



NextEnergy Solar Fund Limited

Results for the year ended 31 March 2018

Analyst Presentation – 13 June 2018

Agenda – Presented by NextEnergy Capital, Investment Adviser



MICHAEL BONTE-FRIEDHEIM
NEC Founding Partner & CEO

- Investment Update – Michael Bonte-Friedheim



ALDO BEOLCHINI
NEC Managing Partner & CFO

- Financial Results – Aldo Beolchini

- Q&A - Appendix



Investment Update

Investment Highlights

- March 2018
 - NAV – £605m
 - NAV/share – 105.1p
 - GAV – £875m
- March 2017
 - NAV – £479m
 - NAV/share – 104.9p
 - GAV – £749m
- Investment portfolio of 63 solar PV assets amounting to 569MW installed capacity, post year end added two assets for 7.2MW.
- Total investment value of £734m. Funds invested at **attractive valuations**.
- **Strong pipeline** of over 128MW short-term acquisition targets.
- Secured project rights to build 172MW of solar projects in the UK **without subsidies**.
- Successful completion of **first investment outside the UK**, with high risk-adjusted returns and NAV accretion.
- Post year end, completion of **first investment of integrated battery energy storage systems** with operating solar assets.
- Portfolio performance resulted in energy generation above budget despite solar irradiation below expectations (451GWh generated with a **1.8% Asset Management Alpha**).

Continuous Operating Outperformance

- NESF's portfolio consistently generates more electricity than its acquisition budget estimates (+2.7% since IPO)
- This portfolio outperformance is only partially due to higher solar irradiation than forecasts (+0.4% since IPO)
- The Asset Management Alpha would have been +2.7% for the full year 2017/18 without Distribution Network Operator outages

Period	Assets monitored	Irradiation (delta vs. budget)	Generation (delta vs. budget)	Asset Management Alpha ⁽¹⁾
Full year 2014/15	6	(0.4%)	+4.8%	+5.2%
Full year 2015/16	23	+0.4%	+4.1%	+3.7%
Full year 2016/17	31	(0.3)%	+3.3%	+3.6%
Full year 2017/18	55	(0.9)%	+0.9%	+1.8%
Cumulative from IPO to 31 March 2018	55	+0.4%	+2.7%	+2.3%

Notes:

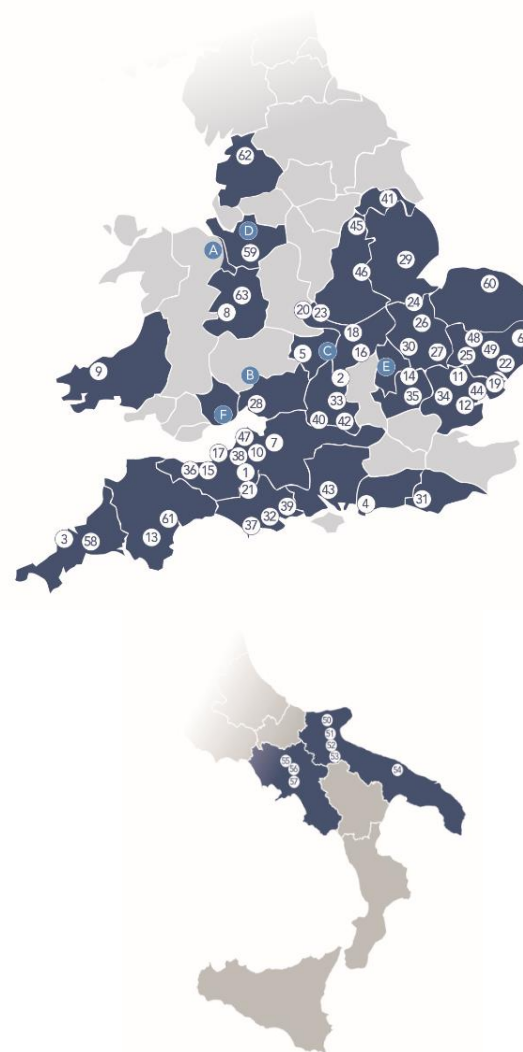
(1) Asset Management Alpha defined as energy generated by portfolio vs budget (adjusted for delta in irradiation)

Portfolio Assets

■ NESF's 63 PV assets represent 569MW of installed capacity and £734m of investment value

■ In May 2018, NESF announced the acquisition of two additional solar sites for a total of 7.2MW and 1MW battery energy storage systems

1	Higher Hatherleigh
2	Shacks Barn
3	Gover Farm
4	Bilsham
5	Brickyard
6	Ellough
7	Poulshot
8	Condover
9	Llywdu
10	Cock Hill Farm
11	Boxted Airfield
12	Langenhoe
13	Park View
14	Croydon
15	Hawkers Farm
16	Glebe Farm
17	Bowerhouse
18	Wellingborough
19	Birch Farm
20	Thurlestone Leicester
21	North Farm
22	Ellough Phase 2
23	Hall Farm
24	Decoy Farm
25	Green Farm
26	Fenland
27	Green End
28	Tower Hill
29	Branston
30	Great Wilbraham
31	Berwick
32	Bottom Plain
33	Emberton
34	Kentishes
35	Mill Farm



36	Bowden
37	Stalbridge
38	Aller Court
39	Rampisham
40	Wasing
41	Flixborough
42	Hill Farm
43	Forest Farm
44	Birch CIC
45	Barnby
46	Bilsthorpe
47	Wickfield
48	Bay Farm
49	Honington
50	Macchia Rotonda
51	Iacovangelo
52	Armiento
53	Inicorba
54	Gioia del Colle
55	Carinola
56	Marcianise
57	Riardo
58	Gilley's Dam
59	Pickhill Bridge
60	North Norfolk
61	Axe View
62	Low Bentham
63	Henley

Project rights:

A	Francis/Gourton
B	Glebe
C	Radbrook
D	Moss
E	Staughton
F	Llanwern

Current UK Pipeline

- NEC is negotiating multiple UK projects for NESF
- Advanced negotiation pipeline amounts to c.128MWp for an investment value of c.£107m
- In addition, NEC is in discussions on a further 224MWp
- NEC continues to focus on securing investment opportunities at attractive acquisition metrics / return on capital employed

Tier 1: Letters of Intent

Power plants location	Incentive regime	Plant capacity	Status
Multiple sites – ground based	ROCs / FiT	128MWp	In operation
TOTAL		128MWp	

Tier 2: Advanced/Other Negotiations

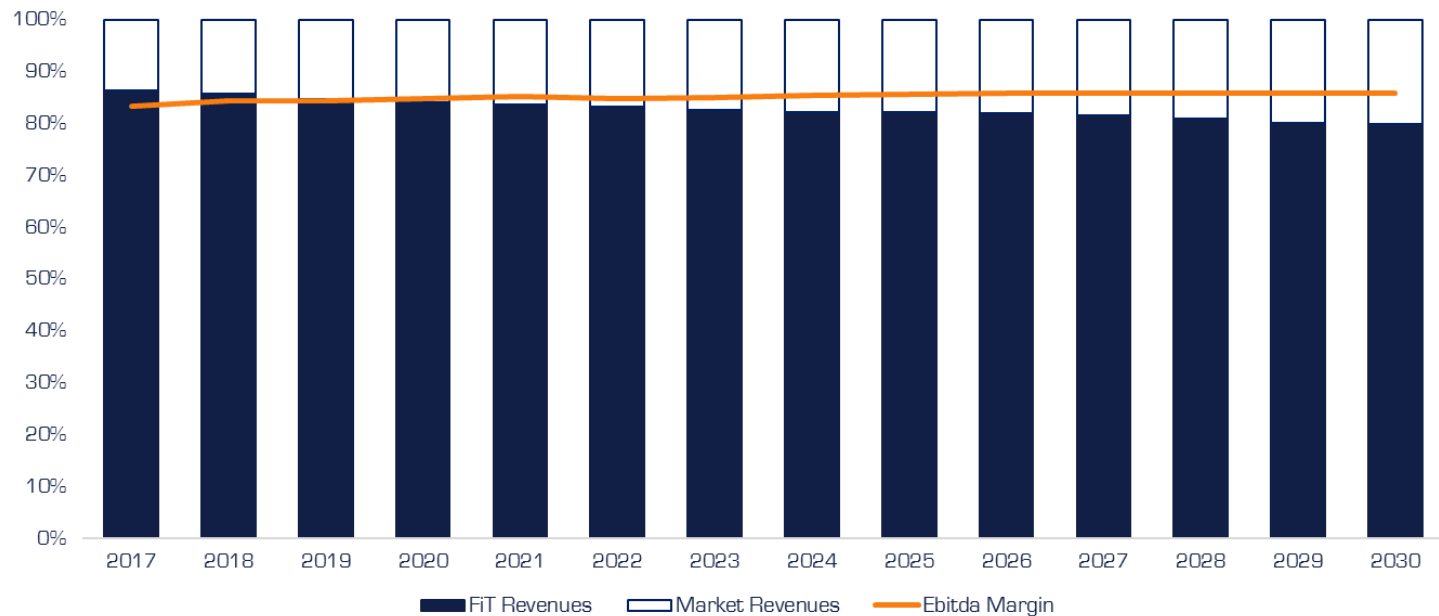
Power plants location	Incentive regime	Plant capacity	Status
Multiple sites – ground based	ROCs / no subsidies	224MWp	In operation/ Planning
TOTAL		224MWp	

International Solar Investment Opportunity

- High risk-adjusted return – 9.4%
- Low risk profile – c.85% of contracted revenues, stable EBITDA margins in excess of 80% and efficient currency hedge
- Positive contribution to dividend cover – 1.4x supporting the Company's overall dividend targets
- NAV accretion – £4.4m value uplift (including distributions made in YE March '18)
- Diversify market risk – Italy is the fifth largest solar market globally

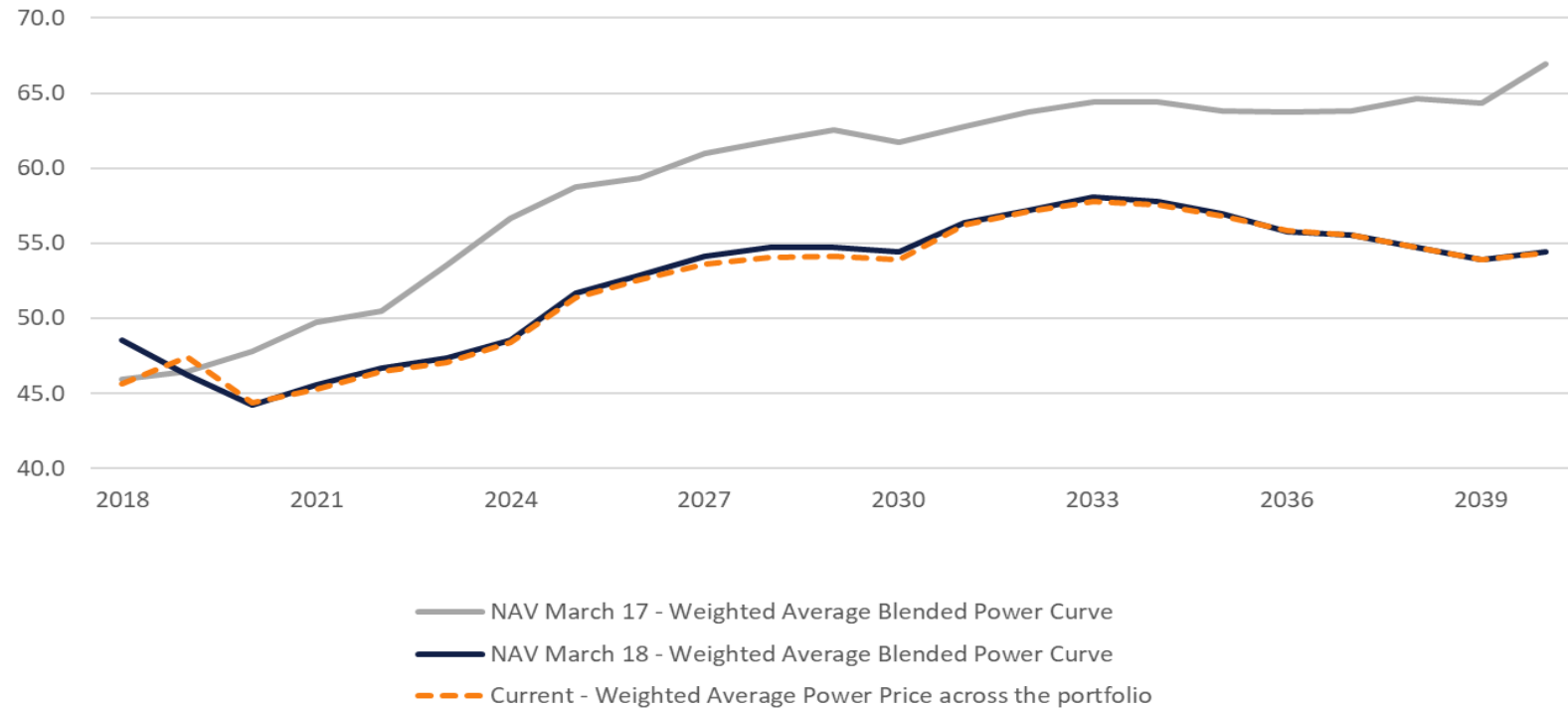
Business Case: Solis Acquisition

- Acquisition of 8 solar plants in Italy in December 2017 for a total installed capacity of 34.5MWp and total value of €132m (£116.2m) representing 12% of GAV as at 31 March 2018
- The portfolio was acquired with long term non-recourse project financing in place, of which €74.7m (£65.7m) remains outstanding as at 31 March 2018



UK Energy Market Prices

Forecast UK Power Price (Real 2018 - £/MWh) ⁽¹⁾



Notes:

(1) Source: Independent Energy Market Consultants

- Current long-term power price forecast implies an average growth rate of c.0.6% in real terms between 2018 and 2038
- This power curve is lower by 9.9% compared to the one used in March 2017
- As at March 2018, c.76% of NESF revenues are contractually fixed or regulated until March 2021

Strategic Focus 2018/19

- Deploy available capital in opportunistic value-accretive acquisitions
- Add incremental value to current portfolio assets
- Reduce operating expenses of current portfolio of assets
- Optimise financial debt position and products
- Progress subsidy-free investment opportunity in the UK



Financial Results

Financial Highlights

- Net Asset Value grew from £478.6m to £605.0m. **NAV per share grew from 104.9p to 105.1p**
- **Issued shares for £126.5m** in June 2017 under the issuance programme (at 5.6% premium over NAV). The programme expired in November 2017.
- **Debt financing:** 31% gearing ratio (36% in YE March '17)
 - Repayment of Bayern's £43.7m long term debt, as part of long term refinancing preparation
 - Conversion of the £21.7m NIBC short term facility into a £20.0m cheaper Revolving Credit Facility
 - Ready to execute a new Revolving Credit Facility for additional £40.0m
- Earnings per share of 5.88p. **Cash dividend cover of 1.2x**
 - On track to pay a dividend of 6.42p per share for the year ended 31 March 2018
 - Targeting a dividend of 6.65p per share for the year ending 31 March 2019 (reflecting 3.6% UK RPI applicable for the period)
- **Ongoing Charges Ratio declined to 1.1%** (1.2% in YE March '17)

4 Year Track Record Since IPO

Financial KPI	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
Shares in issue	575.7m	456.4m	278.0m	240.3m
Share price	111.0p	110.5p	97.75p	103.75p
Market capitalisation	£639m	£504m	£272m	£249m
NAV per share	105.1p	104.9p	98.5p	103.3p
Total NAV	£605.0m	£478.6m	£273.8m	£248.4m
Premium/(discount) to NAV	5.6%	5.3%	(0.8%)	0.4%
Earnings per share	5.88p	13.81p	0.78p	9.13p
Dividend per share	6.42p	6.31p	6.25p	5.25p
Cash dividend cover	1.2x	1.2x	1.2x	1.8x
Debt outstanding	£270m	£270m	£217m	£0m
Gearing level (Debt/GAV)	31%	36%	44%	0%
Weighted Average Cost of Capital	5.8%	5.9%	5.8%	7.5%
Weighted Average Lease Life	23.3 years	24.6 years	25.7 years	26.2 years
Shareholder total return – cumulative since IPO	33.6%	26.7%	6.1%	5.9%
Shareholder total return – annualised since IPO	8.5%	9.1%	3.2%	6.3%
Shareholder total return for year	6.2%	21.1%	0.2%	5.9%
FTSE All Share total return for year	1.4%	20.9%	(3.6%)	5.5%
NAV total return	6.3%	14.4%	3.7%	3.3%
NAV total return – annualised since IPO	7.0%	4.9%	1.9%	4.0%
Invested Capital	£734m	£522m	£481m	£252m
Ongoing Charges Ratio	1.1%	1.2%	1.2%	1.5%
Weighted Average Discount Rate	7.3%	7.9%	7.7%	7.5%

Portfolio Valuation

Discount rates

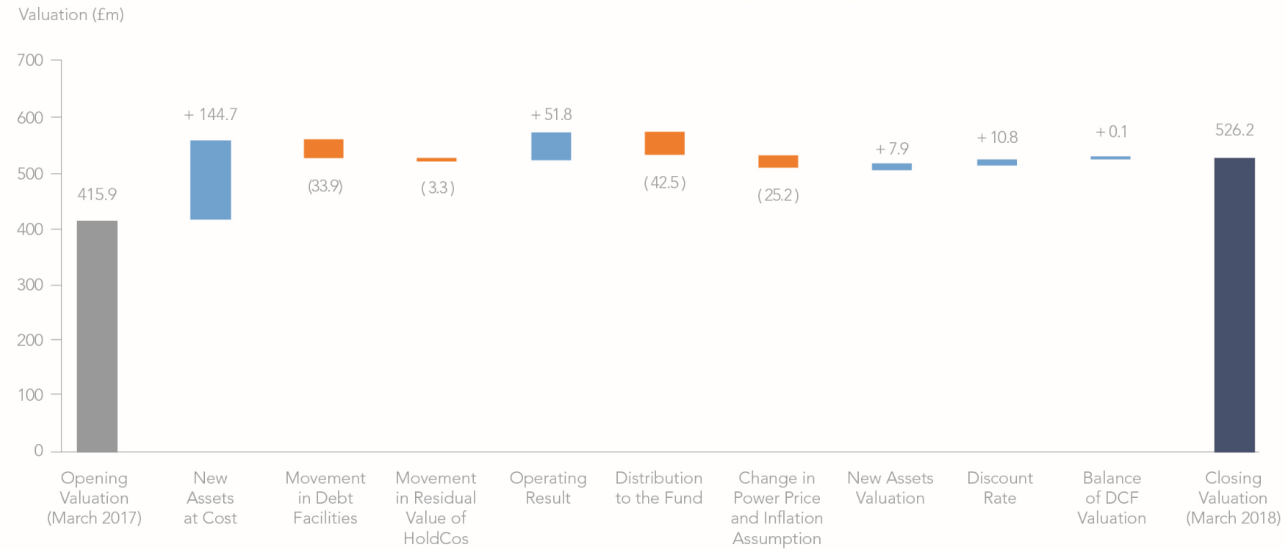
- Equity discount rate decreased to **6.75% for unlevered assets**, due to higher market value of UK assets
- Levered discount rates up to **9.00% for levered assets**
 - Up to 1.0% premium used to reflect greater risk to shareholders from levered assets/portfolios
 - 1.25% premium used to reflect risk from Italian country exposure vs. UK (substantial noting 15yr GBP/EUR hedge in place and lower volatility of cashflows compared to UK assets)
- Weighted **average discount rate decreased to 7.3% from 7.9%**
- Weighted average cost of capital of 5.8%

Drivers of portfolio revaluation

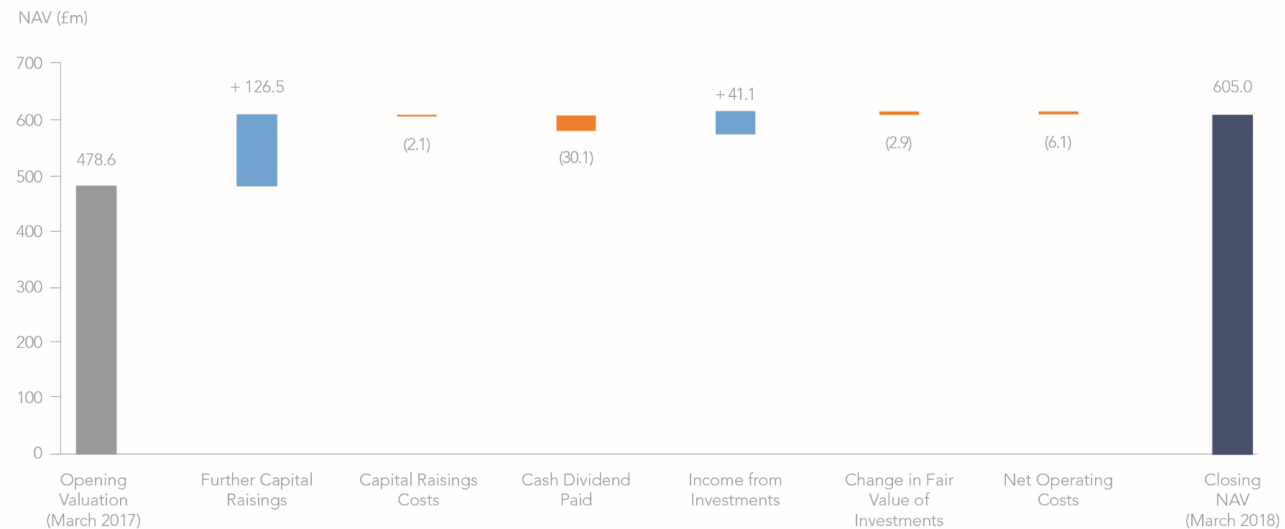
- Downward revisions in power price forecasts since IPO, a decrease of 9.9% compared to March 2017
- Change in unlevered discount rates reflecting the increase in market value of UK solar assets
- Value uplift generated by acquisitions at attractive IRR related to discount rates (23 assets) and projects moving to actual performance ratios after final acceptance (9 assets vs. 4 in YE March '17)
- The positive operating results achieved by the Company's solar PV assets, net of dividends and fund costs

NAV Movement

Portfolio Valuation Bridge - 31 March 2017 to 31 March 2018



NAV Bridge - 31 March 2017 to 31 March 2018



Debt Financing Strategy

<ul style="list-style-type: none"> NESF has total debt facilities outstanding of £270.4m which represents 31% of GAV 			<ul style="list-style-type: none"> Fully amortising facility (£149m outstanding) expiring in 2035 with unique NAV-enhancing features (grace period, DSRF, flexible PPA)
<ul style="list-style-type: none"> Additional £20m available through NIBC RCF (conversion of previous short-term facility in March 2018) 	<p>Macquarie Infrastructure Debt Investment Solutions ("MIDIS")</p>		<ul style="list-style-type: none"> Fully amortising facility (£54m outstanding) expiring in 2034 Debt in place at completion of Radius portfolio in April 2016 Replacement of DSRA with LoC in March 2018
<ul style="list-style-type: none"> Bayern's £43.7m long-term debt financing of Three Kings portfolio was repaid in October 2017, in preparation of long term refinancing 			<ul style="list-style-type: none"> Revolving Credit Facility of £20.0m until December 2019
<ul style="list-style-type: none"> Average all-in cost of debt of 3.8% 			<ul style="list-style-type: none"> €37.2m fully amortizing facility expiring in 2029 financing part of Solis portfolio Currently being refinanced
<ul style="list-style-type: none"> Debt financing on Solis portfolio (current 58% gearing) offers potential for optimisation 			<ul style="list-style-type: none"> €39.7m fully amortizing facility expiring in 2030 financing part of Solis portfolio Currently being refinanced

Robust Dividend Cover

- During the year the Company generated cash income of £42.5m and had net operating costs of £6.0m
- For illustrative purpose only, a theoretical principal instalment on the Apollo financing for the year would have reduced cashflow by £4.7m with an impact of 0.1x on cash dividend cover

Dividends paid	Month of Payment	Amount per Ordinary Share (p)	Total £ '000
For the year 2014/15		5.250	10,946
For the year 2015/16		6.250	17,372
For the year 2016/17		6.310	20,681
First quarterly dividend for year 2017/18	Sep-17	1.605	7,336 ⁽¹⁾
Second quarterly dividend for year 2017/18	Dec-17	1.605	6,922 ⁽¹⁾
Third quarterly dividend for year 2017/18	Mar-18	1.605	8,719 ⁽¹⁾
Total cash dividends paid to date		22.625	71,976
Fourth quarterly dividend for year 2017/18	Jun-18	1.605	9,240 ⁽²⁾

Cash income	Total for YE 17/18 £ '000		
Cash Income for period to 31 March 2018	42,533 ⁽³⁾		
Net operating costs for year to 31 March 2018	(6,044)		
Net cash income	36,489		

		Gross dividend cover	Net dividend cover
Cash dividend paid during period	30,125 ⁽⁴⁾	1.4x	1.2x

Notes:

(1) During the year, a scrip dividend alternative was elected by some shareholders. A total of 4,255,641 additional shares were issued resulting in lower total cash dividend pay-out. If the elections were not made, the total amount to be paid out would have been £7,280k, £9,171k, £9,197k and £9,232k for the first, second, third and fourth quarterly dividends respectively.

(2) Before election of Scrip dividend is considered.

(3) Cash income differs from the Income in the Statement of Comprehensive Income. This is because the Statement of Comprehensive Income is on an accruals basis.

(4) This amount represents the post scrip dividend paid during the year (the last quarter of 2016/17 and the first 3 quarters of 2017/18). If the shares from the scrip dividend were included the total amount paid during the year would have been £34,800k. The Gross dividend cover would have been 1.2x and the net dividend cover would have been 1.1x.

Summary Income Statement

Income Statement For the year ended 31 March 2018	1 April 2017 to 31 March 2018 £m	1 April 2016 to 31 March 2017 £m
Income	41.0	35.3
Movement in Investment Portfolio value	(2.9)	19.6
Net Income	38.2	54.9
Total expenses	(6.3)	(5.1)
Finance income	0.0	0.0
Profit and comprehensive income	32.2	49.8
Earnings per share	5.88p	13.81p

Summary Balance Sheet and Cash Flows

During the year

- NAV increased by £126m
- Capital invested increased by £110m
- Cash available at 31 March 2018 was £76m

Balance Sheet As at 31 March	2018 £m	2017 £m
Investment Portfolio	481.4	333.9
Residual net assets of Holding Companies	44.8	82.0
Current assets	104.3	71.0
Current liabilities	(25.5)	(8.3)
Net Asset	605.0	478.6
Net Asset Value per share	105.1p	104.9p

- The Company generated net cash income of £36m and paid out dividends of £30m
- Raised net proceeds of £124m and deployed capital in excess of £110m

Cash Flow statement For the year ended 31 March	2018 £m	2017 £m
Net Cash used in Operating Activities	(78.5)	(101.1)
Net Cash used generated from Investing Activities	0.0	0.0
Proceeds from issue of shares	124.4	177.2
Dividends paid	(30.1)	(22.2)
Cash at the beginning of the year	59.8	5.9
Cash at the end of the year	75.9	59.8

Cashflow Generation Model (average per MW)

Year Ended 31 March 2018			Actual per MW ⁽¹⁾	Budget per MW ⁽¹⁾	Delta vs. Budget	Comments		
Solar irradiation	[A]	(kWh/m ²)	1,154	1,164	(0.9)%	Actual irradiation for the year		
Conversion factor ⁽²⁾	[B]	(%)	80.6%	79.2%	+ 1.8%	Positive delta represents Asset Management Alpha for the year		
Metered generation	[C] = [A x B]	(kWh)	931	923	+ 0.9%	Actual generation measured at the meter for the year		
			Power Price	Subsidies	Power Price	Subsidies		
Realised prices	[D]	(£/MWh)	50.3	69.3	47.7	66.1	+ 5.4%	Implied average power price and subsidies across entire portfolio (including ROC recycle and embedded benefits)
Revenues (brown power & subsidies)	[E] = [C x D]	(£ '000)	46.8	64.5	44.0	61.0		
Total revenues	[E]	(£ '000)	111.3		105.0		+ 6.4%	Actual revenues at portfolio level for the year (unaudited figures per MW)
Operating expenses	[F]	(£ '000)	(30.7)		(29.0)		+ 6.2%	Actual costs at portfolio level for the year (unaudited figures per MW)
EBITDA ⁽³⁾	[G] = [E - F]	(£ '000)	80.6		76.1		+ 6.4%	Actual EBITDA for the year (unaudited figures per MW)
EBITDA margin ⁽³⁾	[G / E]	(%)	72.5%		72.4%			

Notes:

(1) Based on the average installed capacity over the financial year. Given different composition of the portfolio, this information is not directly comparable with what provided in the previous annual report.

(2) Illustrative factor capturing 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 in reference to EBITDA at the SPV levels.

During the year, NESF portfolio performed above budget in terms of generation despite lower irradiation (-0.9%)

The flexible PPA framework, higher ROC recycle and embedded benefits allowed to capture higher revenues than budgeted (+5.4%)

Exceptional one-off items (particularly in the first year post-acquisition) have increased opex by £1.7k pMW

Overall, EBITDA was higher than budgeted for the year, demonstrating the consistent year on year optimization performed by the Asset Manager



Q&A – Appendix

NESF Overview

NextEnergy Solar Fund

- Largest solar energy focused investment company listed on any European Stock exchange.
- Attractive acquisition values sourced by NextEnergy Capital
- Operational outperformance supported by WiseEnergy ensuring optimal asset management
- Targeting a quarterly dividends linked to UK RPI (6.65p/share for year 2018/19)
- Reinvestment of cash surplus to sustain NAV over time

About the NextEnergy Capital Group

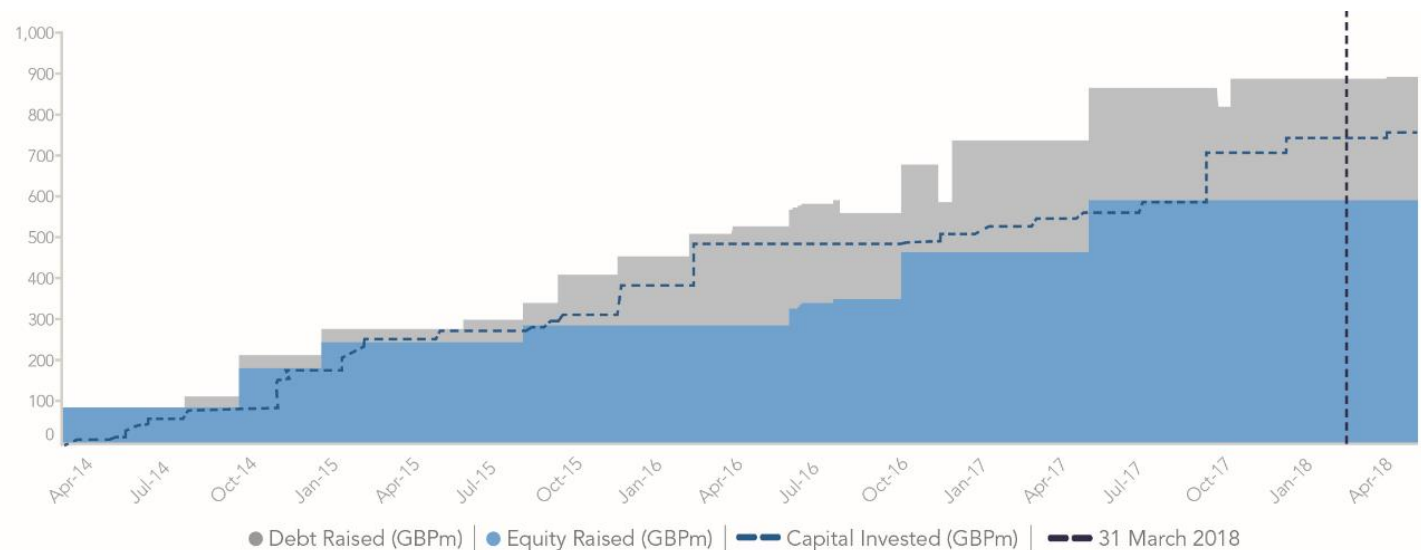
- NextEnergy Capital IM Ltd and NextEnergy Capital Ltd are both members of the NextEnergy Capital Group. NextEnergy Capital Limited acts as the Investment Adviser to NextEnergy Capital IM Limited, which is the Investment Manager of NESF.
- Through its operating asset management division, WiseEnergy, the NextEnergy Capital Group manages and monitors over 1,300 utility-scale solar power plants (with an installed capacity in excess of 1.9GW) for a client base which includes leading European banks and equity investors (including private equity funds, listed funds and institutional investors).
- The NextEnergy Capital Group also manages NextPower II LP, a €184m private equity fund dedicated to solar PV investments in Italy.

Capital Raise and Deployment

- During the year NESF issued 115m new shares totalling £126.5m under issuance programme
- During the year NESF issued an additional 4m new shares totalling £4.7m in the form of scrip dividends

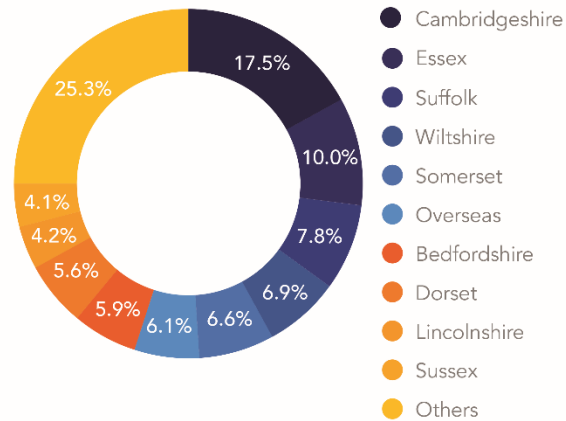
Date	Shares issued	Equity raised (£m)	Equity invested	Time to deployment
April 2014	85,600,000	85.6	100% by September 2014	5 months
November/December 2014	95,000,000	99.6	100% by January 2015	6 weeks
February 2015	59,750,000	61.4	100% by April 2015	6 weeks
September 2015	37,607,105	38.8	100% by November 2015	6 weeks
July/August/September 2016	64,100,926	64.7	Used to repay debt facility	Immediate
November 2016	110,300,000	115.3	100% by August 2017	10 months
June 2017	115,000,000	126.5	On-going	On-going

Capital Deployment Timeline (£' 000)

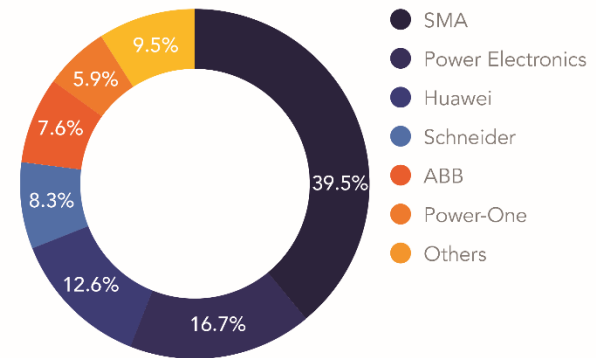


Portfolio Overview – Risk Diversification

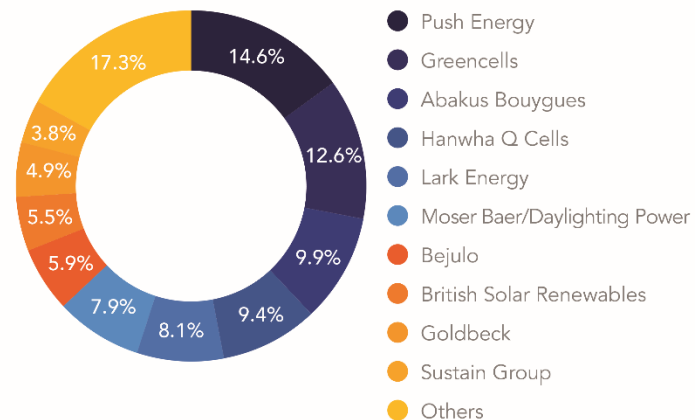
By County or Region



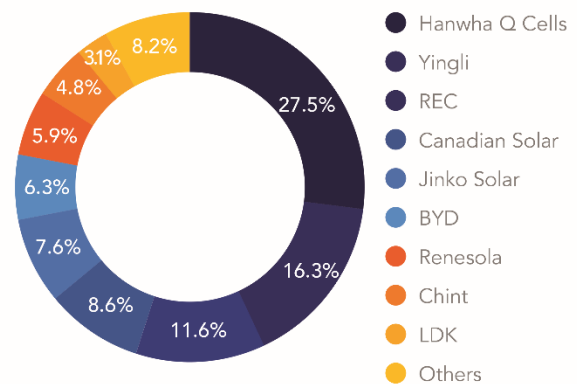
By Inverter Manufacturer



By EPC Contractor



By Solar Module Manufacturer



UK Energy Market

Power Prices

- During the year, the wholesale day ahead power market in the UK experienced an upward movement following the movement in gas price, electricity spot prices rose from £42/MWh in March 2017 to £57/MWh in March 2018
- The group's flexible PPA framework allowed NESF to lock in higher power prices

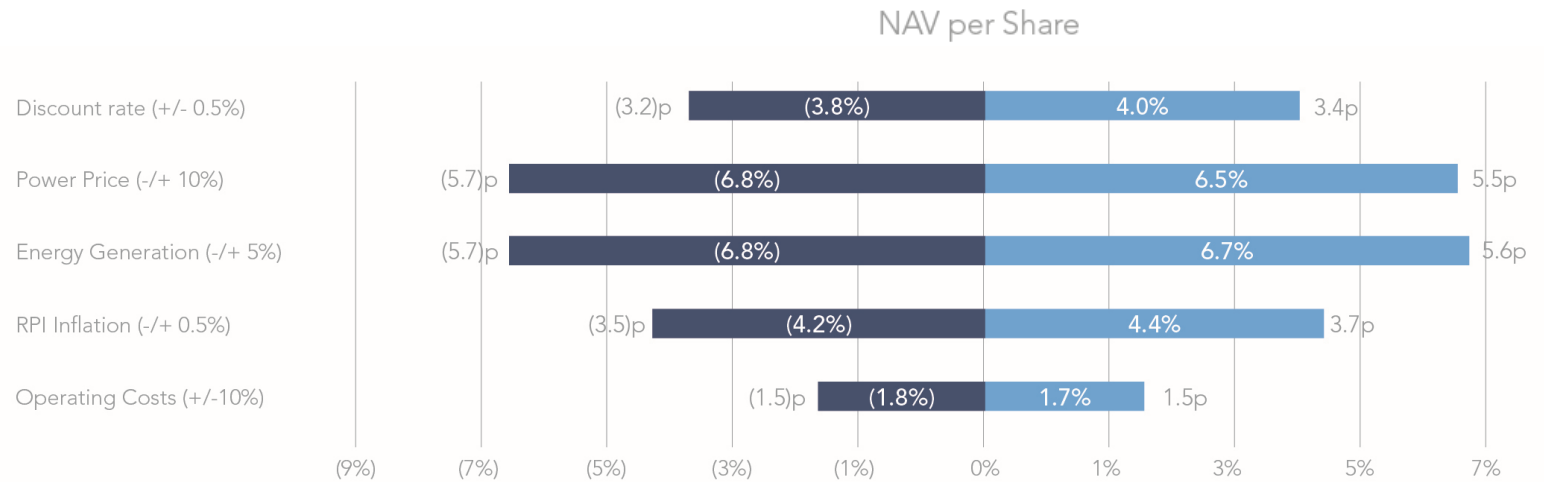
Historical UK Power Prices (£/MWh) ⁽¹⁾



⁽¹⁾ Source: N2EX – UK Baseload – day ahead

NAV Sensitivities

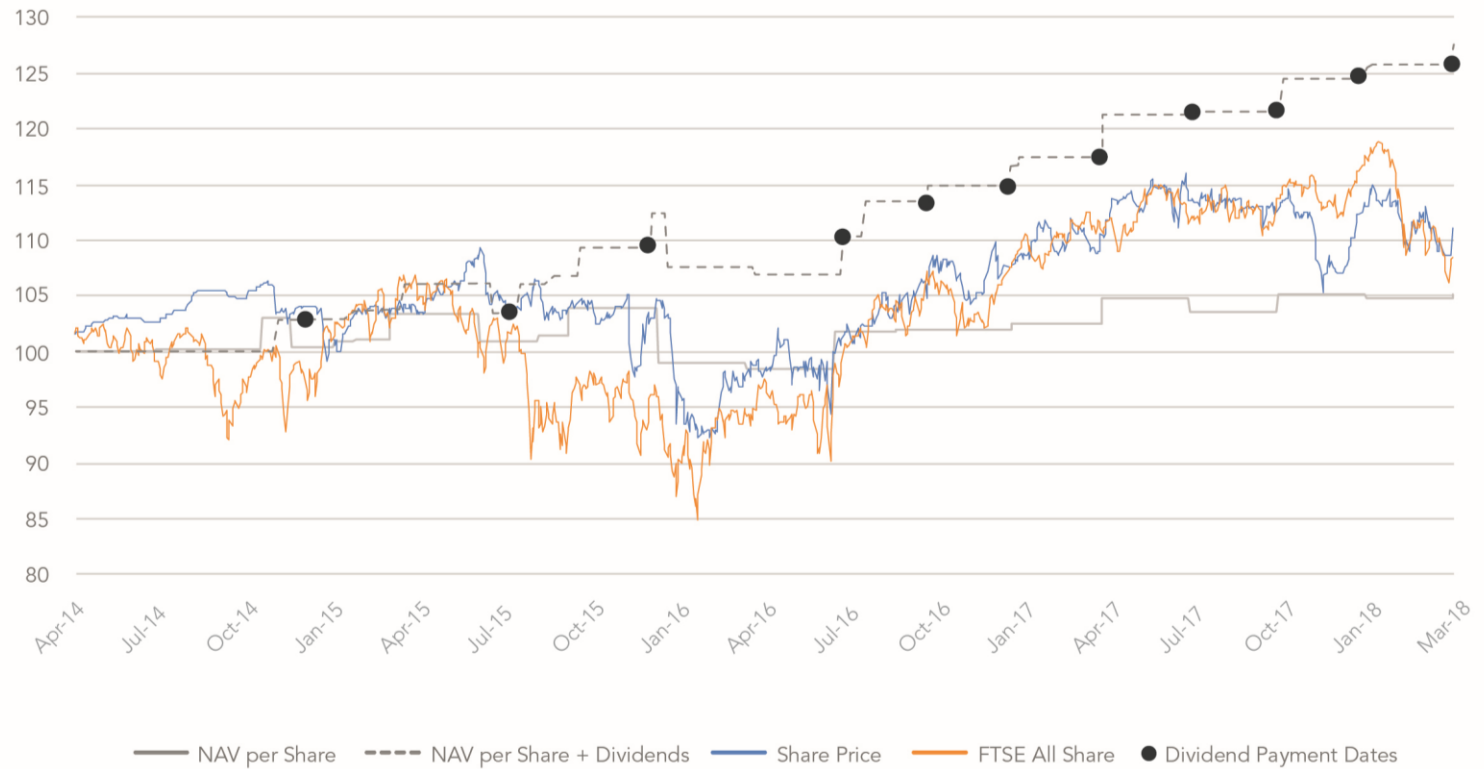
- The long-term sensitivity analysis highlights the % change in the investment portfolio value (£481.4m) as well as the subsequent impact on NAV per share
- As of 31 March 2018, the remaining weighted average lease life of the Company's assets was 23.3 years



The sensitivity highlights the percentage change in the portfolio resulting from a change in the underlying variables. It also shows the impact on the NAV per share.

Share Price vs NAV per Share

- NESF share price outperformed the FTSE All-Share by 10.4% since IPO
- Shareholder total return was 6.2% for the year ended 31 March 2018 (8.5% annualised since IPO)



Summary of Debt Financing Terms

Provider/ Arranger	Type	Borrower	Tranches	Facility Amount £ '000	Amount outstanding £ '000	Termination (including options to extend)	Applicable Rate
MIDIS/CBA/NAB	Fully-amortising long-term debt	NESH (Apollo portfolio level debt)	Tranche A – Medium-term	48,387	48,387	31-Dec-26	2.91% ⁽¹⁾
			Tranche B – Floating long-term	24,194	24,194	30-Jun-35	3.68% ⁽¹⁾
			Tranche C – Index Linked long-term	38,710	37,766	30-Jun-35	RPI index 0.36%
			Tranche D – Fixed long-term	38,710	38,710	30-Jun-35	3.82%
			Debt Service Reserve Facility	7,500	-	30-Jun-26	1.50%
MIDIS	Fully-amortising long-term debt	NESH IV (Radius portfolio level debt)	Inflation Linked Tranche	27,500	26,151	30-Sep-34	RPI index +1.44%
			Fixed Tranche	27,500	27,475	30-Sep-34	4.11%
Santander	Letter of credit	(Radius portfolio level debt)	Fixed short term	2,500	2,043	27-Mar-19	1.50%
UniCredit	Fully-amortising long-term debt	NESH V (Solis portfolio level debt)	Floating long term	32,764	31,735	30-Jun-29	3.04% ⁽¹⁾
ING	Fully-amortising long-term debt	NESH V (Solis portfolio level debt)	Floating long term	34,991	33,921	30-Jun-30	4.13% ⁽¹⁾
NIBC	RCF	NESH II	n/a	20,000	-	13-Feb-20	LIBOR+2.20%
Total					270,381		

Notes:

(1) Applicable rate represents the swap rate.

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