our revenues.

We will keep under review deployment of ancillary solar technologies to mitigate the generation risks of individual assets, whilst adapting our portfolio to the changing dynamics of the solar markets in which our assets are located.

ESG continues to be a fundamental part of our mission. As activities mitigating climate change accelerate globally, the execution of our ESG policy will ensure we continue to lead by example. Our Company and stakeholders are aligned to create a better environment for both this and future generations.

In these extraordinary times, we will continue to monitor closely the impacts of COVID-19 on the UK and Italian economies, and the effect they may have on the Company and its assets.

Finally, on behalf of my fellow Directors, I would like to express my thanks and appreciation for the numerous people who have worked under difficult conditions during the lock down to enable our Company to continue to operate successfully in these challenging times.

Kevin Lyon,
Chairman
29 June 2020

GREAT WILBRAHAM

- 38MW installed
- Energised in April 2016
- 1.4 ROC subsidy
- 9,400 homes powered annually
- Cambridgeshire

Our Business Model

Structure

The Company is regulated by the Guernsey Financial Services Commission as a registered closed-ended investment company.

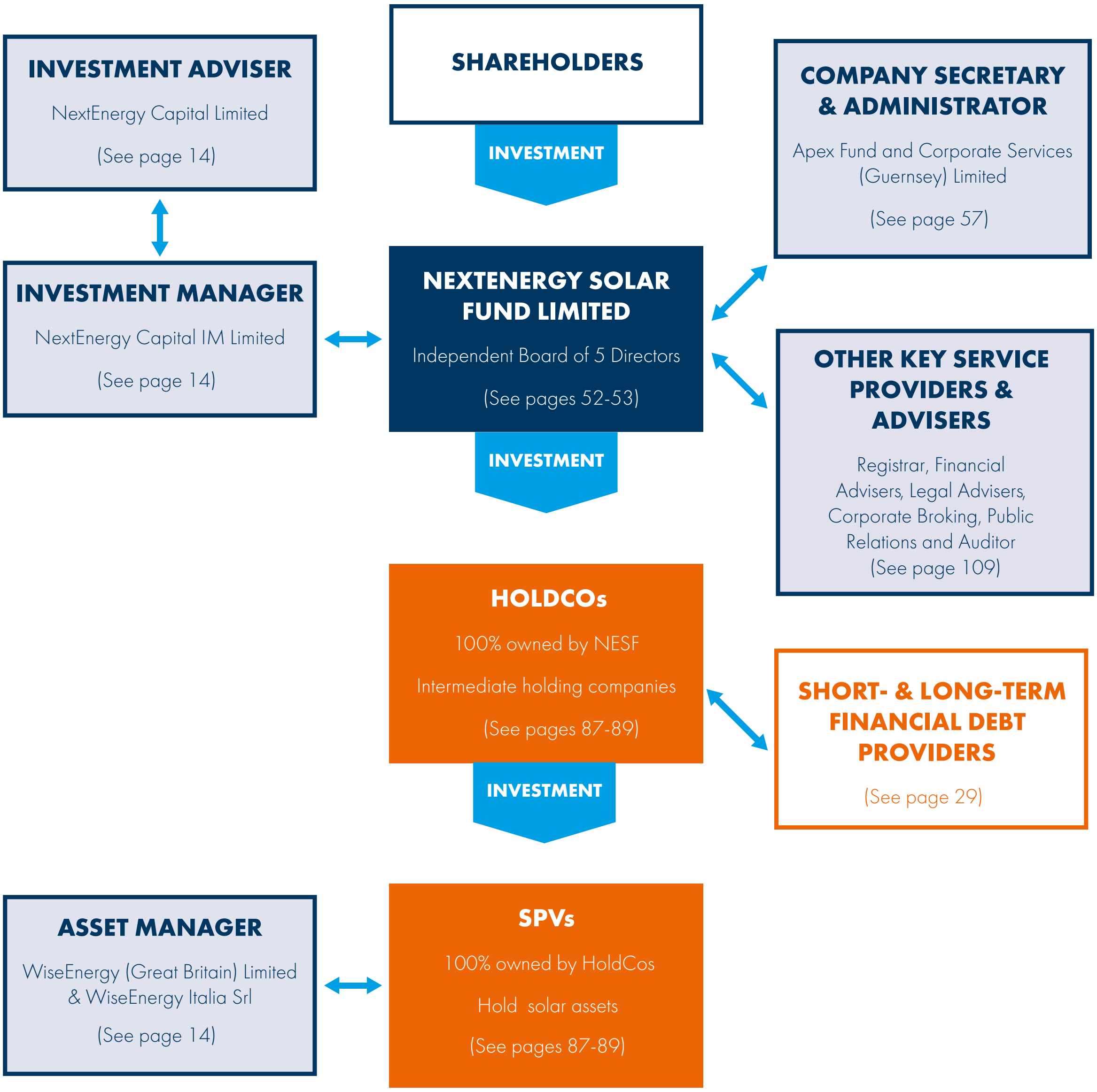
The Company's issued share capital comprises ordinary shares and preference shares. The ordinary shares are listed on the FCA's premium segment of the Official List and traded on the London Stock Exchange's Main Market. The preference shares are not listed or traded on any public market. The rights attaching to each class of shares are summarised in note 10 and 21 to the Financial Statements on pages 89 and 97.

The Company makes its investments through intermediate holding companies ("HoldCos") and underlying special purpose vehicles ("SPVs") that hold the solar assets. The NESF Group comprises the Company, the HoldCos and the SPVs. As explained in note 1 to the Financial Statements on page 82, as the Company is an investment entity as described by IFRS 10, the Company does not prepare consolidated accounts and, instead, holds its investments in its HoldCos and SPVs at fair value.

The Company has the ability to use short- and long-term debt at the Company, HoldCo and SPV levels.

Operating Model

The Company's business model follows that of an externally managed investment company. Therefore, the Company does not have any employees and outsources its activities to third party service providers, including the Investment Manager, Asset Manager and Administrator who are the principal service providers. The Investment Manager outsources specific services to the Investment Adviser.



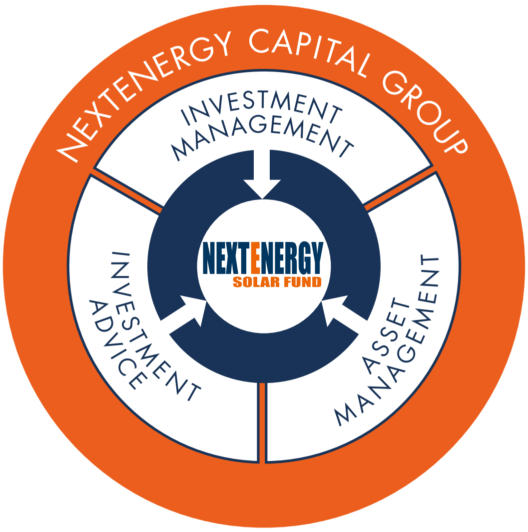
Management of the Company

The independent Board is responsible to shareholders for the overall management of the Company, including strategy and strategic aims, corporate governance, risk management and financial reporting.

The Company has outsourced the management of its day-to-day activities to the Investment Manager and the Administrator, which operate within clearly defined terms of agreements that set out their roles, responsibilities and authorities. The Investment Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment and operating performance of the Company. The Administrator provides the Company with company secretarial, fund accounting and administration services.

Further information on the division of responsibilities for the management of the Company can be found in the Corporate Governance Statement on pages 55-57.

Management of the Company's Investment Activities and Assets



The investment management services are provided by NextEnergy Capital IM Limited, which is incorporated in Guernsey and licensed and regulated by the Guernsey Financial Services Commission. The investment advisory services and other services delegated by the Investment Manager are provided by NextEnergy Capital Limited, which is incorporated in the UK and regulated by the FCA. The asset management services are provided by WiseEnergy (Great Britain) Limited & WiseEnergy Italia Srl. The key roles of the Investment Manager, Investment Adviser and Asset Manager are shown on the following page.

The Investment Manager, Investment Adviser and Asset Manager are all members of the NextEnergy Capital Group (the "NEC Group"). 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 energy infrastructure sector. Since its inception, it has been active in the development, construction and ownership of solar assets, which is its sole focus. As at 31 March 2020, the NEC Group had assets under management of £1.7 billion with a cumulative generating capacity of more than 1.3GW. In addition to the Company, it manages two private equity funds, NextPower II LP (invests in solar assets in Italy) and NextPower III LP (invests in solar assets globally).

The NEC Group's team of some 190 individuals has significant experience in energy and infrastructure transactions across international jurisdictions. The Investment Adviser's Investment Committee comprises Michael Bonte-Friedheim, Aldo Beolchini and Abid Kazim (formerly CEO of WiseEnergy), who combined, have in excess of 60 years' industry experience.

Since it was founded, the NEC Group has provided operating asset management, monitoring, technical due diligence and other services to over 1,500 utility-scale solar power plants with an installed capacity in excess of 1.7GW. Its asset management clients include listed solar funds (in addition to the Company), banks, private equity funds and other specialist investors. The Asset Manager has created a proprietary asset management platform which integrates all technical, financial and commercial data to analyse clients' data in real-time and generate insight, all of which help to protect and enhance the long-term quality and performance. The Asset Manager's software and systems, which have been refined over the past 11 years, and specialist staff with extensive solar experience allows WiseEnergy to be at the forefront of the "digitalisation of energy".

The collective experience of the NEC Group of investing and managing solar assets best positions the Company to implement efficiencies at both the investment and operating asset levels. The technical and operating outperformance of the Company's portfolio to date underlines the benefits of this comprehensive strategic relationship.

Michael Bonte-Friedheim is Founding Partner and CEO of the NEC Group. He has 20 years' specialist experience in the power and energy sector and was previously Managing Director in Goldman Sachs' energy and power investment banking team in London and non-executive Chairman and CEO of a number of listed energy companies.

Aldo Beolchini is Managing Partner and CIO of the NEC Group. He has 20 years' experience in investment banking and renewable energy. Prior to joining the NEC Group in 2008, he was a Vice President at Morgan Stanley Investment Banking.

Entity	Principal Roles
Investment Manager	• Act as the Company's Alternative Investment Fund Manager ("AIFM"), providing portfolio and risk management services as required by the EU's AIFM Directive • Make investments and approve divestments in accordance with the Company's investment policy, subject to them having been recommended by the Investment Adviser • Issue reports to the Board on all financial, operational and technical issues and the valuation of the Company's investments and the calculation of its NAV
Investment Adviser	• Provide advice and recommendations concerning the Company's investment strategy, portfolio composition and financing and strategy to achieve the Company's objectives and target returns within the agreed risk appetite • Provide investment and other advice and recommendations in respect of the Company's existing and potential investments and negotiate all project contracts with counterparties • Identify and evaluate investment opportunities for the Company • Day-to-day running of the Company (excluding matters for which the Administrator is primarily responsible), including oversight of the Company's other key service providers • Manage debt finance at the HoldCo and SPV levels • Monitor financial performance against the Company's objectives, targets and forecasts and manage the process for valuing the Company's investments and calculating its NAV • Monitor operational performance of the Company's portfolio • Manage the Company's investor relations activities
Asset Manager	• Monitor and oversee the day-to-day operations of the Company's operating assets and subsidy-free developments, including appointment and oversight of service providers, contractors and suppliers • Implement the Company's ESG strategy applicable to its investments • Manage resolution of operational issues and disputes affecting the Company's investments • Technical and financial analysis of each of the Company's investments to assess performance and identify potential improvements • Seek cost savings through contract tenders, renegotiations and extensions • Develop and manage the Company's energy sales strategy, including electricity sales agreements, corporate power purchase agreements and direct-wire agreements with off-takers • Manage the SPVs' administrative, financial and accounting functions and provide directors to their boards

Administration of the Company

The Company has appointed Apex Fund and Corporate Services (Guernsey) Limited to provide company secretarial, fund accounting and administration services. Further details on the Administrator's responsibilities can be found in the Corporate Governance Statement on page 57.

The Administrator is part of the Apex Group, which was established in Bermuda in 2003 and is a global financial services provider. It has over 40 offices worldwide and more than 3,000 employees.

Dividend Policy, Scrip Dividends and Dividend Target for Financial Year Ending 31 March 2021

The Company pays quarterly interim dividends of equal amount, with dividends declared in August, November, February and May and paid in or around September, December, March and June respectively.

The Company offers a scrip dividend alternative to ordinary shareholders and currently anticipates that it will continue to do so. Scrip dividends provide ordinary shareholders with the flexibility to receive their quarterly dividend in cash or newly issued ordinary shares. Details of the scrip dividend alternative for the year ending 31 March 2021 will be set out in a separate circular to ordinary shareholders, which is expected to be published in August 2020. Once published, a copy of the circular will also be available in the Company's website (www.nextenergysolarfund.com).

The target dividend for the financial year ending 31 March 2021 is 7.05p per ordinary share, an increase of 2.6% compared to the financial year ended 31 March 2020. We expect to declare four quarterly dividends of 1.7625p each.

For the reasons explained in the Chairman's Statement on page 9, we believe it is prudent to keep the Company's dividend policy in respect of the Company's financial year beginning 1 April 2021 and subsequent financial years under review.

Our Investment Strategy and Track Record

Investment Strategy

Our strategy is straightforward:

- **Investment**: We seek to own a broad range of large-scale solar energy infrastructure assets, located in the UK and other OECD countries, that generate reliable cash flows over their useful lives (typically, at least 25 to 45 years from energisation).
- **Asset management**: We seek to enhance the returns from our assets through active asset management, including rigorously controlling costs, delivering operational efficiencies, extending their useful lives and implementing our energy sales strategy to mitigate power price risk.
- **Financing:** We seek to optimise the risk-adjusted returns to our ordinary shareholders by funding our activities through an appropriate mix of shareholder equity and gearing, subject to gearing being capped at 50% of GAV.
- **Risk management:** We seek to actively manage potential risks, including maintaining a diversified exposure by location, third-party suppliers, service providers and other commercial counterparties to improve the resilience of the Company's portfolio and contributing to its long-term sustainable success.

Investment Policy[1]

The Company seeks to achieve its investment objective by investing exclusively in solar energy infrastructure assets, primarily in the UK. Not more than 15% of the Company's GAV (calculated at the time of investment) may be invested in solar assets that are located outside the UK. Investments outside the UK will be made only in OECD countries that the Investment Manager and Investment Adviser believe have a stable solar energy regulatory environment and provide investment opportunities with similar, or better, investment characteristics and returns relative to investments in the UK.

The Company invests in solar 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 assets that are anticipated to generate stable cash flows over their asset lifespan.

The Company typically acquires sole ownership of individual solar assets 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% in a particular solar asset is acquired, the Company will protect its controlling shareholder rights through shareholders' agreements or other legal arrangements. Investments by the Company in solar assets may be by way of either equity or a mix of equity and shareholder loans.

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 asset will constitute (at the time of investment) more than 30% of GAV. In addition, the four largest solar assets will not constitute (at the time of investment) more than 75% of GAV.

The Company mostly acquires operating solar assets, but it may also invest in solar assets that are under development (that is, at the stage of origination, project planning or construction) when acquired. Such assets in aggregate will not constitute (at the time of investment) more than 10% of GAV.

The Company may also agree to forward-fund by way of secured loans the construction costs of solar assets where it retains the right (but not the obligation) to acquire the relevant asset once operational. Such forward-funding will not fall within the 10% development restriction referred to above but will be restricted in aggregate to not more than 25% of GAV (at the time such arrangement is entered into) and will only be undertaken where supported by appropriate security (which may include financial instruments as well as asset-backed guarantees). The Company will not employ forward funding and engage in development activity in relation to the same project or asset.

A significant proportion of the Company's revenues result from the sale of the entirety of the electricity generated by its solar assets within the terms of power purchase agreements ("PPAs") entered into from time to time. These include the monetisation of ROCs, NIROCs and FiTs and any other regulated benefits and the sale of electricity generated by the assets to energy consumers and energy suppliers. Within this context, the Company expects to execute PPAs with creditworthy counterparties at the appropriate time.

The Company maintains a diversified exposure to its third-party suppliers, service providers and other commercial counterparties, including landlords, developers, engineering and procurement contractors, technical component manufacturers and PPA counterparties.

The Company may employ leverage, provided that it does not exceed (at the time the relevant arrangement is entered into) 50% of GAV. For this purpose, leverage includes all short- and long-term debt raised by the Company or any of its HoldCos or SPVs, as well as the aggregate subscription monies paid in respect of all preference shares in issue and any unpaid dividends due in respect of the preference shares.

The Company invests with a view to holding its solar assets until the end of their useful lives. 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 seeks to optimise and extend the lifespan of its assets and may invest in their repowering of and/or the integration of ancillary technologies (e.g. energy storage) with its solar assets to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. The Company expects to re-invest cash (in excess of that required to meet the Company's ongoing operating expenses and to pay dividends in accordance with its dividend policy) in additional appropriately priced assets.

The Company may invest cash held for working capital purposes and pending investment or distribution in 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.

Where investments are made in currencies other than sterling, currency hedging may be carried out to seek to provide protection to the level of sterling dividends and other distributions that the

1 The Board intends to seek shareholder approval at this years' AGM for certain changes to the investment policy, primarily to increase the limit on the Company's investments in OECD countries outside the UK from 15% to 30%.

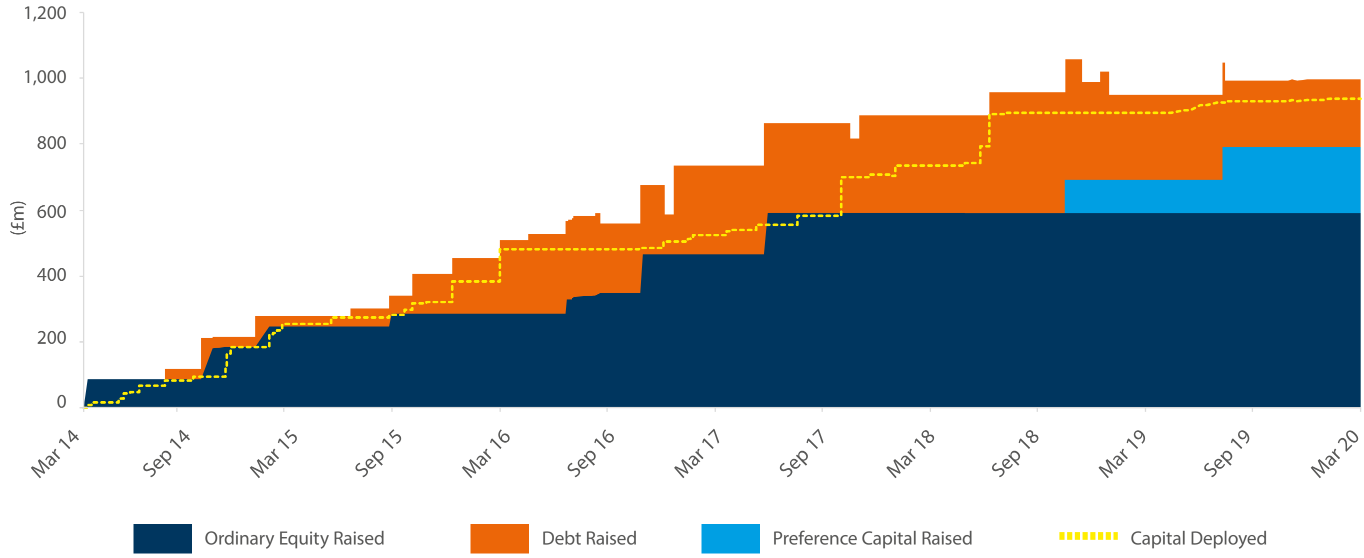
Our Investment Strategy and Track Record continued

Company aims to pay on its shares and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. This may involve the use of forward foreign exchange contracts to hedge the income from assets that are exposed to exchange rate risk against sterling and foreign currency borrowings to finance foreign currency assets.

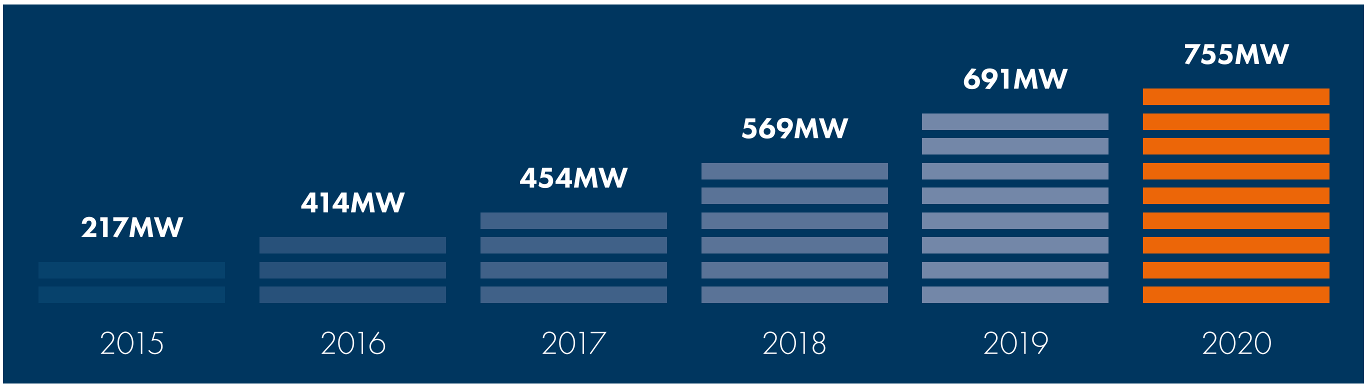
Hedging transactions (if carried out) will only be undertaken for the purpose of efficient portfolio management to protect or enhance returns from the Company's portfolio and will not be carried out for speculative purposes.

Any material change to the Company's investment policy will be made only with the approval of the FCA and of the Company's ordinary shareholders by ordinary resolution.

Capital Deployment Timeline



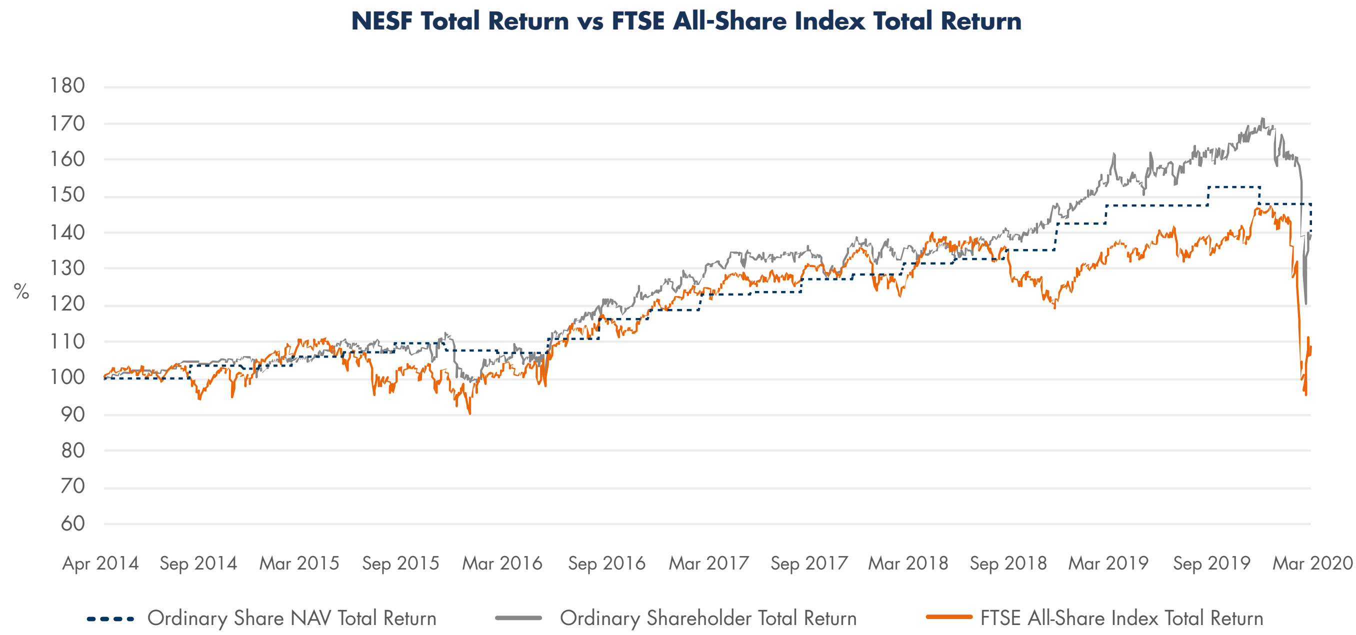
Installed Capacity



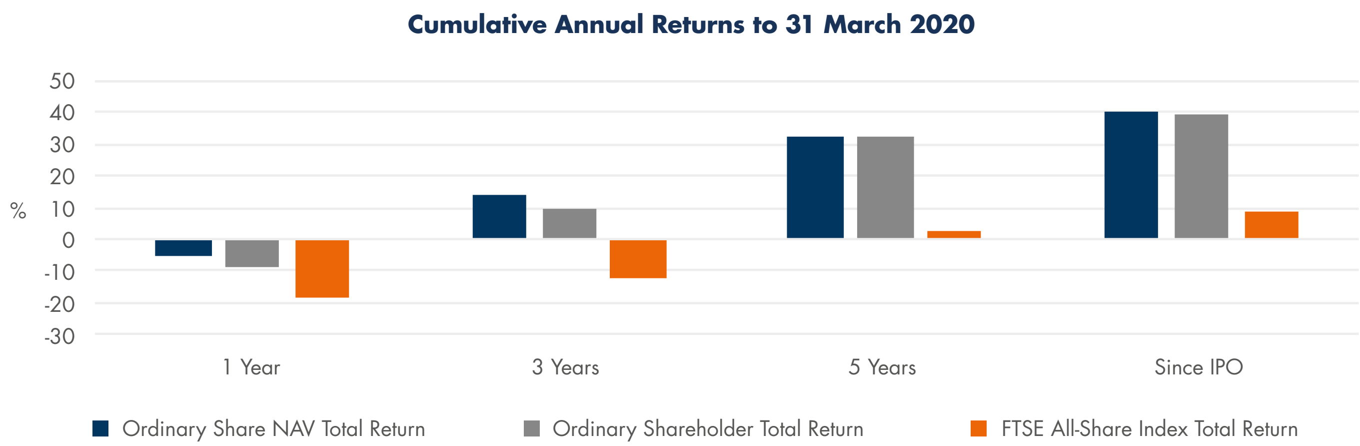
Total Generation

2,482 GWh
total portfolio generation since IPO

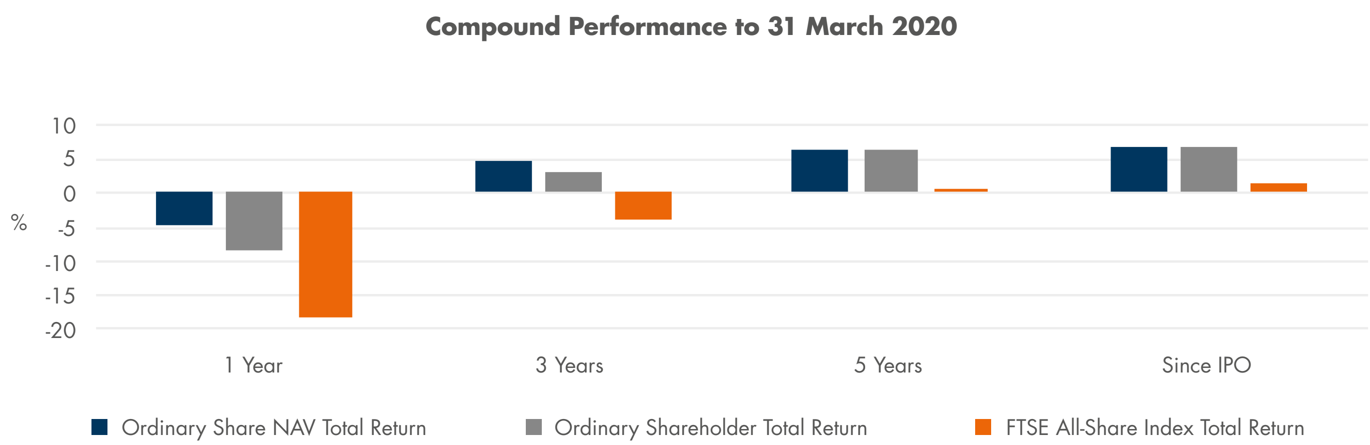
Performance since IPO[1]



Source: Morningstar



Source: Morningstar



Source: Morningstar

[1] To ensure like-for-like comparisons, all the total returns in the charts assume dividends have been reinvested.

Five-year Record

Financial Key Performance Indicators	Year Ended 31 March 2016	2017	2018	2019	2020
Ordinary shares in issue	278.0m	456.4m	575.7m	581.7m	584.2m
Ordinary share price	97.75p	110.5p	111.0p	117.5p	101.5p
Market capitalisation of ordinary shares	£272m	£504m	£639m	£683m	£593m
NAV per ordinary share*	98.5p	104.9p	105.1p	110.9p	99.0p
Total ordinary NAV*	£274m	£479m	£605m	£645m	£579m
Premium/(discount) to NAV*	(0.8%)	5.3%	5.6%	6.0%	2.5%
Earnings per ordinary share	0.78p	13.81p	5.88p	12.37p	(5.09p)
Dividend per ordinary share	6.25p	6.31p	6.42p	6.65p	6.87p
Dividend yield*	6.39%	5.71%	5.78%	5.66%	6.77%
Cash dividend cover – pre-scrip dividends*	1.2x	1.1x	1.1x	1.3x	1.2x
Preference shares in issue	–	–	–	100m	200m
Financial debt outstanding at subsidiaries level	£217m	£270m	£270m	£269m	£214m
Financial debt (financial debt/GAV)*	44%	36%	31%	27%	22%
Gearing (financial debt + preference shares/GAV)*	44%	36%	31%	36%	42%
GAV	£489m	£749m	£875m	£1,014m	£991m
Weighted average cost of capital	5.8%	5.9%	5.8%	5.4%	5.5%
Ordinary shareholder total return – cumulative since IPO	6.1%	26.7%	33.6%	46.7%	37.5%
Ordinary shareholder total return – annualised since IPO	3.2%	9.1%	8.5%	9.5%	6.3%
Ordinary shareholder total return	0.2%	21.1%	6.2%	11.8%	(7.8%)
Ordinary NAV total return*	3.7%	14.4%	6.3%	11.8%	(4.6%)
Ordinary NAV total return – annualised since IPO*	1.9%	4.9%	7.0%	8.1%	5.9%
Ongoing charges ratio*	1.2%	1.2%	1.1%	1.1%	1.1%
Weighted average discount rate	7.7%	7.9%	7.3%	7.0%	6.8%
Operational Key Performance Indicators					
Invested capital*	£481m	£522m	£734m	£896m	£950m
Number of assets	33	41	63	87	90
Total installed capacity	414MW	454MW	569MW	691MW	755MW
Annual generation	225 GWh	394 GWh	451 GWh	693 GWh	712 GWh
% increase (year-on-year)	878%	75%	14%	54%	3%
Generation since IPO	0.2 TWh	0.6 TWh	1.1 TWh	1.8 TWh	2.5 TWh
Irradiation (delta vs. budget)	+0.4%	(0.3%)	(0.9%)	+9.0%	+4.0%
Generation (delta vs. budget)	+4.1%	+3.3%	+0.9%	+9.1%	+4.7%
Asset Management Alpha*	+3.7%	+3.6%	+1.8%	+0.1%	+0.7%
Weighted average lease life	25.7 years	24.6 years	23.3 years	25.2 years	26.9 years

* Alternative performance measures – see pages 101-103

STAUGHTON

- 50MW installed
- Energised in December 2019
- Subsidy-free
- 15,000 homes powered annually
- Bedfordshire

Investment Adviser's Report



Michael Bonte-Friedheim **Aldo Beolchini** **Abid Kazim**
Investment Committee of the Investment Adviser

Introduction

As at 31 March 2020, the NAV per ordinary share was 99.0p (2019: 110.9p). The reduction since last year occurred mainly at the end of the financial year, and primarily reflects the adoption of the most recent forward power curves released by the two independent market forecasters used by the Company. These forward power curves reflect a substantial reduction in power prices in the short- to medium-term, and incorporate an anticipated reduction in demand for electricity and a corresponding decrease in energy-related commodity prices as a result of the effects of the COVID-19 pandemic.

Compared to December 2019, the blended average curve used by the Company has declined on average by 16.9% over the next five years, including a 21.2% reduction over 2020 and 2021, and by 5.0% from 2025 until 2050. The blended average curve corresponds to an average solar capture price of approximately £39.9 per MWh for the period 2020-2024 and £46.8 per MWh for the period 2025-2050 (in 2020 prices). This downward shift in the blended curve resulted in a negative impact on NAV per ordinary share of approximately 6.5p per share.

Portfolio Highlights

During the year, the portfolio grew from 87 to 90 assets, which represented an increase of 64MW, increasing the total capacity of the portfolio to 755MW. Our subsidy-free construction progress contributed 55MW of this increased capacity.

In August 2019, our first subsidy-free asset, (Hall Farm II, an extension of one of our existing sites in Leicestershire) was connected to the grid after a five- month construction period. The 5MW plant was the first subsidy-free plant to be energised by a UK listed investment company.

By December 2019 we had completed the second subsidy-free asset, Staughton, located on the Cambridgeshire/Bedfordshire border. This became the largest asset in our portfolio at 50MW and was also the UK's largest subsidy-free plant. It was connected to the grid on schedule after an eight-month construction period.

Our third subsidy-free asset, High Garrett, is expected to energise in autumn 2020, subject to the impact of the COVID-19 pandemic. Pre- construction works began in early 2020 and full construction is expected to commence in the summer of 2020. High Garrett will be a 9MW extension to the 5MW ROC asset known as Kentishes acquired in 2016.

In August 2019, the Company announced the acquisition of Ballygarvey, an 8MW operating asset located in Northern Ireland. The plant receives subsidies under the Northern Irish ROCs regulatory framework and receives 1.4 NIROCs per MWh generated. NIROCs have substantially the same value as UK ROCs and operate under a similar regulatory framework.

Portfolio Performance

During the year, solar irradiation across the entire portfolio was 4.0% above expectation (2019: 9.0%), and generation was 4.7% above budget (2019: 9.1%). Asset Management Alpha for the year was 0.7% (2019: 0.1%), which would have been 1.5% (2019: 1.1%) if we excluded distributor network outages.

The Asset Management Alpha is an important metric that allows the Company to identify the "real" outperformance of the portfolio due to active management and, excluding the effect of variation in solar irradiation. The "nominal" outperformance is calculated as, the GWh generated by the portfolio versus the GWh expected in the assumptions used at the time of acquisition.

In the UK, the summer of 2019 was one of the hottest on record, with the highest ever UK temperature of 38.7°C recorded in Cambridge on 25 July. Whilst the extra irradiation drove a greater than expected level of generation, the Asset Manager had to cope with some adverse effects of high temperatures on the technical performance of solar PV components, which perform optimally at temperatures below 25°C.

During the year, certain plants suffered from grid curtailment, as generation peaks driven by exceptional irradiation levels exceeded, at times, the export capacity allocated by the grid authority to each plant. In addition, the portfolio was negatively impacted due to the works carried out to replace the inverters at our Raglington plant.

Financial Year Ended 31 March	No. of Assets Monitored	Irradiation (Delta vs. Budget)	Generation (Delta vs. Budget)	Asset Management Alpha
2016	23	+0.4%	+4.1%	+3.7%
2017	31	(0.3%)	+3.3%	+3.6%
2018	55	(0.9%)	+0.9%	+1.8%
2019	84	+9.0%	+9.1%	+0.1%
2020	85	+4.0%	+4.7%	+0.7%
Cumulative from IPO to 31 March 2020	**85**	**+2.5%**	**+5.0%**	**+2.5%**

During the year, a government grant was issued to incentivise UK generators to carry out an update on the protection relay settings to reduce the number of nuisance trips. The works to undertake this affected 58 assets in the portfolio and they were carried out during the winter of 2019 and spring months of 2020 in order to minimise the impact on generation.

Our UK portfolio performed above expectations with generation outperformance of 4.6% (2019: 9.4%) and an Asset Management Alpha of 0.7% (2019: -0.1%).

Our Italian portfolio also performed well during the year with 6.4% (2019: 5.4%) extra generation over budget and an Asset Management Alpha of 1.3% (2019: 2.5%).

The Asset Manager monitors actual performance versus expectations for assets operational for at least two months post completion. The three rooftop portfolios have been excluded as irradiation is not monitored. The two operational subsidy-free assets were excluded as they are currently passing through the internal Provisional Acceptance Clearance (PAC) process.

Portfolio Optimisation

Asset Life Extensions Programme

Extending the useful life of the Company's assets is a value-creating opportunity we have focused on since 2015. During the year, we secured options or rights to extend the leases and/or planning on 17 individual UK plants. The positive impact on NAV of these lease extensions amounts to 2.4p per ordinary share at the year-end. In total, as at 31 March 2020, 31 UK assets (284MW) have secured a mixture of 5, 10 and 15 year lease extensions. We continue to work on extending the life of the remaining UK portfolio and are in advanced stages of negotiations on another 5 sites, with a further 15 being targeted in the current financial year.

For illustrative purposes, should the 20 targeted assets be valued on a 35-year lease basis from the date of connection to the grid (assuming current lease terms), the Company's ordinary NAV at 31 March 2020 would increase by approximately 2.0% (1.8% based on 99.0p NAV per ordinary share).

Contract Restructuring

During the year, an import power tender was successfully completed across all UK assets. If the current counterpart prices remained competitive, the contract remained with the current supplier.

We conducted a competitive Renewable Energy Guarantees Origin ("REGO") tendering process through brokers and participated in the E-REGO auction. We contracted REGOs during the year ended 31 March 2020, creating additional revenue amounting to £235k across the UK portfolio.

The insurance renewals for 2020/21 were completed across the UK portfolio and reduced the overall premium by 25% in comparison to last year, which was a substantial saving for the SPVs and will be realised in the current financial year.

We continue to perform a systematic review of all operating expenses across the portfolio, targeting the sites with the lowest performance in terms of EBITDA. We have identified several opportunities to reduce costs which will be pursued during the year ending 31 March 2021.

Power Purchase Agreements

The NEC Group's specialist energy trading desk, along with external brokers, ensures that the Company's electricity sales strategy maximises revenues whilst mitigating the negative impact of short-term fluctuations in the power markets. As the capacity of assets under management increased by 64MW during the year, the Asset Manager has executed a range of short-term PPA hedges from one month rolling to one year on these new assets through a wider competitive tendering process resulting in reduced fees and increased pass-through value of embedded benefits (and ROCs, if applicable)

On the UK existing portfolio, hedging was undertaken for the Apollo, NESH II and Radius portfolios. During the year, the RRAM portfolio also entered into a trading contract and was similarly hedged. Bespoke terms were negotiated for the RRAM trading contract, allowing volume to be over hedged. This allowed the RRAM portfolio to over-hedge seasons when prices were high and potentially buy back months if prices fell significantly or the over hedged volume could be rolled over to cover the exposed volume under the Apollo, NESH II and Radius contracts.

Back in 2018 market fundamentals were bullish through the summer which encouraged a shorter-term hedging strategy to capitalise on the rising prices. As market prices declined through 2019, a significant amount of fixed price contracting took place in February 2019 for summer and winter 2019/20 to protect against the bearish market.

The majority of UK volume under the trading contracts had also already been hedged ahead of summer and winter 2019/20 delivery, which ensured that the Company reduced its exposure to the daily volatility in the UK market. Of the market revenues derived from the sale of electricity generation, the Company has secured pricing for 95% of its electricity generation for the summer of 2020 and 50% of its electricity generation for the 2020/21 winter. Secured pricing comprises of fixed price contracts, hedging under the trading contracts, and nine FIT sites opted into the export tariff.

During the year, NESF signed an agreement with Anglian Water Services to own and operate a portfolio of solar sites on Anglian Water's operational sites. NESF will finance, design, build, operate and own over 43MW of solar assets and sell the power directly to Anglian Water through private wire agreements for a 25-year period. This opportunity, which is part of the Company's allocation to subsidy-free assets, will provide long-term contracted revenues to NESF's portfolio and supplements the growth of our subsidy-free build programme. The deal is the largest on-site solar PV generation tender to date in the UK solar market and shows the continued growth of the commercial and industrial solar generation landscape.

For the financial year ending 31 March 2021, the Italian portfolio will derive approximately 83% of revenues from regulated revenues (principally FiTs) and approximately 17% of revenues will result from the sale of electricity generated under short-term contracts, of which the Company has secured fixed price agreements covering 100% of its electricity generation until the end of the 2020 calendar year.

Investment Adviser's Report continued

OFGEM Review

In December 2019, OFGEM issued the Company with a notice to downgrade the ROC banding of our Wellingborough site from 1.6 to 1.4 ROCs and to revoke all ROCs from 31 March 2014 to 8 February 2015 as OFGEM did not agree with the commissioning date. The Company engaged a law firm to issue a response to OFGEM challenging their decision and the Company is currently awaiting a reply. The potential impact of the ROC downgrade is -£0.6m and, to be prudent, this has been included within the NAV.

In January 2020, subsequent to an OFGEM audit on our Fiskerton site, OFGEM stated that they would either be revoking the accreditation or downgrading the ROC banding from 1.4 to 1.3. As as 31 March 2020, the Company had not received the notice letter from OFGEM, but is preparing a response using a law firm to challenge the decision. The potential impact of the downgrade is -£0.6m and, to be prudent, this has been included within the NAV.

Operational Impact of COVID-19

As discussed in the Introduction on page 20, COVID-19 has had a material adverse impact on power prices, current and projected. However, the operational activities of the Company and its investments have been largely unaffected

The NEC Group has enabled its business continuity plans for its global staff to work from home with minimal disruption. The Company's other key service providers and suppliers have also enabled their business continuity plans and continue to provide contracted services on a "business as usual" basis in all material respects. We remain in close contact with them and continuously monitor and review their ability to perform in light of COVID-19 developments.

Workers in the electricity sector are considered "key workers" and this has enabled the Asset Manager to ensure that the technical and operational integrity of NESF's solar assets has been maintained and, to date, NESF has not experienced any significant technical or operational impacts on its portfolio resulting from the effects of COVID-19. In both the UK and Italy, the Company built up a stock of spare parts during the second half of 2019 and we are not currently expecting any significant complications along its spare parts supply chain. The Asset Manager is not anticipating any material delays in its asset remediation and optimisation plans.

We continue to monitor closely the impact of COVID-19 in the UK and Italy and will continue to work with the Board and the Company's other service providers and suppliers to anticipate and mitigate, where possible, arising risks.

Subsidy-free Asset Strategy

The Company has sourced a pipeline of projects which can be developed into operating subsidy-free assets and is targeting approximately 150MW of operating subsidy-free assets in its portfolio. As at 31 March 2020, the Company had 55MW of operating subsidy-free assets in the portfolio. Subject to the impact of COVID-19, High Garrett (9MW) will be energised in autumn 2020, making a total of 64MW. The Company's subsidy-free pipeline is as follows:

Subsidy-free Pipeline	MW Capacity
Under Construction (High Garrett)	9
Projects Post-planning Development	85
Projects in Planning	164
Projects Pre-planning Development	481
Anglian Water Development[1]	43
Total	**782**

[1] See "Power Purchase Agreements" on page 21.

The Company's subsidy-free pipeline is greater than its target allocation to operating subsidy-free assets of 150MW. This is to ensure a broad set of investment options for NESF from which it can select the most attractive projects for inclusion in its portfolio. All the pipeline projects were expected, when secured, to generate a rate of return in line with or in excess of NESF's target equity annualised return range of 7-9%. The Company will consider divesting those subsidy-free development projects that are surplus to its requirements or that are no longer likely to generate financial returns that are in line with the Company's target range. A development project can fall below the target range due to a change in the forecast capital expenditure, operating expenditure or revenues, particularly in the COVID-19 environment.

Following the end of the financial year, the Company disposed of Strensham and Llanwern development projects (40MW and 75MW respectively) as they had ceased to meet the Company's target returns, achieving an IRR on the disposal significantly in excess of its target returns (see "Portfolio Update" in the Chairman's Statement on page 9 for further details).

The NEC Group has recruited a Head of Energy Sales who manages the strategy for the sale of electricity from the subsidy-free operating assets. Details on the power price risk management strategy can be found in note 14 to the Financial Statements.

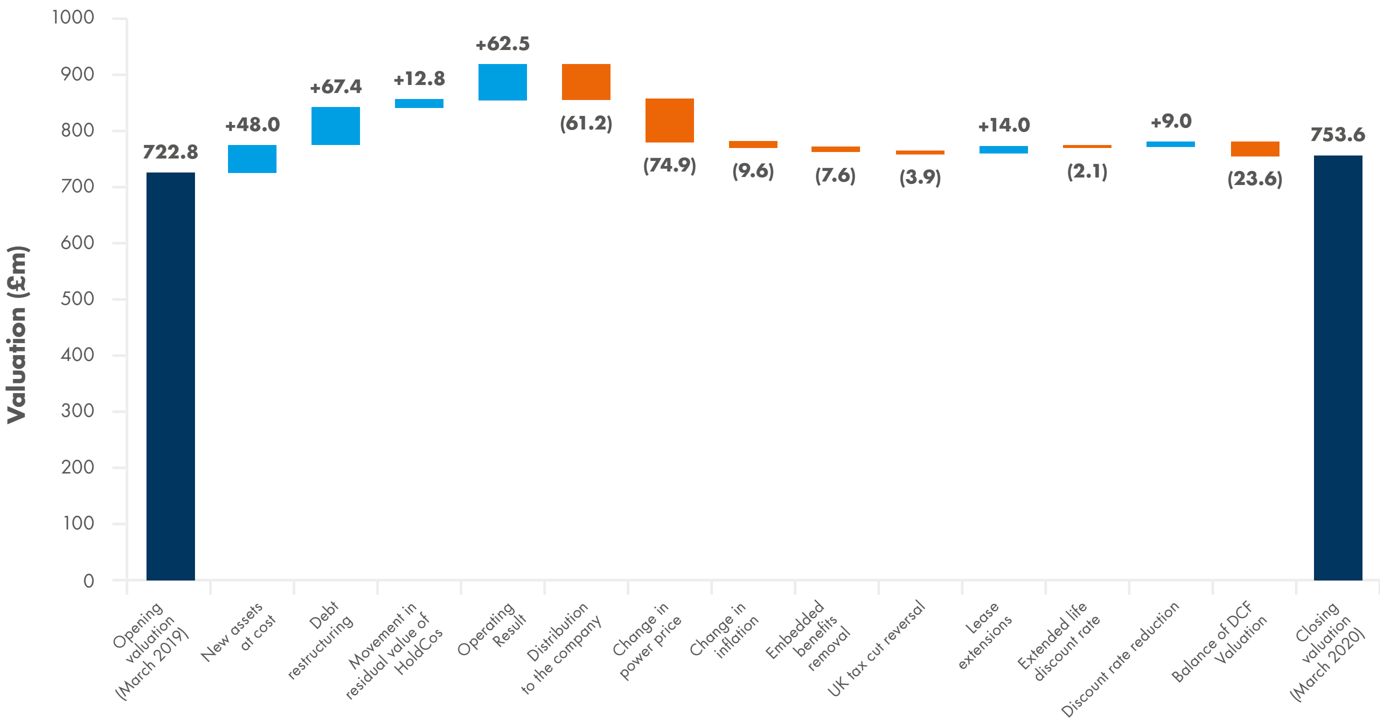
Valuation of the Investment Portfolio

Introduction

The Investment Manager is responsible for carrying out the fair market valuation of the Company's underlying investment portfolio which is presented to the Company's Board for its review and approval. The valuation is carried out quarterly (ad hoc valuations may also be undertaken from time to time, for example in conjunction with an equity fund raising). The valuation principles used are based on a discounted cash flow methodology and take into account International Private Equity and Venture Capital ("IPEV") valuation guidelines.

Assets not yet operational or where the completion of the acquisition is not imminent at the time of valuation, use the acquisition cost as a proxy for fair value, which take into account IPEV valuation guidelines.

Portfolio Valuation Bridge for the Year Ended 31 March 2020



The Board reviews the operating and financial assumptions used in the valuation of the Company's underlying portfolio and approves them based on the recommendation of the Investment Manager.

Current and Long-Term Power Prices

The Investment Adviser continuously reviews multiple inputs for UK power price forecasts and takes a blended average of two of the leading independent energy market consultants' long-term projections to derive the power curve adopted in the valuation of the Company's portfolio. This approach allows mitigation of inevitable forecasting errors as well as any delay in response from the Consultants in publishing periodic (quarterly) or ad hoc updates following any significant market development. For the Italian portfolio, a leading independent energy market consultant's long-term projections are used to derive the power curve adopted in the valuation.

During the year, the Consultants revised their forecasts for the UK wholesale power price downwards. These forward power curves reflect a substantial reduction in power prices in the short- to medium-term, and incorporate an anticipated reduction in demand for electricity and a corresponding decrease in energy-related commodity prices as a result of the effects of the COVID-19 pandemic.

In the longer term, the wholesale power prices are trending downwards as more low-cost generation is being deployed, notably offshore wind and solar PV.

The power price forecasts used by the Company also reflect an assumed "solar capture" discount which reflects the difference between the prices available on the market in the daylight hours of operation of a solar plant versus the baseload prices included in the power price estimates. This solar capture discount is estimated by the Consultants on the basis of a typical load profile of a solar plant and is reviewed as frequently as the baseload power price forecasts. The application of such a discount results in a lower long-term price being assumed for the energy generated by NESF's assets compared to the baseload price, driven by the expected further deployment of low- cost renewable capacity. This lower price is already included in the financial estimates that drive the Company's NAV.

The Company's current UK long-term power price forecast implies an average growth rate of approximately 1% in real terms over the 20-year period and an average price of approximately £45.1/MWh in today's terms. This represents a decrease of 23.4% compared to those used at the end of the previous financial year (and 49% below the assumptions employed at IPO).

Compared to the previous year, electricity day ahead prices in the UK decreased from approximately £44/MWh in March 2019 to approximately £32/MWh in March 2020 (see graph below).

Following a similar trend, the Italian price of electricity decreased from approximately €53/MWh in March 2019 to approximately €32/MWh in March 2020 (see graph below).

Discount Rate

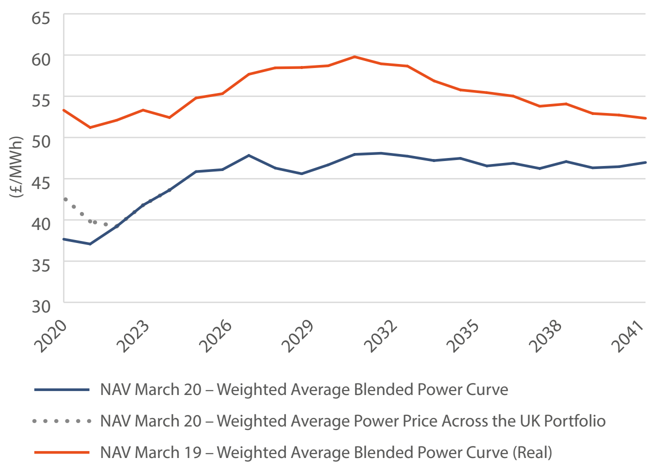
During the year, the solar market continued to experience increased competition for operating and subsidised assets in the secondary market. In the context of high liquidity provided to international investors, a maturing renewable energy market, a scarcity of subsidised assets and the lack of any incentive framework for new installations, demand for operating solar assets remained strong resulting in sustained pressure on prices in the last year. These changing dynamics were evidenced by the experience of the Investment Adviser when bidding for solar assets in the UK. As a result, the Company decided to reduce its discount rate for unlevered operating solar assets in the UK by 0.25% (from 6.50% to 6.25%).

Investment Adviser's Report continued

Historic – UK Power Prices

Source: N2EX – UK Baseload

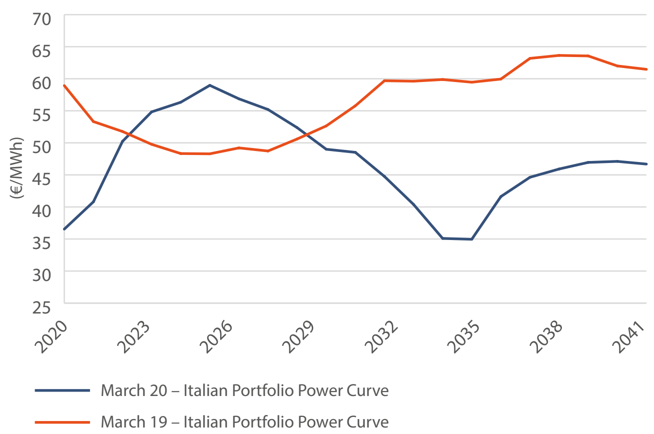
Forecast UK Power Prices (Real 2020)



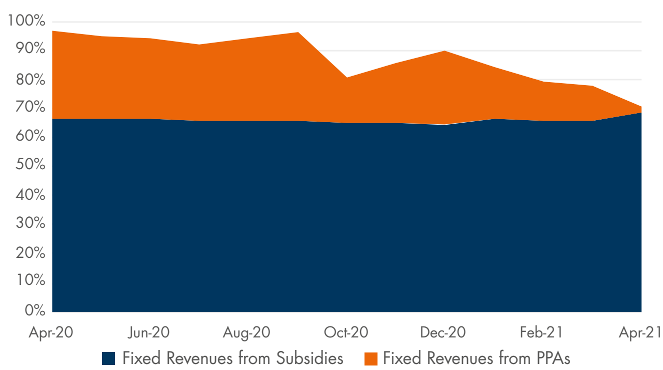
Historic – Italian Power Prices

Source: Gestore del Mercato Elettrico S.p.A. – PUN

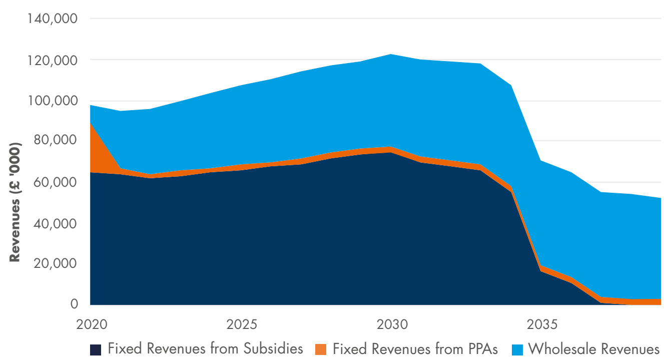
Forecast Italian Power Price (Real 2020)



% of NESF Revenues Fixed until 31 March 2021



NESF 20-year Forecast Revenue Breakdown



For those UK operating solar assets with debt, the Company adopts a levered discount rate to capture the greater level of volatility risk associated with the cash flows available to equity investors after debt service. The appropriate level of risk premium due to project level debt was evaluated taking into account various factors for each specific asset, including the level of gearing, maturity profile, cost of debt and other factors mentioned above. This range was unchanged from the previous year (0.7% – 1.0%).

For UK operating subsidy-free assets, the appropriate level of risk premium to the discount rate for unlevered operating solar assets was evaluated at 1.0% (2019: 1.0%) to capture the greater level of power price risk associated with the cash flows available to equity investors, offset against the absence of debt financing.

Where UK operating solar assets have secured lease extensions, a 1% discount rate premium is applied to all cash flows after a 30 year asset life (2019:0%) due to the uncertainty in the latter period of each asset's lifetime.

As a result of the change in the UK discount rate, the discount rate for the Italian unlevered operating solar assets was reduced by 0.25% (from 8.00% to 7.75%). The additional country risk premium to the UK, considering the differences in risk-free rates in the long-term, remained unchanged at 1.5%. It is worth noting that the Italian portfolio debt was fully repaid in November 2018 and the current currency hedge effectively mitigates the revenue exposure to FX.

The resulting weighted average discount rate for the Company's portfolio was 6.8% (2019: 7.0%). The Company does not adopt weighted average cost of capital ("WACC") as a discount rate for its investments, as it believes that the reduction in WACC deriving from the introduction of long-term debt financing does not reflect the greater level of risk to equity investors associated with levered assets or levered portfolios. However, for the purposes of transparency, the Company's pre-tax WACC as of 31 March 2020 was 5.5%. (2019: 5.4%). The increase in the WACC reflects an increase in the overall gearing from 36% to 42%, as further described below.

Asset Life

The discounted cash flow methodology implemented in the portfolio valuation assumes a valuation time-horizon capped to the current terms of the lease and planning permission on the properties where each individual solar asset is located. These leases have been typically entered into for a 25-year period from commissioning of the relevant PV plants (specific terms may vary). However, the useful operating life of the Company's portfolio of solar assets is expected to be longer than 25 years. This is due to many factors, including:

- solar assets with technology components similar to the ones deployed in the Company's portfolio have been demonstrated to be capable of operating for over 45 years, with levels of technical degradation lower than those assumed or guaranteed by the manufacturers;
- local planning authorities have already granted initial planning consents that do not expire and/or have granted permissions to extend initial consented periods; and
- the Company owns rights to supply electricity into the grid through connection agreements that do not expire.

The Company continues to seek to extend the useful life of its assets, mainly by extending the terms of the land leases for some projects with the intention of extending leases for others in due course. During the year, 17 assets in the portfolio secured a lease extension, which added 2.5p per ordinary share to the value of the existing portfolio (2019: 14 assets, 1.2p). As at 31 March 2020, a total of 31 assets had secured lease extensions. The remaining weighted average lease life of the Company's portfolio was 26.9 years (2019: 25.5 years). The discounted cash flow valuation assumes a zero-terminal value at the end of the lease term for each asset or the end of the planning permission, whichever is the earlier.

Operating Performance

The Company values each solar asset on the basis of the minimum performance ratio ("PR") guaranteed by the vendor or the PR estimated by the appointed technical adviser during the acquisition due diligence. These estimates are generally lower than the actual PR that the Company has been experiencing during subsequent operations. The Investment Adviser deems it appropriate to adopt the actual PR after two years of operating history when, typically, the plants have satisfied tests and received final acceptance certification ("FAC").

During the year, 11 FACs were closed across 78MW. As at 31 March 2020, 61 UK solar assets and all Italian solar assets (515MW) in the portfolio had achieved FAC and their actual PR was used in the discounted cash flow valuation.

FAC Timeline for Remaining Assets	MW Capacity
Financial Quarter Ending June 2020	41
Financial Quarter Ending September 2020	91
Financial Quarter Ending December 2020	5
Financial Quarter Ending March 2021	8
Period from April 2021 to June 2022	47

NAV

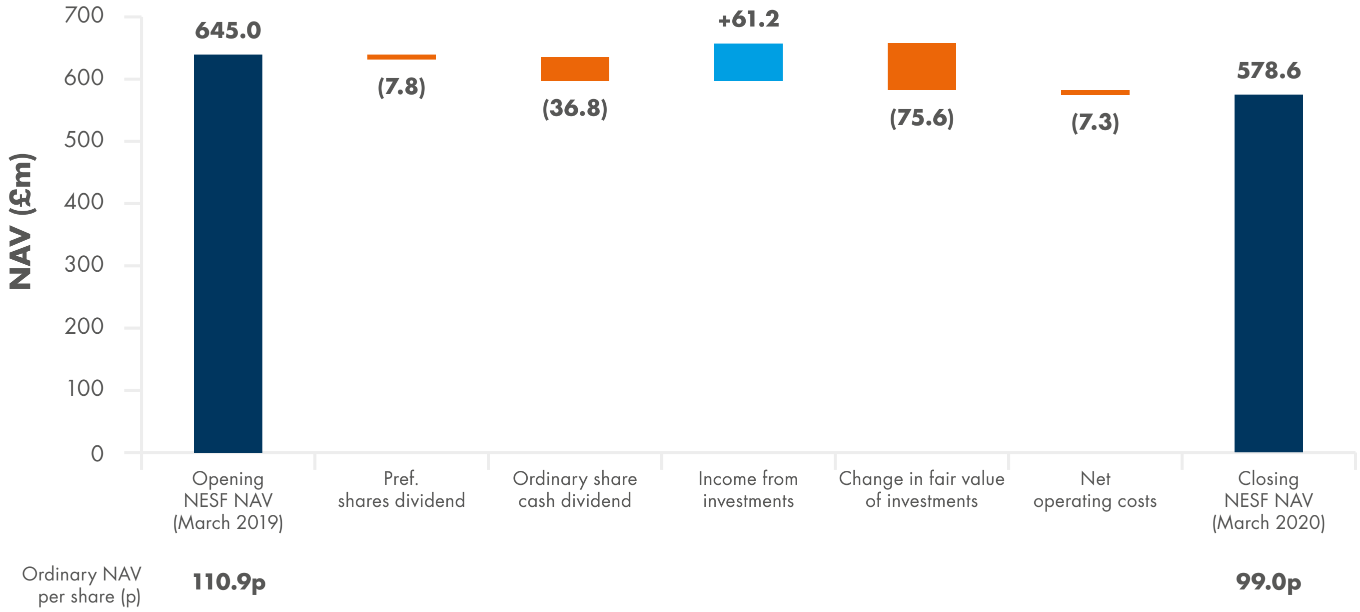
The Company's NAV is calculated on a quarterly basis based on the valuation of the investment portfolio provided by the Investment Adviser and the other assets and liabilities of the Company provided by the Administrator. The NAV is reviewed and approved by the Investment Manager and the Board. All variables relating to the performance of the underlying assets are reviewed and incorporated in the process of identifying relevant drivers of the discounted cash flow valuation. The Company reports its financial results on a non-consolidated basis under IFRS 10 (see note 4c) to the Financial Statements on page 85) and the change in fair value of its assets during the year is taken through the Statement of Comprehensive Income.

As at 31 March 2020, the Company's NAV was £578.6m (£645.0m), and the NAV per ordinary share was 99.0p (2019: 110.9p). The movements were driven by the following factors:

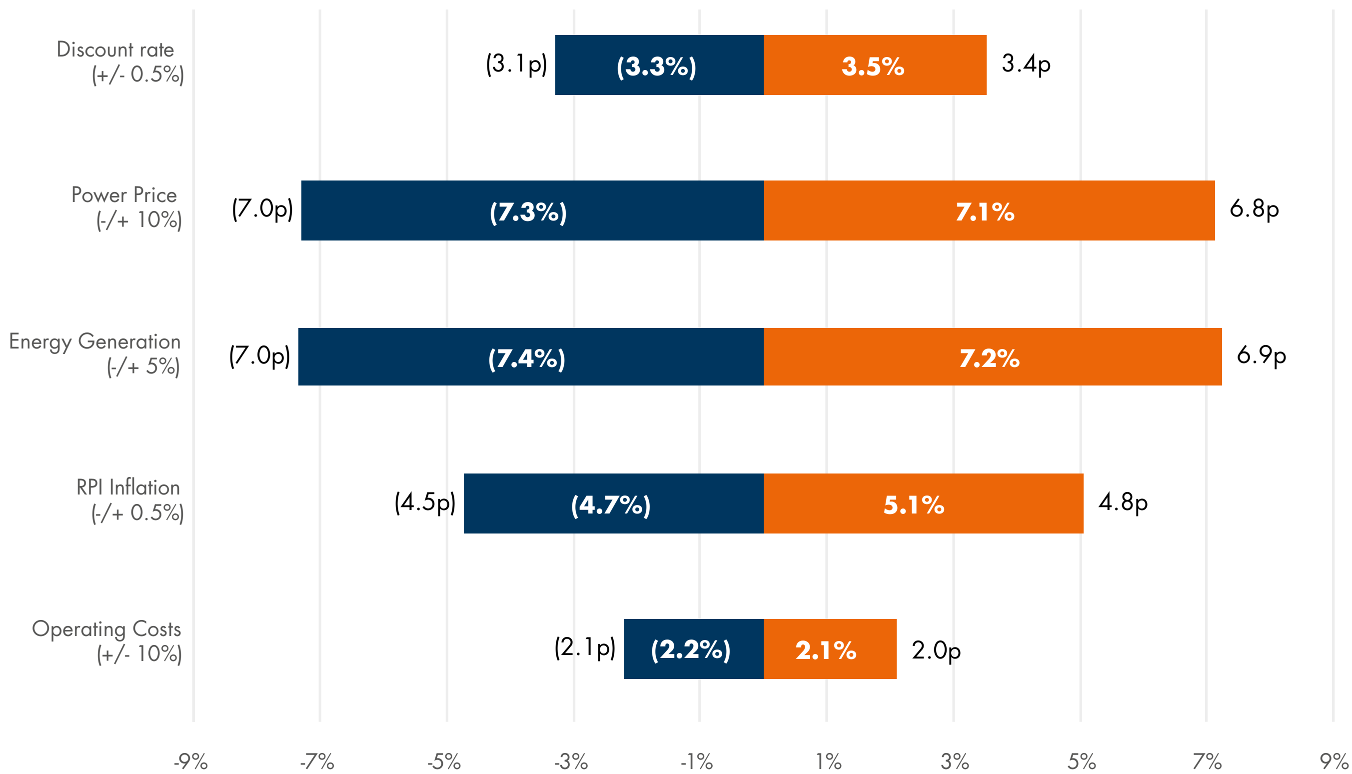
- downward revisions in the forecasts for power prices provided by the Consultants, being 23.4% lower compared to the assumptions at 31 March 2019 (the Company uses the forecasts

Investment Adviser's Report continued

NAV Bridge for the Year Ended 31 March 2020



NAV Sensitivity Analysis as at 31 March 2020



released by the Consultants up to the date of preparation of this Annual Report);

- the uplift arising from a decrease in the unlevered discount rate by 0.25%, from 6.50% to 6.25%;
- the downward revision resulting from increasing the discount rates after 30 years for assets with lease extensions;
- the removal of embedded benefits payments from April 2021 following OFGEM's Targeted Charging Review;
- the uplift arising from lease extensions;
- the operating results achieved by the Company's solar assets;
- the downward revision of short-term inflation forecasts;
- the UK corporation tax rate remaining at 19% over the long-term; and
- the cash dividends paid by the Company during the year and the Company's operating costs.

NAV Sensitivity Analysis

The chart on the previous page shows the percentage change in the portfolio resulting from a change in the underlying variables and its impact on the NAV per ordinary share. Additional sensitivity analyses can be found in note 14c to the Financial Statements on pages 94-96.

Cash Flow Generation

The Company generates revenues through the sale of electricity to the markets and the subsidies provided under different subsidy regimes (ROC, NIROC and FiT). Both revenue streams are underpinned by two main factors:

- the actual energy output (measured as amount of KWh of energy generated), which is mainly driven by the solar irradiation, technical performance and availability of the plant; and
- the actual price at which the energy generated is sold to the markets, as well as the subsidies received for the same generation.

The performance of a plant in terms of revenues is therefore a product of both the operational performance and the commercial terms of the PPAs in place. Before taking into account tax payments and financing considerations, the cash flow generation of solar assets is also influenced by operating expenses, which are usually governed by long-term contracts and characterised by low volatility over the long- term.

Year Ended 31 March 2020			Actual per MWp[1]		Budget per MWp[1]		Delta vs. Budget	Comments
Solar Irradiation	[A]	(kWh/m2)	1,255		1,207		+ 4.0%	Actual irradiation for the year
Conversion Factor[2]	[B]	(%)	85.5%		84.9%		+ 0.7%	Positive delta represents Asset Management Alpha for the year
Metered Generation	[C] = [A x B]	(kWh)	1,073		1,025		+ 4.7%	Actual generation measured at the meter for the year
			Power Price	Subsidies	Power Price	Subsidies		
Realised Prices	[D]	(£/MWh)	48.6	74.4	50.0	71.2	+ 4.6%	Implied average power price and subsidies across entire portfolio (including ROC recycle and embedded benefits)
Revenues (Subsidies, PPAs, Etc.)	[E] = [C x D]	(£ '000)	52.1	79.9	51.2	72.9	+ 9.5%	
Total Revenues	[E]	(£ '000)	132.0		124.2		+ 6.3%	Actual revenues at portfolio level for the year (unaudited figures per MW)
Operating Expenses	[F]	(£ '000)	(26.5)		(29.0)[4]		(8.6%)	Actual costs at portfolio level for the year (unaudited figures per MW)
EBITDA[3]	[G] = [E - F]	(£ '000)	105.5		95.1		+ 10.9%	Actual EBITDA for the year (unaudited figures per MW)
EBITDA Margin[3]			79.9%		76.6%			

1 Based on the average installed capacity over the financial year. Given the different composition of the growing portfolio, this information is not directly comparable with what was provided in the previous Annual Report.
2 Ratio captures the solar plant performance ratio as well as the availability (which reflects all system shut-downs for maintenance or one-off events such as DNO outages).
3 EBITDA is a reference to EBITDA at the SPV levels.
4 Budgeted operating expenses are based on the acquisition case of the assets.

Investment Adviser's Report continued

The table below summarises the economic performance across the whole portfolio during the year, as illustrated by the average revenue and average costs per MW.

During the year, the investment portfolio performance exceeded budget in terms of generation, revenue and operating expenditure due to the following factors:

- positive impact from higher irradiation compared to budget;
- cumulative positive generation results across the portfolio;
- higher FiT, ROC, NIROC and wholesale revenues compared to budget; and
- higher ROC recycle and embedded benefits comparing to budget.

Operating Results

Loss before tax was £29.7m (2019: profit of £71.6m), with earnings per ordinary share of -5.09p (2018: 12.37p). The loss for the year was due to the reduction in the valuation of the investments mainly due to the reduction in the forecast price of electricity in the short and medium term as detailed in the Introduction on page 20.

Operating Expenses and Ongoing Charges

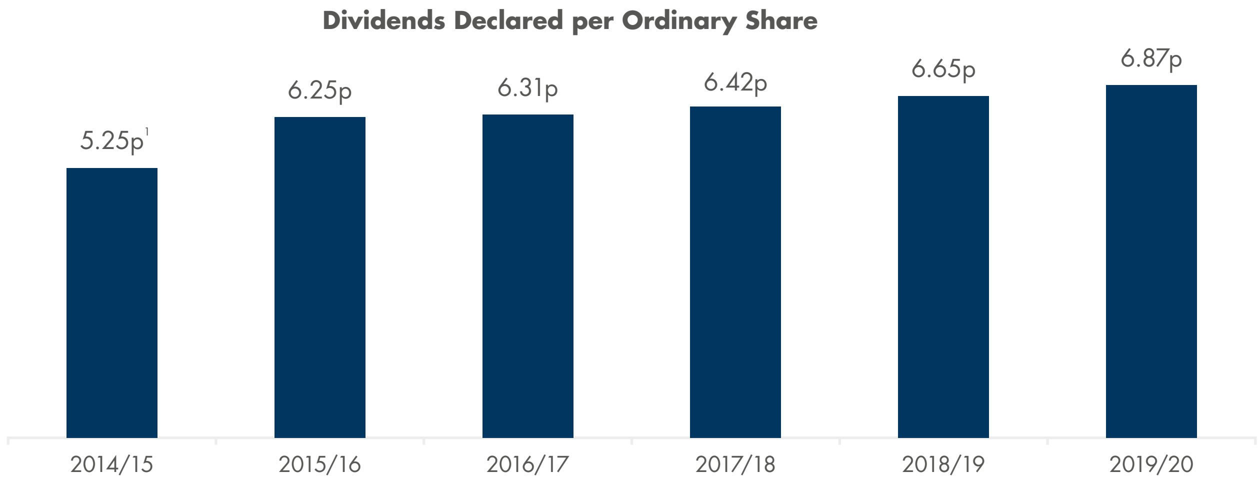
The net operating expenses of the Company amounted to £7.2m (2019: £6.7m). The Company's ongoing charges ratio ("OCR") was 1.1% (2019: 1.1%). The budgeted OCR for the financial year ending 31 March 2021 is 1.1%. The OCR, which has been calculated in accordance with the AIC's recommended methodology, is an Alternative Performance Measure (see page 103).

Dividends

For the year ended 31 March 2020, the fourth quarterly dividend of 1.7175p per ordinary share is expected to be paid on 30 June 2020 to ordinary shareholders on the register at the close of business on 22 May 2020. As a result, the Company will achieve its target for total dividends for the financial year ended 31 March 2020 of 6.87p per ordinary share. The Company offers scrip dividends, details of which can be found on the Company's website (www.nextenergysolarfund.com).

Cash Income for Year Ended 31 March 2020[1]	£'000	Pre-scrip Dividends £'000
Cash income	61,189[1]	
Net operating expenses	(7,233)	
Preference shares dividend	(7,789)	
Net cash income available for distribution to ordinary shareholders	**46,168**	
Ordinary shares dividend paid during the year		39,731
Cash dividend cover[2]		**1.2x**

1 Cash income differs from Income in the Statement of Comprehensive Income. This is because the Statement of Comprehensive Income is on an accruals basis.
2 Alternative Performance Measure (see page 101).



1 The period 2014/2015 was the first financial year following the Company's IPO.

Financing and Cash Management

Further Issue of Preference Shares

On 8 November 2018, ordinary shareholders passed a resolution to create a class of preference shares and authorise the allotment of up to 200m preference shares with no pre-emption rights. Subsequently, on 13 November 2018, the Company issued an initial tranche of 100 preference shares, raising £100m. The Company issued a further 100m of preference shares, raising £100m, on 12 August 2019. The proceeds of the second issue of preference shares were deployed to partially repay a HoldCo level short-term credit facility, finance the acquisition of Ballygarvey and invest in the construction of Staughton.

The rights of the preference shares issued in 2019 are the same as those issued in 2018, save that the second tranche benefit from certain additional undertakings and covenants given by the Company.

The preference shares are only redeemable at the option of the holders in the event of a change in control or delisting of the Company. They are generally non-voting and carry a fixed preferred dividend of 4.75% p.a. as well as a preferred capital entitlement at nominal value (100p). From 1 April 2036, the preference shareholders have the right to convert all or some of their preference shares into either ordinary shares or B shares, at the election of the holders, with B shares being unlisted shares carrying the same rights to dividends and capital in a liquidation as the ordinary shares. The conversion price will be based on the ratio of the preference share issue price (100p) plus any unpaid dividends relative to the NAV per ordinary share at the date of conversion. Accordingly, conversion of the preference shares will not result in any dilution of the NAV per ordinary share.

Provider/ Arranger	Type	Borrower	Number of Plants Secured [1]	Gearing Level [3]	Tranches	Facility Amount £m	Amount Out-standing £m	Termi-nation (Including options to extend)	Applicable Rate
MIDIS/CBA/NAB	Fully-amortising long-term debt [2]	NESH	21	51.6%	Medium-term	48.4	48.4	Dec-26	2.91%[4]
					Floating long-term	24.2	24.2	Jun-35	3.68%[4]
					Index linked long term	38.7	35.9	Jun-35	RPI index + 0.36%
					Fixed long term	38.7	38.7	Jun-35	3.82%
					Debt service reserve facility	7.5	–	Jun-26	1.50%
MIDIS	Fully-amortising long-term debt [2]	NESH IV	5	51.8%	Inflation-linked	27.5	23.1	Sep-34	RPI index + 1.44%
					Fixed long-term	27.5	25.5	Sep-34	4.11%
Total long-term Debt							**195.8**		
NIBC	Revolving Credit Facility	NESH II	2	–	n/a	20.0	–	Feb-22	LIBOR + 2.20%
Santander	Revolving Credit Facility	NESH VI	13	–	n/a	70.0	18.5	Jul-20	LIBOR + 1.50%
Total short-term Debt							**18.5**		
Total									

1 NESF has 325MW under long-term debt financing, 128MW under short-term debt financing and 302MW without debt financing.
2 Long-term debt is fully amortised over the period secured assets receive subsidies (ROCs and others).
3 Gearing level defined as 'Debt outstanding / GAV'.
4 Applicable rate represents the swap rate.

Investment Adviser's Report continued

From 1 April 2030, the Company may elect to redeem all or some of the preference shares. Dividends and, save as referred to in the preceding paragraph, redemption will remain at the sole discretion of the Board during the life of the preference shares. Should more competitive sources of capital become available, the Company may choose, at its sole discretion, to issue new capital (debt or equity) to fund a full or partial redemption of the preference shares after March 2030.

Benefits of the second tranche of preference shares for NESF included:

- a reduction in the exposure to secured debt financing;
- the repayment of existing short-term debt facilities (£90m due in February 2020 and July 2020), removing any short-term refinancing risk, with the balance of the proceeds being available for investment;
- the fixed preferred dividend of 4.75p per preference share being a significantly lower all-in annual cash cost to the Company compared to issuing ordinary shares; and
- the further optimisation of the Company's capital structure and, over the long term, increase in cash flows available to fund ordinary share dividends or for reinvestment compared to refinancing with conventional long-term amortising financial debt, thereby increasing the cash dividend cover and increasing the IRR for ordinary shareholders.

For accounting purposes, the preference shares are treated as liabilities. The investment management fee is calculated based on NAV and, accordingly, no management fee is payable in respect of the preference shares.

Financial Debt

At 31 March 2020, the Company's subsidiaries had financial debt outstanding of £214m (2019: £269m), on a look-through basis, including project level debt, as shown in the table below.

As a result of relatively low HoldCo debt levels, and support of RPI linked subsidies, debt covenants at the HoldCos level would only be breached at extraordinarily low power prices.

Total Gearing

The financial debt, together with the preference shares, represented a gearing level of 42% (2019: 36%), which is below the maximum debt-to-GAV level of 50% in the Company's investment policy.

Cash

As at 31 March 2020, the Company held cash of £25.1m at a high credit rated financial institution in the UK.

Ordinary Shareholder and NAV Total Returns

During the year the ordinary share price decreased from 117.5p to 101.5p. During March 2020, the uncertainty surrounding the COVID-19 pandemic resulted in global equity markets suffering an unprecedented decline. As a result of the fall in the ordinary share price, at 31 March 2020, the annualised return since the Company's IPO on 25 April 2014 had fallen below the target range of 7-9% equity return for ordinary shareholders (at IPO both the issue price and NAV per ordinary share were 100p).

NESF's ordinary share price has risen since the year end and, as at 26 June 2020, was 107.4p, resulting in an annualised ordinary shareholder total return since IPO of 7.3%.

Events After the Balance Sheet

On 14 May 2020, two subsidy-free projects under development, Strensham (40MW) & Llanwern (75MW), were disposed of for a combined consideration of £11.5m resulting in NESF recovering all development costs incurred. The transaction resulted in a net IRR (after transaction costs) significantly in excess of NESF's annualised target return of 7-9% p.a. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rules.

On 29 June 2020, a short-term credit facility of £70m was extended from July 2020 to July 2022.

NextEnergy Capital Limited
29 June 2020

Salcey Farm (battery storage)

- 5.5MW installed
- Energised in May 2018
- 1.4 ROC subsidy
- 1,400 homes powered annually
- Buckinghamshire

Portfolio Generation Performance

	Power Plant	Operational Date	Acquisition Date	Year Ended 31 March 2020 Generation (GWh)	Year Ended 31 March 2020 Irradiation Delta (%)	Year Ended 31 March 2020 Generation Delta (%)	Since Acquisition Irradiation Delta (%)	Since Acquisition Generation Delta (%)
1	Higher Hatherleigh	Apr-14	May-14	6.1	2.6	5.9	0.2	4.8
2	Shacks Barn	May-14	May-14	6.0	3.5	5.0	2.5	8.3
3	Gover Farm	Jan-15	Jun-14	9.1	5.5	0.0	2.3	(0.6)
4	Bilsham	Jan-15	Jul-14	15.7	4.9	2.1	4.1	5.0
5	Brickyard	Jan-15	Jul-14	3.6	3.5	5.7	2.7	5.2
6	Ellough	Jul-14	Jul-14	15.1	1.3	5.4	0.5	6.4
7	Poulshot	Apr-15	Sep-14	13.9	1.5	4.3	(0.3)	4.0
8	Condover	May-15	Oct-14	9.0	(0.3)	(4.1)	(0.7)	0.2
9	Llywndu	Jul-15	Dec-14	8.1	(1.0)	7.7	(4.1)	1.9
10	Cock Hill Farm	Jul-15	Dec-14	20.1	2.6	5.4	2.0	3.5
11	Boxted Airfield	Apr-15	Dec-14	18.9	3.7	6.6	3.0	5.3
12	Langenhoe	Apr-15	Mar-15	21.6	7.1	7.6	5.8	8.8
13	Park View	Jul-15	Mar-15	6.3	(1.5)	(2.3)	(3.3)	(0.5)
14	Croydon	Apr-15	Mar-15	15.8	7.6	6.7	5.6	6.5
15	Hawkers Farm	Jun-15	Apr-15	12.3	1.3	5.2	(0.9)	2.9
16	Glebe Farm	May-15	Apr-15	34.9	7.8	14.1	5.6	11.7
17	Bowerhouse	Jul-15	Jun-15	9.1	5.1	1.4	1.7	1.2
18	Wellingborough	Jun-15	Jun-15	8.0	3.9	2.8	2.0	3.8
19	Birch Farm	Sep-15	Oct-15	5.0	5.2	7.3	3.7	5.7
20	Thurlestone Leicester[1]	Oct-15	Oct-15	1.5	-	(1.0)	-	0.5
21	North Farm	Oct-15	Oct-15	12.4	(0.8)	1.1	(3.9)	(2.0)
22	Ellough Phase 2	Aug-16	Nov-15	8.3	7.4	10.8	8.8	12.1
23	Hall Farm	Apr-16	Nov-15	4.8	3.3	9.0	3.3	1.3
24	Decoy Farm	Mar-16	Nov-15	4.9	5.6	8.0	4.2	8.8
25	Green Farm	Dec-16	Nov-15	5.1	3.1	3.7	3.6	4.2
26	Fenland	Jan-16	Jan-16	21.2	6.2	10.2	4.8	9.2
27	Green End	Jan-16	Jan-16	24.6	6.8	5.4	4.7	5.2
28	Tower Hill	Jan-16	Jan-16	8.0	3.7	6.3	2.3	6.0
29	Branston	Mar-16	Apr-16	19.3	7.6	10.7	6.0	5.1
30	Great Wilbraham	Mar-16	Apr-16	38.2	5.9	6.9	4.9	5.5
31	Berwick	Mar-16	Apr-16	9.3	4.6	9.7	5.0	8.8
32	Bottom Plain	Mar-16	Apr-16	10.7	5.1	5.6	2.7	3.7
33	Emberton	Mar-16	Apr-16	9.0	5.3	6.0	4.1	4.2
34	Kentishes	Jul-17	Nov-16	5.2	4.6	4.7	5.5	6.1
35	Mill Farm	Jul-17	Jan-17	5.3	7.9	11.8	8.3	10.8
36	Bowden	Sep-17	Jan-17	5.3	(0.0)	0.6	(0.5)	0.7
37	Stalbridge	Sep-17	Jan-17	5.4	0.3	5.7	(0.1)	5.9
38	Aller Court	Sep-17	Apr-17	5.3	2.9	4.3	2.7	3.9
39	Rampisham	Sep-17	Apr-17	5.2	(3.1)	(1.7)	(2.6)	(2.7)
40	Wasing	Aug-17	Apr-17	5.3	6.0	8.8	5.9	9.6
41	Flixborough	Aug-17	Apr-17	5.0	5.4	8.0	5.4	8.0
42	Hill Farm	Mar-17	Apr-17	5.0	5.6	5.8	6.7	8.0
43	Forest Farm	Mar-17	Apr-17	3.1	3.7	6.8	4.0	7.7
44	Birch CIC	May-17	Jun-17	1.7	5.2	4.8	4.9	4.6
45	Barnby	Aug-17	Jun-17	5.0	4.6	7.8	5.2	7.6

	Power Plant	Operational Date	Acquisition Date	Year Ended 31 March 2020 Generation (GWh)	Year Ended 31 March 2020 Irradiation Delta (%)	Year Ended 31 March 2020 Generation Delta (%)	Since Acquisition Irradiation Delta (%)	Since Acquisition Generation Delta (%)
46	Bilsthorpe	Aug-17	Jun-17	5.0	4.0	6.9	4.4	7.9
47	Wickfield	Mar-17	Jun-17	4.8	4.5	0.9	4.7	2.8
48	Bay Farm	Sep-17	Aug-17	7.9	6.4	6.1	8.3	6.5
49	Honington	Sep-17	Aug-17	13.3	2.8	3.4	4.2	3.5
50	Macchia Rotonda	Nov-17	Nov-17	10.1	9.1	7.0	5.5	5.2
51	Iacovangelo	Nov-17	Nov-17	5.5	6.9	9.0	3.7	6.6
52	Armiento	Nov-17	Nov-17	3.0	7.8	9.9	4.5	7.1
53	Inicorbaf	Nov-17	Nov-17	4.8	8.6	8.5	4.9	6.2
54	Gioia del Colle	Nov-17	Nov-17	9.7	0.6	4.3	(1.1)	2.7
55	Carinola	Nov-17	Nov-17	4.4	3.3	7.6	1.3	5.4
56	Marcianise	Nov-17	Nov-17	7.3	4.4	5.3	2.3	3.7
57	Riardo	Nov-17	Nov-17	7.4	3.6	4.4	1.7	1.1
58	Gilley's Dam	Nov-17	Dec-17	5.0	(6.0)	(4.0)	(5.6)	(2.9)
59	Pickhill Bridge	Dec-17	Dec-17	3.6	2.4	5.4	5.0	8.2
60	North Norfolk	Dec-17	Feb-18	11.4	6.9	8.9	7.4	9.7
61	Axe View	Dec-17	Feb-18	5.1	4.0	6.0	4.4	6.2
62	Low Bentham	Dec-17	Feb-18	4.6	(0.1)	1.1	1.6	3.3
63	Henley	Jan-18	Feb-18	4.8	1.1	4.3	2.5	5.4
64	Pierces Farm	May-18	May-18	1.7	1.1	3.6	4.4	6.6
65	Salcey Farm	May-18	May-18	5.2	6.2	1.3	11.0	5.4
66	Thornborough	Jun-18	Jun-18	4.7	2.4	(3.4)	7.8	(6.6)
67	Temple Normaton	Jun-18	Jun-18	4.5	2.4	(1.8)	6.7	(2.3)
68	Fiskerton Phase 1	Jun-18	Jun-18	12.7	6.9	1.4	10.4	1.2
69	Huddlesford HF	Jun-18	Jun-18	0.8	2.7	1.4	7.6	3.5
70	Little Irchester	Jun-18	Jun-18	4.5	1.5	(3.3)	7.5	(6.6)
71	Balhearty	Jun-18	Jun-18	3.7	(5.5)	(11.8)	(2.1)	(14.2)
72	Brafield	Jun-18	Jun-18	4.9	3.7	0.3	8.5	0.1
73	Huddlesford PL	Jun-18	Jun-18	0.9	2.5	1.6	7.4	3.3
74	Sywell	Jun-18	Jun-18	4.9	2.6	1.1	9.1	(0.8)
75	Coton Park	Jun-18	Jun-18	2.3	1.1	3.5	5.7	6.0
76	Hook	Jul-18	Jul-18	15.5	1.5	(0.2)	3.0	0.1
77	Blenches	Jul-18	Jul-18	6.0	1.8	4.6	4.5	7.1
78	Whitley	Jul-18	Jul-18	7.3	2.5	(3.9)	3.3	(0.5)
79 80	Burrowton Saundercroft	Jul-18	Jul-18	13.0	2.8	0.3	2.8	1.3
81	Raglington	Jul-18	Jul-18	5.0	1.6	(17.7)	3.9	(10.1)
82	Knockworthy	Jul-18	Jul-18	4.7	1.0	(2.6)	1.7	(0.6)
83	Chilton Canetello	Jul-18	Jul-18	5.5	2.9	5.0	4.2	7.0
84	Crossways	Jul-18	Jul-18	5.6	2.0	0.9	3.1	3.9
85	Wyld Medow	Jul-18	Jul-18	5.1	(3.1)	(1.9)	(2.4)	(0.4)
86	Ermis	Aug-18	Aug-18	0.8	-	(0.4)	-	(0.8)
87	Angelia	Aug-18	Aug-18	0.2	-	6.7	-	7.0
88	Ballygarvey	Mar-18	Aug-19	2.8	1.8	(2.1)	1.8	(2.1)
89	Hall Farm II	Aug-19	Aug-19	–	–	–	–	–
90	Staughton	Dec-19	Dec-19	–	–	–	–	–
Total				**712**	**4.0**	**4.7**	**2.5**	**5.0**

1 Rooftop asset which is not monitored for irradiation.
2 Subsidy-free assets which is not been monitored as it is yet to pass Provisional Acceptance Clearance (PAC).

Operating Portfolio

	Power plant	Location	Announcement Date	Subsidy[1]	Installed Capacity (MWp)	Investment Cost (£M)	Remaining life of the Plant (Years)
1	Higher Hatherleigh	Somerset	May-14	1.6	6.1	7.3[5]	18.0
2	Shacks Barn	Northamptonshire	May-14	2.0	6.3	8.2[5]	17.3
3	Gover Farm	Cornwall	Jun-14	1.4	9.4	11.1[5]	19.7
4	Bilsham	West Sussex	Jul-14	1.4	15.2	18.9[5]	24.2
5	Brickyard	Warwickshire	Jul-14	1.4	3.8	4.1[5]	19.6
6	Ellough	Suffolk	Jul-14	1.6	14.9	20.0[5]	28.9
7	Poulshot	Wiltshire	Sep-14	1.4	14.5	15.7[5]	18.9
8	Condover	Shropshire	Oct-14	1.4	10.2	11.7[5]	19.6
9	Llywndu	Ceredigion	Dec-14	1.4	8.0	9.4	29.7
10	Cock Hill Farm	Wiltshire	Dec-14	1.4	20.0	23.6[5]	19.4
11	Boxted Airfield	Essex	Dec-14	1.4	18.8	20.6[5]	20.0
12	Langenhoe	Essex	Mar-15	1.4	21.2	22.9[5]	35.0
13	Park View	Devon	Mar-15	1.4	6.5	7.7[5]	34.8
14	Croydon	Cambridgeshire	Mar-15	1.4	16.5	17.8[5]	19.7
15	Hawkers Farm	Somerset	Apr-15	1.4	11.9	14.5[5]	20.0
16	Glebe Farm	Bedfordshire	Apr-15	1.4	33.7	40.5[5]	29.7
17	Bowerhouse	Somerset	Apr-15	1.4	9.3	11.1[5]	35.0
18	Wellingborough	Northamptonshire	Jun-15	1.6	8.5	10.8[5]	19.2
19	Birch Farm	Essex	Oct-15	FiTs UK	5.0	5.3[5]	20.2
20	Thurlestone Leicester	Leicestershire	Oct-15	FiTs UK	1.8	2.3	13.1
21	North Farm	Dorset	Oct-15	1.4	11.5	14.5[5]	34.7
22	Ellough Phase 2	Suffolk	Nov-15	1.3	8.0	8.0[5]	35.6
23	Hall Farm	Leicestershire	Nov-15	FiTs UK	5.0	5.0[5]	40.4
24	Decoy Farm	Lincolnshire	Nov-15	FiTs UK	5.0	5.2[5]	36.0
25	Green Farm	Essex	Nov-15	FiTs UK	5.0	5.8	21.0
26	Fenland	Cambridgeshire	Jan-16	1.4	20.4	23.9[2,3]	20.3
27	Green End	Cambridgeshire	Jan-16	1.4	24.8	29.0[2,3]	21.0
28	Tower Hill	Gloucestershire	Jan-16	1.4	8.1	8.8[2,3]	20.0
29	Branston	Lincolnshire	Apr-16	1.4	18.9		34.6
30	Great Wilbraham	Cambridgeshire	Apr-16	1.4	38.1		25.0
31	Berwick	East Sussex	Apr-16	1.4	8.2	= 97.9[2,4]	21.5
32	Bottom Plain	Dorset	Apr-16	1.4	10.1		35.2
33	Emberton	Buckinghamshire	Apr-16	1.4	9.0		40.1
34	Kentishes	Essex	Nov-16	1.2	5.0	4.5	41.5
35	Mill Farm	Hertfordshire	Jan-17	1.2	5.0	4.2	36.8
36	Bowden	Somerset	Jan-17	1.2	5.0	5.6	36.7
37	Stalbridge	Dorset	Jan-17	1.2	5.0	5.4	36.8
38	Aller Court	Somerset	Apr-17	1.2	5.0	5.5	22.0
39	Rampisham	Dorset	Apr-17	1.2	5.0	5.8	22.5
40	Wasing	Berkshire	Apr-17	1.2	5.0	5.3	26.7
41	Flixborough	South Humberside	Apr-17	1.2	5.0	5.1	27.8
42	Hill Farm	Oxfordshire	Apr-17	1.2	5.0	5.5	31.9
43	Forest Farm	Hampshire	Apr-17	FiTs UK	3.0	3.3	32.0
44	Birch CIC	Essex	Jun-17	FiTs UK	1.7	1.7	20.2
45	Barnby	Nottinghamshire	Jun-17	1.2	5.0	5.4	22.3
46	Bilsthorpe	Nottinghamshire	Jun-17	1.2	5.0	5.4	22.7
47	Wickfield	Wiltshire	Jun-17	1.2	4.9	5.6	23.1
48	Bay Farm	Suffolk	Aug-17	1.6	8.1	10.5	33.9
49	Honington	Suffolk	Aug-17	1.6	13.6	16.0	33.8

	Power plant	Location	Announcement Date	Subsidy[1]	Installed Capacity (MWp)	Investment Cost (£M)	Remaining life of the Plant (Years)
50	Macchia Rotonda	Apulia	Nov-17	FiTs Italy	6.6		15.8
51	Iacovangelo	Apulia	Nov-17	FiTs Italy	3.5		16.1
52	Armiento	Apulia	Nov-17	FiTs Italy	1.9		16.1
53	Inicorbaf	Apulia	Nov-17	FiTs Italy	3.0	= 116.2[2,6]	15.9
54	Gioia del Colle	Campania	Nov-17	FiTs Italy	6.5		16.6
55	Carinola	Apulia	Nov-17	FiTs Italy	3.0		16.6
56	Marcianise	Campania	Nov-17	FiTs Italy	5.0		16.5
57	Riardo	Campania	Nov-17	FiTs Italy	5.0		16.5
58	Gilley's Dam	Cornwall	Dec-17	1.3	5.0	6.4	34.7
59	Pickhill Bridge	Clwyd	Dec-17	1.2	3.6	3.7	21.9
60	North Norfolk	Norfolk	Feb-18	1.6	11.0	14.6	24.6
61	Axe View	Devon	Feb-18	1.2	5.0	5.6	27.4
62	Low Bentham	Lancashire	Feb-18	1.2	5.0	5.4	25.9
63	Henley	Shropshire	Feb-18	1.2	5.0	5.2	26.2
64	Pierces Farm	Berkshire	May-18	FiTs UK	1.7	1.2	19.1
65	Salcey Farm	Buckinghamshire	May-18	1.4	5.5	6.5	19.1
66	Thornborough	Buckinghamshire	Jun-18	1.2	5.0	5.7	21.0
67	Temple Normaton	Derbyshire	Jun-18	1.2	4.9	5.6	21.3
68	Fiskerton Phase 1	Lincolnshire	Jun-18	1.3	13.0	16.6	30.0
69	Huddlesford HF	Staffordshire	Jun-18	1.2	0.9	0.9	20.8
70	Little Irchester	Northamptonshire	Jun-18	1.2	4.7	5.9	21.8
71	Balhearty	Clackmannanshire	Jun-18	FiTs UK	4.8	2.6	30.8
72	Brafield	Northamptonshire	Jun-18	1.2	4.9	5.8	21.7
73	Huddlesford PL	Staffordshire	Jun-18	1.2	0.9	0.9	21.0
74	Sywell	Northamptonshire	Jun-18	1.2	5.0	5.9	21.1
75	Coton Park	Derbyshire	Jun-18	FiTs UK	2.5	1.1	21.1
76	Hook	Somerset	Jul-18	1.6	15.3	21.8[2]	34.0
77	Blenches	Wiltshire	Jul-18	1.6	6.1	7.8[2]	18.7
78	Whitley	Somerset	Jul-18	1.6	7.6	10.4[2]	33.8
79	Burrowton	Devon	Jul-18	1.6	5.4	7.3[2]	18.5
80	Saundercroft	Devon	Jul-18	1.6	7.2	9.6[2]	33.9
81	Raglington	Hampshire	Jul-18	1.6	5.7	8.1[2]	33.8
82	Knockworthy	Cornwall	Jul-18	FiTs UK	4.6	6.6[2]	18.0
83	Chilton Canetello	Somerset	Jul-18	FiTs UK	5.0	9.0[2]	32.3
84	Crossways	Dorset	Jul-18	FiTs UK	5.0	10.0[2]	32.3
85	Wyld Meadow	Dorset	Jul-18	FiTs UK	4.8	7.1[2]	33.3
86	Ermis	Rooftop Portfolio	Aug-18	FiTs UK	1.0	3.0	16.6
87	Angelia	Rooftop Portfolio	Aug-18	FiTs UK	0.2	0.6	16.5
88	Ballygarvey	County Antrim	Aug-19	1.4 NIROCs	8.2	8.5	27.8
89	Hall Farm 2	Leicestershire	Aug-19	None	5.4	2.5	39.3
90	Staughton	Bedfordshire	Dec-19	None	50.0	27.4	38.9
	Total				**755**	**932**	**26.9**

1 ROCs, unless otherwise stated. An explanation of ROC subsidy is available at www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro.
2 Acquired with project level debt.
3 Part of the Thirteen Kings portfolio.
4 Part of the Radius portfolio.
5 Part of the Apollo portfolio.
6 Part of the Solis portfolio.

Sustainability and ESG

Introduction from the CEO of NextEnergy Capital Group

Since our founding in 2007, the NEC Group's mission has been to generate a more sustainable future by leading the transition to clean energy. We place this mission at the heart of everything we stand for and do, recognising the privilege we have to generate clean energy for the planet.

Businesses need a healthy environment and society to survive, and communities need successful businesses in order to progress. We believe that identifying and accounting for Environmental, Social and Governance ("ESG") performance makes our clients' investments risk-sound and improves longer-term returns, making ESG integration a source of innovation and competitive advantage for our core business.

NEC's sustainability strategy refers to the United Nations Sustainable Development Goals ("SDGs") as the underlying framework to identify, manage and measure our impacts on the environment and society, and to align our and our clients' business objectives with those of the governments and societies in which we operate. Our strategy is built on three pillars, Climate Change, Biodiversity and Human Rights, and applies to the whole value chain of our business, from our clients' investments and our employees, to our suppliers and services providers, our business partners, and the broader communities we operate in. The core of NEC's sustainability strategy is our Sustainable Investment Policy[1], which was revised in September 2019 to better reflect our understanding of the value-creating ability of ESG considerations in our business and operations, and the solar sector more broadly, as well as our commitment to the United Nations Principles for Responsible Investment.

Our Sustainable Investment Policy applies to both NESF and our private equity funds and defines the NEC Group's principles and commitments, excluded activities, screening and due diligence process, reference standards, monitoring and reporting and engagement approach.

NESF's Sustainability Commitments

We believe that solar energy can change the world, transform our economies and sustain our future. NEC's Sustainable Investment Policy enhances NEC's mission and commitment to tackling climate change which is, without doubt, the biggest challenge and threat in the 21st century. NESF is committed to supporting the UK Government in its ambitious objective of bringing all greenhouse gas emissions to net zero by 2050 and limiting global average temperature rise to 2°C from pre-industrial era levels. In line with the sustainability strategy. NESF considers the three pillars of Climate Change, Biodiversity and Human Rights as an integral part of the investment process:

- **Climate change:** NESF is committed to report its positive contribution to mitigate climate change through clean energy generation. NESF reports annually on CO_2e emissions avoided for the portfolio. In line with NEC's broader climate commitment and as NEC is an official supporter of the Task Force on Climate-Related Non-Financial Disclosure ("TCFD"), NESF also aims to improve its assessment of climate-related physical risks throughout the investment process.
- **Biodiversity:** A key focus for NESF has been the opportunity to enhance biodiversity across the portfolio's sites. The Company's commitment to leading best practices in biodiversity in the solar industry begins during the site selection phase.
- **Human rights:** NESF promotes the respect of fundamental human rights principles. The commitment to respect human rights is guided by the United Nations Universal Declaration of Human Rights.

Performance Measurements

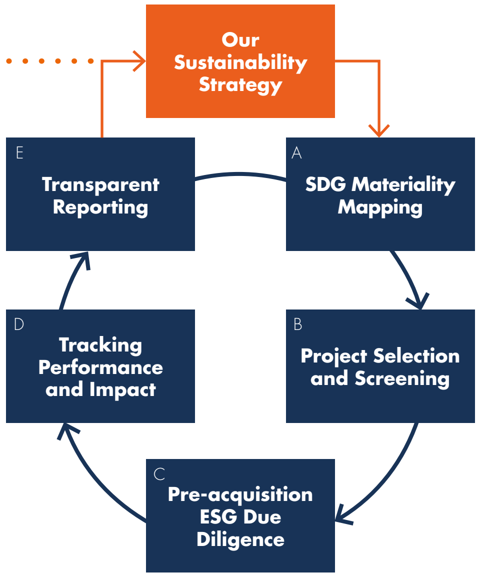
Since most of NESF's portfolio is already invested, the implementation of NEC's Sustainable Investment Policy is more relevant for the asset management phase rather than the pre-investment phase. The focus for the financial year ending 31 March 2021 will be on measuring NESF's current portfolio performance through key performance indicators based on the SDGs which have been identified as material to the business (see the following page) and based on the requirements of the upcoming EU Regulation on sustainable finance.

NESF has contracted the Green Investment Group ("GIG") to independently verify our positive impact on climate change: GIG is a specialist developer, sponsor and investor with a mission to accelerate the transition to a greener global economy. GIG is part of the Macquaire Group and it has expertise in principal investment, project and portfolio management, advisory services and access to flexible capital. GIG developed a proprietary methodology to measure green impact, with strong academic and scientific rigour that can be applied pragmatically, day-in and day-out, through a commercial investment process. GIG is working with us on our SDGs performance reporting and will assist us with the evaluation and verification of NESF's climate-related positive impacts[1].

[1] www.nextenergycapital.com/wp-content/uploads/2019/10/Sustainable_Investment_Policy.pdf

Our Commitment to the United Nations Sustainable Development Goals

The SDGs form the basis of our sustainability strategy.



Sustainable Investment Policy

Aims to deliver sustainable growth for the long-term

Integrated Strategy

Ongoing integration of procedures in the Sustainable Investment Policy into NESF investment process

Transparent Reporting

Measure and report on performance indicators, and in line with EU Disclosure Directive

Stakeholder Engagement

Engage with key partners and industry bodies to lead the agenda and constantly improve our practice

Sustainability and ESG continued

Application of NEC's Sustainable Investment Policy

We are committed to continuing to implement our sustainability strategy through the rigorous integration of NEC's Sustainable Investment Policy into NESF's investment process to deliver consistent, responsible and sustainable growth for the long-term. As mentioned in the introduction from the CEO of the NEC Group on page 36, NEC's Sustainable Investment Policy was revised in September 2019.

The revised Policy applies to the asset management and ownership phase of the assets acquired prior to September 2019, where ESG integration during the acquisition phase was mainly driven by compliance with UK environmental and social regulatory requirements and stewardship based on solar industry best practice.

The revised pre-and post-acquisition ESG principles and commitments, excluded activities, screening and due diligence process, reference standards, monitoring and reporting and engagement approaches set out in the revised Policy are being applied to all new acquisitions and developments since September 2019.

ESG Integration into Pre-Investment Process

Investment Process

NESF has a tried and tested investment process. We recognise the value in considering ESG metrics when identifying potential investment opportunities. Indeed, ESG considerations form part of the investment decision-making at each stage of a site's development. As part of the due diligence undertaken in the pre-acquisition phase, national and local environmental and social policies and legislation are accounted for in a project's site selection, and for its overall development. In line with NEC's Sustainable Investment Policy's principles and commitments, a comprehensive set of national and local data sets are considered to avoid sensitive areas and to comply with the applicable guidelines for the deployment of solar projects. This development phase is supported by the use of computer-based geographic information system modelling tools, whilst the Solar Trade Association's 10 Commitments for Solar Farms guide the considerations of material ESG risks and opportunities during due diligence. Examples of material ESG risks include: land grade; local community impacts, such as negative visual impacts; and impacts to ecology or archaeological heritage areas. Examples of material ESG opportunities include: introduction of new biodiversity hot spots; job creation; and educational opportunities.

Excluded Activities and Site Selection

In accordance with the international, national and local landscape designations recognised by the UK Government[1], NESF does not invest in areas of high biodiversity or landscape character value. In order to ensure a consistent approach to site assessment and review, NEC is currently identifying and incorporating site-specific ESG factors into a standard template which will form part of the sign-off process. Regularly updated data sets from the Environment Agency and Magic Maps and Environmental and Social Impact Assessments are used to review and discount inappropriate sites during the site-searching phase of development.

In terms of site selection, where possible, the information provided by these sources has also been used to limit a selected site's environmental impact. In conjunction with dialogues with landowners, local site sequential testing is carried out to cross reference site suitability and identify land where the long- term benefits of solar deployment may see the highest impact. Furthermore, national and local planning policies and strategies are used to identify suitable areas. Where possible, we support and instruct local and small-sized suppliers and specialists to carry out site and planning-related surveys.

ESG Integration into Investment and Ownership Phase

ESG factors considered throughout the investment and ownership phase include:

- **Climate change:** Climate-related risks, such as areas at risk of flooding according to the Environment Agency's datasets, are identified during the pre-investment phase. We currently avoid areas at risk of flooding or model them to ensure that the project minimises any negative flood risk. In the past, mitigation measures put in place for solar projects have helped to alleviate flooding issues on adjacent land. Despite the operational lifetime of NESF's sites being up to 45 years, all sites are designed using a 100-year flood projection to account for projected climate-induced risks. A climate-related physical risk assessment for climate-induced risks other than flooding is not conducted during the pre-acquisition phase.

- **Biodiversity:** NEC has a dedicated Biodiversity Team that is working with organisations, such as Wychwood and Twig, to ensure that land management and native fauna and flora are being considered throughout the investment and ownership phases. A set of proven biodiversity solutions are included within planning-controlled site proposals with the view of ecologically enhancing the project area and any additional land held under the project ground lease. NEC has developed a specific Universal Biodiversity Management Plan ("UBMP") for NESF sites (see case studies 1, 2 and 3 on pages 41 and 42) and NESF has hired biodiversity specialist companies to design and implement bespoke and effective measures that develop, repair and connect local wildlife, habitats and ecosystems. Our UBMP also exists to improve local stakeholder and community engagement and education on the benefits of transforming solar plants into ecosystem-friendly assets. It makes up part of NEC's wider Biodiversity Strategy which works to support the UK Government's 25-year Environmental Plan[2].

  During the asset's operational lifetime, schemes are designed to allow sheep grazing. Such schemes employ densities which work within the land's natural carrying capacity. They are also devised in conjunction with the broader environmental, landscape and ecological objectives of site-specific measures,

1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/218695/env-impact-landscape.pdf

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf

which are agreed in advance with local councils, and the Universal Biodiversity Management Plan.

- **Community engagement:** During the pre-acquisition phase, NESF closely engages with local parishes and councils to ensure the suitability of site proposals. Where possible, community feedback is incorporated into the transaction proposals so that we can work on long-term community development plans (see case study 4 on page 42). We commit to employ people locally where practical and possible. In addition, community funds are established to promote development and support community renewable energy projects and initiatives (see case study 5 on page 42). We also commit to using our solar farms as educational opportunities, particularly regarding the promotion of the value of biodiversity and clean energy (see case study 2 on page 41).
- **Human rights:** NESF has zero tolerance for human rights abuses across the value chain. We work with our counterparties to ensure that they abide by our human rights related principles, as outlined in NEC's Sustainable Investment Policy. To this extent, by end of 2020, NEC aims to introduce human rights related criteria into our solar PV module framework agreements (see "Panel Suppliers" below). We also aim to add obligations to comply with human rights related standards in our contractual relationships with all our counterparties, including co-owners, engineering, procurement and construction contractors and operation and maintenance contractors and subcontractors.
- **Panel suppliers:** NESF has developed module framework agreements as the framework to identify and select top-tier, reputable manufacturers with a proven track record of delivering high quality products (i.e. manufactured for high durability, easy dismantling, refurbishment and recycling). Quality control, product certification and international standards, including ISO 9001 and IEC61215:2016, are all incorporated in this framework to provide visibility of the entire supply chain and materials used during production.
- **Circular economy:** Where possible, biodegradable or recyclable materials are sourced. At the end of the solar farm's life, we expect there to be a residual value in most of the materials used in the modules, for example glass, silicon, steel, aluminum and copper. The value of these materials is expected to pay in full for the decommissioning costs of the solar farm.
- **Health and safety:** Regarding occupational and environmental health and safety standards, we uphold minimum construction and production-related industry standards, such as those set out in the Construction, Design and Management Regulations 2015 and the International Organisation for Standardisation's requirements. These standards are incorporated into the main service delivery contracts to impose contractual obligations on our suppliers.
- **Anti-bribery, corruption and tax evasion:** It is both NESF's and NEC's policy is to conduct all of its business in an honest and ethical manner. We both have a zero-tolerance policy towards bribery, corruption and the criminal facilitation of tax evasion. Both NESF and NEC are committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever it operates.

Asset Management and Portfolio Performance

Our focus for the financial year ending 31 March 2021 will be to measure NESF's current portfolio performance through a select group of key performance indicators. These are based on the SDGs which have been identified as material to our business and operations (see page 37). From the assessment carried out last year with the independent support of the Green Investment Group, NESF's performance in relation to the SDGs was recognised through its contribution to SDG 3 (Good Health and Wellbeing), SDG 7 (Affordable and Clean Energy), SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production, SDG 13 (Climate Action) and SDG 15 (Life on Land).

NEC's M&A and Operating Teams are working together to integrate ESG factors into a broader data platform which will be used to capture the individual asset's performance in relation to the selected key performance indicators, as well as that of the portfolio as a whole. ESG indicators will include, but not be limited to, CO_2e emissions avoided, water consumption; biodiversity measures and employment metrics.

NEC's ESG Team

NEC's ESG Team reports to the NEC Group CEO and comprises two experts: Giulia Guidi, the Head of the Team with more than 20 years of experience in ESG risk management in the financial sector, and Flavia Galdiolo, the ESG Analyst for the NEC Group, who is also responsible for running NextEnergy Foundation (see page 40). The ESG Team is actively involved in NESF through regular engagement with the members of NEC's M&A and Biodiversity Teams and the SPV managers, as well as the Operational Team on asset management matters. The ESG due diligence for new acquisitions is currently carried out by the M&A Team. Going forward, the aim is to receive greater oversight and support from the ESG Team to ensure consistency with the ESG principles and approach detailed in NEC's Sustainable Investment Policy.

NEC regularly engages with important stakeholders, including the UK Government, alongside leading UK industry associations, such as the Solar Trade Association, and non-profit organisations, such as the Business and Human Rights Resource Centre, to promote best practices on ESG matters in the solar sector.

The NEC Group is a signatory of the United Nations Principles for Responsible Investment ("UNPRI") and a member of the Institutional Investors Group on Climate Change ("IIGCC"). The ESG Team actively engages and collaborates with both organisations to promote best practices within the solar industry, and regularly discusses any relevant recommendations and important trends for NESF with colleagues who are responsible for the investment and asset management of the Company's portfolio.

Sustainability and ESG continued

Recognition of NESF's Green Credentials

During the year ended 31 March 2020, the Company was awarded the London Stock Exchange's Green Economy Mark, which recognises companies that derive over 50% of their annual revenues from products and services that contribute to the global green economy.

The Company was also successful in obtaining Guernsey Green Fund status from the Guernsey Financial Services Commission ("GFSC"). Following an application to the GFSC via Route 1 suitable third-party certification, NESF is deemed to have met the following investment criteria as outlined in the Guernsey Green Fund Rules, 2018 ("Rules"):

- the property of a Guernsey Green Fund shall be invested with the aim of spreading risk and with the ultimate objective of mitigating environmental damage resulting in a net positive outcome for the environment; and
- a Guernsey Green Fund shall comprise 75% of assets by value that meet the Rules' criteria and the remaining 25% must not lessen or reduce the Guernsey Green Fund's overall objective of mitigating environmental damage or comprise an investment of a type specified within schedule 3 of the Rules.

The Route 1 suitable third-party certification was provided by Grant Thornton Limited in the form of an independent limited assurance report and their engagement was conducted in accordance with the International Standard on Related Services ("ISRS") 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information".

Charitable Donation to the NextEnergy Foundation (the "Foundation")

The Foundation is an international charity founded in 2016 with the vision of participating proactively in the global effort to reduce carbon emissions, providing clean power sources in regions where they are not available and contributing to poverty alleviation. The NextEnergy Foundation is NEC's personal effort to support small or other commendable projects that would otherwise not be in the remit of its operations. NEC has pledged 5% of its profits annually to the Foundation and recognises the importance of benefiting communities in which it is present and beyond.

In December 2019, NESF made a charitable donation of £50,000 to the Foundation. The funds donated by NESF were used to support some of the Foundation's most recent work, including:

- providing fuel vouchers to those living in fuel poverty across the UK;
- building energy-efficient cookstoves and equipping local health posts with solar power and electrical equipment in the Surkhet District of Nepal; and
- increasing access to water sources in the Oromia Region of Ethiopia by installing a solar pumping system to rehabilitate a non-functioning borehole.

Details of each project are disclosed on the NextEnergy Foundation's website (www.nextenergyfoundation.org).

Looking Ahead and Next Steps

For NESF, ESG integration is an evolving process where stakeholder engagement and implementation of industry best practice helps to continuously improve our practices and become a leader in the solar sector.

We are planning to strengthen our ESG disclosures and to deepen the overall integration of ESG into our investment process in line with the requirements of the upcoming EU Disclosure and Framework (Taxonomy) Regulation. This includes explaining how we substantially contribute to climate mitigation, how we do no significant harm ("DNSH") to the other four environmental objectives applicable to the solar PV sector (climate adaptation, water management, circular economy and biodiversity), and how we comply with the minimum safeguard standards, including, but not limited, to human rights violations.

Regarding key environmental risks in our investments, we will place greater emphasis on assessing climate-related risks more systematically and minimising water usage during the pre-acquisition, designing and monitoring phases of projects.

Regarding panel suppliers, environmental and minimum safety standards are currently imposed on all suppliers. We recognise that, because projects can be scaled down to community-level or individual-use production levels, solar is well positioned to provide integrated benefits to communities who struggle to access traditional energy sources. However, we are also aware of the potential human rights abuses in the value chains of the solar sector, and the poor labour rights of workers in mineral extraction and in some solar panel manufacturing facilities. As Human Rights is one of the three pillars in NEC's Sustainable Investment Policy, the existing supplier selection process is being revised to include an enhanced pre-qualification questionnaire and tendering programme which, among other things, will be used to screen for evidence of human rights abuses. NEC also plans to liaise with the Solar Trade Association and the Business and Human Rights Resource Centre to lead the discussion on human rights within our industry and promote stakeholder engagement on the issue.

Regarding community engagement, we aim to establish a blueprint for community engagement which will apply to all projects through a systematic process. This blueprint will include, among other things, stakeholder engagement and consultation plans, stewardship principles, compensation and community development plans to ensure a more streamlined commitment to addressing social issues across all NESF sites.

Finally, with regard to governance, NESF plans to expand the current pre-qualification questionnaire and tendering programme to continue to comply with the UK Bribery Act, 2010.

ESG Case Studies

Case Study 1: Biodiversity Exemplar Sites – An Update

NEC has developed a biodiversity strategy that encompasses an "above and beyond" approach to be introduced in the exemplar site portfolio. An exemplar site consists of site-specific measures to enhance the native flora and fauna situated near or on the solar farm. These sites have also had new biodiversity management plans developed to aid in the management and promotion of biodiversity net gain over the plant's lifetime. Exemplar sites are identified from the NESF portfolio as those which have met all of their planning conditions, and those where there is an active relationship with landowners who wish to engage with NESF, thus increasing the potential for the positive benefits of the biodiversity measures put in place to be reaped by neighbouring communities.

NESF has invested £45,000 over the last two years for the development and maintenance of the exemplar sites. Annual biodiversity surveys were carried on all exemplar sites during the year ended 31 March 2020 and showed a significant increase in pollinators, especially in the newly introduced wildflower meadow areas at the original exemplar sites. These aspects will be monitored annually over the lifetime of the sites.

In 2017, four out of a potential 35 sites were selected as biodiversity exemplar sites (Berwick, Boxted, Emberton and Langenhoe) and the implementation of biodiversity management plans, including, but not limited to, site-specific wildflower meadows, bug hotels, hibernaculas, and ongoing beehive maintenance, which are nearing completion.

As at 31 March 2020, NESF had implemented a total of five sites at an exemplar standard. An additional three sites have been earmarked for 2021. Furthermore, the Balhearty, Brafield on the Green, Burrowton and Temple Normanton sites have undergone baseline biodiversity surveys which have driven the development of site-specific measures. These measures are currently being introduced and are expected to be finalised next year. The plan for next year is to have approximately eight sites within NESF's portfolio at an exemplar standard that can be sustained with appropriate management. However, due to COVID-19, these measures and plans have been put on hold.

NESF		Exemplar Sites			
Sites	Year of Implementation	Wildflower Meadows (ha)	Bug Hotel (n)	Hibernaculars (n)	Beehive Maintenance
Balhearty	2019	Pending [1]	Pending [1]	Pending [1]	Pending [1]
Berwick	2017	0.15	2	Pending [1]	2
Boxted	2017	0.3	2	0	5
Brafield	2019	Pending [1]	Pending [1]	Pending [1]	Pending [1]
Burrowton	2019	0.5	0	0	0
Emberton	2017	0.77	Pending [1]	0	0
Langenhoe	2017	0.35	2	0	0
Temple Normanton	2019	Pending [1]	Pending [1]	Pending [1]	Pending [1]
Total		**2.1**	**6**	**0**	**7**

[1] Currently on hold due to COVID-19.

Case Study 2: Community Engagement – Contribution to Education

- **Community orchard and outdoor classroom:** A plot of land was developed to build a community orchard, which is also helping to promote wildlife, near the Birch site in Colchester. At the request of the local community, an outdoor classroom was built. This was made possible by a donation from one of our SPVs, Birch CIC. The classroom is used to give lessons to children in the nearby school and members in the surrounding community on nature.

- **Two day school field trip:** Over two days, volunteers from the NEC Group, WiseEnergy, took approximately 270 Year 8 Geography pupils from Imberhorne School to visit our Berwick solar farm, located in West Sussex. The aim of the trip was to give pupils the opportunity to experience what they are taught in class in real life, helping to deepen their knowledge about renewable energy. The pupils learnt about the different uses of the land at the site, the advantages of a solar farm and how it can enhance the local biodiversity. A separate activity was to carry out a noise survey at various parts of the solar farm, which they would later compare to a wind farm nearby. The school prepared an educational pack which allowed the groups to interact with the volunteers as well as the teachers, encouraging the pupils to ask questions and stimulating interesting discussions on the topics being taught. Overall, it was a successful two days for both the students and the NEC Group.

Sustainability and ESG continued

Case Study 3: Introduction of the Universal Biodiversity Management Plan

NEC has developed a Universal Biodiversity Management Plan ("UBMP") for NESF. The UBMP differs from the biodiversity management plans referred to in case study 1, which are site-specific. The UBMP allows non-site-specific biodiversity measures to be introduced throughout the entirety of NESF's portfolio over time. Each site may then have its own additional site-specific measures.

As part of the UBMP, NESF is planning "Adopt a Beehive" scheme where the 15 sites selected for the roll out of the UBMP will be fitted with a solar thermal beehive. The beehives will be managed by local beekeeping associations and financially supported by NESF. If successful, there are plans to extend this initiative throughout the whole UK portfolio to tackle the decreasing numbers of pollinators and increase biodiversity net gain regionally. This demonstrates our commitment to going above and beyond what is required from planning obligations to create a unique web of hubs that foster biodiversity net gain and enhance pollinator numbers. The UBMP also consists of a native wildflower mix, hibernaculas, bird/bat boxes and bug hotels. The main objective is to establish cost-effective measures that can be installed into any solar farm environment and which require minimal maintenance but can significantly contribute to an increase in fauna and flora over the lifetime of the site. Out of the portfolio's 90 sites, 15 have been selected to trial the UBMP during the year. Approximately 4.8 hectares of native wildflower mix will be planted by autumn 2020, and 16 hibernacula, 95 bird/bat/owl boxes and 15 bug hotels installed.

NESF	UBMP				
Sites	Native Wildflower Mix (ha)	Hibernacula's (n)	Bird/Bat/Owl Boxes (n)	Bug Hotels (n)	Beehive Schemes (n)
Bilsham	0.4[1]	1[1]	8[1]	1[1]	1[1]
Birch	0.1[1]	1[1]	6[1]	1[1]	1[1]
Bottom Plain	0.2[1]	1[1]	10[1]	1[1]	1[1]
Branston	1[1]	1[1]	0[1]	1[1]	1[1]
Brick Yard	0.1[1]	1[1]	4[1]	1[1]	1[1]
Cock Hill Farm	0.7[1]	1[1]	8[1]	1[1]	1[1]
Condover	1[1]	1[1]	6[1]	1[1]	1[1]
Croydon	0[1]	2[1]	10[1]	1[1]	1[1]
Decoy Farm	0[1]	1[1]	5[1]	1[1]	1[1]
Gover Farm	0.2[1]	1[1]	0[1]	1[1]	1[1]
Hall Farm	0[1]	1[1]	6[1]	1[1]	1[1]
Higher Hatherleigh	0.25[1]	1[1]	10[1]	1[1]	1[1]
Llwyndu	0.4[1]	1[1]	10[1]	1[1]	1[1]
North Farm	0.2[1]	1[1]	8[1]	1[1]	1[1]
Shacks Barn	0.25[1]	1[1]	4[1]	1[1]	1[11]
Total	**4.8**	**16**	**95**	**15**	**15**

[1] Currently on hold due to COVID-19.

Case Study 4: Community Engagement – Green Corridor

NESF closely engages with local parishes and councils during the pre-acquisition phase and, where possible, the feedback is incorporated into a site-specific framework which is established to create a mutualistic relationship between NESF and local communities. In the past, this has included changes to the specific land take (the loss of agricultural land due to land development), site design, landscaping strategy and its implementation. As an example of this, following consultation with the local community of an NESF site, land take was reduced and a "green corridor" introduced to protect the views and nature trails along public rights of way.

Case Study 5: Community Engagement – Tackling Homelessness

According to the charity Greater Change, homelessness affects around 300,000 people in the UK. Greater Change aims to provide financial support to those who are homeless. In a bid to bring about real change in the way that we support our site communities, NESF is helping to combat homelessness around the Bilsham site in Chichester and the Hill Farm site in Oxford. The Company is supporting 10 individuals living around both sites through Greater Change, which is working to aid these individuals to find accommodation, as well as training them to live and maintain their new homes.

Stakeholder Engagement

We recognise the importance of maintaining a high standard of business conduct and strong and constructive relationships with our key stakeholders in order to deliver the Company's strategic objectives over the long-term.

As the Company has no employees and given the nature of its services, our Investment Adviser has significant dealings with our other stakeholders and, therefore, is an integral point of contact between the Company and our stakeholders. The Company's corporate brokers, Cenkos Securities plc and Shore Capital Ltd, are also an integral point of contact between the Company and our shareholders and, together with the Investment Adviser keep us up-to-date with regard to any shareholder concerns or other significant feedback.

Our key stakeholders are shown in the table below, in no particular order. The table seeks to explain why those stakeholders are important to us and how we seek to engage with them, which we may do either directly or through our Investment Adviser or corporate brokers, as appropriate.

Our Key Stakeholders	Why They Are Important to Us	How We Engage With Them
Investment Adviser	The Investment Adviser's performance is critical for the Company to deliver its investment strategy successfully and meet its investment and strategic objectives. Accordingly, the Company relies on the Investment Advsier's expertise, and needs to ensure the quality and sustainability of its services, to deliver the necessary performance. The Investment Advsier's culture and reputation is also important when it is representing the Company and its subsidiaries.	• Board and Committee meetings • Ad hoc meetings and calls with the Chairman and other Directors • External Board evaluation, which includes feedback from the Investment Adviser. • Informal meetings and dinners
Investment Manager	The Investment Manager's role is important to ensure all acquisitions and divestments meet the Company's investment and strategic objectives.	• Quarterly reports to the Board • Annual evaluation by the Management Engagement Committee • Ad hoc meetings and calls with Directors
Shareholders (All investors in the Company – institutional investors – (including wealth managers) and retail investors (including private individuals))	A well-informed and supportive shareholder base is crucial to the long-term sustainability of our business. Understanding the views and priorities of our shareholders is, therefore, fundamental to retaining their continued support and to have the potential to access equity capital in order to continue to expand the Company's portfolio over time in order to further diversify the investment portfolio and create economies of scale.	• Annual and Interim Reports • Quarterly factsheets • Market announcements, including quarterly NAV announcements • Website • Institutional investor meetings (one-to-one and group), primarily through our Investment Adviser and corporate brokers, to update them (e.g. annual and interim results presentations) or gauge their opinions on specific matters (e.g. strategy and capital raisings) • Regular institutional investor feedback received from our Investment Adviser and corporate brokers • Chairman meetings and other communications with substantial shareholders • Research analyst presentations • Dialogue with research analysts through our Investment Adviser, as and when required • AGM

Our Key Stakeholders	Why They Are Important to Us	How We Engage With Them
Administrator	As the Company has no employees, we rely on the Administrator to provide us with administrative, fund accounting and company secretarial services. In particular, on the Administrator maintaining the accuracy of our accounting records and ensuring our compliance with applicable laws, rules and regulations.	• Board and Committee meetings • Ad hoc meetings and calls with the Chairman and other Directors • Quarterly reports to the Board • Annual evaluation of the Administrator by the Management Engagement Committee
Other Key Service Providers and Advisers (Registrar, Financial Adviser, Legal Advisers, Corporate Brokers, Public Relations and Auditors)	A strong and constructive working relationship with our other key service providers and advisers ensures that we receive high-quality services to help deliver our investment and strategic objectives	• Board and Committee meetings • One-to-one meetings and calls • Provision of relevant information to or by the Company • Annual evaluation of key service providers and advisers by the Management Engagement Committee
Lenders (Provider of the NEC Group's credit facilities)	An appropriate amount of gearing is required to achieve our target returns. It is important to maintain a strong working relationship with our existing lenders in case we may need, at some point, their consent for, e.g., strategic initiatives. We also look to build strong relationships with lenders, including our existing lenders, who may provide debt facilities in the future.	• Provision of information to lenders in accordance with the terms of the relevant facility agreements • Consultation in advance on matters which may require their consent under the relevant facility agreements
Local Communities	Ensuring our investment creates a positive social impact is core to our sustainability approach.	• See "Sustainability and ESG" section on pages 36-42
Asset Manager	The Asset Manager's performance is critical for the operating solar assets to deliver operational outperformance verses the budget. The Asset Manager also provide the administration and fund accounting for the Company's subsidiaries, as well as providing an Energy Sales desk to manage our electricity price ad sales strategy.	• Monthly and ad-hoc meetings with the Investment Adviser • Monthly reports to the Investment Adviser • Quarterly reports to the Investment Manager, which is reported to the Board

Risks and Risk Management

We recognise that effective risk management is important to the Company's long-term sustainable success.

Approach to Managing Risk

Our risk management process is designed to identify, evaluate, manage and mitigate (rather than eliminate) the significant risks we face. The process can therefore only provide reasonable, and not absolute, assurance.

The Audit Committee formally reviews, on the Board's behalf, the effectiveness of our risk management and internal control systems bi-annually. During the course of these reviews, the Audit Committee has not identified or been advised of any significant failings or weaknesses that it has determined to be material.

Risk Appetite

The Board is ultimately responsible for defining the level and type of risk that the Company considers appropriate, ensuring it remains in line with the Company's investment objective and investment policy that sets out the key components of its risk appetite.

The Company's risk appetite is considered in the light of the principal and emerging risks that the Company faces, including having regard to, amongst other things, the level of exposure to power prices, financing risk and solar resource risk.

Principal Risks

Details of the principal risks we face that have the potential to materially affect our business are set out in the tables below. There are some risks that we currently regard as immaterial and, therefore, they have not been included below but they may become material in the future. In addition, other risks may be unknown to us at present or cannot easily be determined or quantified. These include the OFGEM reviews of subsidy accreditations for solar assets and the impact of future UK and Italian taxation as a consequence of government support to the economy arising from the impact of COVID-19.

The Company also recognises that as well as being a public health emergency, the COVID-19 pandemic is a continuing risk to our business, as it has a significant impact on the economy which affects the demand of electricity, a significant factor affecting the price of electricity. The Company has three priorities in managing risks deriving from COVID-19:

- the well-being of the people involved in our business, including our Investment Manager, Investment Adviser, Asset Manager, contractors, subcontractors and the other key stakeholders;
- keeping our solar assets operational whilst conducting essential maintenance; and
- protecting the financial performance of the Company's portfolio.

The principal risks are the same as detailed in the 2019 Annual Report, save for the impact of COVID-19.

Emerging Risks

An emerging risk is characterised by a degree of uncertainty. The Board and the Investment Adviser discuss and consider what emerging risks there are to the Company and its assets at the quarterly Board meetings and the Audit Committee formally reviews emerging risks, actual and potential, twice a year.

The Company has a range of advisers in addition to the NEC Group, including our corporate brokers, legal and industry advisers. These advisers report on key topics and potential events which may present potential risks that the Board and the Investment Adviser need to consider and monitor.

An example of an emerging risk is the current disruption caused by COVID-19 and the potential longer term impact of the pandemic on economies. The Investment Adviser does not currently expect there to be any material adverse operational impact on the Company's assets but is closely monitoring the risk. The potential longer-term impact of the pandemic on economies is uncertain and we, together with the Investment Adviser, will continue to monitor this and its potential impact on the Company and our ability to meet our objectives.

Portfolio Management and Performance Risk

Risks	Summary	Mitigation
1. Electricity generation falling below expectation	Solar is an intermittent energy source compared to traditional energy resources such as coal and gas. The volume of solar irradiation available on a given day is out of the Company's control and this is a risk on the performance of the assets. Unplanned DNO outages, weather patterns and technical issues can impact generation.	There is a level of predictability for solar irradiation compared to other renewables, in that irradiation levels tend to follow a set trend throughout the year. The geographical location of the asset has an impact on irradiation levels, due to climate variations and small differences in day lengths across regions. Assets are chosen with this in mind. The Asset Manager has value-enhancing tools that optimise the Company's portfolio generation and resolve interruptions efficiently. The diversity of the underlying solar module and inverter manufacturers and O&M suppliers. The reliability of the solar technology when properly maintained.
2. Portfolio valuation	Valuation of a solar PV asset is dependent on financial models based on several drivers, principally: discount rates, rate of inflation, power price curves and amount of electricity the solar assets are expected to produce. Certain assumptions may prove to be inaccurate, particularly during periods of volatility.	Drivers of the SPV valuation model are frequently reviewed by the Investment Manager to ensure they are at the appropriate level. Documentation to prove these calculations are presented to the Board quarterly for approval and adoption. To mitigate the impact of the power price volatility, the Investment Adviser uses an average of the power price curves from the Consultants.

External and Market Risks

Risks	Summary	Mitigation
1. Adverse changes in government policy and political uncertainty	Brexit negotiations continue between the UK government and the European Union. An unfavourable outcome could affect an investor's appetite to invest in the Company. Changes by the coalition government in Italy could affect the value of the Italian assets.	The Investment Manager believes Brexit is likely to have a very limited effect on the Company's financial and operating prospects. In 2019, the UK became the first major economy to pass net zero emission laws. The new target will require the UK to bring all greenhouse gas emissions to net zero by 2050. The Investment Manager does not think the UK government will introduce primary legislation to reverse this commitment as a result of Brexit. Most other OECD countries, including Italy, which follow the Kyoto Protocol and 2015 Paris Agreement have similar targets for the reduction in greenhouse gas emissions and transition to a low-carbon economy. The implications of Brexit and the policies of the Italian government on the Company are not identifiable at present. These risks are beyond the control of the Company, but the Company closely monitors developments and their impact on the solar industry.
2. Adverse changes to regulatory framework for solar PV	Uncertainty for the future regulatory framework for solar PV creates a risk that further planned acquisitions do not take place. This would affect the Company's growth potential, valuation and profitability.	The Company actively monitors regulatory changes within the industry and participates in contributing towards government discussions on the industry.
3. Changes to tax legislation and rates	Changes to the existing rates and rules could have an adverse effect on the valuation of the portfolio and levels of dividends paid to shareholders.	The Investment Manager has tax advisers to ensure constant awareness of any upcoming changes to tax legislation and rates, to implement the necessary changes as quickly and smoothly as possible.

Operational and Strategic Risks

Risks	Summary	Mitigation
1. A decline in the price of electricity, and revenues	Revenues of solar assets are dependent on the electricity market. Exposure to the wholesale energy market impacts the prices received for energy generated by and revenues forecast for the operating assets of the Company. The acquisition of subsidy-free assets will increase this risk as currently most of their revenues are derived from the wholesale energy market with only a part benefiting from short-term PPAs. The Company is exposed to a reduction in the price of electricity. The COVID-19 pandemic has resulted in a decline in demand for energy which has exacerbated recent declines in the price of electricity. This risk exists with future pandemics. It is not certain if or when prices will recover to previously forecast levels. The COVID-19 pandemic has impacted demand for goods and services in the economy and the closure of businesses and this will translate into lower inflation in the short term, which will lead to lower revenues as a significant proportion of revenues are subject to subsidies, with inflation linkage and fixed for the long-term.	The Investment Adviser uses the most recent quarterly reports from the Consultants to be kept informed of longer term electricity prices, and uses this information to formulate the Company's electricity sales and hedging strategies. **Short-term:** The Company enters into PPAs and forward contracts to fix electricity prices for a future period ranging from six to 12 months. The NEC Group has an Energy Sales desk which is responsible for hedging generation produced in the short-term. As at 31 March 2020, the Company had secured fixed price agreements covering 95% of its electricity generation for the summer of 2020 and 50% for winter 2020/21. **Long-term:** Wholesale power prices are beyond the control of the Company. Factors that could increase the price of electricity including the roll-out of electric vehicles and the electrification of domestic heating and transportation networks. The Investment Adviser reviews wholesale electricity price forecasts and enters into long-term PPAs where appropriate. **Subsidy free assets:** The Investment Adviser will plan for short-term and long-term contracts before the asset is operational.
2. Counterparty risk	This is the risk of counterparty failure. The Company has entered into O&M contracts and PPAs, which affect the costs and revenues of the Company. The Company has also contracted with various EPCs for construction of the subsidy-free assets. If the counterparty becomes insolvent there is a risk of disruption and financial loss until the counterparty is replaced.	The Asset Manager continuously monitors its contracts in line with the market. There are contractual arrangements in place that have warranties in case of defaults. The Asset Manager ensures that counterparties are of an acceptable financial standing to minimise risk.
3. Plant operational risk	The Company relies on third-party contractors to provide corrective and preventative maintenance through O&M contracts. The O&M contractor could fail to fulfil its obligation and the solar plant's performance could deteriorate. Degradation of the solar modules reduce the performance of the plant over time. An increase in the rate of degradation may lead to under performance.	The Company can seek legal recourse against failure by an O&M contractor. The Asset Manager monitors and ensures that the O&M contract maintains a detailed preventative schedule, with contract warranties and penalty payments in the event of failure. The Company looks at technological improvements on an ongoing basis to offset the effect of degradation. Also, the Company has contract warranties to secure the performance of the plants.

Going Concern and Viability

Going Concern

This Strategic Report describes the Company's business activities, together with the factors likely to affect its future performance, position and prospects. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Investment Adviser's Report and notes to the Financial Statements.

The Board is satisfied that the Company has sufficient resources available to be able to manage the Company's business effectively and pursue the Company's principal activities and investment objective. In particular, the Board is not currently aware of any material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of approval of this Annual Report. The Board is of the opinion, therefore, that the going concern basis adopted in the preparation of the Financial Statements is appropriate.

Assessment of Viability

In accordance with the AIC Code of Corporate Governance and the FCA's Listing Rules, the Directors have assessed the prospects of the Company over a longer period than the 12 months required when preparing financial statements on a going concern basis.

In reviewing the Company's viability, the Directors have assessed its viability for the period to 31 March 2025. The Board believes this period, being approximately five years, is an appropriate period over which to assess the Company's viability as it is consistent with the five year period used by the Board when considering the Company's investment strategy and medium-term business plans, including cash flows, and is considered reasonable having regard the long-term nature of the Company's investment strategy.

The Company owns a portfolio of solar energy infrastructure assets in the UK and Italy that are predominantly fully constructed, operational and generating renewable electricity. As a result, it benefits from predictable and reliable long-term cash flows and is subject to a set of risks that can be identified and assessed. Each solar asset is supported by a detailed financial model at acquisition and incorporated into the Company's valuation model for quarterly valuations. The Directors believe that the diversification within the Company's portfolio of solar assets helps to withstand and mitigate the emerging and principal risks the Company is most likely to face. The Company's revenues from investments provide substantial cover to the operating expenses of the SPVs, HoldCos and the Company and any other costs likely to be faced by any of them over the viability assessment period.

The Investment Adviser prepares a five-year cash flow forecast annually and the Investment Manager and the Board review this as part of business planning and to address the sustainability of the dividends. This forecast is based on the Investment Manager's expectations of future asset performance, income and costs, and are consistent with the methodology applied to provide the valuation of the investments. The forecast considers the Company's cash balances, cash flows, dividend cover, other financial ratios, compliance, investment policy and key operational and financial indicators over the assessment period. Furthermore, the forecast also considers the terms of the NESF Group's borrowing facilities (mainly interest payable, amortisation and financial covenants) and the terms of the preference shares and their limited redemption rights. Apart from any drawings under two revolving credit facilities for an aggregate of £90m that expire in 2022, there are no borrowings by the Company or any of the HoldCos or SPVs that are expected to be refinanced during the assessment period.

The viability assessment assumes continued government support for existing subsidy arrangements for the assets within the portfolio.

The key assumptions underpinning the cash flows and covenant compliance forecasts are subject to sensitivity analysis to explore and evaluate the Company's resilience to the potential impact of those emerging and principal risks summarised on pages 45-47 that, both individually and in aggregate, could prevent the Company from delivering on its investment strategy. The emerging and principal risks that are subject to the sensitivity analysis are electricity generation falling below expectation and a decline in the price of electricity, as these could have a material negative impact on valuations and cash flows and give rise to a reduction in the availability of finance. The remaining emerging and principal risks, whilst having an impact on the Company's business model and future performance, position and prospects, are not considered by the Directors to have a reasonable likelihood of impacting the Company's viability over the five-year period to 31 March 2025.

The sensitivities performed were designed to be severe but plausible; and to take full account of the availability and likely effectiveness of mitigating actions that could be taken to reduce or avoid the impact or occurrence of the underlying risks.

If the ordinary shares trade, on average, at a discount to the NAV in excess of 10% over any financial year of the Company, the Board is required to propose, at the next AGM, a special resolution that the Company ceases in its current form. In assessing the likelihood of a discontinuation resolution being triggered, the Board has had regard to the historic average ratings of the Company's ordinary shares and its peers over rolling 12 month periods since the Company's IPO in 2014.

Viability Statement

Having considered the five-year forecast cash flows and covenant compliance, the impact of the sensitivities in combination and the emerging and principal risks facing the Company, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2025.

COVID-19 Pandemic

In assessing whether the going concern basis should be adopted in the preparation of the Financial Statements and the Company's viability over the period to 31 March 2025, the Board undertook a detailed review of the impact of the COVID-19 pandemic as discussed in the Chairman's Statement and Investment Adviser's Report on pages 7 and 20 respectively.

Approval

This Strategic Report was approved by the Board on 29 June 2020 and signed on its behalf by:

Kevin Lyon
Chairman
29 June 2020

HAWKERS FARM

- 11.9MW installed
- Energised in June 2015
- 1.4 ROC subsidy
- 3,000 homes powered annually
- Somerset

Governance

Introduction from the Chairman

Kevin Lyon
Chairman

I am pleased to present the Company's Corporate Governance Report, which comprises pages 50-76, for the year ended 31 March 2020.

We believe that strong corporate governance gives the Company's shareholders and other key stakeholders confidence in the Company's trustworthiness, fairness and transparency. The practice of good governance is, therefore, an integral part of the way we manage the Company and plays an important role in shaping the Company's long-term sustainable success and achieving our strategic objectives.

Enhanced Corporate Governance Regime

A number of key changes were made to the UK corporate governance regime for listed companies for financial years beginning on or after 1 January 2019, including placing greater emphasis on explaining how the corporate governance principles have been applied. This Corporate Governance Report explains how we apply the principles and provisions of the AIC Code of Corporate Governance (February 2019). It provides details of the key aspects of our corporate governance framework and seeks to demonstrate how the Board and its Committees have operated during the year and how we exercise effective stewardship over the Company's activities for the benefit of our shareholders as a whole, whilst having regard to the interests of wider stakeholders.

Board Composition and Evaluation

As mentioned in last year's Annual Report, Sue Inglis (Sue) joined the Board on 1 April 2019. This enhanced our gender diversity, with our female Directors making up 40% of the Board, ahead of the voluntary target set by the Hampton-Alexander Review.

During the year, Sharon Parr resigned as a Director. The Board therefore engaged OSA Recruitment (an independent recruitment search firm) to assist with identifying an appropriate candidate. Following consideration of succession and identification of the required skillset, Joanne Peacegood (Jo) was appointed to the Board. Information on Jo's skills and experience are included in her biography on page 53. We believe that Jo's experience in the asset management sector including evaluating how businesses respond to change, risk assessments and internal controls will be of significant value to the Board and, specifically, given her audit experience, Jo is a strong candidate to chair the Audit Committee in due course. Jo's appointment also supports the Board's objectives around diversity including skills, experience, age and gender. Further details of the search process that led to Jo's appointment are included under "Committee Activities" on page 58.

During the year, we implemented our first external Board evaluation, which was undertaken by Linstock Limited. Overall, the conclusions from the evaluation were positive, although they did identify some areas that we should seek to improve on and we are responding to the recommendations. Having joined the FTSE 350 Index during the year, the AIC Code requires us to undertake externally facilitated Board evaluations at least every three years. As we believe we have benefited from this year's external evaluation, we intend to undertake an external Board evaluation process again next year. Further information on this year's evaluation process and its findings can be found under "Annual Performance Evaluations" on page 60.

New Management Engagement Committee

Prior to Sue's appointment, the annual evaluation of our Investment Manager, Investment Adviser, Administrator and other key service providers and advisers was undertaken by the Board (save for the external auditor, who is evaluated by the Audit Committee). Having regard to the increase in the Board's size and Sue's skills and experience (her biography is on page 53), the Board decided it would be appropriate to establish a Management Engagement Committee, chaired by Sue, and to delegate responsibility for the annual evaluation of all of our key service providers and advisers (apart from the auditor) to the new Committee.

Engagement with Our Key Stakeholders

We recognise the importance of engaging with our key stakeholders and information on how we do this can be found under "Engagement with Our Stakeholders" on pages 43-44.

During the year, we updated the Company's website (www.nextenergysolarfund.com), incorporating improved features and additional functionality. We have also updated the format of the Annual Report to improve clarity and ease of use.

We will continue to look at how we engage with all of our key stakeholders to ensure that our engagement is both appropriate for the Company's business and dynamic so that we can respond as the business and our key stakeholders' views evolve.

Kevin Lyon
Chairman
29 June 2020

Governance Structure

Our governance framework reflects the fact that, as an investment company, the Company has no employees, its Directors are all non-executive and its day-to-day activities, including investment management and administration, are outsourced to external service providers.

NEXTENERGY SOLAR FUND

BOARD

(All independent of the Investment Manager, Investment Adviser and Administrator)

Independent Chairman: Kevin Lyon (since 22 January 2014)
Principal Responsibilities: To lead the board; to ensure the board's overall effectiveness in directing NESF

Senior Independent Director: Vic Holmes (since 22 January 2014)
Principal Responsibilities: To provide a sounding board for the chairman and serve as an intermediary for the other directors and shareholders

Non-executive Directors: Patrick Firth (since 22 January 2014),
Sue Inglis (since 1 April 2019), Joanne Peacegood (since 20 February 2020)

SCHEDULED MEETINGS: 4 p.a.

PRINCIPAL RESPONSIBILITIES:

To promote the long-term sustainable success of NESF, generating value for shareholders whilst having regard to the interests of wider stakeholders

To set NESF's strategic objectives and ensure that the necessary resources are available for it to meet its objectives

To establish a framework of prudent and effective controls that enable risk to be assessed and managed

To oversee the performance of the Investment Manager and other external service providers

To ensure effective engagement with shareholders and other key stakeholders

To robustly scrutinise and constructively challenge all matters that come before the board

A — AUDIT COMMITTEE

MEMBERSHIP: All Directors

CHAIRMAN: Patrick Firth (since 2014)

SCHEDULED MEETINGS: 3 p.a.

PRINCIPAL RESPONSIBILITIES:

To oversee the quality of financial reporting

To review and monitor the risks the company is exposed to, its risk appetite and the effectiveness of its risk management framework

To review the effectiveness of the external audit process and independence of the external auditor

M — MANAGEMENT ENGAGEMENT COMMITTEE

MEMBERSHIP: All Directors

CHAIRMAN: Sue Inglis (since 14 June 2019)

SCHEDULED MEETINGS: 1 p.a.

PRINCIPAL RESPONSIBILITIES:

To evaluate at least annually the performance and continuing appointments of the Investment Manager and other key service providers and advisers

R — REMUNERATION AND NOMINATIONS COMMITTEE

MEMBERSHIP: All Directors

CHAIRMAN: Vic Holmes (since 2014)

SCHEDULED MEETINGS: 1 p.a.

PRINCIPAL RESPONSIBILITIES:

To keep under review the Directors' remuneration policy

To review and evaluate regularly the Board's composition and succession planning and lead the process for new Board appointments

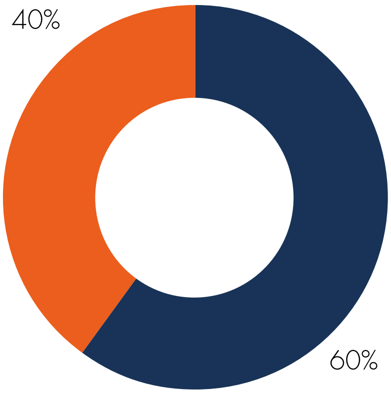
To lead the annual evaluation of the Board and Committees

Board of Directors

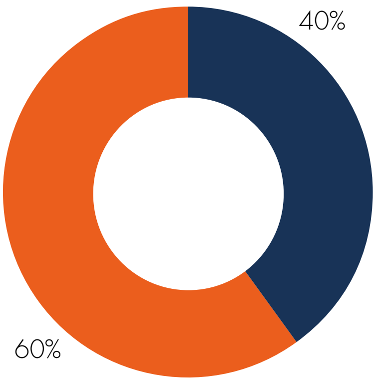
Committees

- A Audit Committee
- M Management Engagement Committee
- R Remuneration and Nominations Committee
- Committee Chairman

Diversity



Tenure



Kevin Lyon
Chairman

Resident: UK

Appointed: 22 January 2014

Independent: Yes

Committee Memberships:

A M R

Relevant Skills and Experience:

Over 30 years of experience in private equity and Director positions in a number of different companies.

Qualified Chartered Accountant.

Spent approximately 17 years with 3i Group, responsible for their core private equity business across the UK, with a team of 10 Directors and 40 executives.

Independent Non-executive Director and Chairman of more than 20 companies over the last 15 years, including Smart Metering Systems plc, Valiant Petroleum plc, Wyndeham Press Group, Craneware plc, Booker plc, David Lloyd Leisure and Phase 8.

Attended management courses at INSEAD, IESE and Ashridge.

Won the Institute of Directors Scotland Non-executive Director of the Year Award in 2013.

Principal External Appointments:

Chairman of Inoapps Ltd, a vendor of Oracle software.

Chairman of Ramco Ltd, a service company focussed on the oil sector.

Non-executive Director of retailer SpaceNK.

Vic Holmes
Senior Independent Director

Resident: Guernsey

Appointed: 22 January 2014

Independent: Yes

Committee Memberships:

A M R

Relevant Skills and Experience:

Over 30 years of experience in financial services.

Qualified Chartered Certified Accountant.

Joined the Board of Guernsey International Fund Management Limited, Guernsey's largest fund administration company, in 1986.

Senior roles in the international fund administration services business of the Baring Asset Management group of companies from 1990 to 2005 (based in Dublin), including Head of Fund Administration Services with responsibility for services out of London, Dublin, Guernsey, Isle of Man and Jersey.

Head of Northern Trust's Irish businesses (2005 to 2007) and Channel Island businesses (2007 to 2011).

First chairman of the Irish Fund Industry Association, which he was instrumental in establishing in 1991.

Chairman of the Guernsey Investment Fund Association's executive committee from 2013 to 2015.

Has served on a wide range of fund-related Boards, based mainly in Guernsey and Ireland but also in the UK and Cayman Islands, since 1986.

Principal External Appointments:

Chairman of Permira Holdings Limited, Utmost Worldwide Limited and Highbridge Tactical Credit Fund Limited

Non-executive Director of DBG Management GP (Guernsey) Limited and a range of Ashmore funds.

Patrick Firth

Non-executive Director

Resident: Guernsey

Appointed: 22 January 2014

Independent: Yes

Committee Memberships:

A M R

Relevant Skills and Experience:

Has worked in the fund industry in Guernsey since joining Rothschild Asset Management C.I. Limited in 1992.

Qualified Chartered Accountant.

Managing Director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, from 2002 to 2009.

Former Chairman of the Guernsey International Business Association and of the Guernsey Investment Fund Association.

A member of the Chartered Institute for Securities and Investment.

Former Non-executive Director of JZ Capital Partners Limited.

Principal External Appointments:

Non-executive Director of a number of management companies, general partners and investment companies, including Riverstone Energy Limited, ICG-Longbow Senior Secured UK Property Debt Investments Limited and GLI Finance Limited.

Sue Inglis

Non-executive Director

Resident: UK

Appointed: 1 April 2019

Independent: Yes

Committee Memberships:

A M R

Relevant Skills and Experience:

Over 30 years' experience in advising investment companies and financial institutions.

Qualified lawyer and a former partner, and head of the funds and financial services group, at Shepherd & Wedderburn, a leading Scottish law firm.

In 1999, a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors, which was acquired by Canaccord Genuity in 2009.

Before embarking on a non-executive career in 2018, executive roles included Managing Director – Corporate Finance in the Investment Companies teams at Cantor Fitzgerald Europe (2012-2018) and Canaccord Genuity (2009-2012).

Former Non-executive Director of The European Investment Trust plc.

Principal External Appointments:

Chairman of The Bankers Investment Trust PLC.

Senior Independent Director of Baillie Gifford US Growth Trust PLC.

Non-executive Director of BMO Managed Portfolio Trust PLC and Seneca Global Income & Growth Trust plc.

Joanne Peacegood

Non-executive Director

Resident: Guernsey

Appointed: 20 February 2020

Independent: Yes

Committee Memberships:

A M R

Relevant Skills and Experience:

Over 20 years of experience in the Investment Management sector including Premium Listed Funds and Alternative assets.

Worked for big four in the Channel Islands, UK and Canada for 20 years.

Qualified as a Chartered Accountant in 2002 (FCA) and holds a BA honours degree in Accounting.

Led hundreds of Audits for reputable Asset Management clients and Controls Assurance engagements.

Expertise in Valuations, Corporate Governance and Regulations.

Previous Risk & Quality Director. Responsibilities included considering and responding to risks, regulatory relationships and assessment of quality/controls.

Innovation & Technology Director overseeing technology solutions to enable the business to operate more efficiently.

Principal External Appointments:

Non-executive Director roles include Private Equity, Debt and Asset Managers.

Vice Chair of the Guernsey Investment & Fund Association Executive Committee.

Member of the Guernsey International Business Association Council.

Corporate Governance Statement

Statement of Compliance

The Board considers that the principles and provisions set out in the AIC Code of Corporate Governance (February 2019) provide the most appropriate framework for the Company's governance and reporting to shareholders. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (July 2018) as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The AIC Code includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant for investment companies. The AIC Code is available on the AIC's website (www.theaic.co.uk).

The AIC Code has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission. By reporting against the AIC Code, the Board is meeting its obligations in relation to:

- the UK Corporate Governance Code (and associated disclosure requirements under the FCA's Listing Rule 9.8.6R) and, accordingly, the Company does not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to it; and
- the Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance (February 2016).

The Company has complied with the principles and has complied with the provisions of the AIC Code during the year ended 31 March 2020.

Board Leadership and Company Purpose

Board Leadership

The role of the Board is to promote the long-term sustainable success of the Company, generating value for our shareholders whilst having regard to the interests of wider stakeholders.

The Investment Manager, Investment Adviser and Administrator are responsible for implementing the Company's strategy and managing the Company's day-to-day activities and operations. The Company's success is based on such implementation and management being effective. The Board leads and provides direction for the Investment Manager, Investment Adviser and Administrator by setting the Company's strategic objectives within a robust framework of risk management and internal controls. The Board oversees the execution of the Company's strategy and implementation of its key investment, financial, operational and compliance policies, enabling it to scrutinise robustly and challenge constructively the performance of the Investment Manager, Investment Adviser and Administrator.

Company Purpose, Values and Strategy

The Company's principal purpose is to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets, through investment in a diversified portfolio of solar assets managed in accordance with its investment policy. Details of the Company's investment and strategic objectives and its investment strategy are set out in "Our Objectives" and "Our Investment Strategy and Track Record" on page 2 and pages 15-18 respectively. In setting the Company's strategic objectives, the Board had regard to the interests of the Company's key stakeholders.

The Strategic Report describes:

- how the Company seeks to generate and preserve value over the long-term (see "Portfolio Optimisation" in the Investment Adviser's Report on page 21);
- the key considerations relating to new investment opportunities (see "Portfolio Highlights" in the Investment Adviser's Report on page 20);
- the emerging and principal risks to the future success of the Company and how we seek to manage and mitigate them (see "Risks and Risk Management" on pages 45-47); and
- the sustainability of the Company's business model (see "the Going Concern and Viability section" on page 49).

We aim to ensure the Company is run in a manner that is consistent with our belief in integrity, fairness and transparency and responsive to the views of the Company's shareholders and wider stakeholders.

Board Culture

Our culture is based on openness, trust and candour between Board members, respect for differing opinions and areas of expertise and individual and collective accountability. We believe that this culture encourages constructive and robust challenge and debate, generates strong collective wisdom and ultimately leads to good decision making, all of which are important to the successful implementation of the Company's strategy.

We seek to ensure that our culture is aligned with the Company's purpose, values and strategy principally through ongoing dialogue and engagement with the Investment Manager, Investment Adviser and Administrator, whose efforts are collectively directed towards delivering returns to shareholders in line with the Company's purpose, and monitoring the performance and management of the Company.

Section 172 Statement

Section 172 of the Companies Act 2006 applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law. Under section 172, directors have a duty to promote the success of their company for the benefit of its members as a whole, whilst having regard to (amongst others) the likely consequences of their decisions in the long-term and the interests of the company's wider stakeholders.

Information on how we have acted in accordance with the requirements of section 172 is included throughout the Strategic Report and this Corporate Governance Report. In particular:

- information on the Company's values and business model and our culture can be found under" Our Business Model" on pages 12-14 and under "Company Purpose, Values and Strategy" above;

- details of how the Company seeks to generate and preserve value over the long-term can be found in the Investment Adviser's Report on pages 20-30;
- information on the emerging and principal risks that could disrupt the long term success of the Company and how we seek to manage and mitigate them are considered under "Risks and Risk Management" on pages 45-47;
- details of the Company's key stakeholders, why they are important to us and how we engage with them can be found in "Engagement with Our Stakeholders" on pages 43-44;
- in relation to the Company's solar assets, the Asset Manager and the Investment Adviser have day-to day responsibility for the Company's dealings with suppliers, contractors, customers and others and information of how they foster these relationships are included under "Principal Roles" on page 14;
- information on how the Company's operations impact on the environment and the communities in which its solar assets are located are included in the Sustainability and ESG section on pages 36 to 42; and
- a summary of the Board's principal activities during the year under review are included under "Principal Roles" on page 14.

In making decisions, our aim is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In relation to the decisions we took during the year under review, we acted in the way we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in section 172.

Conflicts of Interest

The Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests ("conflict situations"). A Director must inform the Chairman (or, in the case of the Chairman, the Senior Independent Director) as soon as they become aware of the possibility of a conflict situation.

Where it deems it appropriate, the Board may approve conflict situations. In deciding whether to approve a conflict situation, the Board will act in a way it considers, in good faith, will be most likely to promote the Company's long-term sustainable success. The Board can impose limits or conditions when giving approval if it considers this appropriate.

We believe that our arrangements for approving and monitoring of conflict situations operate effectively.

There were no conflict situations during the year under review (or since the end of the year).

Division of Responsibilities

Board

The Board comprises five Directors, all of whom are non-executive and independent, and is chaired by Kevin Lyon. The biographies of the Directors are on pages 52 and 53.

The Board's principal responsibilities include:

- promoting the Company's long-term sustainable success, generating value for our shareholders whilst having regard to the interests of wider stakeholders;
- setting the Company's strategic objectives and ensuring that the necessary resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls that enable risk to be assessed and managed;
- establishing a framework of high standards of corporate governance;
- overseeing the execution of the Company's strategy and implementation of its key investment, financial, operational and compliance policies;
- overseeing the performance of our Investment Manager, Investment Adviser, Administrator and other key service providers and advisers;
- ensuring effective engagement with shareholders and other key stakeholders; and
- robustly scrutinising and constructively challenging all matters that come before the Board.

The Board has overall responsibility for the Company's activities. However, it has delegated or outsourced various matters to its standing Committees and day-to-day activities to the Investment Manager and the Administrator, all of which operate within clearly defined terms of reference or agreements that set out their roles, responsibilities and authorities. All other matters are reserved for consideration and approval by the Board (including those matters listed in a formal schedule of reserved matters approved by the Board), thus enabling the Board to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The reserved matters include:

- the Company's strategy and strategic aims;
- the Company's dividend policy and declaration of dividends;
- alterations to the Company's equity and debt capital structures;
- valuations of the Company's investments;
- financial reporting and controls;
- the Company's operating and marketing budgets;
- Board membership; and
- all corporate governance matters.

To enable the Board to fulfil its responsibilities, the Directors are expected to provide strategic guidance, constructive challenge, offer specialist advice and hold the Investment Manager, Investment

Corporate Governance Statement continued

Adviser, Administrator and other service providers and advisers to account.

The Directors have access to the advice and services of the Administrator. Where necessary, in carrying out their duties, the Directors may also seek independent professional advice and services at the expense of the Company.

Chairman

The current Chairman is Kevin Lyon. His primary role as Chairman is to provide leadership to the Board. The principal responsibilities of the Chairman include:

- the overall effectiveness of the Board in directing the Company;
- taking a leading role in setting the Company's strategic aims,
- promoting behaviours and attributes that make up the Board's culture (details of which can be found under "Board Culture" on page 54);
- ensuring the Directors receive information of appropriate quality and form in a timely manner and encouraging balanced, open and inclusive Boardroom discussions, all of which facilitate the Board's ability to debate robustly and challenge constructively and to make objective decisions;
- ensuring the Company is meeting its responsibilities to shareholders and wider stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of their views.

The effectiveness and independence of the Chairman is evaluated on an annual basis as part of the Board's performance evaluation. Information on the 2020 appraisal of the Chairman can be found under "Annual Performance Evaluations" on pages 60 and 61.

Senior Independent Director

The current Senior Independent Director is Vic Holmes. His primary role as such is to serve as a sounding board for the Chairman, act as an intermediary for other Directors and be available to respond to shareholders' concerns if they cannot be resolved through the normal channels of communication (i.e. through the Chairman). The Senior Independent Director leads the annual evaluation of the Chairman (see "Annual Performance Evaluations" on pages 62 and 64 for information on the 2020 annual evaluation).

Board Committees

The Board has three standing Committees:

- ***Audit Committee:*** Information on the Committee's membership, roles and responsibilities is included in the Audit Committee Report on pages 66 to 68.
- ***Management Engagement Committee:*** The Committee was established on 14 June 2019 and is chaired by Sue Inglis (see "New Management Engagement Committee" on page 50 for further information). The Committee aims to serve the interests of the Company's shareholders and other stakeholders through seeking to ensure that the Company's key service providers, including the Investment Manager, Investment Adviser and Administrator, and advisers are delivering a high level of performance and value for money. The Committee's principal responsibilities are to evaluate, at least annually, the performance and appropriateness of the continuing appointments of the key service providers and advisers and to review terms of the Management Agreement, including the basis of the fees payable to the Investment Manager, having regard to current market practice.
- **Remuneration and Nominations Committee:** Information on the membership and the remuneration-related roles and responsibilities of the Committee are included in the Directors' Remuneration Report on page 63.

  The Committee's nomination-related responsibilities include:

  – reviewing the Board composition and assessing whether the balance of skills, experience, knowledge, diversity and independence is appropriate to enable the Board to discharge its responsibilities effectively and efficiently;

  – succession planning;

  – leading the process for new appointments to the Board; and

  – leading the annual evaluation of the Board and its Committees.

A copy of the terms of reference of each Committee is available on the Company's website (www.nextenergysolarfund.com). The Committees review their terms of reference at least annually, with any proposed changes recommended to the Board for approval.

The Board also establishes additional Committees from time to time to take operational responsibility on specific matters following "in principle" approval from or with subsequent ratification by the Board. These Committees ensure that key matters are dealt with efficiently.

Investment Manager and Investment Adviser

A Management Agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority and responsibility. Under the Management Agreement, but subject to the overall control and supervision of the Board, the Investment Manager has full discretion to make investments in solar assets that have been recommended by the Investment Adviser and meet the requirements of the Company's investment policy.

The Investment Manager is also the Company's Alternative Fund Manager ("AIFM") for the purpose of the EU's AIFM Directive. As the 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 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 strategy, acquisitions and disposals, portfolio efficiencies, financing, market developments and other matters that may affect the Company's portfolio or the Company's ability to meet its investment or strategic objectives. In addition, the Investment Adviser is responsible for overseeing the performance of the Company's portfolio.

In advance of Board meetings, the Investment Manager provides regular reports, which include operating updates on the Company's solar assets, information on potential new investment opportunities, cash flow forecasts and other financial information, industry updates and other relevant information. Senior representatives of the Investment Manager and the Investment Adviser attend Board meetings. In addition, there is regular contact between the Board, Investment Manager and Investment Adviser, including Informal meetings between Board meetings. Our active engagement and supportive working relationship with the Investment Manager and Investment Adviser create an open and collaborative culture that ensures that we have a thorough understanding of the Company's business and facilitates our robust scrutiny and constructive challenge of the activities and performance of the Investment Manager and Investment Adviser.

Administrator

The Company has appointed the Administrator to provide company secretarial, fund accounting and administration services. The Administrator's responsibilities include:

- ensuring that the Company complies with applicable Guernsey laws, rules and regulations and also the FCA's rules and regulations applicable to investment companies with a premium listing and of the London Stock Exchange's rules and regulations;
- advising on all governance matters;
- supporting the Board to ensure that it has the policies, processes and information it needs in order to function effectively and efficiently;
- under the direction of the Chairman, facilitating the flow of information between the Board, Committees, Investment Manager, Investment Adviser and other service providers and advisers; and
- ensuring that Board procedures are followed.

In advance of Board meetings, the Administrator provides regular reports, which include financial and other operational information, details of any breaches or complaints and relevant legal, regulatory, corporate governance and other technical updates. There is also regular contact between the Directors and the Administrator between Board and Committee meetings. Our working relationship and dialogue with the Administrator provides us with a thorough understanding of the Company's operational activities, ensures we comply with relevant legal, regulatory, corporate governance and other technical requirements and facilitates our effective oversight and scrutiny of the activities and performance of the Administrator.

Board and Committee Meetings and Activities

Meetings

The Board and its standing Committees hold regular scheduled meetings and additional meetings as required. The agenda for each meeting is prepared by the Administrator and approved by the Chairman of the relevant meeting. Representatives of the Investment Manager, Investment Adviser and Administrator attend all scheduled meetings, although the Directors may meet without all or some of them being present.

Agendas, along with reports and other papers containing relevant, concise and clear information, are circulated to the Board and Committees in a timely manner to enable review and consideration prior to scheduled and ad hoc meetings. This ensures that the Directors are capable of contributing to and making informed decisions. The Board or a Committee may also seek, as required, further clarification of matters from the Investment Manager, Investment Adviser, Administrators and other service providers or advisers by means of additional reports and/or in-depth discussions.

The primary focus at the quarterly Board meetings is:

- a review of the Company's investments, including their performance and any operational issues and asset management initiatives;
- any investment opportunities and how they fit within the Company's strategy;
- legal, regulatory and market developments that may impact the Company or its investments;
- valuation of investments and NAV calculation;
- the Company's financial performance;
- the Company's financial and regulatory compliance;
- investor relations, shareholder analysis and marketing; and
- peer group benchmarking and other relevant sector information.

Board Activities

In addition to routine business at the quarterly Board meetings, matters considered by the Board during the year under review included:

- the Company's strategy and strategic aims, including in respect of subsidy-free solar assets (see "Portfolio Update" in the Chairman's Statement on page 9 and in the Investment Adviser's Report on page 22);
- raising additional preference share capital (see "Capital Raising and Debt Financing" in the Chairman's Statement on page 9 and in the Investment Adviser's Report on pages 29 and 30);
- the suspension of the scrip dividend alternative in respect of the third interim dividend (see "Dividends" in the Chairman's Statement on page 9);
- approving the Annual and Interim Reports;
- the appointment of a new Director (see "Board Composition and Evaluation" on page 50);
- the creation of the Management Engagement Committee (see "New Management Engagement Committee" on page 50);
- the 2019 annual assessment of the performance and appropriateness of the continuing appointments of the Investment Manager, Investment Adviser, Administrator and other key service providers and advisers and assessment of the commercial terms of the Management Agreement (see "Annual Performance Evaluations" on pages 60 and 61);
- recommendations from its Committees, including the appointment of a new external auditor following a formal tender process (see "Audit tender" in the Audit Committee Report on page 67);
- the appointment of a new legal adviser and a new financial adviser and joint corporate broker and (see below); and
- the Company's corporate governance framework having regard to the February 2019 version of the AIC Code.

During the year, as the Company had passed its fifth anniversary of its IPO, the Board decided it would be in the best interests of shareholders to review the competitiveness and performance of the

Corporate Governance Statement continued

Company's existing UK legal adviser against other UK legal advisers active in the investment companies sector. Having concluded the review, the Board decided, based on the strength and experience of the overall team within the sector and the fee charging structure, to appoint Stephenson Harwood LLP as the Company's legal adviser with effect from 17 January 2020.

At the beginning of the year under review, the Company had four corporate brokers, two of which subsequently ceased their corporate broking activities. The Board decided, therefore, to conduct a formal tender process to assist in assessing the performance of the Company's remaining corporate brokers against other providers in the market (excluding those with potential conflicts due to their engagement by the Company's peers) and to determine whether it was appropriate to make any changes to its remaining corporate brokers. At the end of this process, the Board decided, based on their collective knowledge of the Company and experience in the sector, to retain Shore Capital and Corporate Limited as its sponsor and joint broker and to appoint Cenkos Securities Plc as its financial adviser and other joint broker with effect from 27 January 2020.

Committee Activities

Information on the activities of the Audit Committee during the year under review can be found under "Responsibilities and Activities" in the Audit Committee Report on pages 66 and 67.

The Management Engagement Committee was established on 14 June 2019, after the 2019 annual evaluation of the Company's key service providers, including the Investment Manager, Investment Adviser and Administrator, and advisers had been completed. Therefore, the Committee did not meet during the year under review.

Matters considered by the Remuneration and Nominations Committee during the year under review included:

- ***Board appointment:*** Following Sharon Parr's resignation with effect from 31 December 2019, and having evaluated the skills, experience, knowledge and tenure of the continuing Directors, the Committee prepared a description of the role and capabilities required for the vacancy. The Company appointed OSA Recruitment (which has no other connection with the Company or with individual Directors, other than providing this type of service) to assist with the search for suitable candidates. Having assessed a number of candidates put forward by OSA Recruitment and following her meetings with the Directors and the Investment Adviser, the Committee recommended the appointment of Joanne Peacegood as a Director. The Board approved Jo's appointment with effect from 20 February 2020. Details of Jo's skills, experience and principal external appointments can be found in her biography on page 53 and anticipated benefits of her appointment to the Board are discussed under "Board Composition and Evaluation" on page 50.
- ***Annual evaluation of the effectiveness of the Board and its Committees:*** Details of the evaluation process and the outcomes can be found under "Annual Performance Evaluations" on pages 60 and 61.

Meeting Attendance

The number of scheduled Board and Committee meetings during the year under review which each Director was entitled to attend, and the attendance of the individual Directors at those meetings, is shown in the table below.

In addition to the scheduled Board meetings, there were 18 ad hoc Board meetings and one ad hoc Remuneration and Nominations Committee meetings during the year under review. These meetings were convened to conclude a number of matters previously discussed at scheduled meetings and to deal with administrative and process matters. Ad hoc meetings are typically convened at relatively short notice and are held in Guernsey. It is not always feasible or necessary, therefore, for all the Directors to attend the ad hoc meetings. However, Directors who are unable to attend an ad hoc meeting are expected to communicate their views on any matters to be discussed to their fellow Directors ahead of the meeting.

Director	Board	Audit Committee	Management Engagement Committee[1]	Remuneration and Nominations Committee
Kevin Lyon	4/4	3/3	n/a	1/1
Vic Holmes	4/4	3/3	n/a	1/1
Patrick Firth	4/4	3/3	n/a	1/1
Sue Inglis	4/4	3/3	n/a	1/1
Sharon Parr[2]	3/3	2/2	n/a	1/1
Joanne Peacegood[3]	n/a	n/a	n/a	n/a

1 The Management Engagement Committee did not meet during the year ended 31 March 2020 as it was established after the 2019 annual evaluation of the Company's key service providers and advisers had been completed.
2 Sharon Parr resigned as a Director on 31 December 2019.
3 Joanne Peacegood became a Director on 20 February 2020.

Board Composition and Succession

Board Composition and Independence

The Board currently comprises five Directors, all of whom are non-executive and independent of the Investment Manager and the Investment Adviser. Details of the Directors' skills, experience and principal external appointments are included in their biographies on pages 52 and 53.

The current Chairman, Kevin Lyon, and Senior Independent Director, Vic Holmes, have held their positions since the Company's IPO in 2014. The Chairman does not have, and has not had, any relationships or circumstances that may create a conflict of interest between his interests and those of shareholders.

Appointments to the Board

The Remuneration and Nominations Committee oversees the recruitment process, which generally includes the use of a firm of Non-executive Director recruitment consultants.

When considering new appointments, the Committee takes into account other demands on the candidates' time. In advance of joining the Board, new Directors are asked to disclose any existing significant commitments with an indication of the time involved and to confirm that they are able to allocate sufficient time to the business of the Company and that there are no situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests.

At the time of appointment, a new Director receives a letter of appointment that sets out their duties and obligations. Copies of the letters of appointment of the current Directors are available for inspection at the Company's registered office and at each AGM.

An induction programme for new Directors is now in place. This includes meetings with the senior members of the NextEnergy Capital team involved in the management of the Company and the Administrator, as well as visiting at least one of the Company's sole PV assets.

Details of appointments to the Board during the year under review can be found under "Board Composition and Evaluation" on page 50 and "Board Appointment" on page 58.

Board Commitments

Prior to taking on any new listed board, time consuming, conflicted or otherwise significant appointments, a Director must seek the prior approval, on behalf of the Board, of the Chairman (or, in the case of the Chairman, the Senior Independent Director). If the Chairman (or Senior Independent Director) believes the relevant appointment causes a conflict or potential conflict of interest, they will refer the appointment for consideration and, if appropriate, approval of the Board. A Director must promptly notify the Administrator of any new board appointments that they take on.

When considering whether to recommend the election or re-election of a Director at any AGM, the Board assesses the Director's continuing ability to meet the time requirements of the role by considering, amongst other things, their attendance at Board, Committee and other ad hoc meetings held during the year as well as the nature and complexity of their other external roles.

The Directors' attendance at all scheduled Board and Committee meetings held during the year is shown in the table on page 58. Neither the Chairman nor any of the other Directors took on any new significant appointments during the year under review (or since the end of the year). The Board believes all the Directors have sufficient time to meet their Board responsibilities.

Board Diversity

Appointments to the Board are made on merit, having due regard to the benefits of diversity in its widest sense (including gender, age, social and ethnic backgrounds and cognitive and personal strengths) and with the objective of ensuring that the Board and its Committees have the skills, experience and knowledge necessary to bring a wide range of perspectives and to discharge their responsibilities effectively. Our priority when making new appointments is to identify the candidate with the best range of skills, experience and knowledge to complement those of the existing Directors. Accordingly, we do not believe it is in the interests of the Company or its shareholders to set prescriptive targets for diversity on the Board.

Board Tenure

We have considered the question of tenure for Directors, including the Chairman, and are mindful that three of our five Directors will reach their ninth anniversary simultaneously in January 2023. We have concluded that no Director should normally remain in office beyond the date of the AGM following the ninth anniversary of their first appointment to the Board. However, this period may be extended for a limited time to facilitate effective succession planning, particularly in relation to our three original Directors.

None of the Directors have been on the Board for nine years or more. The date of appointment of each Director can be found in their biographies on pages 52 and 53.

Succession Planning

The Remuneration and Nominations Committee is responsible for reviewing the succession plans for the Board. Kevin Lyon, Vic Holmes and Patrick Firth are the longest standing Directors, having been appointed at the time of the Company's IPO in 2014. Whilst the Board does not consider that length of service in itself necessarily undermines a Director's independence or that each Director, including the Chairman, should serve for a finite fixed period, the Remuneration and Nominations Committee intends, during the current financial year, to review and recommend to the Board a succession plan for the staged refreshment of the Board in due course.

Election and Re-election by Shareholders

All Directors stand for re-election at each AGM of the Company, save that, at the first AGM following their appointment, a new Director stands for election.

Corporate Governance Statement continued

The Board has reviewed the outcome of the annual Board evaluation, information on which is set out under "Annual Performance Evaluations" below. The Board has also assessed each Director's independence, time commitment to the Company, contribution (outside of the usual meeting cycle as well as in scheduled meetings) since they were last elected or re-elected, and tenure, as well as the nature and complexity of their other external roles and whether their election or re-election would be in the best interests of the Company. We believe that the Board is well balanced and possesses the necessary breadth of skills, experience and knowledge and diversity of gender and cognitive and personal strengths to ensure it functions effectively and efficiently in discharging its responsibilities, which is important to the long-term sustainable success of the Company. We are also satisfied that each Director continues to perform effectively, to be independent and to demonstrate commitment to their role. Therefore, resolutions will be proposed at this year's AGM to elect Joanne Peacegood and to re-elect the other four Directors.

Removal of Directors

The Directors' letters of appointment do not impose any maximum limit on the period for which they may serve, although the continuation of their appointment is contingent on satisfactory performance evaluation and annual re-election (or, in the case of a Director appointed since the previous AGM, election) by shareholders at the AGM.

Under their letter of appointment, a Director's appointment may be terminated at any time by either the Company or the Director giving not less than three months' notice or otherwise in accordance with the Company's Articles of Incorporation.

Annual Performance Evaluations

Board, Committees and Directors

In January 2020, the Company engaged Linstock Limited, an independent consultant, to facilitate an external Board evaluation. Linstock has no other connection with the Company or with individual Directors, other than providing this type of service.

All Directors, apart from Sharon Parr and Joanne Peacegood due to the dates of their resignation and appointment respectively, participated in the evaluation. The Investment Adviser also participated in the evaluation. The evaluation took the form of comprehensive online questionnaires, which asked us to consider, among other things: board composition, expertise, dynamics and succession planning; the management and focus of, and atmosphere in, Board meetings; Directors' training requirements, Board support by the Administrator; the effectiveness of the Chairman; the performance of the Audit and Remuneration and Nominations Committees; the Company's strategy and strategic objectives and oversight of its strategy, investment activities and performance; risks and risk management; investor relations and marketing, including shareholder engagement; and priorities for change over the next 12 months.

The Remuneration and Nominations Committee considered Linstock's report at its meeting in February 2020. Linstock's report rated a number of key areas of focus highly, including Board composition and dynamics, management of meetings, the effectiveness of the Committees, the clarity of the Company's strategic aims, the Board's oversight of the Company's strategy and the Board's effectiveness in monitoring risks and risk management. The top three priorities for the next 12 months were identified as reviewing the Company's longer-term strategy, increasing investor engagement and marketing activities and integrating Joanne Peacegood as a Director and developing relationships with the newly appointed advisers. Linstock's report provided a number of useful recommendations, predominantly of an administrative nature, which the Board have taken on board and will work to progress. The Remuneration and Nominations Committee concluded that, based on the evaluation and the appointment of Joanne Peacegood to fill the Board vacancy, the composition of the Board and its Committees reflected a suitable mix of skills, experience and knowledge and that the Board and its Committees, were functioning effectively.

Having considered Linstock's report, each Director's individual performance, contribution and commitment, the Boardroom atmosphere and the relationships between the Board members, the Remuneration and Nominations Committee was satisfied that each Director contributed effectively and that, collectively, the Directors worked together effectively in the pursuit of achieving the to achieve the Company's objectives.

Chairman

Led by Vic Holmes, the Senior Independent Director, the Directors met without the Chairman present to appraise his performance. The review of the Chairman was very positive, with the other Directors commenting favourably on, in particular, his leadership, his facilitation of constructive Board relations and the effective contribution of individual Directors and his encouragement of open and inclusive Boardroom discussions. The other Directors concluded that the Chairman continued to chair the Board effectively.

Investment Manager and Investment Adviser

At its meeting held in June 2019, the Board evaluated the performance and services provided by the Investment Manager and Investment Adviser. This process included the completion of a questionnaire by the Investment Manager and Investment Adviser. The Board considered the completed questionnaires, the Company's track record in terms of NAV and share price performance and achievement of performance objectives, the quality of the services provided by the Investment Manager and Investment Adviser, the resources that they committed to the Company's affairs, the continuity of the personnel assigned to handle the Company's affairs and the relationship between the Board and the Investment Manager and Investment Adviser. The Board also considered the terms of the Management Agreement, and in particular the fees payable to the Investment Manager (no fees are payable by the Company to the Investment Adviser). The outcome of the evaluation was very positive. The Board concluded that, having regard to the NextEnergy Capital's proven track record in, and sole focus on, the solar energy infrastructure sector, the specialist nature of the Company's investment remit was best served by the Investment Manager. The Board agreed, therefore, that the continuing appointment of the Investment Manager on the terms set out in the Management Agreement and its continued appointment of the Investment Adviser were in the best interests of shareholders as a whole and the Company's wider stakeholders.

Details of the fees payable to the Investment Manager and related entities can be found in notes 17 and 18 to the Financial Statements on page 96.

Other Key Service Providers and Advisers

The Board reviewed the service levels of the Administrator and the Company's other key party service providers and advisers at its meeting held in June 2019. The Board concluded that they were all operating effectively and providing a good level of service.

Directors' Remuneration

The Directors' Remuneration Report on pages 63 to 65 includes the Directors' remuneration policy and details of the Directors' remuneration during the year under review.

Risk, Internal Controls and Internal Audit

Introduction

The Board is responsible for promoting the long-term sustainable success of the Company and generating value for our shareholders whilst having regard to the interests of wider stakeholders. A critical factor in achieving long-term sustainable success is understanding the risks that the Company faces and ensuring that controls are in place to manage and mitigate them. The Company's principal and emerging risks, together with details of how we seek to manage and mitigate them, are set out under "Risks and Risk Management" on pages 45 to 47. The Company's financial instrument risks are discussed in note 14 to the Financial Statements on pages 91 to 96.

Responsibility for, and Review of, Risk Management and Internal Controls

The Board is responsible for determining the nature and extent of the emerging and principal risks the Company is willing to take in order to achieve its long-term strategic objectives. The Board is also responsible for maintaining the Company's systems of risk management and internal controls (such as financial, operational and compliance controls). The AIC Code requires the Board to review the effectiveness of the Company's systems of risk management and internal controls at least annually.

The Board, through the Audit Committee, has established, in conjunction with the Investment Manager, Investment Adviser and Administrator, an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed. The process is based on a risk-based approach to internal controls and risk management through a matrix that identifies each of the key risk areas associated with the Company's business and activities and the controls employed to minimise and mitigate those risks. The matrix attributes assigns, in relation to each risk, a rating (high, medium or low) of the risk value, risk probability and effectiveness of control.

The Audit Committee is responsible for monitoring and regularly reviewing Company's systems of internal controls and risk management and reports its findings and conclusions to the Board (see "Risk management and internal control processes" on page 66 of the Audit Committee Report).

Taking into account the information under "Risks and Risk Management" on pages 45 to 47, the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board and the Audit Committee's reports to the Board on its findings and conclusions regarding the risk management and internal control systems, the Board:

- is satisfied that it has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency, liquidity or reputation; and
- has reviewed the adequacy and effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Risk Management and Internal Control Systems

The Company's risk management and internal control systems are designed to identify, manage and mitigate on a timely basis both the key principal risks and the emerging risks inherent to the Company's business and safeguarding the Company's assets. The systems are also designed to manage, rather than eliminate, the risk of failure to achieve the Company's investment and strategic objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Company has delegated its day-to-day activities to the Investment Manager, Investment Adviser and Administrator and has clearly defined their roles, responsibilities and authorities. The Board oversees the ongoing performance and work of the Investment Manager, Investment Adviser and Administrator at its quarterly meetings.

The Board monitors the actions of the Investment Manager and Investment Adviser at quarterly and relevant ad hoc Board meetings. At each quarterly Board meeting, the Investment Manager and Investment Adviser report on the performance of the Company's investments, activities since the last Board meeting, any specific new risks identified relating to the Company's portfolio, investment valuations and cash projections. The Board also receives updates from the Investment Manager and Investment Adviser on material developments affecting the Company or its investments between quarterly Board meetings.

The Board, Investment Manager and Investment Adviser, together, review all financial performance and results notifications.

The Investment Manager reports to the Board twice a year regarding the Company's longer-term viability, which includes financial sensitivities and stress testing of the business to ensure that the adoption of the going concern is appropriate.

The Board is made aware of the business controls of the Investment Manager and Investment Adviser during periodic Board updates enabling oversight of the key business processes. The Investment Adviser also provides an update of the control environment for the UK HoldCos and SPVs to ensure the Board has oversight of business controls for the entire NESF Group.

Corporate Governance Statement continued

The Administrator, which provides administrative, accounting, compliance and company secretarial services to the Company, has its own internal control systems relating to these matters. In its role as a third-party fund administration services provider, the Administrator produced an annual ISAE 3402 Assurance Report on its internal control procedures in place for the year ended 30 September 2019 and this was reviewed by the Audit Committee and the Board. At each quarterly Board meeting, the Board receives reports from the Administrator, which include an outline of the Company's corporate activity and information on financial, compliance, governance, legal and regulatory matters.

The Company is ultimately dependent upon the quality and integrity of the management and staff of the Investment Manager, Investment Adviser and Administrator. In each case, qualified and able individuals have been selected at all levels. The Investment Manager, Investment Adviser and Administrator are aware of the internal controls relevant to their activities and are collectively accountable for the operation of those controls. Appropriate segregation and delegation of duties is in place.

Each year a detailed review of the quality of services and performance of the Investment Manager, Investment Adviser and Administrator and other key service providers and advisers pursuant to their terms of engagement is undertaken by the Board (since 14 June 2019, this has been done by the Board through the Management Engagement Committee).

Internal Audit Function

For the reasons stated under "Internal audit requirements" in the Audit Committee Report on page 67, the Board does not currently consider that an internal audit function is required.

Approval

This Corporate Governance Statement was approved by the Board on 29 June 2020 and signed on its behalf by:

Kevin Lyon Chairman
29 June 2020

Directors' Remuneration Report

Vic Holmes
Remuneration and Nominations Committee Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2020.

Introduction

This Directors' Remuneration Report has been prepared by the Remuneration and Nominations Committee and approved by the Board. The Committee deals with both remuneration-related matters and nominations. This Directors' Remuneration Report covers the remuneration-related activities of the Committee and includes the proposed Directors' remuneration policy, which is subject to shareholder approval at this year's AGM, and shows how the current remuneration policy, which was approved by shareholders at the AGM in 2017, was implemented during the year ended 31 March 2020.

Remuneration and Nominations Committee

Chaired by Vic Holmes, the Remuneration and Nominations Committee comprises of all of the Directors. The Board is satisfied that, as all of the Directors are non-executive, it is appropriate for all of them to be members of the Committee. All of the Directors are, and have been since appointment, independent.

In respect of remuneration-related matters, the Remuneration and Nominations Committee's responsibilities include:

- setting the policy for the remuneration of the Directors;
- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- within the terms of the approved policy, determining the remuneration of the Chairman and reviewing the quantum of the other Directors' remuneration and, if considered appropriate, recommending any changes to the Board;
- appointing and setting the terms of reference for any remuneration consultants to advise the Committee;
- agreeing policy on the recovery by the Directors of expenses incurred in performance of their duties; and
- drafting the Directors' Remuneration Report and reporting to shareholders on the implementation of the Company's remuneration policy in accordance with relevant corporate governance requirements.

Full details of the Committee's roles and responsibilities are set out in formal terms of reference. The terms of reference are regularly reviewed by the Committee and are available on the Company's website (www.nextenergysolarfund.com).

Remuneration Policy

The Directors' remuneration policy is designed to support the strategic objectives of the Company and to promote its long-term success. In this context, the remuneration policy is designed to enable the Company to attract and retain Directors of high calibre with suitable skills, experience and knowledge and to ensure that their remuneration is set at a reasonable level commensurate with their duties and responsibilities and the time commitment required to carry out their duties effectively.

As all Directors are non-executive, there are:

- no service contracts with the Company;
- no bonuses or other performance-related payments;
- no pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or other benefits; and
- no payments for loss of office save for payment of any fees or expenses due but unpaid at the time of termination and for any unexpired notice period.

The Directors have letters of appointment that provide that their appointment can be terminated by no more than three months' notice by either party. In normal circumstances, the Directors are expected to serve up to a maximum of nine years, subject to satisfactory performance, which is reviewed annually by the Remuneration and Nominations Committee. The Company requires that all Directors are re-elected at each AGM and, if any Director is not re-elected, their appointment ceases immediately and without the requirement for any notice. A Director's appointment may also be terminated with immediate effect in certain other circumstances as detailed in the Company's Articles of Incorporation.

The Directors' remuneration:

- will reflect their duties, responsibilities, experience and time spent on the Company's affairs, taking into account the nature of the Company's activities;
- will allow those chairing the Board and key Committees, as well as the Senior Independent Director, to be paid higher fees than other Directors in recognition of their more demanding roles and increased accountability;
- will be paid quarterly in arrears;
- at the discretion of the Board, may include additional fees for any further specific work undertaken on behalf of the Company which is outside of their normal duties and requires a meaningful time commitment (details of any additional fees paid and the associated work undertaken will be disclosed in the Directors' Remuneration Report in the next Annual Report); and
- will be reviewed by an independent professional consultant with relevant experience at least every three years.

The aggregate fees payable to the Directors will not exceed £400,000 per annum. The level of this limit provides, in particular, flexibility in respect of the recruitment of additional Board members. Whilst the Board currently considers five Directors sufficient for the Company, the number of Directors may increase to six for some periods in order to aid succession and to ensure an orderly transition.

Directors' Remuneration Report continued

The Remuneration and Nominations Committee reviews the quantum of Directors' remuneration at least every three years, with the last review having taken place in 2019. In reviewing whether to recommend any changes to the Board, the Committee has regard to the outcome of latest Directors' remuneration review by an independent remuneration consultant appointed by the Company, the level of fees paid by other UK-listed renewable energy infrastructure investment companies and other comparator UK-listed investment companies and any views expressed by shareholders on Directors' fees. The Board also considers wider factors such as any change in the Directors' responsibilities (including additional time commitments due to increased legal, regulatory or corporate governance requirements) and the rate of inflation over the period since the previous review. No Director is present when their own fee is being determined.

The Directors are entitled to be reimbursed all reasonable travel, hotel and other expenses incurred in attending meetings or in carrying out any other duties incumbent on them as Directors.

Directors' and officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors.

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its remuneration policy or how it is implemented. The Chairman of the Remuneration and Nominations Committee will attend the AGM to answer any questions in relation to remuneration.

The Remuneration and Nominations Committee has the discretion to amend the remuneration policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company and disproportionate to seek or await shareholder approval.

Directors' Remuneration

During the year ended 31 March 2020, the Remuneration and Nominations Committee appointed Deloitte LLP in order to benchmark the Directors' fee levels. As Deloitte LLP has no other connection with the Company or any of the Directors, the Committee is satisfied that it is independent.

Deloitte LLP's review included benchmarking the fees paid by the Company against those paid by UK-listed investment companies operating in the renewable energy infrastructure sector and other UK-listed investment companies with similar market capitalisations to that of the Company.

Following a detailed discussion regarding Deloitte LLP's report and other factors, including changes in legal, regulatory and corporate governance requirements since the quantum of Directors' remuneration was last increased in 2016, the Remuneration and Nominations Committee's recommendation, to which the Board agreed, was that the Directors' fees should be increased, with effect from 1 October 2019, to the annual amounts set out in the table below.

Role	New Fee	Previous Fee
Chairman	£70,000	£60,000
Audit Committee Chairman	£50,000	£40,000
Senior Independent Director/ Remuneration and Nominations Committee Chairman	£46,000	£37,500
Management Engagement Committee Chairman	£45,000	n/a[1]
Director (base fee)	£42,000	£35,000

1 The Management Engagement Committee was established on 14 June 2019.

The table below shows the Directors' remuneration for the financial year ended 31 March 2020, together with the comparative figures for 2019.

Director	Role	2020	2019
Kevin Lyon	Chairman	£65,000	£60,000
Patrick Firth	Audit Committee Chairman	£45,000	£40,000
Vic Holmes	Senior Independent Director/ Remuneration and Nominations Committee Chairman	£41,750	£37,500
Sue Inglis	Management Engagement Committee Chairman	£40,000[2]	n/a
Sharon Parr	Director	£28,000[3]	£35,000
Joanne Peacegood	Director	£4,705[4]	n/a

2 Appointed with effect from 1 April 2019.
3 Resigned with effect from 31 December 2019.
4 Appointed with effect from 20 February 2020.

No additional fees were paid to the Directors during the year ended 31 March 2020 (2019: none).

The total amount of Directors' expenses reimbursed during the year ended 31 March 2020 was £1,729 (2019: £4,785).

Directors' and Officers' Liability Insurance

The Company maintains Directors' and officers' liability insurance, at its expense, on behalf of the Directors.

Directors' Interests

There is no requirement under the Company's Articles of Incorporation or letters of appointment for Directors to hold shares in the Company.

The interests of the Directors (and their connected persons) in the ordinary shares of the Company at 31 March 2020, together with the comparative figures for 2019, are shown in the table below.

Director	2020	2019
Kevin Lyon	160,000	160,000
Patrick Firth	83,904	80,429
Vic Holmes	110,000	110,000
Sue Inglis	50,000	N/a
Joanne Peacegood	–	N/a

All holdings of the Directors (and their connected persons) are beneficial. There have been no changes in the interests shown in the table above since the Company's financial year end to the date of this Directors' Remuneration Report.

None of the Directors (nor any of their connected persons) had or has any interest in the Company's preference shares.

Relative Importance of Spend on Directors' Remuneration

To enable shareholders to assess the relative importance of spend on Directors' remuneration, the following table shows the total remuneration paid to the Directors and the total dividends paid or payable to shareholders for the financial year ended 31 March 2020, together with the comparative figures for 2019.

	2020 £'000	2019 £'000	Change £'000
Directors' total remuneration	224[5]	173	51
Total dividends paid or payable[6]	39,731	38,159	1,572

5 The Board was increased to comprise five Directors with effect from 1 April 2019.
6 Including the cash equivalent of scrip dividends.

Shareholder Approval of Remuneration Policy

The Company seeks shareholder approval of the Directors' remuneration policy at every third AGM. The Directors' remuneration policy was last approved at the AGM held in 2017. Accordingly, at this year's AGM, shareholders will also be asked to approve the Directors' remuneration policy, as set out in this Directors' Remuneration Report, for the three years ended 30 April 2023. There are no material differences in the substance of the remuneration policy set out in this Directors' remuneration report from that approved by shareholders in 2017.

At the AGM held on 24 August 2017, of the 301,564,982 votes cast by proxy and at the meeting (including votes cast at the Chairman's discretion), 99.99% were in favour of the resolution to approve the Directors' remuneration policy, as set out in the Annual Report for the year ended 31 March 2017, and 0.01% were against. 0 votes were withheld.

Shareholder Approval of Remuneration Report

An advisory ordinary resolution to approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) is put to members at each AGM.

At the AGM held on 8 August 2019, of the 386,053,208 votes cast by proxy and at the meeting (including votes cast at the Chairman's discretion), 99.99% were in favour of the advisory resolution to approve the Directors' Remuneration Report in respect of the year ended 31 March 2019 and 0.01% were against. 0 votes were withheld.

Approval

This Directors' Remuneration Report was approved by the Board on 29 June 2020 and signed on its behalf by:

Vic Holmes
Remuneration and Nominations Committee Chairman
29 June 2020

Audit Committee Report

Patrick Firth
Audit Committee Chairman

I am pleased to present the Audit Committee's Report for the year ended 31 March 2020.

Introduction

The Audit Committee aims to serve the interests of the Company's shareholders and other stakeholders through its independent oversight of the Company's financial reporting process, its systems of internal controls and effective management of risk and the appointment and ongoing review of the independence and quality of the work of the Company's external auditor.

Composition

Chaired by Patrick Firth, the Audit Committee comprises of all of the Directors. As permissible under the AIC Code the Chairman of the Board is a member of the Committee to enable his greater understanding of the issues facing the Company and also to benefit from his valuable contributions. All of the Directors are, and have been since appointment, independent.

The Board has considered the composition of the Audit Committee. With the exception of Sue Inglis, all members of the Committee are chartered accountants. The Board is satisfied that the Committee, as a whole, has:

- recent and relevant financial experience;
- competence relevant to the sector in which the Company operates, and
- the skills, experience and objectivity to be an effective Audit Committee.

Details of the skills and experience of all of the Committee members are outlined in their biographies on pages 52 and 53.

Meetings

The Audit Committee meets no less than three times a year and at such other times as the Committee shall require or any member may request. The Administrator, Investment Manager and Investment Adviser are invited to attend meetings, as the Committee deems appropriate.

The external auditor attends the Audit Committee meetings at which the annual and interim financial statements are considered, and at which the auditor has the opportunity to meet with the Committee without representatives of the Investment Manager, the Investment Adviser or the Administrator being present. The auditor also attends the audit planning meeting. The auditor may request that a meeting of the Committee be convened if it deems it necessary.

The Audit Committee met three times during the year ended 31 March 2020 (details of the Committee members' attendance at the meetings can be found under "Meeting Attendance" on page 58).

Responsibilities and Activities

The Audit Committee's responsibilities include:

- monitoring the integrity of the Company's financial statements and any formal announcements relating to its financial performance;
- reviewing significant financial reporting judgements;
- evaluating the effectiveness of the systems of internal control and risk management;
- assessing the effectiveness and independence of the Company's external auditor; and
- making recommendations to the Board on the appointment and remuneration of the external auditor.

Full details of the Committee's roles and responsibilities are set out in formal terms of reference and include all of the roles and responsibilities recommended by the AIC Code. The terms of reference are regularly reviewed by the Committee and are available on the Company's website (www.nextenergysolarfund.com).

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its roles and responsibilities, identifying any matters on which it considers that action or improvement is needed and making recommendations on the steps and decisions to be taken.

In discharging its duties over the course of the year under review, the Audit Committee's principal activities included the following:

- ***Risk management and internal control processes:*** The Committee assessed the principal and emerging risks facing the Company (details of which are included under "Risks and Risk Management" on pages 45 to 47). The Committee also reviewed and, where necessary, amended and updated the Company's risk matrix and its record of internal control processes. The Committee was satisfied with the adequacy and effectiveness of the risk management framework and internal control processes, details of which are included under "Risk, Internal Controls and Internal Audit" on pages 61 and 62.
- ***Interim review and annual audit:*** The Committee reviewed and approved the interim review and annual audit plans of the external auditor, including their scope and the auditor's engagement terms and fees. The Committee monitored the implementation of the plans and discussed the auditor's reports and findings. The Committee also evaluated, and was satisfied with, the effectiveness, including performance and objectivity, and independence of the auditor and the overall quality and effectiveness of the external audit process.
- ***Annual and Interim Reports:*** The Committee reviewed the Company's accounting policies and considered the format and content of the Company's Interim and Annual Reports before recommending their approval to the Board. As part of the review process, the Committee:
  - considered the continuing appropriateness of the Company's accounting policies, including the potential implications of forthcoming changes in accounting standards for the Company;
  - reviewed the significant financial reporting judgements used in preparing the financial statements; and

– discussed and challenged the forecasts, assumptions and other information provided by the Investment Manager to support the going concern and viability statements.

The Committee concluded that, taken as whole, the Annual Report was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

- ***Internal audit requirements:*** The Committee considered the Company's internal audit requirements. Due to the Company having no employees and the outsourcing of its investment and administrative arrangements to third parties who have their own internal controls and procedures, the Committee concluded that there continued to be no need for an internal audit function.
- ***Audit tender:*** As reported in last year's Annual Report, as the Company had passed its fifth anniversary and in order to assess the competitiveness of PricewaterhouseCoopers CI LLP (the Company's external auditor since its IPO), the Audit Committee conducted a competitive tender for the role of external auditor. This process concluded with presentations to the Committee from three of the "Big 4" accountancy firms (the fourth having declined an invitation to tender due to a potential conflict of interest with another client). Following the conclusion of the process, the Committee recommended to the Board that the Company appoint KPMG Channel Islands Limited ("KPMG") as the Company's new external auditor and KPMG was subsequently appointed on 27 September 2019. KPMG conducted a review of the Interim Report and reported to the Committee prior to the Committee recommending its approval to the Board.
- ***Whistleblowing:*** The Committee reviewed the whistleblowing policy in place for each of the Investment Manager, the Investment Adviser and the Administrator and was satisfied the relevant staff could raise concerns, in confidence, about possible improprieties relating to financial reporting or other matters that may affect the Company.
- ***Performance evaluation:*** The Committee reviewed the outcome of the annual evaluation of its performance and concluded that it continued to provide effective challenge and oversight.

The Audit Committee Chairman will be attending the AGM to answer any shareholder questions on the Committee's activities.

Significant Issues Considered Relating to Financial Statements

Following discussions with the Investment Manager, the Investment Adviser and the external auditor, the Committee determined that the significant areas connected with the preparation of the financial statements of the Company related to the valuation of investments.

The Company is required to calculate the fair value of its investments. Whilst there is a relatively active market for financial assets of this nature, there are no suitable listed or other public market quotations against which the value of the Company's investments can be benchmarked. Accordingly, the valuation of the Company's investments is undertaken using a discounted cash flow methodology in line with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement and takes into account the International Private Equity and Venture Capital's valuation guidelines.

As further explained in note 4 to the Financial Statements on page 85, valuation of the Company's investments using a discounted cash flow methodology requires a series of material judgements to be made regarding the assumptions and estimates underlying the discounted cash flow calculations. As such judgements are subjective, they carry elements or risk.

The Investment Manager undertakes the valuation of the Company's investments and provides the Board with a detailed valuation report, which includes information on the assumptions and other factors that have a material impact on the valuation and the rationale for any proposed changes to them since the previous valuation. The key assumptions and other factors include (but are not limited to):

- ***Discount rates:*** A discount rate is applied to the expected future cash flows for each investment's financial forecasts derived using, among others, the key assumptions referred to above to arrive at its valuation. The Investment Manager recommends to the Board the discount rates to be used based on the Investment Adviser's extensive experience of the current market for transactions in solar assets in the relevant jurisdictions.
- ***Power price assumptions:*** A significant proportion of the income from the Company's investments is fixed for a period of time in accordance with the terms of the relevant ROC or FiT subsidy. The balance of the income has exposure to wholesale electricity prices, although the Investment Manager seeks to reduce this exposure through entering into short- or long-term power purchase agreements with fixed price mechanisms. Over time the proportion of income that is fixed in accordance with the terms of subsidies will reduce, increasing the proportion of the income with exposure to changes in wholesale electricity prices. The Investment Adviser uses the average of two of the leading independent energy market consultants' long-term projections to derive, by jurisdiction, the future assumed wholesale electricity prices used in the valuation of the Company's investments.
- ***Lease life extensions:*** Assets where the lease life has been extended beyond the life of the subsidy have additional risk. The Company has added an additional 1% premium to the discount rate to all cash flows after 30 years.
- ***Operating performance and costs assumptions:*** These include assumptions regarding the remaining operating life of each investment, the energy generated by each investment over its life and operating costs.
- ***Macroeconomic assumptions:*** These include inflation, foreign exchange rate, interest rate and tax rate assumptions.

Further details on the key assumptions and other factors, together with a sensitivity analysis showing the impact of changing some of them, are included in the Investment Adviser's Report on pages 23 and 26.

The Board considers in detail each valuation report received from the Investment Manager, challenges the key assumptions and other factors used in calculating the valuation of the Company's investments and monitors the changes in them over time.

Annual Report for Year Ended 31 March 2020

The production of the Annual Report, including the audit of the Company's financial statements, for the year ended 31 March 2020 was a comprehensive process requiring input from a number of different contributors.

Audit Committee Report continued

One of the key corporate governance requirements is that the Annual Report, taken as a whole, must be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Another requirement is that the narrative and numerical disclosures in the Annual Report must be consistent. Having reviewed the Annual Report and considered the work undertaken in producing it, the Committee concluded that the Annual Report did pass these tests and, in recommending approval of the Annual Report to the Board, it reported accordingly.

Non-audit Services Provided by External Auditor

The Company may only use its external auditor for non-audit work with the prior approval of the Audit Committee. The Committee has a policy regarding the provision of non-audit services by the auditor that precludes the auditor from providing any of the prohibited non-audit services as listed in Article 5 of the EU Directive Regulation (EU) No. 537/2014. Furthermore, the Committee will not approve the use of the auditor for non-audit services where there may be perceived to be a conflict with the auditor's role as such or which may compromise its independence or objectivity.

During the period from 1 April 2019 to 29 June 2020, the only non-audit work carried out by KPMG was in relation to its review of the Interim Report and certain agreed upon procedures in relation to a related party transaction for which it was paid fees of £20,000 and £40,000 respectively (equivalent to 4.4% and 8.8% respectively of the audit fee for the year ended 31 March 2020).

Annual Assessment of Effectiveness of External Audit Process

Following the conclusion of the audit process for the Company's financial statements for the year ended 31 March 2020, the Audit Committee evaluated the quality and effectiveness of the external audit process.

In order to form a view, the Committee considered its own observations and interactions with KPMG, as well as feedback from KPMG, the Investment Manager, the Investment Adviser and the Administrator. The Committee reviewed the robustness of the audit process and the quality of delivery, reporting, people and service. The Committee also considered KPMG's technical competence, understanding of the Company's business and the sector in which it operates and whether KPMG demonstrated an appropriate level of diligence, professional scepticism and challenge. In addition, the Committee considered the cost effectiveness of the audit process.

The Committee also reviewed the independence of KPMG, having regard to matters such as its report describing its arrangements to identify, report and manage any conflicts of interest and the extent of non-audit services provided by it.

Having completed the evaluation, the Committee was satisfied with the effectiveness, including performance and objectivity, and independence of KPMG and the overall quality and effectiveness of the external audit process. Consequently, the Committee recommended to the Board that a resolution to appoint KPMG as the Company's auditor be put to shareholders at this year's AGM.

The Committee enquired of KPMG as to whether they had been subject to external evaluation during the year and was advised that the most recent "Audit Quality Review Team" was in 2018 and no issues of significance were highlighted. Under the evaluation programme it is expected that there will be another such process during 2021.

Audit Tender Policy

The Audit Committee has established an audit tender policy that was adopted by the Board. The Committee will consider the need for a competitive tender for the role of external auditor at least every five years and recommend to the Board if a tender process is felt to be appropriate. In any event, a competitive tender will take place at least every 10 years.

The tender process will be administered by the Audit Committee, which will consider whether to seek major investors' views on the audit firms to be invited to tender and success criteria to be used by the Company in the course of the tender. If a tender is conducted as part of a normal tender cycle, the incumbent auditor will be invited to participate in the tender unless prohibited due to specific factors such as lack of independence. The Committee will make a recommendation to the Board of its preferred appointee.

The audit tender policy also requires the external auditor to rotate the audit partner for the Company at least every five years.

Auditor's Fees for NESF and Subsidiaries

The fees payable to KPMG for Audit services to the Company and its subsidiaries for the year ended 31 March 2020 were as follows:

	2020 £'000
NESF	75
Subsidiaries	380
Total audit fees	**455**
Interim review	20
Total fees	**475**

External Auditor's Tenure

There are no contractual obligations that restrict the Company's choice of external auditor and the auditor's appointment is subject to shareholder approval at each AGM.

As KPMG was first appointed as the Company's external auditor in 2019 following a competitive tender, the Committee will consider the need for a competitive tender for the role of external auditor in, or before, 2024. In any event, the Committee will carry out a competitive tender in, or before, 2028 in respect of the audit for the year ending 31 March 2029.

The audit partner for the Company, Dermot Dempsey, has been in place for one year and, therefore, the Committee expects that there will be an audit partner rotation for, or before, the audit for the year ending 31 March 2025.

Approval

This Audit Committee Report was approved by the Audit Committee on 29 June 2020 and signed on its behalf by:

Patrick Firth
Audit Committee Chairman
29 June 2020

Directors' Report

Introduction

The Directors are pleased to present their Annual Report, including the Company's audited financial statements, for the year ended 31 March 2020.

This Directors' Report and the Strategic Report on pages 69 and 7 respectively comprise the "management report", for the purposes of the FCA's Disclosure Guidance and Transparency Rule 4.1.5R.

Information Contained Elsewhere in this Annual Report

Information	Location in Annual Report
Directors	Pages 52 and 53
Directors' interests in shares	Page 65
Appointment and removal of directors	Pages 59 and 60
Financial instruments	Pages 84 and 85
Principal and emerging risks	Pages 45 to 47
Going concern and viability	Page 48
Annual review of systems of risk management and internal control	Page 61
Disclosure of Information to Auditor	Page 66
Annual evaluation of the Investment Manager and Investment Adviser	Page 60
Section 172 statement	Page 54

Financial Results and Dividends

The financial results for the year can be found in the Statement of Comprehensive Income on page 78.

Details of the four interim dividends that have been declared in respect of the year ended 31 March 2020 are set out in note 12 to the Financial Statements on page 90. As the last dividend in respect of any financial period is payable prior to the relevant AGM, it is declared as an interim dividend and, accordingly, there is no final dividend payable. This means that shareholders are not given the opportunity to vote on the payment of a final dividend. Accordingly, in accordance with good corporate governance, the Board asks shareholders to approve the Company's dividend policy at each AGM. The dividend policy is set out under "Dividend Policy, Scrip Dividends and Dividend Target for the Financial Year Ending 31 March 2021" on page 14.

In addition to being asked to approve the Company's dividend policy at this year's AGM, shareholders will also be asked to renew the Company's scrip dividend facility that gives ordinary shareholders the opportunity to elect to receive new ordinary shares (these being scrip shares) in place of their cash dividend payments. Information on the scrip dividend alternative can be found under "Dividend Policy, Scrip Dividends and Dividend Target for the Financial Year Ending 31 March 2021" on page 14

Share Capital

During the year, the Company issued 2,475,390 ordinary shares as scrip shares. As at 31 March 2020 and the date of this Directors' Report, there were 584,205,931 ordinary shares in issue.

The Company issued 100,000,000 preference shares at 100p per share pursuant to a private placement in August 2019. As at 31 March 2020 and the date of this Directors' Report, there were 200,000 preference shares in issue. Details of the private placement and further information regarding the rights of the preference shares can be found in note 21 to the Financial Statements on page 97.

Substantial Shareholdings

As at 31 March 2020, the Company had been notified under the FCA's Disclosure Guidance and Transparency Rules of the following substantial holdings in its ordinary shares:

Investor	Ordinary Shares No.	%
Artemis Investment Management LLP on behalf of discretionary funds under management	76,005,013	13.01
M&G Plc	68,755,148	11.77
Investec Wealth & Investment Limited	50,399,566	8.63
Baillie Gifford & Co	41,180,510	7.05
Legal & General Group plc	38,052,043	6.51
Tredje AP-Fonden (AP 3)	36,426,102	6.24

Between 31 March 2020 and the date of this Directors' Report, the Company was notified that VT Gravis Funds ICVC has an interest in 30,020,447 ordinary shares (5.14% of the issued ordinary shares). There have been no other notifications during that period.

Powers to Issue and Buy-back Ordinary Shares

At the Company's AGM held on 8 August 2019, the Directors were granted general authority to issue ordinary shares or sell treasury shares, non-pre-emptively, in accordance with the Articles of Incorporation up to, in aggregate, 116,475,460 ordinary shares, equivalent to 20% of the ordinary shares in issue at the date the authority was granted. Save for the scrip shares referred to under "Share Capital" above no ordinary shares have been issued and no treasury shares have been sold under this authority, which will expire at the conclusion of this year's AGM.

At last year's AGM, the Directors were also granted authority to make one or more market purchases of ordinary shares, in

Directors' Report continued

accordance with section 315 of the Companies (Guernsey) Law, 2008, up to, in aggregate, 87,298,358 ordinary shares, equivalent to 14.99% of the ordinary shares in issue at the date the authority was granted. No ordinary shares have been purchased under this authority, which will expire at the conclusion of this year's AGM.

The Directors will be seeking similar issuance and purchase authorities at this year's AGM. The Directors do not currently have any authority to issue any further preference shares.

Treasury Shares

Under section 315 of the Companies (Guernsey) Law, 2008, the Company is allowed to hold shares acquired by market purchase as treasury shares, rather than having to cancel them. It is the Company's policy to hold up a maximum of 10% of the ordinary shares in issue as treasury shares, which may be either sold in the market or cancelled subsequently. This gives the Company the ability to re-issue shares quickly and cost efficiently, thereby providing the Company with additional flexibility in the management of its capital base. The Board would only authorise the sale of treasury shares at prices at or above the prevailing NAV per ordinary share (plus any costs of the relevant sale), so there would be no dilution of the NAV per ordinary shares. There are currently no treasury shares.

Restrictions on Transfer of Shares

There are no restrictions on the transfer of shares in the Company, except pursuant to:

- the Listing Rules, which require certain individuals to have approval to deal in the Company's shares; and
- the Company's Articles of Incorporation, which allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of shares in the Company.

Shares Carrying Special Rights

No person holds shares in the Company carrying special rights with regard to control of the Company.

Amendment of Articles of Incorporation

The Articles may be amended by a special resolution of the Company's shareholders.

Powers of the Directors

Subject to the Articles of Incorporation, the Companies (Guernsey) Law, 2008 and any directions given by the Company by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Greenhouse Gas Emissions

As the Company has outsourced its day-to-day activities to third parties, there are no significant greenhouse gas emissions from its operations. In relation to the Company's investments, the level of greenhouse gas emissions arising from the low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. Furthermore, as the assets are renewable energy generators, they reduce carbon dioxide emissions on a net basis.

Political Donations

The Company made no political donations during the year.

Charitable Donations

The Company donated £50,000 to the NextEnergy Foundation, information on which can be found in the Sustainability and ESG section on page 40. No other charitable donations were made during the year.

Post Balance Sheet Events

Details of events occurring since 31 March 2020 can be found in note 24 to the Financial Statements on page 98.

Independent Auditor

The Company appointed KPMG Channel Islands Limited ("KPMG") to act as its independent auditor on 27 September 2019. KPMG replaced PricewaterhouseCoopers CI LLP following a competitive tender process, details of which are set out "Audit tender" in the Audit Committee Report on page 68.

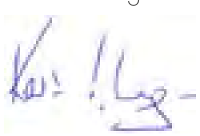
KPMG has indicated its willingness to continue as auditor for the year ending 31 March 2021 and resolutions to re-appoint KPMG and to authorise the Directors to determine KPMG's remuneration, will be proposed at this year's AGM.

2020 AGM

A separate notice convening this year's AGM will be sent to shareholders in due course. The notice will include an explanation of the resolutions to be considered at the meeting. A copy of the notice will also be published on the Company's website (www.nextenergysolarfund.com).

Approval

This Directors' Report was approved by the Board on 29 June 2020 and signed on its behalf by:



Kevin Lyon Chairman
29 June 2020

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Directors' Responsibilities

The Companies (Guernsey) Law, 2008 requires the Directors to prepare Financial Statements for each financial year of the Company. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Under company law, the Directors must not approve the Financial Statements unless they are satisfied they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that year.

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008, as amended.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report, is made available on a website. Annual Reports are published on the Company's website (www.nextenergysolarfund.com). Legislation in Guernsey governing the preparation and dissemination of financial statements may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained on the website.

Directors' Confirmations

In accordance with the FCA's Disclosure Guidance and Transparency Rule 4.1.12R, we confirm that, to the best of our knowledge:

- the Financial Statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report (comprising the Strategic Report on pages 7 to 48, the Directors' Report on pages 69 and 70 and any other sections of the Annual Report referred to in the Strategic Report or the Directors' Report) includes a fair review of the development and performance of the Company and its position, together with a description of the emerging and principal risks that it faces.

In addition, in accordance with the AIC Code, we confirm that, to the best of our knowledge, the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board of Directors of
NextEnergy Solar Fund Limited

Kevin Lyon
Chairman
29 June 2020

Independent auditor's report

to the members of NextEnergy Solar Fund Limited

1. Our opinion is unmodified

We have audited the financial statements of NextEnergy Solar Fund Limited (the "Company") , which comprise the statement of financial position as at 31 March 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of the Company's financial performance and cash flows for the year then ended;

— are prepared in accordance with International Financial Reporting Standards; and

— comply with the Companies (Guernsey) Law, 2008.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below.

We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: financial statements as a whole	£11.5m Approximately 2% of net asset value	
Key audit matter		**vs 2019**
Recurring risk	Valuation of investments	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our opinion above, the key audit matter was as follows (unchanged from 2019):

	The risk	Our response
Valuation of investments at fair value through profit and loss £753.6 million (2019: £722.7 million) Refer to pages 66 to 68 (Audit Committee Report), pages 82 to 85 (accounting policies) and pages 91 to 96 (financial instrument disclosures).	***Forecast based valuation:*** ***Basis*** The Company's investments in its direct subsidiaries are carried at fair value through profit or loss and represent a significant proportion of the Company's net assets. Those direct subsidiaries hold equity interests in special purpose vehicles which in turn own solar photovoltaic assets (the "underlying investment portfolio") for which there is no liquid market. The fair value of the Company's investments has been determined as the product of the fair value of the underlying investment portfolio and the other residual net assets within the subsidiaries. The fair value of the underlying investment portfolio has been determined using the income approach whereby the long term forecasted cash flows of each individual solar photovoltaic asset is discounted at a rate that reflects their risk profile. Inherent in these long term forecasted cash flows are macro-economic assumptions including power price forecasts, future energy yields, and inflation. ***Risk*** The valuation risk represents a risk of fraud and error associated with estimating the timing and amount of long term forecasted cash flows alongside the selection and application of appropriate assumptions and the impact COVID-19 has had on those assumptions. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation for the underlying investment portfolio which in turn would impact the valuation of the Company's investments at fair value through profit or loss.	***Our audit procedures included:*** ***Control evaluation:*** We tested the design and implementation of the control operated by management during the valuation process to determine the fair value of the underlying investment portfolio. ***Valuation methodology, model integrity and model inputs:*** With support from KPMG valuation, taxation and modelling specialists, we: - assessed the appropriateness of the valuation methodology applied by the Investment Manager and held discussions with them. These discussions also included understanding how the valuation methodology and assumptions used took account of the impact of COVID-19 on the underlying investment portfolio; - tested the valuation model for integrity, logic and material formula errors; - verified key inputs into the valuation model, including power price forecasts, energy yield, contracted revenue and operating costs, to supporting documentation; - agreed the cash transfers made between the Company and its directly held subsidiaries to relevant supporting documentation such as bank statements; - obtained and vouched supporting documentation in relation to all significant acquisitions, additions to cost of investments and constructed assets during the year; - agreed a value driven sample of balances within the residual net asset amounts at subsidiary levels to supporting documentation such as independent bank confirmations, post year end receipts and other source documentation; - assessed the reasonableness of the tax treatment applied to long term forecasted cash flows between the subsidiaries and the Company; - for a risk based sample assessed the historical accuracy of the cash flow forecasts against actual results in order to assess the reliability of the forecasts.

2. Key audit matters: our assessment of risks of material misstatement (continued)

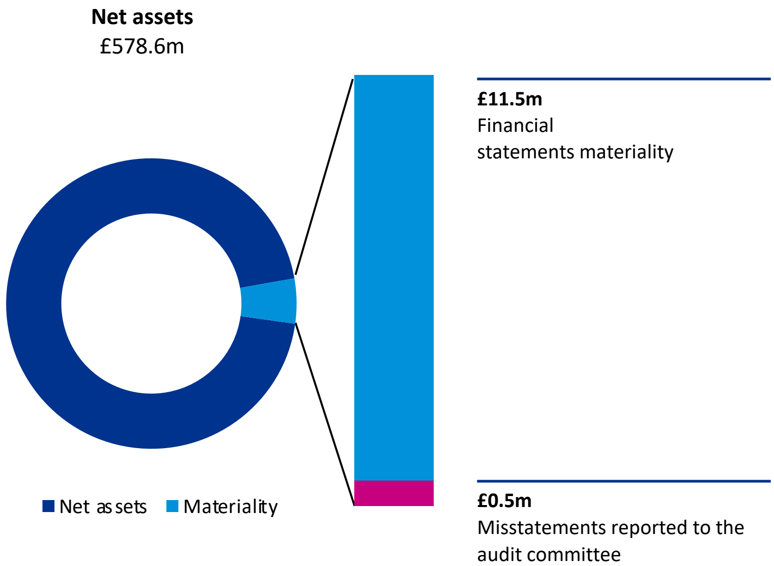
	The risk (continued)	Our response (continued)
Valuation of Investments at fair value through profit and loss £753.6 million (2019: £722.7 million) Refer to pages 66 to 68 (Audit Committee Report), pages 82 to 85 (accounting policies) and pages 91 to 96 (financial instrument disclosures).	***Forecast based valuation:*** ***Risk*** The valuation risk represents a risk of fraud and error associated with estimating the timing and amount of long term forecasted cash flows alongside the selection and application of appropriate assumptions and the impact COVID-19 has had on those assumptions. Changes to long term forecasted cash flows and/or the selection and application of different assumptions may result in a materially different valuation for the underlying investment portfolio which in turn would impact the valuation of the Company's investments at fair value through profit or loss.	***Our audit procedures included (continued):*** ***Benchmarking valuation assumptions:*** With support from our KPMG valuation specialist we assessed and challenged the appropriateness of the Company's selection of assumptions including the discount rate and other macro-economic assumptions, applied in the valuation model and the impact COVID-19 has had on those assumptions by: - benchmarking against independent market data and relevant peer group companies; and - using our KPMG valuation specialist's experience in valuing similar investments. ***Assessing transparency:*** We considered the adequacy of the Company's investment valuation policies and the Company's disclosures in relation to the use of estimates and judgements regarding the fair value of investments. We assessed whether the disclosures around the sensitivities to changes in key assumptions reflect the risks inherent in the valuation of the underlying investment portfolio including the impact of COVID-19.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £11.5m, determined with reference to a benchmark of net assets of £578.6m, of which it represents approximately 2.0%.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.



4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's activities including where relevant the impact of the COVID-19 pandemic and the requirements of the applicable financial reporting framework. We analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 2(b) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (page 48) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal and emerging risks disclosures describing these risks and explaining how they are being managed and mitigated; and

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5. We have nothing to report on the other information in the annual report (continued)

Disclosures of emerging and principal risks and longer-term viability (continued)

- the directors' explanation in the viability statement (page 48) of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 71, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

7. Respective responsibilities (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law.

Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Dermot Dempsey

for and on behalf of KPMG Channel Islands Limited

Chartered Accountants & Recognised Auditors

Guernsey

29 June 2020

BERWICK

- 8.2MW installed
- Energised in March 2016
- 1.4 ROC subsidy
- 2,000 homes powered annually
- East Sussex

Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2020

Year Ended 31 March	Notes	2020 £'000	2019 £'000
Income			
Income	5	**61,192**	55,613
Net changes in fair value of investments	6	**(75,714)**	24,538
Total net income		**(14,522)**	80,151
Expenditure			
Preference share dividends		**7,789**	1,822
Management fees	17	**5,629**	5,402
Legal and professional fees		**897**	732
Administration fees		**274**	277
Directors' fees	20	**224**	173
Sundry expenses		**112**	27
Audit fees	16	**99**	156
Charitable donations		**50**	–
Regulatory fees		**30**	33
Insurance		**25**	15
Total expenses		**15,129**	8,637
Operating (loss)/profit		**(29,651)**	71,514
Finance income		**–**	65
(Loss)/profit and comprehensive (loss)/income for the year		**(29,651)**	71,579
Earnings per ordinary share – basic	11	**(5.09p)**	12.37p
Earnings per ordinary share – diluted	11	**(2.99p)**	11.93p

All activities are derived from ongoing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a Statement of Other Comprehensive Income has not been prepared.

The accompanying notes are an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March 2020

As at 31 March	Notes	2020 £'000	2019 £'000
Non-current assets			
Investments	6	**753,560**	722,763
Total non-current assets		**753,560**	722,763
Current assets			
Cash and cash equivalents		**25,128**	19,285
Trade and other receivables	7	**23,992**	41,409
Total current assets		**49,120**	60,694
Total assets		**802,680**	783,457
Current liabilities			
Trade and other payables	8	**(26,270)**	(39,384)
Total current liabilities		**(26,270)**	(39,384)
Non-current liabilities			
Preference shares	21	**(197,781)**	(99,022)
Total non-current liabilities		**(197,781)**	(99,022)
Net assets		**578,629**	645,051
Equity			
Share capital and premium	10	**602,989**	600,029
Retained earnings		**(24,360)**	45,022
Equity attributable to ordinary shareholders		**578,629**	645,051
Total equity		**578,629**	645,051
Net assets per ordinary share	13	**99.0p**	110.9p

The accompanying notes are an integral part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on 29 June 2020 and signed on its behalf by:

Kevin Lyon,
Chairman

Patrick Firth,
Director

Statement of Changes in Equity

For the Year Ended 31 March 2020

	Share Capital and Premium £'000	Retained Earnings £'000	Total Equity £'000
Ordinary shareholders' equity at 1 April 2019	600,029	45,022	645,051
Loss and comprehensive loss for the year	–	(29,651)	(29,651)
Scrip shares issued in lieu of dividends	2,960	–	2,960
Ordinary dividends paid	–	(39,731)	(39,731)
Shareholders' equity at 31 March 2020	602,989	(24,360)	578,629
Ordinary shareholders' equity at 1 April 2018	593,388	11,602	604,990
Profit and comprehensive income for the year	–	71,579	71,579
Scrip shares issued in lieu of dividends	6,641	–	6,641
Ordinary dividends paid	–	(38,159)	(38,159)
Ordinary shareholders' equity at 31 March 2019	600,029	45,022	645,051

Statement of Cash Flows

For the Year Ended 31 March 2020

Year Ended 31 March	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
(Loss)/profit and comprehensive (loss)/income for the year		**(29,651)**	71,579
Adjustments for:			
Proceeds from HoldCos	6	**–**	4,654
Payments to HoldCos	6	**(106,511)**	(176,658)
Change in fair value of investments	6	**75,714**	(24,538)
Finance income		**–**	(65)
Amortisation		**109**	22
Operating cash flows before movements in working capital		**(60,339)**	(125,006)
Changes in working capital			
Movement in trade and other receivables		**17,417**	(13,012)
Movement in trade and other payables		**(13,114)**	13,863
Net cash used in operating activities		**(56,036)**	(124,155)
Cash flows from investing activities			
Finance income		**–**	65
Net cash generated from investing activities		**–**	65
Cash flows from financing activities	22		
Proceeds from preference shares	21	**98,650**	99,000
Dividends paid on ordinary shares	12	**(36,771)**	(31,518)
Net cash generated from financing activities		**61,879**	67,482
Net movement in cash and cash equivalents during year		**5,843**	(56,608)
Cash and cash equivalents at the beginning of the year		**19,285**	75,893
Cash and cash equivalents at the end of the year		**25,128**	19,285

The accompanying notes are an integral part of these Financial Statements.

Notes to the Financial Statements

For the Year Ended 31 March 2020

1. General Information

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008, as amended, on 20 December 2013 with registered number 57739, and is regulated by the Guernsey Financial Services Commission as a registered closed-ended investment company. The registered office of the Company is 1, Royal Plaza, Royal Avenue, St Peter Port, Guernsey, Channel Islands, GY1 2HL.

The Company seeks to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets.

The Company currently makes its investments through HoldCos and SPVs which are directly or indirectly wholly-owned by the Company.

The Company has appointed NextEnergy Capital IM Limited as its Investment Manager pursuant to the Management Agreement dated 18 March 2014. The Investment Manager is a Guernsey registered company, incorporated under the Companies (Guernsey) Law, 2008, with registered number 57740 and is licensed and regulated by the Guernsey Financial Services Commission and is a member of the NEC Group. The Investment Manager acts as the Alternative Investment Fund Manager of the Company.

The Investment Manager has appointed NextEnergy Capital Limited as its Investment Adviser (the "Investment Adviser") pursuant to the Investment Advisory Agreement dated 18 March 2014. The Investment Adviser is a company incorporated in England with registered number 05975223 and is authorised and regulated by the FCA.

The Financial Statements are presented in pounds sterling (GBP) because that is the currency of the primary economic environment in which the Company operates.

2. Significant Accounting Policies

a) Basis of Preparation

The Financial Statements, which give a true and fair view, have been prepared on a going concern basis in accordance with IFRS.

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain investments and financial instruments. The principal accounting policies adopted are set out below. These policies have been consistently applied.

b) Going Concern

The Directors have reviewed the current and projected financial position of the Company making reasonable assumptions about future performance. The key areas reviewed were:

- maturity of debt facilities;
- timing of future investment transactions;
- expenditure commitments; and
- forecast income and cash flows.

The Company has cash and short-term deposits as well as projected positive income streams and an available credit facility through its subsidiaries (see note 21) and, as a consequence, the Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months. Accordingly they have adopted the going concern basis of preparation in preparing the Financial Statements.

c) Basis of Non-consolidation

The Company has acquired SPVs through its investment in the holding companies. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 investment entities are required to hold subsidiaries at fair value through profit or loss rather than consolidate them. There are five holding companies (NextEnergy Solar Holdings Limited, NextEnergy Solar Holdings II Limited, NextEnergy Solar Holdings III Limited, NextEnergy Solar Holdings IV Limited and NextEnergy Solar Holdings V Limited, collectively the "HoldCos"). The HoldCos are also investment entities and, as required under IFRS 10, value their investments at fair value.

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

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

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

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

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

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

d) Taxation

Under the current system of taxation in Guernsey, the Company is exempt from paying taxes on income, profit or capital gains. Therefore, income from investments in solar assets is not subject to any tax in Guernsey, although the HoldCos and SPVs are subject to tax in their country of incorporation.

e) Segmental Reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Company is engaged in a single segment of business, being investment in solar energy infrastructure assets via its HoldCos and SPVs. Therefore, the financial information used by the Chief Operating Decision Maker to manage the Company presents the business as a single segment.

f) Dividends

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when paid.

g) Income

Income includes investment income from financial assets at fair value through profit or loss, administrative service fee income, interest income from Eurobonds and finance income.

Investment income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within income when the Company's right to receive payments is established.

Administrative service fee income and interest income from Eurobonds is recognised in the Statement of Comprehensive Income within income on an accruals basis.

Finance income comprises interest earned on cash held on deposit. Finance income is recognised in the Statement of Comprehensive Income within income on an accruals basis.

h) Expenses

All expenses are accounted for on an accruals basis.

i) Cash and Cash Equivalents

Cash and cash equivalents includes deposits held at call with banks and other short-term deposits with original maturities of three months or less.

j) Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently re-measured at amortised cost using the effective interest method where necessary.

k) Financial Instruments

Classification

The Company classifies its investments based on both the Company's business model for managing these financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to designate irrevocably any equity securities at fair value through other comprehensive income.

Recognition, Derecognition and Measurement

Purchases and sales of investments are recognised on the trade date, being the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of investments are presented in the Statement of Comprehensive Income within "Net changes in fair value of investments" in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income within "Income" when the Company's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the Statement of Comprehensive Income on an accruals basis.

Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets that are not traded on an active market is determined using valuation techniques. The Company's investments have been valued on a look through basis based on the discounted cash flows of the solar assets and the residual value of net assets at the HoldCos level. These valuations are reviewed regularly by the Investment Manager who reports to the Board on a periodic basis. The Board considers the appropriateness of the valuation model and inputs, as well as the valuation result.

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

l) Ordinary Share Capital and Share Premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are written-off against the value of the ordinary share premium. Dividends paid on the ordinary shares are recognised in the Statement of Changes in Equity.

m) Preference Shares

In accordance with International Accounting Standard 32, preference shares are classified as liabilities and are held at amortised cost. Dividends paid on the preference shares are recognised in the Statement of Comprehensive Income.

n) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Company shall measure the loss allowance on trade and other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk had not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation and default in payments are all considered indicators that a loss allowance may be required.

o) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3. New and Revised Standards

The Directors have considered new accounting standards, amendments and interpretations in issue but not yet effective and do not expect that their adoption will result in a material impact on the financial statements of the Company in future periods.

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances.

a) Critical Accounting Estimate: Investments at Fair Value Through Profit or Loss

The Company's investments are measured at fair value for financial reporting purposes. The Board has appointed the Investment Manager to produce investment valuations based on projected future cash flows. These valuations are reviewed and approved by the Board. The investments are held through SPVs.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board bases the fair value of the investments on the information received from the Investment Manager.

The Company classified its investments at fair value through profit or loss as Level 3 within the fair value hierarchy. Level 3 investments amount to £753.6m (2019: £722.8m) and consist of 90 (2019: 87) investments in solar PV plants (held indirectly through the HoldCos), all of which have been valued on a look through basis based on the discounted cash flows of the solar assets (except for those solar assets not yet operational) and the residual value of net assets at the HoldCos level. The unlevered discount rate applied in the 31 March 2020 valuation was 6.25% (2019: 6.50%). The discount rate is a significant Level 3 input and a change in the discount applied could have a material effect on the value of the investments. In addition, COVID-19, has had a negative impact on the long-term power price projections, which is also a significant Level 3 input. Investments in solar assets that are not yet operational are held at fair value, where the cost of the investment is used as an appropriate approximation of fair value. Level 3 valuations are reviewed regularly by the Investment Manager who reports to the Board on a periodic basis. The Board considers the appropriateness of the valuation model and inputs, as well as the valuation result.

Information about the unobservable inputs used at 31 March 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy and their sensitivities are disclosed in note 14. Unlisted investments reconcile to the "Total investments at fair value" in the table in note 6.

b) Significant Judgement: Consolidation of Entities

The Company, under the investment entity exemption rule, holds its investments at fair value. The Company meets the definition of an investment entity per IFRS 10 as detailed in note 2c).

The Company does not have any other subsidiaries other than those determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined as described in note 4a).

c) Significant Judgement: Preference Shares

The Company and the HoldCos operate as an integrated structure whereby the Company invests solely in the HoldCos. Under IFRS 10, there is a requirement for the Board to assess whether the HoldCos are themselves investment entities. The Board has performed this assessment and concluded that each of the HoldCos is an investment entity for the following reasons:

- the HoldCos have obtained funds for the purpose of investing in equity or other similar interests in multiple investments and providing the Company (and its investors) with investment income; and
- the performance of investments made through the HoldCos are measured and evaluated on a fair value basis.

Furthermore, the HoldCos themselves are not deemed to be operating entities providing services to the Company and, therefore, are able to apply the exemption to consolidation.

5. Income

Year Ended 31 March	2020 £'000	2019 £'000
Interest income	**9,573**	614
Investment income	**42,934**	46,957
Administrative services income	**8,685**	8,042
Total Income	**61,192**	55,613

6. Investments

The Company owns its portfolio of solar assets through its investments in the HoldCos. The Company's investments comprise of its portfolio of solar assets and the residual net assets of the HoldCos. The Company's total investments at fair value are recorded under "Non-current assets" in the Statement of Financial Position.

As at 31 March	2020 £'000	2019 £'000
Brought forward cost of investments	**689,478**	517,474
Investment proceeds from HoldCos	**–**	(4,654)
Investment payments to HoldCos	**106,511**	176,658
Additions – acquisition of Eurobonds	**125,000**	175,000
Disposal – derecognition of loans[1]	**(125,000)**	(175,000)
Carried forward cost of investments	**795,989**	689,478
Brought forward unrealised gains on valuation	**33,285**	8,747
Movement in unrealised gains on valuation	**(75,714)**	24,538
Carried forward unrealised gains on valuation	**(42,429)**	33,285
Total investments at fair value	**753,560**	722,763

[1] Non-cash transactions: On 28 February 2019, NESH III and NESH V issued Eurobonds listed on The International Stock Exchange totalling £175m, On 18 September 2019, a further issue by NESH III was made totalling £125m. The Eurobonds were put in place to ensure optimum tax planning within the Company and replaced certain debt facilities between the Company, NESH III and NESH V, which were repaid.

The total change in the value of the investments in the HoldCos is recorded through profit and loss in the Statement of Comprehensive Income.

7. Trade and Other Receivables

As at 31 March	2020 £'000	2019 £'000
Administrative service fee income receivable	**252**	249
Prepayments	**22**	461
Due from HoldCos	**23,718**	40,699
Total trade and other receivables	**23,992**	41,409

Amounts due from HoldCos are interest free and payable on demand.

8. Trade and Other Payables

As at 31 March	2020 £'000	2019 £'000
Other payables	**184**	264
Ordinary share dividends payable	**6**	–
Preference share dividends payable	**2,362**	1,171
Due to HoldCos	**23,718**	37,949
Total trade and other payables	**26,270**	39,384

Amounts due to HoldCos are interest free and payable on demand.

9. Subsidiaries

The Company holds investments through subsidiary companies (the HoldCos) which have not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. As stated in note 4c), the HoldCos are incorporated in the UK and 100% directly owned. Below is the legal entity name for the SPVs, all owned 100% at 31 March 2019 and 31 March 2020 directly or indirectly through the HoldCos listed below).

Name	Country of Incorporation	Name	Country of Incorporation
NextEnergy Solar Holdings Limited	UK		
BL Solar 2 Limited	UK	North Farm Solar Park Limited	UK
Bowerhouse Solar Limited	UK	Push Energy (Birch) Limited	UK
Ellough Solar 2 Limited	UK	Push Energy (Boxted Airfield) Limited	UK
Glebe Farm SPV Limited	UK	Push Energy (Croydon) Limited	UK
Glorious Energy Limited	UK	Push Energy (Decoy) Limited	UK
Greenfields (A) Limited	UK	Push Energy (Hall Farm) Limited	UK
NESF-Ellough Ltd	UK	Push Energy (Langenhoe) Limited	UK
Nextpower Ellough LLP	UK	SSB Condover Limited (Condover)	UK
Nextpower Gover Farm Limited	UK	ST Solarinvest Devon 1 Limited	UK
Nextpower Higher Hatherleigh	UK	Sunglow Power Limited	UK
Nextpower Shacks Barn Ltd	UK	Wellingborough Solar Limited	UK
NextEnergy Solar Holdings II Limited	UK		
ESF Llwyndu Limited	UK	Trowbridge PV Limited	UK
NextEnergy Solar Holdings III Limited	UK		
Balhearty Solar Limited	UK	Burcroft Solar Parks Ltd	UK
Ballygarvey Solar Ltd	UK	Burrowton Farm Solar Park Ltd	UK
BESS Pierces Ltd	UK	Chilton Cantello Solar Park Ltd	UK
Birch Solar Farm CIC	UK	Crossways Solar Park Ltd	UK
Blenches Mill Farm Solar Park Ltd	UK	Empyreal Energy Limited	UK
Brafield Solar Limited	UK	Fiskerton Limited	UK

Name	Country of Incorporation	Name	Country of Incorporation
NextEnergy Solar Holdings III Limited (continued)			
Francis Lane Solar Limited	UK	Nextpower SPV 10 Ltd	UK
Gourton Hall Solar Limited	UK	Nextpower SPV 11 Ltd	UK
Greenfields (F) Limited	UK	Nextpower SPV 12 Ltd	UK
Greenfields (T) Limited	UK	Nextpower Water Projects Ltd	UK
Gwent Farmers' Community Solar Partnership Limited	UK	NextZest Ltd	UK
Helios Solar 1 Limited	UK	PF Solar Limited	UK
Helios Solar 2 Limited	UK	Pierces Solar Limited	UK
Hook Valley Farm Solar Park Ltd	UK	Raglington Farm Solar Park Ltd	UK
Knockworthy Solar Park Ltd	UK	Renewable Energy HoldCo Ltd	UK
Lark Energy Bilsthorpe Ltd	UK	RRAM (Portfolio 2) Ltd	UK
Le Solar 51 Limited	UK	RRAM (Portfolio One) Ltd	UK
Little Irchester Solar Limited	UK	RRAM Energy Limited	UK
Little Staughton Airfield Solar Limited	UK	Saundercroft Farm Solar Park Ltd	UK
Micro Renewables Domestic Ltd	UK	SL Solar Services Ltd	UK
Micro Renewables Ltd	UK	Sywell Solar Limited	UK
Moss Farm Solar Limited	UK	Tau Solar Limited	UK
Moss Lane Farm Solar Limited	UK	Temple Normanton Solar Limited	UK
NESH 3 Portfolio A Limited	UK	TGC Solar Radbrook Ltd	UK
Nextpower Bosworth Ltd	UK	Thornborough Solar Limited	UK
Nextpower Higher Farm Ltd	UK	Thurlestone-Leicester Solar Limited	UK
NextPower High Garrett Ltd	UK	UK Solar (Fiskerton) LLP	UK
Nextpower Lower Strensham Limited	UK	Warmingham Solar Limited	UK
Nextpower SPV 4 Ltd	UK	Wheb European Solar (UK) 2 Ltd	UK
Nextpower SPV 5 Ltd	UK	Wheb European Solar (UK) 3 Ltd	UK
Nextpower SPV 6 Ltd	UK	Whitley Solar Park (Ashcott Farm) Ltd	UK
Nextpower SPV 7 Ltd	UK	Wickfield Solar Ltd	UK
Nextpower SPV 8 Ltd	UK	Wyld Meadow Farm	UK
Nextpower SPV 9 Ltd	UK		
NextEnergy Solar Holdings IV Limited	UK		
Berwick Solar Park Limited	UK	Emberton Solar Park Limited	UK
Bottom Plain Solar Park Limited	UK	Great Wilbraham Solar Park Limited	UK
Branston Solar Park Limited	UK	Nextpower Radius Limited	UK

Name	Country of Incorporation	Name	Country of Incorporation
NextEnergy Solar Holdings V Limited	UK		
Agrosei S.r.l	Italy	Starquattro S.r.l	Italy
Fotostar 6 S.r.l	Italy	SunEdison Med. 6 S.r.l	Italy
Macchia Rotonda Solar S.r.l	Italy		
NextEnergy Solar Holdings VI Limited	UK		
Bowden Lane Solar Park Ltd	UK	Green End Renewables Limited	UK
Fenland Renewables Limited	UK	Tower Hill Farm Renewables Limited	UK

10. Share Capital and Reserves

The share capital of the Company comprises solely of ordinary shares of no par value and preference shares of no par value.

Ordinary Shares

Ordinary Share Issuance	Number of Ordinary Shares	Gross Amount Raised £'000	Issue Costs £'000	Share Premium £'000
Total issued at 31 March 2019	**581,730,541**	**607,494**	**(7,465)**	**600,029**
Scrip shares in lieu of dividend – 28 June 2019	646,767	756	–	756
Scrip shares in lieu of dividend – 30 September 2019	1,240,195	1,484	–	1,484
Scrip shares in lieu of dividend – 31 December 2019	588,428	720	–	720
Total issued at 31 March 2020	**584,205,931**	**610,454**	**(7,465)**	**602,989**

All the holders of the ordinary shares are entitled to receive dividends as declared from time to time. At any general meeting of the Company, each ordinary shareholder will have, on a show of hands, one vote and, on a poll, one vote in respect of each ordinary share held.

Preference Shares

In accordance with International Accounting Standard 32, the preference shares are classified as liabilities. Details of the preference shares can be found in note 21.

Retained Reserves

Retained reserves comprise the retained earnings as detailed in the Statement of Changes in Equity.

Under Guernsey law, the Company can pay dividends in excess of its retained earnings provided it satisfies the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of all dividends declared or paid in the year.

11. Earnings per Ordinary Share

Basic

Year Ended 31 March	2020	2019
(Loss)/profit and comprehensive (loss)/income for the year (£'000)	(29,651)	71,579
Basic weighted average number of issued ordinary shares	582,993,198	578,844,510
Earnings per share – basic	**(5.09p)**	**12.37p**

Diluted

From 1 April 2036, the preference shares have the right to convert, based on 100p per preference share and the NAV per ordinary share at the time of conversion, into new ordinary shares or a new class of unlisted B shares with dividend and capital rights ranking pari passu with the ordinary shares.

Year Ended 31 March	2020	2019
(Loss)/profit and comprehensive (loss)/income for the year (£'000)	(29,651)	71,579
Plus: preference share dividends (£'000)	7,789	1,822
(Loss)/profit for the year attributable to ordinary shareholders (£'000)	(21,862)	73,401
Basic weighted average number of issued ordinary shares	582,993,198	578,844,510
Plus: weighted number of ordinary shares issuable on any conversion of preference shares, based on the NAV per ordinary share as at the financial year end	147,745,278	36,234,245
Adjusted weighted average number of ordinary shares	730,738,476	615,078,755
Earnings per share – diluted	**(2.99p)**	**11.93p**

12. Dividends

Year Ended 31 March	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders:		
Interim dividend for the period ended 31 March 2018 of 1.605p per ordinary share, paid on 26 June 2018	–	9,239
Interim dividend for the period ended 30 June 2018 of 1.6625p per ordinary share, paid on 28 September 2018	–	9,608
Interim dividend for the period ended 30 September 2018 of 1.6625p per ordinary share, paid on 28 December 2018	–	9,646
Interim dividend for the period ended 31 December 2018 of 1.6625p per ordinary share, paid on 28 March 2019	–	9,666
Interim dividend for the period ended 31 March 2019 of 1.6625p per ordinary share, paid on 28 June 2019	**9,671**	–
Interim dividend for the period ended 30 June 2019 of 1.7175p per ordinary share, paid on 30 September 2019	**10,003**	–
Interim dividend for the period ended 30 September 2019 of 1.7175p per ordinary share, paid on 31 December 2019	**10,023**	–
Interim dividend for the period ended 31 December 2019 of 1.7175p per ordinary share, paid on 31 March 2020	**10,034**	–
Total	**39,731**	38,159

13. Net Assets per Ordinary Share

As at 31 March	2020	2019
Ordinary Shareholders' equity (£'000)	**578,629**	645,051
Number of issued ordinary shares	**584,205,931**	581,730,541
Net assets per ordinary share	**99.0p**	110.9p

14. Capital and Financial Risk Management, Valuation Methodology and Sensitivity Analysis of the Portfolio

a) Capital Management

Capital Structure

The NESF Group, which comprises the Company and its unconsolidated subsidiaries (being the HoldCos and SPVs), manages its capital to ensure that it will be able to continue as a going concern while maximising the return to ordinary shareholders through the optimisation of the debt and equity balances. The NESF Group's principal use of cash has been to fund investments in accordance with the Company's investment policy as well as ongoing operational expenses.

The capital structure of the Company consists entirely of equity (comprising issued ordinary share capital and retained earnings) and preference share capital (which, for accounting purposes, are treated as a liability). The capital structure of each of the Company's subsidiaries consists entirely of equity or a combination of equity and debt, which may be short- or long-term. The Board, with the assistance of the Investment Adviser, monitors and reviews the NESF Group's capital structure on an ongoing basis.

Debt

The Company's Investment Adviser reviews the debt structure of the Company and its subsidiaries on an ongoing basis. The Company and its subsidiaries use leverage for financing the acquisition of solar investments and working capital purposes. In accordance with the Company's investment policy, the NESF Group may employ leverage, provided that it does not exceed (at the time the relevant arrangement is entered into) 50% of GAV. For this purpose, leverage includes all short- and long-term debt raised by the Company or any of its HoldCos or SPVs, as well as the aggregate subscription monies paid in respect of all preference shares in issue and any unpaid dividends due in respect of the preference shares.

As at 31 March 2020, the Company had £200m of preference shares in issue (2019:£100m) and no financial debt outstanding and the HoldCos had £214.3m in long-term debt and revolving credit facilities outstanding (2019: £269.3m) (see note 21), representing a gearing level of 42% (2019: 36%).

b) Financial Risk Management

Objectives

The Board, with the assistance of the Investment Manager and Investment Adviser, monitors and manages the financial risks relating to the operations of the NESF Group through an internal risk map and the Investment Manager's reports. These risks include capital risk, market risk (including price risk, power price risk, currency risk and interest rate risk), credit risk and liquidity risk. The objective of the risk management programme is to minimise the potential adverse effects on the financial performance of the NESF Group.

For the Company and its subsidiaries, financial risks are managed by the Investment Manager and Investment Adviser, which operate within Board-approved policies. The various types of financial risk which affect the Company, its subsidiaries or both are managed as described below. Risks that affect the Company's unconsolidated subsidiaries may affect in turn the fair value of investments held by the Company.

Capital Risk (Company Only)

The Company has put in place a financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity (issued ordinary share capital and retained earnings) and preference share capital. As at 31 March 2019 the Company had no recourse financial debt, although the Company is a guarantor for two financing and hedging facilities of its subsidiaries (see note 23).

Market Price Risk (Company and Subsidiaries)

Market price risk is the risk that the fair value of future cash flows of a financial instrument held by the Company, through its subsidiaries, will fluctuate because of changes in market prices. Changes in market prices will affect the discount rate applied to the expected future cash flows from the Company's investments and, therefore, the fair value of those investments.

Power Price Risk (Company and Subsidiaries)

The wholesale market price of electricity is volatile and is affected by multiple factors, including demand for electricity, the generation across the entire grid and government subsidies, as well as fluctuations in the market prices of fuel commodities and foreign exchange. Whilst some of the Company's investments benefit form subsidies and short-term PPA hedges that fix prices, other revenue streams are not hedged and subject to wholesale electricity prices.

A decrease in economic activity in the UK or Italy, as during the COVID-19 period, could result in a decrease in demand for electricity in the market. Short-term and seasonal fluctuations in electricity demand could also impact the price at which the subsidiaries can sell electricity. Supply of electricity can be affected by new entrants to the wholesale power market.

The Investment Adviser monitors these factors and hedges the price at which the subsidiaries sell electricity as necessary.

Currency Risk (Company Only)

The Company has no direct exposure to currency risk as all its assets and liabilities are in pounds sterling, the Company's functional and presentational currency. A substantial majority of the cash flows from the Company's solar assets in Italy to NESH V are hedged and so the cash flows to the Company from that HoldCo are exposed to limited currency risk and therefore the currency risk on the value of the assets is not considered to be significant.

Interest Rate Risk (Company and Subsidiaries)

The Company is indirectly exposed to interest rate risk from the credit facilities of the HoldCos. As at 31 March 2020, of the £214.3m (2019: £269.3m) credit facilities outstanding, £123.2m (2019: £126.7m) had fixed interest rates and the remaining £91.1m (2019: £142.6m) had floating interest rates. For the floating amount, interest rate swaps were implemented over the term of the loans to mitigate interest rate risks for £72.6m (2019: £72.6m). The counterparties to these swaps are all Investment grade financial institutions. The remaining £18.5m (2019: £70.0m) had floating rates which are not hedged and are not considered by the Directors to be significant.

Credit Risk (Company and Subsidiaries)

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company or the subsidiary that is a party to the contract. Credit risk arises from cash and cash equivalents and derivative financial instruments, as well as credit exposures to customers.

The Company and its subsidiaries mitigate their risk on cash and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies. At the investment level, the credit risk relating to significant counterparties is reviewed on a regular basis, in conjunction with monitoring the credit ratings issued by recognised credit rating agencies, and potential adjustments to the discount rate are considered to recognise changes to credit risk where applicable. The Directors believe that the NESF Group is not significantly exposed to the risk that the customers of its investments do not fulfil their payment obligations because of the NESF Group's policy to invest in jurisdictions and with customers with satisfactory credit ratings.

The Company's maximum exposure to credit risk is the carrying amounts of the respective financial assets set out below:

As at 31 March	2020 £'000	2019 £'000
Cash and cash equivalents	**25,128**	19,285
Trade and other receivables	**23,992**	41,409
Debt investments	**300,000**	175,000
Total	**349,120**	235,694

Debt investments relate to Eurobonds which have been valued at fair value as part of the Company's Investments as disclosed in note 6. No collateral is received from NESH III or NESH V in relation to the Eurobonds. The credit quality of these investments is based on the financial performance of NESH III and NESH V as well as the underlying investments they own. The risk of default is deemed low and the principal repayments and interest payments are expected to be made in accordance with the agreed terms and conditions.

The Company does not have any significant credit risk exposure to any single counterparty in relation to trade and other receivables. In respect of the Company's subsidiaries, ongoing credit evaluation is performed on the financial condition of accounts receivable. As at 31 March 2020, the probability of default of the Company's subsidiaries is considered low and so no allowance has been recognised based on 12-month expected credit loss as any impairment would be insignificant to the subsidiary. The Investment Adviser has sufficient oversight of the subsidiary's receivables to assess the probability of default.

Details of the Company's cash balances at the financial year end are set out in the tables below.

31 March 2020	Credit Rating Standard & Poor's	Total Cash £'000
Barclays Bank PLC	Long – A Short – A-1	**25,128**
Total		**25,128**

31 March 2019	Credit Rating Standard & Poor's	Total Cash £'000
Barclays Bank PLC	Long – A Short – A-1	**19,283**
Lloyds Bank PLC	Long – BBB+ Short – A-2	**2**
Total		**19,285**

Liquidity Risk (Company and subsidiaries)

Liquidity risk is the risk that the NESF Group will not be able to meet its financial obligations as they fall due. The Board has established an appropriate liquidity risk management framework for the management of the NESF Group's short-, medium- and long-term funding and liquidity management requirements. The Company and its subsidiaries manage liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities and maintaining sufficient cash balances to meet their operating needs.

The table below shows the maturity of the Company's non-derivative financial assets and liabilities. The amounts disclosed are contractual, undiscounted cash flows and may differ from the actual cash flows received or paid in the future as a result of early repayments.

31 March 2020	Carrying Amount £'000	Up to 3 Months £'000	3 to 12 Months £'000	12 Months Plus £'000
Assets				
Cash and cash equivalents	25,128	25,128	–	–
Trade and other receivables	23,992	274	–	23,718
Liabilities				
Contractual preference shares repayment and dividend payable[1]	(200,149)	(2,368)	(7,132)	(344,868)
Trade and other payables	(23,902)	(184)	–	(23,718)
Total	**(174,931)**	**22,850**	**(7,132)**	**(344,868)**

[1] Assumes no conversion of preference shares in 2036.

31 March 2019	Carrying Amount £'000	Up to 3 Months £'000	3 to 12 Months £'000	12 Months Plus £'000
Assets				
Cash and cash equivalents	19,285	19,285	–	–
Trade and other receivables	41,409	710	–	40,699
Liabilities				
Contractual preference shares repayment and dividend payable[1]	(100,193)	(1,171)	(3,566)	(177,171)
Trade and other payables	(38,213)	(264)	–	(37,949)
Total	**(77,712)**	**18,560**	**(3,566)**	**(174,421)**

[1] Assumes no conversion of preference shares in 2036.

c) Valuation Methodology and Sensitivity Analysis of the Portfolio

The Directors have satisfied themselves as to the methodology used and the discount rates and key assumptions applied in producing the valuations in accordance with the International Private Equity and Venture Capital valuation guidelines. All operational investments are at fair value through profit or loss and are valued using a discounted cash flow methodology. Investments that are not yet operational are held at fair value, where the cost of the investment is used as an appropriate approximation of fair value.

Discount Rates

Discount rates used in the valuation of the Company's investments represent the Investment Adviser's and Board's assessment of the rate of return in the market for assets with similar characteristics and risk profile.

The discount rates used for valuing the Company's investments are as follows:

As at 31 March	2020	2019
Weighted average discount rate	**6.8%**	7.0%
Range of discount rates (unlevered to levered)	**6.25% to 7.75%**	6.50% to 8.0%
Premium applied to cash flows earned 30 years after grid connection date	**1.0%**	0.0%

A change to the weighted average discount rate by plus or minus 0.5%, with all other variables held constant, has the following effect on the valuation of the portfolio only.

Discount Rate Sensitivity	+0.5% Change	Investments	-0.5% Change
Directors' valuation at 31 March 2020	**(£18.3m)**	**£753.6m**	**£19.7m**
Directors' valuation – percentage movement	**-3.3%**		**3.5%**
Change in NAV per ordinary share	**(3.1p)**		**3.4p**
Directors' valuation at 31 March 2019	(£20.6m)	£722.8m	£22.0m
Directors' valuation – percentage movement	(3.3%)		3.6%

Power Price

As at 31 March 2020, estimates implied an average rate of growth of UK electricity prices of approximately 1% (2019: 0.3%) in real terms and a long-term inflation rate of 3.0% (2019: 3.0%). During the first quarter of 2020, the COVID-19 pandemic and other factors negatively impacted long-term power price projections. The Consultants provided a range of UK power price forecasts accounting for different COVID-19 economic recovery scenarios. The blended average of the "central case" scenarios have been applied to the valuation, which assumes power prices return to the forecast pre COVID-19 (real) by approximately 2027. Due to the level of uncertainty that COVID-19 has created, it is prudent to consider the range of power price forecasts and provide transparency on the impact. For illustrative purposes, if the "high case" scenarios were to be applied to the valuation, the NAV per ordinary share at 31 March 2020 would be 110.6p. If the "low case" scenarios were to be applied to the valuation, the NAV per ordinary share at 31 March 2020 would be 71.8p. The "high case" scenarios assume power prices return to the forecast pre COVID-19 (real) by 2025, whereas the "low case" scenarios assume power prices return to the forecast pre COVID-19 (real) by 2030.

The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase in the power price by minus or plus 10% on the valuation, with all other variables held constant.

Power Price Sensitivity	-10% Change	Investments	+10% Change
Directors' valuation at 31 March 2020	**(£40.7m)**	**£753.6m**	**£39.8m**
Directors' valuation – percentage movement	**-7.3%**		**7.1%**
Change in NAV per ordinary share	**(7.0p)**		**6.8p**
Directors' valuation at 31 March 2019	(£42.5m)	£722.8m	£43.4m
Directors' valuation – percentage movement	(6.9%)		7.0%

Energy Generation

The portfolio's aggregate energy generation yield depends on the combination of solar irradiation and technical performance of the solar assets. The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase of energy generation by minus or plus 5% on the valuation, with all other variables held constant.

Energy Generation Sensitivity	5% Underperformance	Investments	5% Outperformance
Directors' valuation at 31 March 2020	**(£41.0m)**	**£753.6m**	**£40.4m**
Directors' valuation – percentage movement	**-7.4%**		**7.2%**
Change in NAV per ordinary share	**(7.0p)**		**6.9p**
Directors' valuation at 31 March 2019	(£43.8m)	£722.8m	£43.4m
Directors' valuation – percentage movement	(7.1%)		6.6%

Inflation Rates

The portfolio valuation assumes long-term inflation of 3.0% (2019: 3.0%) p.a. for investments (based on UK RPI). A change to the inflation rate by minus or plus 0.5%, with all other variables held constant, has the following effect on the valuation.

Inflation Rate Sensitivity	-0.5% Change	Investments	+0.5% Change
Directors' valuation at 31 March 2020	**(£26.4m)**	**£753.6m**	**£28.2m**
Directors' valuation – percentage movement	**-4.7%**		**5.1%**
Change in NAV per ordinary share	**(4.5p)**		**4.8p**
Directors' valuation at 31 March 2019	(£34.6m)	£722.8m	£36.6m
Directors' valuation – percentage movement	(5.6%)		5.9%

Operating Costs

The table below shows the sensitivity of the portfolio to changes in operating costs by plus or minus 10% at the SPVs level, with all other variables held constant.

Operating Costs Sensitivity	+10% Change	Investments	-10% Change
Directors' valuation at 31 March 2020	**(£12.3m)**	**£753.6m**	**£11.7m**
Directors' valuation – percentage movement	**-2.2%**		**2.1%**
Change in NAV per ordinary share	**(2.1p)**		**2.0p**
Directors' valuation at 31 March 2019	(£11.5m)	£722.8m	£11.2m
Directors' valuation – percentage movement	(1.9%)		1.8%

Tax Rates

The UK corporation tax assumption for the portfolio valuation was 19% for all periods (2019: 19% until 2020, 17% thereafter), in accordance with the latest UK Budget announcements.

15. Financial Assets and Liabilities Not Measured at Fair Value

Cash and cash equivalents are Level 1 items in the fair value hierarchy. Current assets and liabilities are Level 2 items in the fair value hierarchy. The carrying value of current assets and current liabilities approximates fair value as these are short-term items.

Preference shares are held at amortised cost and are measured at gross proceeds net of transaction costs incurred. The transaction costs are amortised over the expected life of the preference shares to 2036.

16. Audit Fees

The analysis of the auditor's remuneration is as follows:

Year Ended 31 March	2020 £'000	2019 £'000
Fees payable to the auditor for the audit of the Company	**75**	148
Additional audit fee and disbursements for prior year	**24**	8
Total audit fees	**99**	156

The decrease in the fee payable to the auditor was due to the change of auditor in September 2019. The auditor was also paid £20,000 for the review of the Interim Report. (2019: £20,000).

17. Management Fees

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

- for the tranche of net assets up to and including £200m, 1% of net assets;
- for the tranche of net assets above £200m and up to and including £300m, 0.9% of net assets; and
- for the tranche of net assets above £300m, 0.8% of net assets.

For the year ended 31 March 2020 the Company incurred £5.6m in management fees, of which £nil was outstanding at 31 March 2020. (2019: £5.4m in management fees of which £nil was outstanding at 31 March 2019).

18. Related Parties

The Investment Manager, NextEnergy Capital IM Limited, is a related party due to having common key management personnel with the subsidiaries of the Company. All management fee transactions with the Investment Manager are disclosed in note 17. In addition, a fee of £500,000 (2019: £500,000) was paid to the Investment Manager for the arrangement of the issue of preference shares.

The Investment Adviser, NextEnergy Capital Limited, is a related party due to sharing common key management personnel with the subsidiaries of the Company. There are no fee transactions between the Company and the Investment Adviser.

The Asset Manager, WiseEnergy (GB) Limited and WiseEnergy Italia Srl (together "WiseEnergy"), are related parties due to sharing common key management personnel with the subsidiaries of the Company. Under existing arrangements, each of the operating subsidiaries of the Company entered into an asset management agreement with the Asset Manager and each of the HoldCos entered into an accounting services agreement with the Asset Manager. The total value of recurring and one-off services paid to the Asset Manager by the subsidiaries during the year amounted to £5.9m (2019: £4.6m). This includes £0.3m in relation to energy sales, an additional service provided to the Company (which commenced in the current year) under the existing arrangements with WiseEnergy. A further £0.4m relates to services provided in the prior year, but expensed in the current year.

NextPower Development Limited is a related party due to sharing common key management personnel with the subsidiaries of the Company. There are no advisory fee transactions between the Company, its subsidiaries and NextPower Development Limited during the year. Note 24 provides details of a related party transaction that occurred after 31 March 2020.

At the year end, £23.7m (2019: £37.9m) was owed to and from the subsidiaries, in relation to their restructuring. £8.7m of administrative service fees were received from the subsidiaries during the year (2019: £8.0m), none of which was outstanding at the year-end (2019: nil). During the year, dividends of £42.9m (2019: £47.0m) were received from the subsidiaries.

The Directors of the Company and their shareholdings are stated in the Directors' Remuneration Report on page 65.

19. Controlling Party

In the opinion of the Directors, on the basis of shareholdings disclosed to them, the Company has no immediate nor ultimate controlling party.

20. Remuneration of the Directors

The remuneration of the Directors was £224k for the year (2019: £173k), which consisted solely of short-term employment benefits.

21. Preference Shares, Revolving Credit and Debt Facilities

On each of 12 November 2018 and 12 August 2019, the Company issued 100,000,000 preference shares at a price of 100p per preference share. The preference shares pay a preferred dividend of 4.75% p.a. until March 2036, after which they have the right to convert, based on 100p per preference share and the NAV per ordinary share at the time of conversion, into new ordinary shares or a new class of unlisted B shares with dividend and capital rights ranking pari passu with the ordinary shares. The preference shares do not confer any voting rights, except in limited circumstances.

The preference shares are redeemable at the option of the Company at any time after 1 April 2030, in full or in part. The redemption price will be the subscription price plus any unpaid dividends. In addition, the preference shares may be redeemed in full at the option of the holders in the event of a delisting or change of control of the Company.

The Company's HoldCos have revolving credit and debt facilities which are factored into the calculation of the fair value of the underlying investments.

In January 2017, NESH closed a syndicated loan with MIDIS, NAB and CBA for £157.5m ("Project Apollo") to refinance its revolving credit facility. As part of the facility agreement, the lenders provide an additional debt service reserve facility of £7.5m and hold a charge over the assets of NESH. As at 31 March 2020, the outstanding amount was £147.2m (2019: £148.2m). The five tranches terminate between June 2026 and June 2035.

In February 2020, NESH II extended the term of its £20.0m revolving credit facility with NIBC to February 2022. As at 31 March 2020, the outstanding amount was £nil 2019: £51.1m). The two tranches terminate in September 2034.

In March 2016, NESH IV agreed the purchase of the Radius portfolio. The acquisition was part funded by a debt facility entered into between NESH IV and Macquarie Bank Limited for £55.0m, which was fully drawn down in April 2016. As part of the debt facility agreement, Macquarie Bank Limited holds a charge over the assets of NESH IV. As at 31 March 2020, the outstanding amount was £48.6m (2019: £51.1m).

In July 2018, NESH VI closed a revolving credit facility with Santander for £40.0m which was subsequently fully drawn down. In January 2019, the facility was increased to a total commitment of £70.0m with a subsequent £30.0m drawn down. In August 2019, £56.0m was repaid, with a further £4.5m drawn down in December 2019. As at 31 March 2020, the outstanding amount was £18.5m (2019: £70.0m).

22. Reconciliation of Financing Activities for the Year Ended 31 March 2020

	Opening £'000	Cash Flows £'000	Net Income Allocation £'000	Non-cash Flows £'000	Closing £'000
Share capital and premium	600,029	–	–	2,960	602,989
Preference shares	99,022	98,650	–	109	197,781
Retained earnings	45,022	(36,771)	(29,651)	(2,960)	(24,360)
Total	**744,073**	**61,879**	**(29,651)**	**109**	**776,410**

23. Commitments and Guarantees

The Company had parental guarantees in place with two financial institutions for a debt obligation and a currency hedge transaction executed through subsidiaries.

On 19 November 2018, the Company entered into a counter-indemnity deed with Banco Santander ("Santander") regarding borrowings by NextPower Radius Limited. Under the terms of the deed, the Company may request Santander to issue a letter of credit for no more than £2,275,150. As at 31 March 2020, no letters of credit were in issue (2019: none).

On 1 December 2017, the Company provided a guarantee to Intesa Sanpaolo S.p.A. ("ISP") relating to derivative transactions made available by ISP in favour of NESH V. The guarantee covers all present and future obligations of NESH V to ISP relating to the derivative transactions. As at 31 March 2020, the Company has no outstanding commitments related to this guarantee (2019: none). NESH V entered into the 15 year derivative transaction which hedges the majority of the future cash flows at fixed exchange rates. As at 31 March 2020, the unhedged portion of the derivative transaction is £39.4m over the term of the transaction on a look through basis.

24. Events After the Balance Sheet Date

As announced on 14 May 2020, two subsidy-free projects under development, Strensham (40MW) and Llanwern (75MW), were sold to a subsidiary of NextPower Development Ltd for a combined value of £11.5m, resulting in NESF recovering all development costs incurred. The transaction resulted in a net IRR (after NESF's transaction costs) significantly in excess of NESF's annualised target return of 7–9% p.a. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rule 11.1.10R.

On 11 May 2020, the Company announced an interim dividend of 1.7175 pence per ordinary share for the quarter ended 31 March 2020, to be paid on 30 June 2020 to ordinary shareholders on the register as at the close of business on 22 May 2020.

On 29 June 2020, a short-term credit facility of £70m was extended from July 2020 to July 2022.

EMBERTON

- 9MW installed
- Energised in March 2016
- 1.4 ROC subsidy
- 2,200 homes powered
- Buckinghamshire

Additional Information

Alternative Performance Measures ("APMs")

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. Our APMs, which are shown below, are used to present a clearer picture of how the Company has performed over the year and are all financial measures of historical performance.

Asset Management Alpha

Year Ended 31 March	**2020 %**	2019 %
Delta of generation vs. budget (A)	**4.7**	9.1
Delta of irradiation vs. budget (B)	**4.0**	9.0
Asset Management Alpha (A – B)	**0.7**	0.1

Asset Management Alpha measures the operating performance of the portfolio. It is the performance of the portfolio relative to budget due to active management and excludes the effect of variation in solar irradiation.

Invested Capital

As at 31 March	**2020 £'000**	2019 £'000
Invested capital	**949,831**	£896,000

Invested capital measures the capital deployed into solar assets through the HoldCos and SPVs to generate investment returns for shareholders.

Gearing

As at 31 March	**2020 £'000**	2019 £'000
Financial debt outstanding at HoldCos and SPVs (A)	**214,299**	269,000
Preference shares as per Statement of Financial Position (B)	**197,781**	99,022
Net assets as per Statement of Financial Position (C)	**578,629**	645,051
Gearing ((A + B) / (A + B + C)), expressed as a percentage)	**41.6%**	36.3%

Gearing measures the aggregate of the NESF Group's financial debt and fair value of the preference shares relative to GAV.

Cash Income

Year Ended 31 March	**2020 £'000**	2019 £'000
Income as per Statement of Comprehensive Income (A)	**61,192**	55,613
Trade and other receivables – administrative service fee income accrual at beginning of year as per note 7 to Financial Statements (B)	**249**	1,708
Trade and other receivables – administrative service fee income accrual at end of year as per note 7 to Financial Statements (C)	**252**	249
Cash income (A + B – C)	**61,189**	57,071

Cash income measures of the cash generated from the Company's operations.

Cash Dividend Cover (Pre-scrip Dividends)

Year Ended 31 March	2020 £'000	2019 £'000
Cash income per table above (A)	**61,189**	57,071
Total expenses as per Statement of Comprehensive Income (B)	**15,129**	8,637
Pre-scrip ordinary dividends paid as per Statement of Changes in Equity (C)	**39,731**	38,159
Cash dividend cover (pre-scrip dividends) ((A - B) / C)	**1.2x**	1.3x

Cash dividend cover (pre-scrip dividends) measures the cash available to pay ordinary share dividends, treating all scrip dividends as if they had been paid as cash dividends.

Dividend Yield

As at 31 March	2020 Pence	2019 Pence
Annual dividend per ordinary share declared in respect of year (A)	**6.87**	6.65
Ordinary share price at end of year (B)	**101.5**	117.5
Dividend yield (A / B, expressed as a percentage)	**6.8%**	5.7%

Dividend yield is a measure of the return to the ordinary shareholders.

NAV per Ordinary Share

As at 31 March	2020	2019
Net assets as per Statement of Financial Position (£,000) (A)	**578,629**	645,051
Number of ordinary shares in issue at year end (B)	**584,205,931**	581,730,541
NAV per ordinary share ((A / B) x 1,000)	**99.0p**	110.9p

NAV per ordinary share is a measure of the value of one ordinary share.

NAV Total Return per Ordinary Share

Year Ended 31 March	2020 Pence	2019 Pence
NAV per ordinary share at year end as per Statement of Financial Position (A)	**99.0**	110.9
Annual dividend per ordinary share declared in respect of year (B)	**6.87**	6.65
NAV per ordinary share at beginning of year as per Statement of Financial Position (C)	**110.9**	105.1
NAV total return per ordinary share ((A + B – C) / C, expressed as a percentage)	**(4.6%)**	11.8%

NAV total return per ordinary share is a measure of the overall financial performance of the Company.

Ordinary Shareholder Total Return

Year Ended 31 March	2020 Pence	2019 Pence
Ordinary share price at year end (A)	**101.5**	117.5
Annual dividend per ordinary share declared/paid in respect of year (B)	**6.87**	6.65
Ordinary share price at beginning of year (C)	**117.5**	111.0
Ordinary shareholder total return per share ((A + B – C) / C, expressed as a percentage)	**(7.8%)**	11.8%

Ordinary shareholder total return is a measure of the overall performance of the ordinary shares.

Premium to NAV per Ordinary Share

Year Ended 31 March	2020 Pence	2019 Pence
Ordinary share price at year end (A)	**101.5**	117.5
NAV per ordinary share at year end as per Statement of Financial Position (B)	**99.0**	110.9
Ordinary shareholder total return per share ((A – B) / B, expressed as a percentage)	**2.5%**	6.0%

Premium to NAV per ordinary share is a measure of the performance of the ordinary share price relative to the NAV per ordinary share.

Ongoing Charges Ratio

Year Ended 31 March	2020 £'000	2019 £'000
Total expenses as per Statement of Comprehensive Income (A)	**15,129**	8,637
Preference share dividends as per Statement of Comprehensive Income (B)	**7,789**	1,822
Non- recurring expenses (C)	**264**	254
Average of quarterly net assets (D)	**643,236**	596,466
Ongoing charges ratio ((A – B – C) / D, expressed as a percentage)	**1.1%**	1.1%

Ongoing charges ratio measures the Company's recurring operating costs (excluding costs incurred by the HoldCos and SPVs, interest costs, preference share dividends and taxation) as a percentage of the average of the net assets at the end of each quarter during the financial year.

General Shareholder Information

Alternative Investment Fund Management Directive ("AIFMD")

The AIFMD aims to harmonise the regulation of Alternative Investment Fund Managers ("AIFMs") and imposes obligations on managers who manage or market Alternative Investment Funds ("AIFs") in the EU or who market shares in such funds to EU investors.

The Company is a non-EU AIF and has appointed NextEnergy Capital IM Limited as its non-EU AIFM. The Company's marketing activities in the UK and the EU are subject to regulation under the AIFMD and any applicable national private placement regimes ("NPPRs"). NPPRs provide a mechanism to market non- EU AIFs that are not allowed to be marketed under the AIFMD domestic marketing regimes. The Board uses NPPRs to market the Company, specifically in the UK, the Republic of Ireland, the Netherlands and Sweden.

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of the Investment Manager, as the Company's AIFM, are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are available on request from the Investment Manager.

Packaged Retail and Insurance-Based Investment Products ("PRIIPs") Regulation/Key Information Document ("KID")

The PRIIPs Regulation aims to ensure retail investors are provided with transparent and consistent information across different types of financial products.

The Company is a PRIIP. The PRIIPs Regulation requires the Investment Manager to publish a KID in respect of the Company that includes standardised illustrations of theoretical risk and returns. The KID is available on the Company's website under Investor Relations (www.nextenergysolarfund.com).

The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Foreign Account Tax Compliance Act ("FATCA")/ OECD Common Reporting Standard ("CRS")

FATCA is a United States federal law enacted in 2010, the intent of which is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. Developed and approved by the OECD in 2014, the CRS is a global standard for the automatic exchange of financial account information between governments around the world to help fight against tax evasion and protect the integrity of systems.

The Board, in conjunction with the Company's service providers and advisers, will ensure the Company's compliance with the FATCA and CRS requirements to the extent relevant to the Company.

Markets in Financial Instruments Directive II ("MiFID II") Status

MiFID II requires retail investors in complex products to be assessed for "knowledge and understanding" by distributing firms if they are buying them without advice.

The Company's ordinary shares are considered as "non-complex" in accordance with MiFID II.

Retail Distribution of the Company's Shares Via Financial Advisers and Other Third Party Promoters

The FCA's rules restrict the promotion of investment products classified as "non-mainstream pooled investment products" to retail investors. The restrictions do not apply to ordinary shares in a UK investment trust or non-UK investment company which would qualify for approval as an investment trust under section 1158 of the Corporation Tax Act 2010 if resident and listed in the UK.

The Board has been advised that the Company would qualify as an investment trust if it was resident in the UK. Accordingly, the promotion and distribution of the Company's ordinary shares are not subject to the FCA's restrictions referred to above.

The Company currently conducts its affairs so that its ordinary shares can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

ISA Status

NESF's ordinary shares are eligible for stocks and shares ISAs.

The Company intends to continue to manage its affairs so that its ordinary shares qualify as an eligible investment for a stocks and shares ISA.

Net Asset Value per Ordinary Share

The NAV per ordinary share is calculated on a quarterly basis and published through a stock exchange announcement.

Scrip Dividends

The Company offers a scrip dividend alternative to shareholders. For further information, please see "Dividend Policy, Scrip Dividends and Dividend Target for Financial Year Ending 31 March 2021" on page 14.

Additional Information

Copies of the Company's Annual and Interim Reports, quarterly fact sheets and stock exchange announcements, together with information on the Company's ordinary share price, NAV per ordinary share, historic ordinary share and NAV performance, together with further information, is available on the Company's website (www.nextenergysolarfund.com).

Financial Calendar for Year Ending 31 March 2021

Interim results announced	November 2020
Annual results announced	June 2021
Annual General Meeting	August 2021

Interim Dividends

In the absence of unforeseen circumstances, the Directors expect to declare the following interim dividends per ordinary share in respect of the financial year ending 31 March 2021.

Dividend	Ex-Dividend Date	Record Date	Payment Date	Amount
1st	20/08/20	21/08/20	30/09/20	1.7625p
2nd	19/11/20	20/11/20	31/12/20	1.7625p
3rd	18/02/21	19/02/21	31/03/20	1.7625p
4th	20/05/21	21/05/21	30/06/21	1.7625p

Cautionary Statement

This Annual Report and the Company's website may contain certain "forward-looking statements" with respect to the Company's financial condition, results of its operations and business, and certain plans, strategies, objectives, goals and expectations with respect to these items and the markets in which the Company invests. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "aims", "anticipates", "believes", "estimates", "expects", "intends", "targets", "objective", "could", "may", "should", "will" or "would" or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. There are a number of such factors that could cause the Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and financing strategy to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in the economies and markets in which the Company operates; changes in the legal, regulatory and competition frameworks in which the Company operates; changes in the markets from which the Company raises finance; the impact of legal or other proceedings against or which affect the Company; changes in accounting practices and interpretation of accounting standards under IFRS; and changes in power prices and interest and exchange rates.

Any forward-looking statements made in this Annual Report or the Company's website, or made subsequently, which are attributable to the Company, or persons acting on its behalf (including the Investment Manager and Investment Adviser), are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing in this Annual Report or the Company's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Glossary and Definitions

Administrator	Apex Funds and Corporate Services (Guernsey) Limited
AGM	Annual General Meeting
AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance (February 2019)
AIFM	Alternative Investment Fund Manager for the purpose of the EU's Alternative Investment Fund Management Directive (see page 104 for further information)
Asset Management Alpha	The difference between (i) the delta of generation vs. budget and (ii) the delta of irradiation vs. budget
Apollo portfolio	21 UK solar plants held within NESH (see the Operating Portfolio on pages 34 to 35 for further details)
Asset Manager or **WiseEnergy**	WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl
Brexit	The withdrawal of the United Kingdom from the European Union
Cash dividend cover	The ratio of the Company's cash income to dividends paid or payable in respect of the financial year
CBA	Commonwealth Bank of Australia
Company or **NESF**	NextEnergy Solar Fund Limited
Consultants	The two independent market forecasters used by the Company
CO_2e or carbon dioxide equivalent	A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact
DNO	Distribution Network Operators
EBITDA	Earnings before interest, tax, depreciation and amortisation
Embedded benefits	Supplier costs that are reduced or avoided via contracting with small-scale generation connected at the distribution network level instead of the national transmission system
EPC	Engineering, Procurement and Construction
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FiT	Feed-in-Tariff schemes are financial mechanisms by which the UK Government incentivised the deployment of small-scale renewable energy generation and the Italian Government incentivised the deployment of large-scale renewable energy generation) by requiring participating licensed electricity suppliers to make payments on both generation and export from eligible installations
GAV	Gross asset value, being the aggregate of the net asset value of the ordinary shares, the fair value of the preference shares and the amount of NESF Group debt outstanding

GW	A unit of power equal to 1,000 MW
GWh	GW hour, being a measure of electricity generated per hour
HoldCos	Intermediate holding companies that are used by the Company as pass-through vehicles to invest in underlying solar energy infrastructure assets, currently being NESH, NESH II, NESH III, NESH IV, NESH V and NESH VI
IFRS	International Financial Reporting Standards
Investment Adviser or **NEC**	NextEnergy Capital Limited
Investment Manager	NextEnergy Capital IM Limited
IPO	Initial Public Offering
IRR	Internal Rate of Return
KWh	Kilowatt hour, being a measure of electricity generated per hour
LIBOR	London Interbank Offered Rate
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MW	A Megawatt is unit of power equal to one million watts and is used as a measure of the output of a power plant
MWh	MW hour, being a measure of electricity generated per hour
NAB	National Australia Bank
Net assets or **NAV**	Net asset value
NAV per share	Net asset value per ordinary share
NAV total return	The actual rate of return from dividends paid and any increase or reduction in the NAV per ordinary share over a given period of time
NEC or NEC Group	The NextEnergy Capital group of companies, including the Investment Manager, Investment Adviser and Asset Manager
NESF Group	The Company, HoldCos and SPVs
NESH	NextEnergy Solar Holding Limited
NESH II	NextEnergy Solar Holding II Limited
NESH III	NextEnergy Solar Holding III Limited
NESH IV	NextEnergy Solar Holding IV Limited
NESH V	NextEnergy Solar Holding V Limited
NESH VI	NextEnergy Solar Holding VI Limited
NIROC	Like the ROCs in Great Britain, the Northern Ireland Renewable Obligation Certificate scheme obliges electricity suppliers to produce a certain number of NIROCs for each MWh of electricity which they supply to their customers in Northern Ireland or to pay a buy-out fee that is proportionate to any shortfall in the number of NIROCs being so presented
O&M	Operations and Maintenance

OECD	Organisation for Economic Co-operation and Development
OFGEM	Office of Gas and Electricity Markets
Ongoing charges ratio	The regular, recurring annual costs of running the Company (excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments), expressed as a percentage of average net assets, calculated in accordance with the AIC's methodology
Ordinary shareholder total return	The actual rate of return from dividends paid and any increase or reduction in the ordinary share price over a given period of time
Ordinary shares	The issued ordinary share capital of the Company
Performance ratio	Describes the relationship between the actual and theoretical energy outputs of a solar plant (expressed as a percentage)
PPA	Power purchase agreement
Premium/discount to NAV	The amount, expressed as a percentage, by which the Company's ordinary shares trade above or below the NAV per ordinary share
Preference shares	The issued preference share capital of the Company
PV	Photovoltaic
Radius portfolio	Five UK solar plants held within NESH IV (see the Operating Portfolio on pages 34 to 35 for further details)
ROC	Renewable Obligation Certificates (the Renewable Obligation scheme is the financial mechanism by which the UK Government 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 the electricity they supply to customers from eligible renewable sources or pay a penalty)
ROC recycle	The payment received by generators from the redistribution of the buy-out fund (payments are made into the buy-out fund when suppliers do not have sufficient ROCs or NIROCs to cover their obligation)
RPI	Retail Price Index
RRAM portfolio	10 UK solar plants held in NESH III (see the Operating Portfolio on pages 34 to 35 for further details)
Scrip shares	Ordinary shares issued pursuant to the Company's scrip dividend alternative
SDG	The Sustainable Development Goals are a set of ambitious global developmental targets adopted by the United Nations Member States in 2015 to be achieved by 2030 and seek to address the global challenges we face through the promotion of development as a balance of social, economic, and environmental sustainability
Solis portfolio	Eight Italian solar plants held within NESH V (see the Operating Portfolio on pages 34 to 35 for further details)
SPVs	Special purpose vehicles that hold the Company's investment portfolio of underlying solar energy infrastructure assets
Thirteen Kings portfolio	13 plants held in NESH III (see the Operating Portfolio on pages 34 to 35 for further details)
Treasury shares	Ordinary shares which are bought back by the Company, reducing the amount of outstanding shares on the open market, and held by the Company for resale at a future date
Wholesale revenue	Revenue from energy sold in the wholesale power market which is not connected with subsidy schemes or PPAs

Corporate Information[1]

The Company

NextEnergy Solar Fund Limited

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Royal Avenue
St Peter Port
Guernsey GY1 2HL
Registered no.: 57739
LEI: 213800ZPHCBDDSQH5447
Ordinary Share ISIN: GG00BJ0JVY01
Ordinary Share SEDOL: BJ0JVY0
London Stock Exchange Ticker: NESF
Website: www.nextenergysolarfund.com

Directors

(All non-executive and independent)
Kevin Lyon, Chairman
Vic Holmes, Senior Independent Director
Patrick Firth
Sue Inglis
Joanne Peacegood

Investment Manager

NextEnergy Capital IM Limited
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Investment Adviser

NextEnergy Capital Limited
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Company Secretary and Administrator

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Independent Auditor

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Glategny Esplanade
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Registrar

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Financial Adviser and Joint Broker

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Media and Public Relations Adviser

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Principal Bankers

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[1] As at the date of this Annual Report.

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