NextEnergy Solar Fund Limited

Interim Report and Condensed Interim Financial Statements
for the six months ended 30 September 2019

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Performance Highlights

Financial Highlights

111.2p (31 March 2019: 110.9p)
NAV per ordinary share
as at 30 September 2019

6.7% (30 September 2018: 3.4%)
Ordinary shareholder total return
for the six months ended 30 September 2019

39% (31 March 2019: 36%)
Gearing
as at 30 September 2019

1.3x (30 September 2018: 1.2x)
Cash dividend cover before scrip
for the six months ended 30 September 2019

£649m (31 March 2019: £645m)
Ordinary shareholder's NAV
as at 30 September 2019

3.44p (30 September 2018: 3.325p)
Dividends per ordinary share
for the six months ended 30 September 2019

Operational Highlights

705 MW (31 March 2019: 691 MW)
Total capacity installed
as at 30 September 2019

515 GWh (30 September 2018: 480 GWh)
Total electricity generation
during the six months ended 30 September 2019

89 (31 March 2019: 87)
Operating solar assets
as at 30 September 2019

+5.0% (30 September 2018: +7.9%)
Generation above budget
for the six months ended 30 September 2019

ESG Highlights

134,000 (30 September 2018: 125,000)
UK homes (equivalent to Bournemouth and
Bradford combined) powered for six months

131,000 (30 September 2018: 123,000)
Tonnes of CO_2 emissions avoided
during the six months ended 30 september 2019

Key Performance Indicators ("KPIs")

The Company sets out below its KPIs which it utilises to track its performance over time against its objectives. Alternative Performance Measures used by the Company are defined on page 52.

Financial KPI	Six months ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016
Ordinary shares in issue	583.6m	581.7m	575.7m	456.4m	278.0m
Ordinary share price	122.0p	117.5p	111.0p	110.5p	97.75p
Market capitalisation of ordinary shares	£712m	£683m	£639m	£504m	£272m
NAV per ordinary share*	111.2p	110.9p	105.1p	104.9p	98.5p
Total ordinary NAV	£649m	£645m	£605m	£479m	£274m
Premium/(discount) to NAV*	9.7%	6.0%	5.6%	5.3%	(0.8%)
Earnings per ordinary share	3.62p	12.37p	5.88p	13.81p	0.78p
Dividends per ordinary share	3.44p	6.65p	6.42p	6.31p	6.25p
Dividend yield*	5.63%	5.66%	5.78%	5.71%	6.39%
Cash dividend cover – pre-scrip dividends*	1.3x	1.3x	1.1x	1.1x	1.2x
Preference shares in issue	200m	100m	–	–	–
Debt outstanding at subsidiaries level	£211m	£269m	£270m	£270m	£217m
Gearing level (debt + preference shares/GAV)*	39%	36%	31%	36%	44%
GAV	£1,060m	£1,014m	£875m	£749m	£489m
Weighted average cost of capital	5.5%	5.4%	5.8%	5.9%	5.8%
Weighted average lease life	25.5 years	25.2 years	23.3 years	24.6 years	25.7 years
Ordinary shareholder total return – cumulative since IPO	54.6%	46.7%	33.6%	26.7%	6.1%
Ordinary shareholder total return – annualised since IPO	10.0%	9.5%	8.5%	9.1%	3.2%
Ordinary shareholder total return	6.7%	11.8%	6.2%	21.1%	0.2%
FTSE All-Share total return	4.0%	8.8%	1.4%	20.9%	(3.6%)
Ordinary NAV total return*	3.2%	11.8%	6.3%	14.4%	3.7%
Ordinary NAV total return – annualised since IPO*	8.0%	8.1%	7.0%	4.9%	1.9%
Invested capital*	£932m	£896m	£734m	£522m	£481m
Ongoing charges ratio*	1.1%	1.1%	1.1%	1.2%	1.2%
Weighted average discount rate	7.0%	7.0%	7.3%	7.9%	7.7%

Operational KPI					
Number of assets	89	87	63	41	33
Total installed capacity	705 MW	691 MW	569 MW	454 MW	414 MW
Electricity production (generation)	515 GWh	693 GWh	451 GWh	394 GWh	225 GWh
% increase (period-on-period)	7%	6%	14%	75%	878%
Generation since IPO	2.3 TWh	1.8 TWh	1.1 TWh	0.6 TWh	0.2 TWh
Irradiation (delta vs. budget)	+4.8%	+9.0%	(0.9%)	(0.3%)	+0.4%
Generation (delta vs. budget)	+5.0%	+9.1%	+0.9%	+3.3%	+4.1%
Asset Management Alpha*	+0.2%	+0.1%	+1.8%	+3.6%	+3.7%

* Alternative Performance Measures

Chairman's Statement

Patrick Firth Sue Inglis Vic Holmes Sharon Parr Kevin Lyon

"NextEnergy Solar Fund's robust first half results were characterised by another period of outperformance, resulting not only from high levels of solar irradiation but also from technical, financial and operational improvements across the portfolio. In particular, we continued to focus on optimising our portfolio of assets, including extending the useful life of more of our assets, reducing operating costs, making technical improvements and executing our electricity sales strategy to reduce power price risk.

We are particularly proud of our maiden subsidy-free plant, Hall Farm II of 5.4MW, which was energised during the period and is the UK's first subsidy-free solar plant owned by a listed investment company. Its successful development and commissioning gives us industry leadership in this space, and work is underway on our next subsidy-free plant – a 50 MW plant currently under construction and due for commissioning by the end of the financial year.

During the period we also issued £100m of preference shares and partially used this to repay financial debt, which resulted in enhanced returns for ordinary shareholders, whilst providing financial stability for the future."

I am pleased to present, on behalf of the Board, the Interim Report and Condensed Interim Financial Statements for NextEnergy Solar Fund Limited for the period ended 30 September 2019.

We energised our maiden subsidy-free asset in the UK, Hall Farm II, in August 2019, the first listed solar company to do so, marking a defining moment on the solar sector's path to a subsidy-free environment. Construction of this asset began in March 2019 and the plant was fully connected to the grid on 5 August 2019. This 5.4MW plant, adjacent to our existing Hall Farm plant, has benefited from the original site's oversized planning permission and previously built grid access infrastructure.

The construction of our second subsidy-free plant, Staughton, has progressed smoothly and is on track to be connected to the grid by the end of this financial year. This 50MW subsidy-free plant located on the Bedfordshire/Cambridgeshire border will be the largest plant in our portfolio. These achievements are notable as they demonstrate the economic case for subsidy-free solar PV assets in the UK compared to other energy generation technologies, many of which still require extensive and expensive subsidies.

Asset prices on the whole remained at levels we deem unattractive. Nevertheless, during the period, we have acquired one operating solar plant, Ballygarvey in Northern Ireland, which demonstrates our Investment Adviser's expertise in finding value in a somewhat saturated UK market. The 8.2MW plant benefits from subsidies under the Northern Irish ROC ('NIROCS') regulatory framework, and gives the Company a presence in England, Scotland, Wales and now Northern Ireland.

During the period we completed the innovative approach to the financing of our portfolio. In August 2019 we raised a further £100m of preference shares on similar terms to the £100m issuance in November 2018. The combined £200m of preference shares have a fixed 4.75% p.a. coupon, resulting in significantly lower all-in annual cash costs to the Company over the regulatory regime period of our assets, when compared to issuance of ordinary shares or long-term amortising financial debt products. Further details can be found in the Investment Adviser's Report.

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

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

Our financial performance continues to be robust. Over the five and a half years since IPO, NESF has achieved an annualised ordinary shareholder total return of 10% and an annualised NAV total return of 8.0%, in line with or in excess of the target range of 7% – 9% equity return for investors, based on the IPO price.

Financial Results

Profit before tax was £21.1m (30 September 2018: £18.7m) with earnings per ordinary share of 3.62p (30 September 2018: 3.23p). Cash dividend cover pre-scrip dividends was 1.3x (30 September 2018: 1.2x).

Portfolio Performance

Energy generated was 515 GWh (30 September 2018: 480GWh), 5.0% above budget. During the period, solar irradiation across the portfolio was 4.8% above expectation (30 September 2018: 8.4%). Asset Management Alpha for the period was 0.2% (30 September 2018: -0.5%), which would have been 1.0% (30 September 2018: 0.5%) if we excluded distributor network outages.

Our UK portfolio performed above expectations with generation outperformance of 5.1% (30 September 2018: 8.2%) and an Asset Management Alpha of 0.1% (30 September 2018: -0.8%).

Our Italian portfolio also performed well during the period with 1.8% (30 September 2018: 3.6%) extra generation over budget and an Asset Management Alpha of 1.4% (30 September 2018: 2.4%). The portfolio was acquired with long-term debt of €76.9m (£68.1m) which was fully repaid following the issuance of the preference shares in November 2018. The vast majority of the future expected cash flows from the portfolio have been hedged at an average forward exchange rate of 0.89 EUR/GBP for the period up to 2032 which includes all hedging costs.

The electricity generated by our portfolio during the period based on the current 705MW is equivalent to a saving of 131,000 (30 September 2018: 123,000) tonnes of CO_2 emissions and sufficient to power some 134,000 (30 September 2018: 125,000) UK homes for six months. This is roughly equivalent to powering a city with 643,000 inhabitants (e.g. Bournemouth and Bradford combined) for six months.

Net Asset Value

At the period end, the Company's ordinary NAV was £649m, equivalent to 111.2p per ordinary share (31 March 2019: NAV of £645m, 110.9p per ordinary share).

Portfolio Growth

During the period, the portfolio's installed capacity increased by 14MW with the additions of Hall Farm II and Ballygarvey. The construction of Staughton is well-advanced and is expected to add a further 50MW by the end of the financial year. The Investment Adviser is in negotiations on further pipeline assets, the majority of which are subsidy-free. Our strategy envisages adding a total of between 100MW and 150MW in subsidy-free capacity to the portfolio by the end of calendar year 2020. This amounts to an estimated investment of between £55m and £80m (5% – 8% of GAV). Assuming 125MW of subsidy-free capacity and average generation levels, our subsidy-free portfolio would be equivalent to c.15% of 2018/19 generation. We have identified and are progressing on strategies for the sale of electricity from these subsidy-free plants.

Capital Raising and Debt Financing

In August 2019 the Company successfully issued a second tranche of £100m of preference shares. 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.

As at 30 September 2019, the Company's subsidiaries had financial debt outstanding of £211m (31 March 2019: £269m). Of the financial debt, £197m was long-term fully amortising debt, and £14m was drawn under a short-term credit facility. The total financial debt, together with the preference shares, represented a gearing level of 39% (31 March 2019: 36%), which is below the stated maximum debt-to-GAV level of 50%.

Dividends

The Company continues to achieve its dividend objective which is to increase dividends annually in line with RPI over the long term. For the year ending

31 March 2020, we are targeting a total dividend of 6.87p per ordinary share.

The Directors have approved a second interim dividend of 1.7175p per ordinary share, which will be payable on 31 December 2019 to ordinary shareholders on the register as at the close of business on 22 November 2019.

The Company offers scrip dividends, details of which can be found on the Company's website.

The cash dividend cover pre-scrip dividends remained robust at 1.3x (2018:1.2x).

Environmental, Social and Governance

We are committed to ESG principles and responsible investment. We continue to develop our ESG policy and are committed to evolving it and delivering sustainable growth across the Company. As well as reduction of CO_2 emissions provided by solar power, one particular area we have focused on is biodiversity. Solar PV assets represent an excellent opportunity to secure long-term biodiversity across the countryside. In the area protected by the fencing around our assets, we are able to create sectors fostering local plant and wildlife. This approach includes initiatives such as: pairing up with a local beekeeper association to locate beehives seasonally on our sites, encouraging local pollinators by planting wild flower mixes/under-panel planting, erecting bird and bat boxes and briefing landowners with our newly devised biodiversity management plan.

Auditors

On 27 September 2019, following a competitive audit tender, the Company announced the appointment of KPMG Channel Islands Limited as its auditor for the financial year ending 31 March 2020 for the Company and its subsidiaries. PWC CI LLP has resigned as the Company's auditor, and the Board would like to take the opportunity to thank PWC for its service as auditor over the last five years since IPO.

Distribution of Reports and Communications

This Interim Report is accessible 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 Company will continue to focus on generating attractive financial returns for our shareholders, while having positive social and environmental impacts.

The Company continues to extend the useful life of its assets on the remaining portfolio, and is targeting 31 assets.

The completion of Hall Farm II, has provided us with the expertise to construct further subsidy-free assets with attractive risk-adjusted returns using electricity sales agreements, corporate PPAs or direct-wire agreements with off-takers, from the Company's pipeline of development opportunities. We continue to target a total of between 100 MW and 150 MW in subsidy-free solar plants.

We will continue to review deployment of ancillary solar technologies to mitigate the generation risks of individual assets, whilst adapting our portfolio to the changing dynamics of the UK solar market.

Continued focus on developing our electricity sales strategy will enable us to leverage our in-house expertise to maximise value from our assets and deliver further cost efficiencies.

ESG continues to be an important part of our mission. As activities mitigating climate change accelerate globally, 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 this generation and future generations.

With the underlying quality and performance of our robust portfolio, coupled with the success of our first subsidy-free plant and the construction programme ahead, the outlook for the Company continues to remain strong.

Kevin Lyon
Chairman
13 November 2019

Company Overview and Principal Risks

Structure

The Company is a Guernsey registered closed-ended investment company.

The Company has a premium listing and its ordinary shares are traded on the London Stock Exchange under the ticker "NESF". The Group comprises the Company and HoldCos which invest in SPVs which hold the underlying solar PV assets.

Investment Objective

The Company seeks to provide investors with a sustainable and attractive dividend that increases in line with RPI over the long term. In addition, the Company seeks to provide ordinary shareholders with an element of capital growth through the reinvestment of net cash generated in excess of the target dividend in accordance with the Company's investment policy.

Investment Policy

The Company's investment policy can be viewed on the Company's website.

The Investment Manager, Investment Adviser and Asset Manager

The Company's Investment Manager is NextEnergy Capital IM Limited. The Investment Manager has appointed NextEnergy Capital Limited to act as Investment Adviser in relation to the Company. Michael Bonte-Friedheim, Aldo Beolchini and Abid Kazim comprise the Investment Committee of the Investment Adviser, whose role is to consider and, if thought fit, recommend actions to the Investment Manager in respect of the Company's potential and actual investments.

The Company has entered into an asset management framework agreement with the asset manager, WiseEnergy, a member of the NEC Group. Under the framework agreement, WiseEnergy enters into individual asset management contracts with each solar power plant entity acquired by the Company and performs a broad and defined set of asset management activities for each entity. The collective experience of the NEC Group in managing and monitoring solar PV assets best positions the Company to implement efficiencies at both the investment and operating asset level. The technical and operating outperformance of the portfolio to date underlines the benefits of this comprehensive strategic relationship.

The NEC Group is a privately-owned specialist investment and asset manager focused on the solar sector. It was formed in 2007 and has developed a unique track record in the European solar sector. Prior to the IPO of the Company, it had developed, financed, managed the construction of and owned 14 solar projects in the UK and Italy. Its asset management activities have included the management and monitoring of more than 1,300 utility-scale solar power plants for a total capacity of over 1.9GW on behalf of third-party equity investors and financing banks. Its clients include listed solar funds (in addition to the Company), private equity, family offices, renewable energy specialists and other equity investors as well as some of Europe's leading lenders and financiers in the solar sector. It has developed proprietary hardware and software products and solutions to facilitate delivery of its services to its client base. The NEC Group also manages two private equity funds: NextPower II LP, a €232m fund dedicated to solar PV asset investments in Italy, and NextPower III LP, a USD117m fund dedicated to solar PV asset investments globally.

The NEC Group consists of over 160 dedicated staff focused on the solar sector. The team has significant experience in energy and infrastructure transactions not only in the UK but also in other jurisdictions.

Principal Risks

The Company has in place risk management procedures and internal controls to monitor and mitigate the main risks faced as well as a process to review the effectiveness of those controls over the Company and its subsidiaries as a whole. The Investment Manager and Investment Adviser assists the Company in regularly identifying, assessing and mitigating those risks likely to impact the financial or strategic position of the Company.

Under the FCA's Disclosure Guidance and Transparency Rules, the Board is required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. The material risks identified by the Board can be categorised as follows:

- portfolio management and performance risks;
- operational and strategic risks; and
- external risks.

The principal risks and uncertainties, which are unchanged from 31 March 2019, remain the risks most likely to affect the Company for the remaining six months of the financial year. Each of these categories of risk, together with the principal risks, can be found on pages 13-15 of the 31 March 2019 Annual Report.

Investment Adviser's Report

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

Portfolio Highlights

During the period, the portfolio grew from 87 to 89 assets, which represented an increase of 14MW to the total capacity.

On 5 August 2019, our first subsidy-free asset Hall Farm II was connected to the grid after a five-month construction period. The 5.4MW plant is the first subsidy-free plant to be energised by a UK-listed investment company.

During the period, construction also began on Staughton, a 50MW subsidy-free asset located on the Cambridgeshire/Bedfordshire border. Construction progressed as scheduled during the period, and grid connection is currently expected to take place by the end of this financial year.

In early August 2019, the Company announced the acquisition of Ballygarvey, an 8.2MW plant located in Northern Ireland. The plant receives subsidies under the Northern Irish ROCS ("NIROCS") regulatory framework and receives 1.4 NIROCS per MWh generated.

In the UK, the summer of 2019 was one of the hottest on record, with the highest ever UK temperature of 38.7 degrees Celsius 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 the adverse effects of high temperatures on the technical performance of solar PV components, which perform optimally at temperatures below 25 degrees Celsius. In addition, 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 Italy, as the weather pattern was not unusual during the period, the Solis portfolio had an irradiation delta of +0.4% and a generation delta of +1.8% which resulted in an Asset Management Alpha of +1.4%.

Overall, the operational performance of the portfolio during the period was positive and above budget. The resulting Asset Management Alpha of +0.2% was an expected outcome of these exceptional weather conditions and does not represent any change in the ability to achieve a greater level of outperformance in the future.

As at 30 September 2019, the actual performance versus expectations for 85 of the solar PV assets had been monitored by the asset manager for at least two months post completion. The three rooftop portfolios were excluded as irradiation was not monitored.

The Asset Management Alpha measurement allows the Company to identify the "real" outperformance of the portfolio due to active management, as it excludes the effect of variation in solar irradiation.

Portfolio Optimisation

During the period, we secured options or rights to extend the leases on ten individual plants. The positive impact on NAV of these life-extensions amounted to c.+1.3p per ordinary share at the period end. We continue to work on extending the life of the remaining portfolio, with a further five sites expected to secure extensions by the end of the calendar year.

Period	Assets monitored	Irradiation (delta vs. budget)	Generation (delta vs. budget)	Asset Management Alpha
First Half 2015/16	17	+2.9%	+5.7%	+2.8%
First Half 2016/17	31	+0.0%	+3.2%	+3.2%
First Half 2017/18	41	+0.5%	+2.0%	+1.5%
First Half 2018/19	84	+8.4%	+7.9%	-0.5%
First Half 2019/20	85	+4.8%	+5.0%	+0.2%
Cumulative from IPO to September 2019		+2.5%	+5.0%	+2.5%

We have continued a programme of re-structuring and implementing new contracts across the portfolio. Re-negotiating the contracts means we are able to make savings, refine service levels and maximise revenue. Further Operations and Maintenance ("O&M") contract replacements and renegotiations have taken place during the period, with seven contracts terminated or renegotiated securing a cost saving of £100,000 p.a. across these assets. In addition to the ongoing work to drive down operating costs, a further eight PPAs have been renewed during the period.

Preference Shares

On 8 November 2018, ordinary shareholders agreed to amend the Company's Articles of Incorporation to create a class of preference share and approved the allotment of up to £200m of shares with no pre-emption rights. Subsequently, on 13 November 2018, the Company issued an initial tranche of £100m of preference shares. The Company issued a further £100m of preference shares on 12 August 2019. The rights of the preference shares are the same as those issued in November 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 holder, 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 nominal value (100p) (plus unpaid dividends, if any) per preference share relative to 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.

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 after March 2030.

The proceeds of the initial £100m of preference shares were used to repay a portion of the existing long-term project financing facilities associated with portfolio investments. Benefits of the second tranche of preference shares for NESF include:

- the net subscription proceeds were applied promptly to repay 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 to invest in pipeline opportunities;
- the fixed preferred dividend of 4.75p per preference share is a significantly lower all-in annual cash cost to the Company compared to issuing ordinary shares (2019/20 target dividend of 6.87p per ordinary share, expected to increase with RPI annually); and
- the issue allows the Company to further optimise its capital structure and increase cash flows over the long-term compared to refinancing with conventional long-term amortising financing, 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 ordinary shareholders' NAV and, accordingly, no management fee is payable in respect of the preference shares.

Italian Portfolio

After repaying the project finance debt during the year ended 31 March 2019, the Company, through a HoldCo, increased the size of the EUR/GBP foreign currency hedging structure to cover 92% of the expected cash flows generated by the portfolio over the next 15 years; this reduces currency fluctuation exposure on returns. The average forward exchange rate is 0.89 EUR/GBP which includes all hedging fees and costs. This FX hedging structure is particularly effective as the Company is not obliged to provide any cash collateral or margin calls.

Dividends declared	Month of payment	Amount per ordinary share (p)	Total pre-scrip dividends £'000
For the period 2014/15		5.2500	10,946
For the year 2015/16		6.2500	17,372
For the year 2016/17		6.3100	25,039
For the year 2017/18		6.4200	36,840
First quarterly dividend for the year 2018/19	Sep-18	1.6625	9,608
Second quarterly dividend for the year 2018/19	Dec-18	1.6625	9,646
Third quarterly dividend for the year 2018/19	Mar-19	1.6625	9,666
Fourth quarterly dividend for the year 2018/19	Jun-19	1.6625	9,671
First quarterly dividend for the year 2019/20	Sep-19	1.7175	10,002
Total dividends declared to date		32.5985	138,790
Second quarterly dividend for year 2019/20	Dec-19	1.7175	10,023

Cash income(1)(2)	£'000	Pre-scrip dividends £'000
Cash income for period to 30 September 2019	32,906(1)	
Net operating expenses for period to 30 September 2019	(3,596)	
Preference shares dividend	(3,032)	
Net cash income available for distribution	**26,278**	
Ordinary shares dividend paid during the period		19,673
Cash dividend cover		**1.3x**

(1) 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.
(2) Alternative Performance Measure.

The ordinary dividend calendar is set out in the table below:

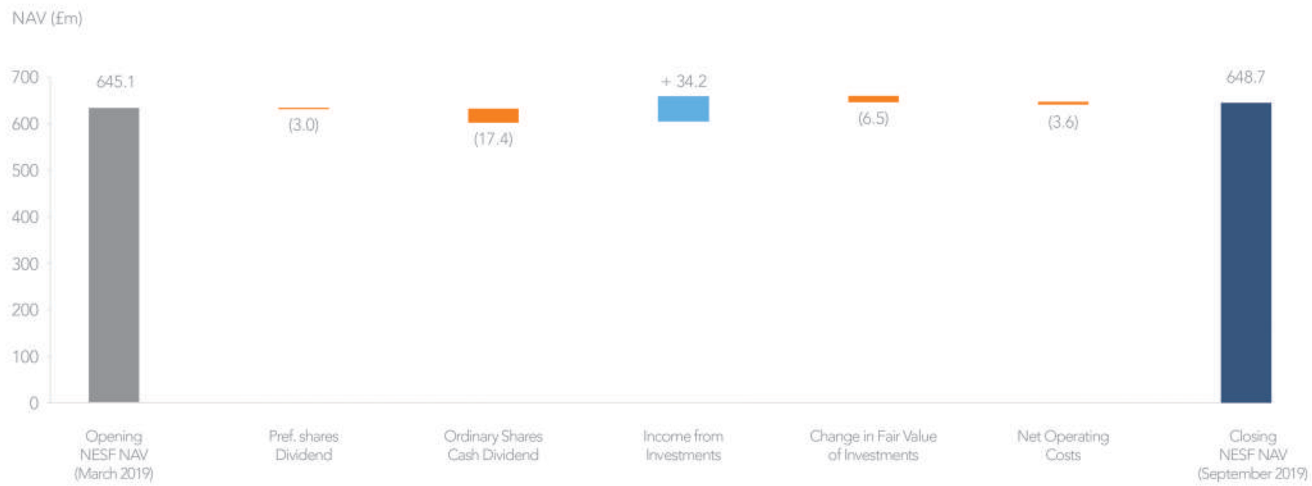
Ordinary dividend for year 2019/20	Expected date of payment	Expected amount per ordinary share (p)
First interim	Paid	1.1715
Second interim	December 2019	1.7175
Third interim	March 2020	1.7175
Fourth interim	June 2020	1.7175
Total		**6.8700**

Operating Expenses

The net operating expenses of the Company for the period amounted to £6.6m (30 September 2018: £3.3m). The Company's OCR was 1.1% (31 March 2019: 1.1%). The budgeted OCR for the year ending 31 March 2020 is 1.1%. The OCR has been calculated in accordance with AIC recommended methodology. OCR is an Alternative Performance Measure.

Portfolio Valuation Bridge – For the period to 30 September 2019

NAV Bridge – For the period to 30 September 2019



NAV Movement

The Company's ordinary 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 ordinary NAV is reviewed and approved by the Investment Manager and the Board of Directors. All variables relating to the performance of the underlying assets are reviewed and incorporated in the process of identifying relevant drivers of the DCF valuation. The Company reports its financial results on a non-consolidated basis under IFRS 10 (see note 4c) and the change in fair value of its assets during the period is taken through the statement of comprehensive income.

During the period the ordinary NAV per share increased from 110.9p to 111.2p. The movement was driven by the following factors:

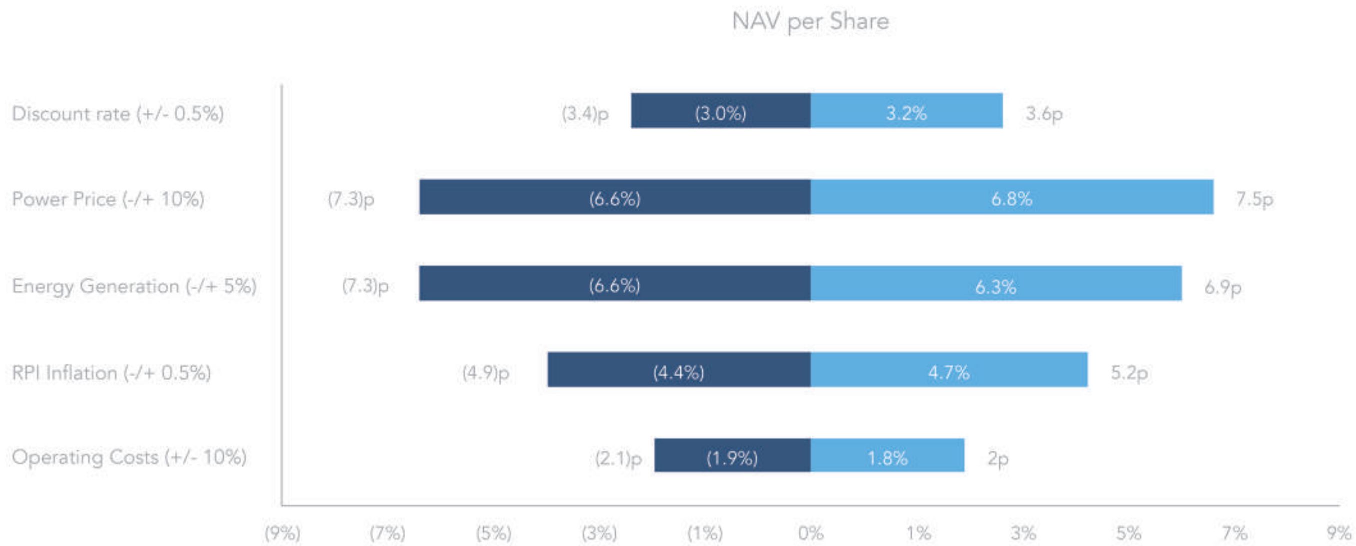
- the downward revisions in the forecasts for long-term power prices adopted by the Company, being 4.6% lower compared to the assumptions employed at 31 March 2019 (taking into account the most recent forecasts released by the Consultants up to the date of preparation of this Interim Report);
- the value uplift generated by acquisitions of assets whose IRR at acquisition was higher than the Company's discount rate;
- the operating results achieved by the Company's solar PV assets;
- the dividends paid by the Company during the period and the Company's operating costs; and
- the uplift arising from lease extensions.

Sensitivity Analysis

Sensitivities on the Company's ordinary NAV and detailed disclosure on the asset valuation methodologies are provided below and in note 14 of the Interim Financial Statements.

In the event that Ofgem's Targeted Charging Review results in the removal of embedded benefits from April 2021 onwards, the Company's NAV would decline by c.1.4p per ordinary share.

The chart shows the percentage change in the portfolio resulting from a change in the underlying variables and its impact on the NAV per ordinary share.



Current and Long-Term Power Prices

The Investment Adviser continuously reviews multiple inputs for power price forecasts and takes the 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.

During the period, the Consultants revised their forecasts for the UK wholesale power price downwards in the short-term and the long-term. Short-term projections are mainly driven by the decrease in the commodity prices of gas and coal. In the long-term, wholesale prices are expected to move 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 vs. 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 included in the financial estimates that drive the Company's NAV.

The Company's current long-term power price forecast implies an average growth rate of approximately +0.9% in real terms over the 20-year period and an average price of c.£53.8/MWh in today's terms. This represents a decrease of 4.6% compared to those used at the end of the previous financial year (and 38% below the assumptions employed at IPO).

Compared to the previous interim period end, electricity day ahead prices in the UK decreased from c.£67/MWh in September 2018 to c.£36/MWh in September 2019. The Company continues to secure attractive prices for the energy generated by its portfolio through its electricity sales strategy with short to medium term prices significantly above the projections provided by its Consultants.

Following a similar trend, the price of electricity in Italy decreased from c.€76/MWh in September 2018 to c.€51/MWh in September 2019.

Power Purchase Agreements

NEC Group's specialist energy trader, along with the external brokers, continues to ensure that the electricity sales strategy maximises revenues whilst mitigating the negative impact of short-term fluctuations in the power markets. The Investment Adviser has executed a range of short-term PPA hedges from three months to one year on multiple assets through a wider competitive tendering process resulting in more counterparts with reduced fees and increased pass-through value of ROCs, FiTs and embedded benefits.

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 or more often if capital increases or other relevant events arise. The valuation principles used are based on a discounted cash flow methodology and take into account IPEV 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.

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.

Discount rate

During the period, the solar PV market continued to experience increased competition for operating and subsidised assets on the secondary market. In the context of high liquidity provided to international investors, a maturing renewable market, a scarcity of subsidised assets and 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 PV assets in the UK.

As a result, the Company maintained its discount rate for unlevered operating solar PV assets in the UK at 6.5%.

For those operating solar PV 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 financial gearing, maturity profile, cost of debt and other factors mentioned above. This range was unchanged from the previous period (0.7% – 1.0%).

For the Solis portfolio a 8.0% discount rate was applied. This reflects the additional country risk premium to the UK considering the differences in risk-free rates in the long-term. It is worth noting that the Solis portfolio debt was fully repaid, and the current currency hedge effectively mitigates the revenue exposure to foreign exchange movements.

The resulting weighted average discount rate for the Company's portfolio was 7.0%.

The Company does not adopt 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 30 September 2019 was 5.5%. Compared to 31 March 2019 WACC of 5.4% this value reflects a increase in the overall gearing from 36% to 39%, as further described below.

Asset life

The DCF methodology implemented in the portfolio valuation assumes a valuation time-horizon capped to the current terms of the lease or, if earlier, planning permission on the properties where each individual solar PV 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 PV assets is expected to be longer than 25 years. This is due to many factors, including: (i) solar PV assets with technology components similar to the ones deployed in the Company's portfolio have been demonstrated to be capable of operating for over 40 years, with levels of technical degradation lower than those assumed or guaranteed by the manufacturers; (ii) local planning authorities have already granted initial planning consents that do not expire and/or have granted permissions to extend initial consented periods; and (iii) 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.

As at 30 September 2019, the remaining weighted average lease life of the Company's portfolio was 25.5 years. The DCF 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.

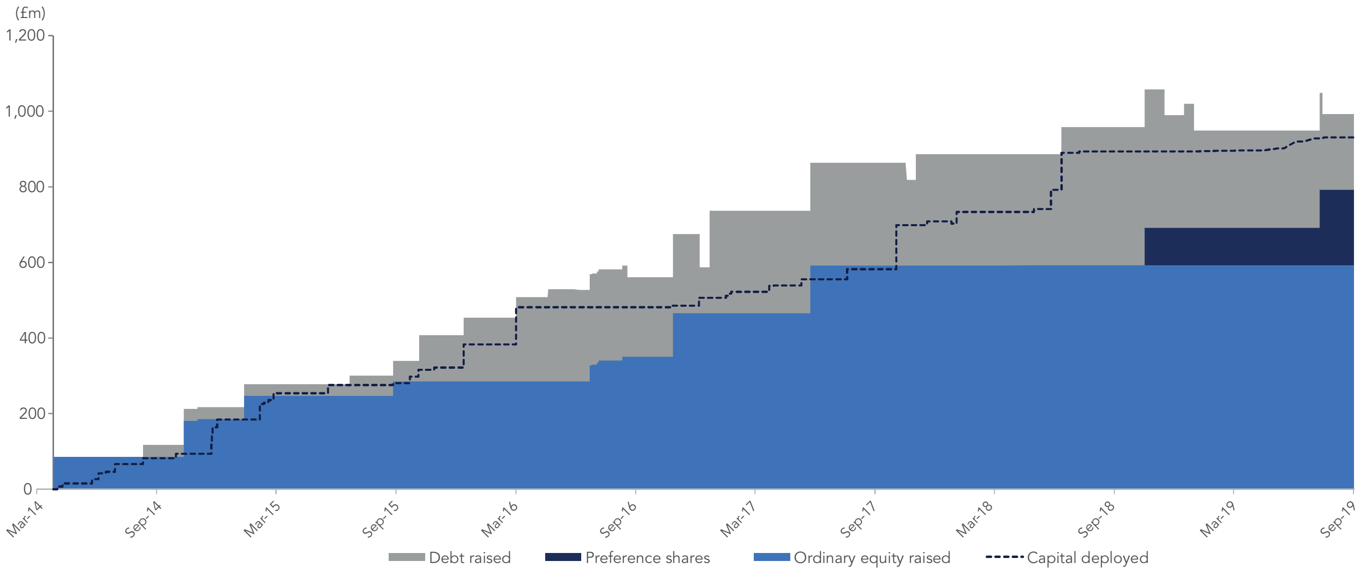
Operating performance

The Company values each solar PV asset on the basis of (i) the minimum Performance Ratio ("PR") guaranteed by the vendor or (ii) the PR estimated by the appointed technical adviser during 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").

As at 30 September 2019, 60 UK solar PV assets and all Italian solar PV assets in the investment portfolio had achieved FAC and their actual PR was used in the DCF valuation. This represents 510MW of the portfolio, with the remaining assets expecting to reach FAC according to the timeline below.

Financial quarter ending December 2019:	105 MW
Financial quarter ending March 2020:	29 MW
Financial quarter ending June 2020:	14 MW
Period from July 2020 to June 2021:	47 MW

Capital Deployment Timeline



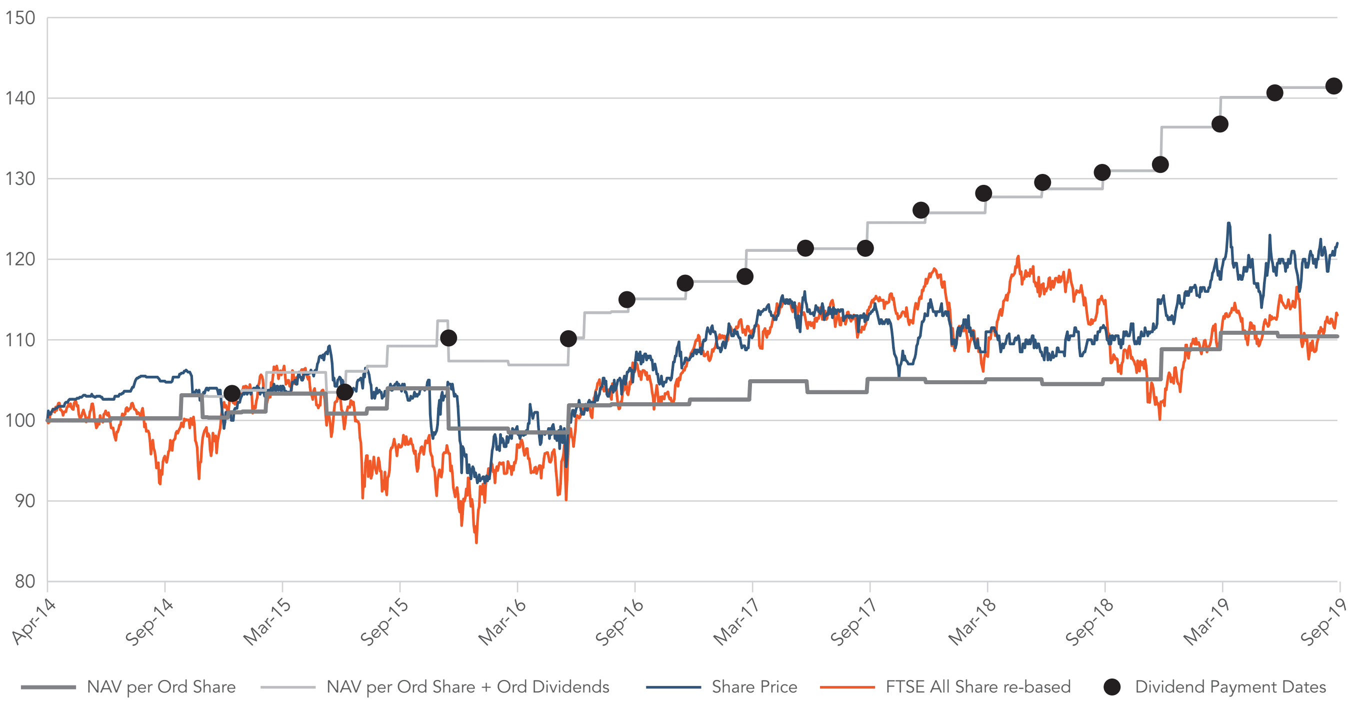
As at 30 September 2019, the Company's issued share capital comprised 583,617,503 ordinary shares (including shares issued by way of scrip dividends) and 200,000,000 preference shares. The Company's capital raises are shown below:

Date	Shares issued	Amount raised (£m)	Amount 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	100% by August 2018	1 year 2 months
November 2018	100,000,000[(1)]	100.0	Partially used to repay debt facility	2 months
August 2019	100,000,000[(1)]	100.0	Partially used to repay debt facility	Immediate

(1) Preference shares

Date	Debt raised (£m)	Lender	Amount deployed	Status at 30 September 2019
July 2015	22.7	NIBC	100%	Repaid
January 2016	45.4	Bayern Landesbank	100%	Repaid
March 2016	55.0	MIDIS	100%	Drawn
February 2017	150.0	Macquarie/NAB/CBA	100%	Drawn
November 2017	68.1	UniCredit & ING	100%	Repaid
February 2018	20.0	NIBC	Not drawn	Not Drawn
July 2018	40.0	Santander	Not drawn	Not Drawn
July 2018	58.3	Bayern Landesbank	100%	Repaid
January 2019	30.0	Santander	100%	Partially repaid

Share Price Movement



During the period the ordinary share price increased from 117.5p to 122.0p. The table below shows the returns:

	Half year 2019/20	Total since IPO	Annualised since IPO
Ordinary shareholder total return	6.7%	54.6%	10.0%
NAV total return per ordinary share	3.2%	43.7%	8.0%

The annualised returns since IPO are in line with the target range of 7% – 9% equity return for ordinary shareholders (at IPO both initial issue price and NAV per ordinary share were 100p).

Since April 2019, the ordinary shares have been included in the FTSE 250 Index. NESF's ordinary shares outperformed the FTSE All-Share Index by 18.8% pts over the period from the IPO to 30 September 2019.

Ordinary shareholder total return and ordinary share NAV total return are used to review the Company's performance against its objectives.

Financing and Cash Management

At the period end, the Company's subsidiaries had financial debt outstanding of £211m (31 March 2019: £269m). Of the financial debt, £197m was long-term fully amortising debt, and £14m was drawn under a short-term credit facility. The total financial debt, together with the £200m preference shares, represented a gearing level of 39% (31 March 2019: 36%), which is below the stated maximum debt-to-GAV level of 50%.

During the period, £56m of the Santander RCF facility was re-paid. Consequent to the repayment of debt facilities during the period and prior periods, the HoldCos now have £300m Eurobonds issued on TISE, which the Company has acquired to optimise the group capital structure.

The following table is a summary of the financial debt outstanding:

Provider/ arranger	Type	Borrower	Tranches	Facility amount £m	Amount outstanding £m	Termination (including options to extend)	Applicable rate
MIDIS/CBA/NAB	Fully-amortising long-term debt	NESH	Medium-term	48.4	48.4	Dec-26	2.91%(1)
			Floating long-term	24.2	24.2	Jun-35	3.68%(1)
			Index linked long-term	38.7	36.4	Jun-35	RPI index + 0.36%
			Fixed long-term	38.7	38.7	Jun-35	3.82%
			Debt Service Reserve Facility	7.5	0.0	Jun-26	1.50%
MIDIS	Fully-amortising long-term debt	NESH IV	Inflation linked	27.5	23.7	Sep-34	RPI index + 1.44%
			Fixed long-term	27.5	25.9	Sep-34	4.11%
Total long-term debt					**197.3**		
NIBC	RCF	NESH II	n/a	20.0	–	Feb-20	LIBOR +2.20%
Santander	RCF	NESH VI	n/a	70.0	14.0	Jul-20	LIBOR +1.30%
Total short-term debt					**14.0**		
Total debt					**211.3**		

(1) Applicable rate represents the swap rate.

As at 30 September 2019, the Company held cash of £5.3m at financial institutions in the UK with a credit rating at A-1 or above.

Events After the Reporting Period

On 13 November 2019, the Directors approved a dividend of 1.7175 pence per ordinary share for the period ended 30 September 2019 to be announced on 14 November 2019, and paid on 31 December 2019 to ordinary shareholders on the register as at the close of business on 22 November 2019.

NextEnergy Capital Limited
13 November 2019

Investment Portfolio

	Power plant	Location	Announcement date	Regulatory regime[1]	Installed capacity (MWp)	Investment cost (£M)	Remaining life of the plant (years)
1	Higher Hatherleigh	Somerset	01/05/2014	1.6	6.1	7.3[5]	18.5
2	Shacks Barn	Northamptonshire	09/05/2014	2.0	6.3	8.2[5]	17.8
3	Gover Farm	Cornwall	23/06/2014	1.4	9.4	11.1[5]	29.4
4	Bilsham	West Sussex	03/07/2014	1.4	15.2	18.9[5]	20.1
5	Brickyard	Warwickshire	14/07/2014	1.4	3.8	4.1[5]	35.5
6	Ellough	Suffolk	28/07/2014	1.6	14.9	20.0[5]	20.5
7	Poulshot	Wiltshire	09/09/2014	1.4	14.5	15.7[5]	20.5
8	Condover	Shropshire	29/10/2014	1.4	10.2	11.7[5]	24.7
9	Llywndu	Ceredigion	22/12/2014	1.4	8.0	9.4	19.4
10	Cock Hill Farm	Wiltshire	22/12/2014	1.4	20.0	23.6	20.2
11	Boxted Airfield	Essex	31/12/2014	1.4	18.8	20.6[5]	20.1
12	Langenhoe	Essex	12/03/2015	1.4	21.2	22.9[5]	20.2
13	Park View	Devon	19/03/2015	1.4	6.5	7.7[5]	35.3
14	Croydon	Cambridgeshire	27/03/2015	1.4	16.5	17.8[5]	30.2
15	Hawkers Farm	Somerset	13/04/2015	1.4	11.9	14.5[5]	19.7
16	Glebe Farm	Bedfordshire	13/04/2015	1.4	33.7	40.5[5]	35.5
17	Bowerhouse	Somerset	18/06/2015	1.4	9.3	11.1[5]	35.2
18	Wellingborough	Northamptonshire	18/06/2015	1.6	8.5	10.8[5]	20.7
19	Birch Farm	Essex	21/10/2015	FiT	5.0	5.3[5]	36.5
20	Thurlestone Leicester	Leicestershire	21/10/2015	FiT	1.8	2.3	41.0
21	North Farm	Dorset	21/10/2015	1.4	11.5	14.5[5]	21.3
22	Ellough Phase 2	Suffolk	03/11/2015	1.3	8.0	8.0[5]	30.2
23	Hall Farm	Leicestershire	03/11/2015	FiT	5.0	5.0[5]	19.9
24	Decoy Farm	Lincolnshire	03/11/2015	FiT	5.0	5.2[5]	13.6
25	Green Farm	Essex	26/11/2015	FiT	5.0	5.8	20.8
26	Fenland	Cambridgeshire	11/01/2016	1.4	20.4	23.9[2,3]	20.9
27	Green End	Cambridgeshire	11/01/2016	1.4	24.8	29.0[2,3]	20.5
28	Tower Hill	Gloucestershire	11/01/2016	1.4	8.1	8.8[2,3]	21.5
29	Branston	Lincolnshire	05/04/2016	1.4	18.9		35.7
30	Great Wilbraham	Cambridgeshire	05/04/2016	1.4	38.1		22.0
31	Berwick	East Sussex	05/04/2016	1.4	8.2	97.9[2,4]	25.5
32	Bottom Plain	Dorset	05/04/2016	1.4	10.1		40.6
33	Emberton	Buckinghamshire	05/04/2016	1.4	9.0		25.4
34	Kentishes	Essex	22/11/2016	1.2	5.0	4.5	22.2
35	Mill Farm	Hertfordshire	04/01/2017	1.2	5.0	4.2	37.2
36	Bowden	Somerset	04/01/2017	1.2	5.0	5.6	22.4
37	Stalbridge	Dorset	04/01/2017	1.2	5.0	5.4	37.5
38	Aller Court	Somerset	21/04/2017	1.2	5.0	5.5	22.5
39	Rampisham	Dorset	21/04/2017	1.2	5.0	5.8	22.2
40	Wasing	Berkshire	21/04/2017	1.2	5.0	5.3	28.3
41	Flixborough South	Humberside	21/04/2017	1.2	5.0	5.1	23.0
42	Hill Farm	Oxfordshire	21/04/2017	1.2	5.0	5.5	20.7
43	Forest Farm	Hampshire	21/04/2017	1.2	3.0	3.3	32.5
44	Birch CIC	Essex	12/06/2017	FiT	1.7	1.7	32.4
45	Barnby	Nottinghamshire	12/06/2017	1.2	5.0	5.4	22.8
46	Bilsthorpe	Nottinghamshire	12/06/2017	1.2	5.0	5.4	23.2
47	Wickfield	Wiltshire	12/06/2017	1.2	4.9	5.6	23.6
48	Bay Farm	Suffolk	18/08/2017	1.6	8.1	10.5	34.3
49	Honington	Suffolk	18/08/2017	1.6	13.6	16.0	34.4

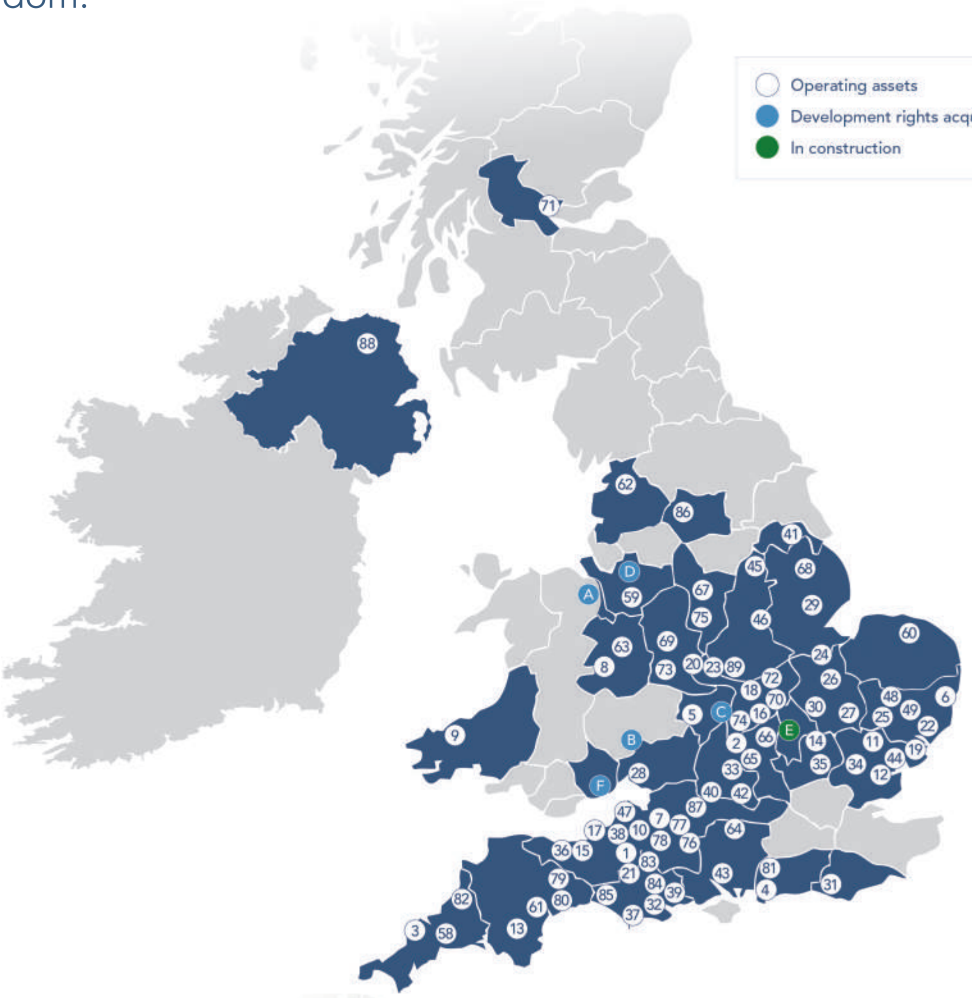
Investment Portfolio

	Power plant	Location	Announcement date	Regulatory regime[1]	Installed capacity (MWp)	Investment cost (£M)	Remaining life of the plant (years)
50	Macchia Rotonda	Apulia	01/11/2017	FiT	6.6		27.0
51	Iacovangelo	Apulia	01/11/2017	FiT	3.5		22.4
52	Armiento	Apulia	01/11/2017	FiT	1.9		25.1
53	Inicorbaf	Apulia	01/11/2017	FiT	3.0	116.2[2,6]	27.9
54	Gioia del Colle	Campania	01/11/2017	FiT	6.5		26.4
55	Carinola	Apulia	01/11/2017	FiT	3.0		26.7
56	Marcianise	Campania	01/11/2017	FiT	5.0		16.3
57	Riardo	Campania	01/11/2017	FiT	5.0		16.6
58	Gilley's Dam	Cornwall	18/12/2017	1.3	5.0	6.4	16.6
59	Pickhill Bridge	Clwyd	18/12/2017	1.2	3.6	3.7	16.4
60	North Norfolk	Norfolk	01/02/2018	1.6	11.0	14.6	17.1
61	Axe View	Devon	01/02/2018	1.2	5.0	5.6	17.1
62	Low Bentham	Lancashire	01/02/2018	1.2	5.0	5.4	17.0
63	Henley	Shropshire	01/02/2018	1.2	5.0	5.2	17.0
64	Pierces Farm	Berkshire	30/05/2018	FiT	1.7	1.2	19.6
65	Salcey Farm	Buckinghamshire	30/05/2018	1.4	5.5	6.5	19.6
66	Thornborough	Buckinghamshire	25/06/2018	1.2	5.0	5.7	21.5
67	Temple Normaton	Derbyshire	25/06/2018	1.2	4.9	5.6	21.8
68	Fiskerton Phase 1	Lincolnshire	25/06/2018	1.3	13.0	16.6	30.5
69	Huddlesford HF	Staffordshire	25/06/2018	1.2	0.9	0.9	21.3
70	Little Irchester	Northamptonshire	25/06/2018	1.2	4.7	5.9	22.3
71	Balhearty	Clackmannanshire	25/06/2018	FiT	4.8	2.6	22.2
72	Brafield	Northamptonshire	25/06/2018	1.2	4.9	5.8	21.5
73	Huddlesford PL	Staffordshire	25/06/2018	1.2	0.9	0.9	21.6
74	Sywell	Northamptonshire	25/06/2018	1.2	5.0	5.9	21.6
75	Coton Park	Derbyshire	25/06/2018	FiT	2.5	1.1	31.3
76	Hook	Somerset	11/07/2018	1.6	15.3	21.9[2]	34.5
77	Blenches	Wiltshire	11/07/2018	1.6	6.1	7.8[2]	19.2
78	Whitley	Somerset	11/07/2018	1.6	7.6	10.5[2]	19.5
79	Burrowton	Devon	11/07/2018	1.6	5.4	7.3[2]	19.0
80	Saundercroft	Devon	11/07/2018	1.6	7.2	9.6[2]	34.4
81	Raglington	Hampshire	11/07/2018	1.6	5.7	8.1[2]	34.3
82	Knockworthy	Cornwall	11/07/2018	FiT	4.6	6.6[2]	18.5
83	Chilton Canetello	Somerset	11/07/2018	FiT	5.0	9.0[2]	17.8
84	Crossways	Dorset	11/07/2018	FiT	5.0	10.1[2]	32.8
85	Wyld Meadow	Dorset	11/07/2018	FiT	4.8	7.1[2]	33.8
86	Ermis – rooftops	Multiple	07/08/2018	FiT	1.0	3.0	17.1
87	Angelia – rooftops	Multiple	07/08/2018	FiT	0.2	0.6	17.0
88	Ballygarvey	Northern Ireland	07/08/2019	1.4NIROCS	8.2	8.5	28.3
89	Hall Farm II	Leicestershire	07/08/2019	None	5.4	2.5	39.8
Total					705	905	
To be built/under construction							
A	Francis/Gourton	Clwyd	12/06/2017	None	10.0	–	–
B	Strensham	Worcestershire	12/06/2017	None	19.6	–	–
C	Radbrook	Warwickshire	12/06/2017	None	20.7	–	–
D	Moss	Cheshire	12/06/2017	None	9.5	–	–
E	Staughton	Bedfordshire	13/06/2018	None	50.0	27	–
F	Llanwern	Gwent	13/06/2018	None	62.5	–	–
Total					172	27	–
Grand Total						932	–

(1) An explanation of ROC regime is available at 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.

Investment Portfolio – Locations

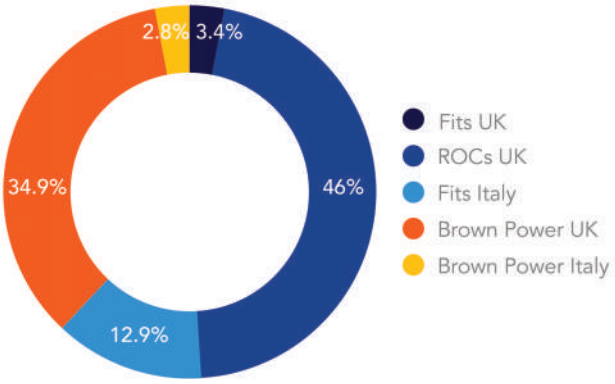
United Kingdom:



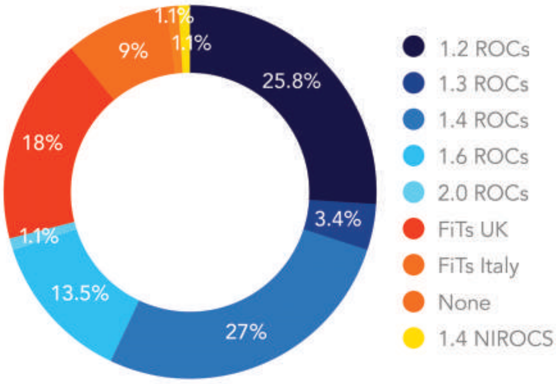
Italy:

Investment Portfolio – Diversification

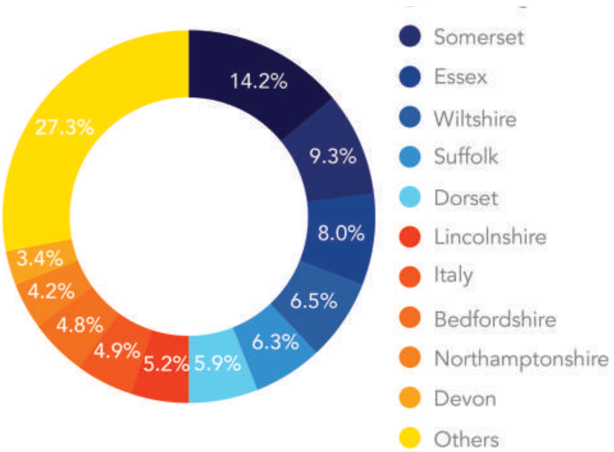
By Revenue Type



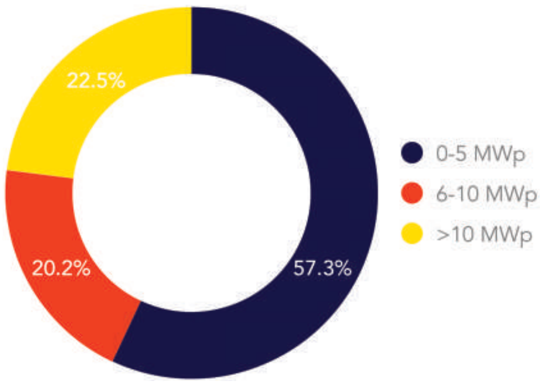
By Regulatory Regime



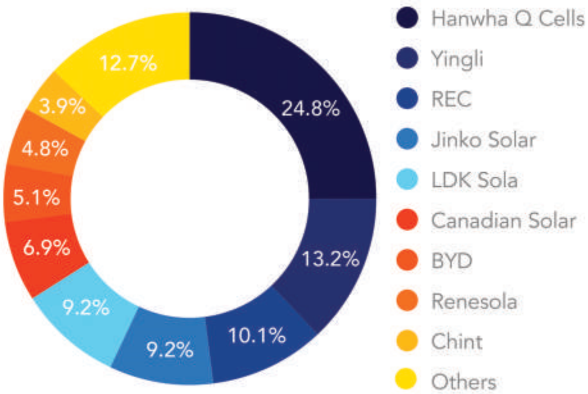
By Location



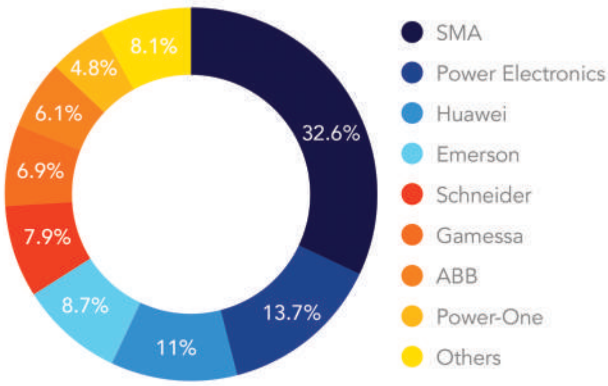
By Installed Capacity



By Solar Module Manufacturer



By Inverter Manufacturer



Portfolio Assets

				Period ended 30 September 2019			Since acquisition		
	Power plant	Operational date	Acquisition date	Generation (MWh)	Irradiation delta (%)	Generation delta (%)	Generation (MWh)	Irradiation delta (%)	Generation delta (%)
1	Higher Hatherleigh	Apr-14	May-14	4,448	3.4	4.9	34,171	0.2	4.6
2	Shacks Barn	May-14	May-14	4,272	3.6	3.0	34,692	2.5	8.2
3	Gover Farm	Jan-15	Jun-14	6,669	6.6	1.0	44,576	2.3	(0.4)
4	Bilsham	Jan-15	Jul-14	11,692	6.7	4.7	79,468	4.3	5.6
5	Brickyard	Jan-15	Jul-14	2,687	2.9	5.7	17,616	2.6	5.2
6	Ellough	Jul-14	Jul-14	10,963	1.2	4.1	80,257	0.4	6.3
7	Poulshot	Apr-15	Sep-14	10,198	2.9	4.5	60,837	(0.2)	4.0
8	Condover	May-15	Oct-14	6,526	(0.8)	(4.7)	42,541	(0.8)	0.3
9	Llywndu	Jul-15	Dec-14	5,954	(0.5)	8.2	32,805	(4.2)	1.7
10	Cock Hill Farm	Jul-15	Dec-14	14,644	3.8	5.7	85,051	2.1	3.4
11	Boxted Airfield	Apr-15	Dec-14	14,491	5.0	8.9	89,827	3.2	5.6
12	Langenhoe	Apr-15	Mar-15	16,024	7.8	6.5	104,817	5.8	8.6
13	Park View	Jul-15	Mar-15	4,438	(2.9)	(6.6)	27,751	(3.6)	(1.1)
14	Croydon	Apr-15	Mar-15	11,793	9.3	9.5	75,804	5.8	7.0
15	Hawkers Farm	Jun-15	Apr-15	9,036	3.5	6.2	52,751	(0.7)	3.0
16	Glebe Farm	May-15	Apr-15	25,360	7.9	13.9	154,593	5.4	11.5
17	Bowerhouse	Jul-15	Jun-15	6,632	7.7	1.6	39,224	1.9	1.2
18	Wellingborough	Jun-15	Jun-15	5,706	4.0	0.6	35,944	1.9	3.5
19	Birch Farm	Sep-15	Oct-15	3,807	6.3	7.4	20,438	3.8	5.6
20	Thurlestone Leicester	Oct-15	Oct-15	1,063	–	(0.9)	7,243	–	0.5
21	North Farm	Oct-15	Oct-15	9,086	1.7	2.7	48,296	(3.6)	(1.9)
22	Ellough Phase 2	Aug-16	Nov-15	6,021	7.0	7.2	27,012	8.8	11.4
23	Hall Farm	Apr-16	Nov-15	3,597	4.1	8.7	13,645	3.5	0.7
24	Decoy Farm	Mar-16	Nov-15	3,654	6.7	6.4	15,332	4.4	8.5
25	Green Farm	Dec-16	Nov-15	3,744	4.4	5.1	14,869	4.0	4.6
26	Fenland	Jan-16	Jan-16	15,642	7.4	11.2	82,055	4.9	9.3
27	Green End	Jan-16	Jan-16	18,189	7.5	6.6	95,958	4.6	5.4
28	Tower Hill	Jan-16	Jan-16	5,995	5.4	6.6	31,379	2.6	6.0
29	Branston	Mar-16	Apr-16	14,054	9.8	11.4	68,385	6.2	4.8
30	Great Wilbraham	Mar-16	Apr-16	28,297	7.7	8.4	141,706	5.2	5.7
31	Berwick	Mar-16	Apr-16	6,799	6.8	10.0	34,690	5.4	8.8
32	Bottom Plain	Mar-16	Apr-16	8,015	8.3	8.7	39,609	3.1	4.2
33	Emberton	Mar-16	Apr-16	6,589	7.5	6.9	33,140	4.5	4.2
34	Kentishes	Jul-17	Nov-16	3,786	5.3	3.3	13,726	5.5	5.4
35	Mill Farm	Jul-17	Jan-17	3,846	8.6	10.3	13,661	8.6	10.3
36	Bowden	Sep-17	Jan-17	3,854	2.1	(0.2)	10,981	0.2	0.4
37	Stalbridge	Sep-17	Jan-17	3,916	2.2	4.6	11,196	0.6	5.5
38	Aller Court	Sep-17	Apr-17	3,925	5.3	5.3	10,947	3.5	4.2
39	Rampisham	Sep-17	Apr-17	3,989	(0.3)	0.9	10,869	(1.6)	(1.9)
40	Wasing	Aug-17	Apr-17	3,881	9.0	10.5	11,822	6.9	10.2
41	Flixborough	Aug-17	Apr-17	3,641	6.1	7.7	10,996	5.6	7.9
42	Hill Farm	Mar-17	Apr-17	3,757	7.9	11.4	10,548	7.6	10.3
43	Forest Farm	Mar-17	Apr-17	2,292	6.7	8.3	6,401	5.1	8.3
44	Birch CIC	May-17	Jun-17	1,292	6.6	3.9	4,547	5.3	4.4
45	Barnby	Aug-17	Jun-17	3,571	5.4	8.2	10,649	5.6	7.7
46	Bilsthorpe	Aug-17	Jun-17	3,593	5.8	7.3	10,883	5.1	8.2
47	Wickfield	Mar-17	Jun-17	3,615	6.6	6.1	10,016	5.5	4.9
48	Bay Farm	Sep-17	Aug-17	5,619	6.3	5.7	16,973	8.5	6.4
49	Honington	Sep-17	Aug-17	9,720	2.9	3.9	28,598	4.4	3.6
50	Macchia Rotonda	Nov-17	Nov-17	5,998	4.5	2.4	18,281	3.2	3.3

Portfolio Assets

Power plant	Operational date	Acquisition date	Period ended 30 September 2019 Generation (MWh)	Irradiation delta (%)	Generation delta (%)	Since acquisition Generation (MWh)	Irradiation delta (%)	Generation delta (%)
51 Iacovangelo	Nov-17	Nov-17	3,270	3.6	3.0	9,815	2.0	4.1
52 Armiento	Nov-17	Nov-17	1,790	3.5	4.3	5,372	2.4	4.7
53 Inicorbaf	Nov-17	Nov-17	2,807	2.7	3.4	8,567	2.1	4.1
54 Gioia del Colle	Nov-17	Nov-17	5,857	(4.7)	(1.0)	17,642	(3.3)	0.6
55 Carinola	Nov-17	Nov-17	2,691	(0.5)	3.1	7,987	(0.4)	3.4
56 Marcianise	Nov-17	Nov-17	4,450	(0.6)	1.5	13,252	0.2	2.1
57 Riardo	Nov-17	Nov-17	4,548	(0.7)	1.7	13,241	(0.2)	(0.4)
58 Gilley's Dam	Nov-17	Dec-17	3,638	(4.2)	(3.4)	9,717	(4.9)	(2.4)
59 Pickhill Bridge	Dec-17	Dec-17	2,578	3.0	5.3	6,987	5.6	8.5
60 North Norfolk	Dec-17	Feb-18	8,489	7.1	10.0	21,952	7.5	10.2
61 Axe View	Dec-17	Feb-18	3,776	6.9	7.5	9,778	5.5	6.8
62 Low Bentham	Dec-17	Feb-18	3,426	1.4	1.3	8,991	2.4	3.7
63 Henley	Jan-18	Feb-18	3,508	2.3	5.5	9,174	3.2	6.0
64 Pierces Farm	May-18	May-18	1,233	4.2	4.1	2,641	6.5	7.4
65 Salcey Farm	May-18	May-18	3,795	7.7	1.0	8,282	12.6	5.9
66 Thornborough	Jun-18	Jun-18	3,328	0.8	(7.2)	6,181	7.9	(9.2)
67 Temple Normaton	Jun-18	Jun-18	3,332	1.6	(0.7)	6,283	7.1	(1.8)
68 Fiskerton Phase 1	Jun-18	Jun-18	9,144	7.3	0.3	17,574	11.3	0.6
69 Huddlesford HF	Jun-18	Jun-18	617	2.7	2.3	1,200	8.5	4.4
70 Little Irchester	Jun-18	Jun-18	3,247	0.8	(4.5)	6,003	8.2	(7.9)
71 Balhearty	Jun-18	Jun-18	2,828	(5.6)	(11.5)	5,055	(1.6)	(14.5)
72 Brafield	Jun-18	Jun-18	3,432	2.7	(3.5)	6,684	9.0	(1.9)
73 Huddlesford PL	Jun-18	Jun-18	640	2.2	1.6	1,244	8.2	3.7
74 Sywell	Jun-18	Jun-18	3,467	2.1	(2.4)	6,605	10.1	(3.0)
75 Coton Park	Jun-18	Jun-18	1,663	2.6	3.6	3,256	7.4	6.5
76 Hook	Jul-18	Jul-18	11,176	3.7	1.1	20,549	4.4	0.9
77 Blenches	Jul-18	Jul-18	4,310	2.0	4.4	8,090	5.1	7.5
78 Whitley	Jul-18	Jul-18	5,137	4.9	(5.8)	9,875	4.7	(0.9)
79 Burrowton 80 Saundercroft	Jul-18 Jul-18	Jul-18 Jul-18	9,206	3.8	(0.0)	17,194	3.3	1.3
81 Raglington	Jul-18	Jul-18	4,048	5.4	(6.1)	7,888	6.4	(2.1)
82 Knockworthy	Jul-18	Jul-18	3,431	3.1	(0.3)	6,397	3.0	1.0
83 Chilton Canetello	Jul-18	Jul-18	3,901	4.8	6.2	7,374	5.5	8.1
84 Crossways	Jul-18	Jul-18	3,951	5.8	2.9	7,633	5.4	5.6
85 Wyld Medow	Jul-18	Jul-18	3,619	(1.1)	(0.2)	6,853	(1.1)	0.9
86 Ermis	Aug-18	Aug-18	594	–	(0.3)	1,004	–	(0.9)
87 Angelia	Aug-18	Aug-18	118	–	7.1	203	–	7.4
88 Ballygarvey	Mar-18	Aug-19	1,344	2.1	3.7	1,344	2.1	3.7
89 Hall Farm II	Aug-19	Aug-19	–	–	–	–	–	–
Total			514,771	4.8	5.0	2,285,466	2.5	5.0

Rooftop assets are not monitored for irradiation

Statement of Directors' Responsibilities

To the best of their knowledge, the Directors of NextEnergy Solar Fund Limited confirm that:

(a) the Interim Report and Condensed Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting;

(b) the Interim Report, comprising the Chairman's Statement and the Investment Adviser's Report, meets the requirements of an interim management report and includes a fair review of information required by:

   (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period from 1 April 2019 to 30 September 2019 and their impact on the Condensed Interim Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

   (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the period from 1 April 2019 to 30 September 2019 and that have materially affected the financial position or performance of the Company during that period, and any material changes in the related party transactions disclosed in the last Annual Report; and

(c) the Condensed Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the Company as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules.

The Directors believe that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the Condensed Interim Financial Statements. The Annual Report and Financial Statements for the year ended 31 March 2019 includes: the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and details of its financial instruments and its exposure to credit risk and liquidity risk. The Directors believe the principal risks and uncertainties have not changed materially since the date of the Annual Report and Financial Statements and are not expected to change materially for the remainder of the Company's financial year. The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the level of the Company's assets and significant areas of financial risk including the timing of future investment transactions, expenditure commitments and forecast income and cashflows. As a result, the Directors have, at the time of approving these Condensed Interim Financial Statements, a reasonable expectation that the Company has adequate resources to meet its liabilities and continue in operational existence for at least 12 months from the date of approval of the Condensed Interim Financial Statements. The Directors have therefore concluded that it is appropriate to adopt the going concern basis of accounting in preparing these Condensed Interim Financial Statements.

The maintenance and integrity of the Company's website is the responsibility of the Directors. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board
For NextEnergy Solar Fund Limited
Patrick Firth
Director
13 November 2019

Condensed Interim Financial Statements

Condensed Statement of Comprehensive Income

For the period ended 30 September 2019

	Notes	Unaudited 1 April 2019 to 30 September 2019 £'000	1 April 2018 to 31 March 2019 £'000	Unaudited 1 April 2018 to 30 September 2018 £'000
Income				
Income	5	34,238	55,613	26,349
Net changes in fair value of investments	6	(6,524)	24,538	(4,401)
Total net income		27,714	80,151	21,948
Expenditure				
Preference share dividends		3,032	1,822	-
Management fees	16	2,834	5,402	2,675
Legal and professional fees		390	732	335
Administration fees		136	277	131
Audit fees		60	156	83
Directors' fees	19	104	173	86
Sundry expenses		38	27	3
Regulatory and listing fees		22	33	29
Insurance		12	15	7
Total expenses		6,628	8,637	3,349
Operating profit		21,086	71,514	18,599
Finance income		–	65	55
Profit and comprehensive income for the period/year		21,086	71,579	18,654
Earnings per ordinary share – basic	11	3.62p	12.37p	3.23p
Earnings per ordinary share – diluted	11	3.46p	11.93p	3.23p

All activities are derived from ongoing operations.

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

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Interim Statement of Financial Position

As at 30 September 2019

	Notes	Unaudited 30 September 2019 £'000	31 March 2019 £'000	Unaudited 30 September 2018 £'000
Non-current assets				
Investments	6	818,352	722,763	590,448
Total non-current assets		818,352	722,763	590,448
Current assets				
Cash and cash equivalents		5,270	19,285	3,836
Trade and other receivables	7	52,228	41,409	54,754
Total current assets		57,498	60,694	58,590
Total assets		875,850	783,457	649,038
Current liabilities				
Trade and other payables	8	29,438	39,384	39,259
Total current liabilities		(29,438)	(39,384)	(39,259)
Non-current liabilities				
Preference shares		197,708	99,022	–
Total non-current liabilities		(197,708)	(99,022)	–
Net assets		648,704	645,051	609,779
Equity				
Share Capital and Premium	10	602,269	600,029	598,370
Retained earnings		46,435	45,022	11,409
Total equity attributable to shareholders		648,704	645,051	609,779
Net assets per ordinary share	13	111.2p	110.9p	105.1p

The accompanying notes are an integral part of these condensed interim financial statements.

The condensed interim financial statements were approved and authorised for issue by the Board of Directors on 13 November 2019 and signed on its behalf by:

Director

Director

Condensed Statement of Changes in Equity

For the period ended 30 September 2019

	Share capital and premium £'000	Retained earnings £'000	Total equity £'000
For the period 1 April 2019 to 30 September 2019 (unaudited)			
Shareholders' equity at 1 April 2019	600,029	45,022	645,051
Profit and comprehensive income for the period	–	21,086	21,086
Ordinary shares issued	2,240	–	2,240
Ordinary dividends declared	–	(19,673)	(19,673)
Shareholders' equity at 30 September 2019	602,269	46,435	648,704
For the year 1 April 2018 to 31 March 2019			
Shareholders' equity at 1 April 2018	593,388	11,602	604,990
Profit and comprehensive income for the year	–	71,579	71,579
Ordinary shares issued	6,641	–	6,641
Ordinary dividends declared	–	(38,159)	(38,159)
Shareholders' equity at 31 March 2019	600,029	45,022	645,051
For the period 1 April 2018 to 30 September 2018 (unaudited)			
Shareholders' equity at 1 April 2018	593,388	11,602	604,990
Profit and comprehensive income for the period	–	18,654	18,654
Ordinary shares issued	4,982	–	4,982
Ordinary dividends declared	–	(18,847)	(18,847)
Shareholders' equity at 30 September 2018	598,370	11,409	609,779

The accompanying notes are an integral part of these condensed interim financial statements.

Condensed Statement of Cash Flows

For the period ended 30 September 2019

	Notes	Unaudited 1 April 2019 to 30 September 2019 £'000	1 April 2018 to 31 March 2019 £'000	Unaudited 1 April 2018 to 30 September 2018 £'000
Cash flows from operating activities				
Profit and comprehensive income for the period/year		21,086	71,579	18,654
Adjustments for:				
Investment proceeds from HoldCos		–	4,654	4,654
Investment payments to HoldCos		(99,862)	(176,658)	(70,573)
Change in fair value on investments	6	6,524	(24,538)	4,401
Finance income		–	(65)	(55)
Amortisation		36	22	–
Operating cash flows before movements in working capital		(72,216)	(125,006)	(42,919)
Changes in working capital				
Movement in trade receivables		(13,069)	(13,012)	(26,357)
Movement in trade payables		(9,946)	13,863	11,029
Net cash used in operating activities		(95,231)	(124,155)	(58,247)
Cash flows from investing activities				
Finance income		–	65	55
Net cash generated from investing activities		–	65	55
Cash flows from financing activities				
Net proceeds from issuance of preference shares		98,650	99,000	–
Dividends paid		(17,434)	(31,518)	(13,865)
Net cash generated from financing activities		81,216	67,482	(13,865)
Net movement in cash and cash equivalents during period/year		(14,015)	(56,608)	(72,057)
Cash and cash equivalents at the beginning of the period/year		19,285	75,893	75,893
Cash and cash equivalents at the end of the period/year		5,270	19,285	3,836

The accompanying notes are an integral part of these condensed financial statements.

Notes to the Condensed Interim Financial Statements

For the period ended 30 September 2019

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 GFSC as a registered closed-ended investment company. The registered office and principal place of business of the Company is 1, Royal Plaza, Royal Avenue, St Peter Port, Guernsey, Channel Islands, GY1 2HL.

On 16 April 2014, the Company announced the results of its initial public offering, which raised net proceeds of £85.6 million. The Company's ordinary shares were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 25 April 2014. Subsequent fundraisings and the take-up of the scrip dividend option also took place, increasing total equity to £602.3m as at 30 September 2019 (31 March 2019: £600.0m). On 12 November 2018 the Company issued preference shares, raising £100m before transaction costs. On 12 August 2019 the Company issued further preference shares, raising £100m before transaction costs. Details can be found in note 10.

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

The Company currently makes its investments through HoldCos and SPVs, which are directly or indirectly wholly-owned by the Company. The Company controls the investment policy of each of the HoldCos and its wholly-owned SPV's in order to ensure that each will act in a manner consistent with the investment policy of the Company.

The Company has appointed NextEnergy Capital IM Limited as its Investment Manager (the "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 GFSC 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 because that is the currency of the primary economic environment in which the Company operates.

2. Significant Accounting Policies

a) Basis of preparation

The condensed interim financial statements have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting. The interim financial information should be read in conjunction with the annual report and audited financial statements for the year ended 31 March 2019, which have been prepared in accordance with IFRS.

b) Seasonal and cyclical variations

The Company's results may vary during reporting periods as a result of the spread of irradiation during the period and, together with other factors, will impact the NAV. Other factors include changes in inflation and power prices.

c) 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 power to generate investment returns in accordance with the investment objective. The financial information used by the Chief Operating Decision Maker to manage the Company presents the business as a single segment.

d) 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:

- timing of future investment transactions;
- expenditure commitments; and
- forecast income and cashflows.

The Company has cash and short-term deposits as well as projected positive income streams and an available credit facility (see note 20) 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.

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 judgements 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 of Directors has appointed the Investment Manager to produce investment valuations based upon projected future cashflows. 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 £818.4m (31 March 2019: £722.8m) and consist of 89 investments in solar PV assets (held indirectly through the HoldCos) (31 March 2019: 87 (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 PV assets (except for those solar plants not yet operational) and the residual value of net assets at the HoldCo level. The unlevered discount rate applied in the 30 September 2019 valuation was 6.50% (31 March 2019: 6.50%). The discount rate is a significant Level 3 input and a change in the discount rate applied could have a material effect on the value of the investments. Investments in solar PV 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 of Directors 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 30 September 2019 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 closing investment portfolio value as per the investment 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 4c).

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).

4. Critical Accounting Estimates and Judgements (continued)

c) Significant judgement: subsidiaries

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

(a) 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 returns from capital appreciation and investment income.

(b) 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, so the group is able to apply the exception to consolidation.

5. Income

	Period ended 30 September 2019 £'000	Year ended 31 March 2019 £'000
Interest income	3,655	614
Investment income	26,361	46,957
Management fee income	4,222	8,042
Total Income	34,238	55,613

6. Investments

The Company owns the investment portfolio through its investments in the HoldCos. This is comprised of the investment portfolio and the residual net assets of the HoldCos. The total investments at fair value are recorded under non-current assets in the Condensed Statement of Financial Position.

	Period ended 30 September 2019 £'000	Year ended 31 March 2019 £'000
Brought forward cost of investments	689,478	517,474
Investment proceeds from HoldCos	–	(4,654)
Investment payments to HoldCos	102,113	176,658
Additions – acquisition of Eurobonds	125,000	175,000
Disposal – de-recognition of loans*	(125,000)	(175,000)
Carried forward cost of investments	**791,591**	**689,478**
Brought forward unrealised gains on valuation	33,285	8,747
Movement in unrealised gains on valuation	(6,524)	24,538
Carried forward unrealised gains on investments	**26,761**	**33,285**
Total investments at fair value	818,352	722,763

* Non-cash transactions: On 28 February 2019 and 18 September 2019, a number of facilities totalling £125m, between the Company and certain of the Holdcos were de-recognised and replaced with Eurobond instruments listed on the TISE.

6. Investments (continued)

On 28 February 2019, NESH III and NESH V issued Eurobond instruments listed on TISE totalling £175m. On 18 September 2019, a further issue by NESH III was made totalling £125m. The Eurobonds were purchased by the Company as a non-cash transaction by re-allocating cost of investment.

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

7. Trade and Other Receivables

	Period ended 30 September 2019 £'000	Year ended 31 March 2019 £'000
Management fee income receivable	1,582	249
Prepayments	501	461
Due from HoldCos	48,749	40,699
Interest receivable	1,396	–
Total trade and other receivables	52,228	41,409

Amounts due from HoldCos are interest free and payable within 12 months.

8. Trade and Other Payables

	Period ended 30 September 2019 £'000	Year ended 31 March 2019 £'000
Other payables	141	264
Preference dividends payable	1,848	1,171
Due to HoldCos	27,449	37,949
Total trade and other payables	29,438	39,384

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

9. Subsidiaries

The Company holds investments through subsidiary companies ("HoldCos") which have not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. The HoldCos, as per note 4c), are 100% directly owned. Below is the legal entity name for the SPVs, all owned 100% at 31 March 2019 and 30 September 2019 indirectly through the HoldCos (unless otherwise stated).

Name	Country of incorporation
Push Energy (Boxted Airfield) Ltd	UK
Next Power Gover Farm Ltd	UK
NextPower Higher Hatherleigh Ltd	UK
NextPower Shacks Barn Ltd	UK
BL Solar 2 Ltd	UK
North Farm Solar Park Ltd	UK
Glorious Energy Ltd	UK
Sunglow Power Ltd	UK
Push Energy (Croydon) Ltd	UK
Wellingborough Solar Ltd	UK
Nextpower Ellough LLP	UK
Push Energy (Birch) Ltd	UK
Bowerhouse Solar Ltd	UK
Push Energy (Langenhoe) Ltd	UK
ST Solarinvest Devon 1 Ltd	UK
Greenfields (A) Ltd	UK
Push Energy (Decoy) Ltd	UK
Push Energy (Hall Farm) Ltd	UK
Glebe Farm Ltd	UK
Ellough Solar 2 Ltd	UK
SSB Condover Ltd	UK
NESF - Ellough Ltd	UK
Trowbridge PV Ltd	UK
ESF Llwyndu Ltd	UK
Warmingham Solar Ltd	UK
Moss Farm Solar Ltd	UK
Gwent Farmers Community Solar Partnership Limited*	UK

Name	Country of incorporation
Greenfields (T) Limited*	UK
EMGEN Solar 1288 Ltd	UK
Lumicity 1 Ltd	UK
BESS Pierces Ltd	UK
Thornborough Solar Ltd	UK
Temple Normanton Solar Ltd	UK
UK Solar (Fiskerton) LLP	UK
Helios Solar 2 Ltd	UK
Little Irchester Solar Ltd	UK
Balhearty Solar Ltd	UK
Brafield Solar Ltd	UK
Sywell Solar Ltd	UK
Helios Solar 1 Ltd	UK
Pierces Solar Ltd	UK
Micro Renewables (Domestic) Ltd	UK
RRAM Energy Ltd	UK
RRAM (Portfolio 1) Ltd	UK
Knockworthy Solar Park Ltd	UK
RRAM (Portfolio 2) Ltd	UK
Burcroft Solar Parks Ltd	UK
Burrowton Farm Solar Park Ltd	UK
Saundercroft Farm Solar Park Ltd	UK
Renewable Energy Holdco Ltd	UK
Chilton Cantello Solar Park Ltd	UK
Crossways Solar Park Ltd	UK
Wyld Meadow Farm Solar Park Ltd	UK
Raglington Farm Solar Park Ltd	UK

9. Subsidiaries (continued)

Name	Country of incorporation
Nextpower Water Projects Ltd	UK
Nextpower Bosworth Ltd	UK
NextZest Ltd	UK
Nextpower SPV 2 Ltd	UK
Nextpower SPV 3 Ltd	UK
Glebe Solar Ltd	UK
Thurlestone-Leicester Solar Ltd	UK
Empyreal Energy Ltd	UK
Birch Solar Farm CIC	UK
Fiskerton Limited	UK
LE Solar 51 Ltd	UK
Lark Energy Bilsthorpe Ltd	UK
Wickfield Solar Ltd	UK
SL Solar Services Ltd	UK
Tau Solar Ltd	UK
NESH 3 Portfolio A Ltd	UK
Push Energy (Mill Farm) Ltd	UK
Rampisham Estate Solar Park Ltd	UK
WHEB European Solar (UK) 2 Ltd	UK
WHEB European Solar (UK) 3 Ltd	UK
PF Solar Ltd	UK
Micro Renewables Ltd	UK
Francis Lane Solar Ltd	UK
Gourton Hall Solar Ltd	UK
TGC Solar Radbrook Ltd	UK
Moss Lane Farm Solar Ltd	UK
Little Staughton Airfield Solar Ltd	UK
Push Energy (Kentishes) Ltd	UK
Ballygarvey Solar Ltd*	UK

Name	Country of incorporation
Whitley Solar Park (Ashcott Farm) Ltd	UK
Hook Valley Farm Solar Park Ltd	UK
Blenches Mill Farm Solar Park Ltd	UK
NextEnergy Solar Holding VI Ltd	UK
Fenland Renewables Ltd	UK
Tower Hill Farm Renewables Ltd	UK
Green End Renewables Ltd	UK
Bowden Lane Solar Park Ltd	UK
Garden Tiger Ltd	UK
INRG (Solar Parks) 20 Ltd	UK
KS SPV 39 Ltd	UK
INRG (Solar Parks) 17 Ltxd	UK
INRG (Solar Parks) 21 Ltd	UK
Waltham Solar Ltd	UK
Barred Straw Ltd	UK
Stalbridge Solar Park Ltd	UK
Aller Court Solar Park Ltd	UK
Nextpower Radius Ltd	UK
Berwick Solar Park Ltd	UK
Bottom Plain Solar Park Ltd	UK
Branston Solar Park Ltd	UK
Emberton Solar Park Ltd	UK
Great Wilbraham Solar Park Ltd	UK
Macchia Rotonda Solar S.r.l.	Italy
SunEdison Med. 6 S.r.l.	Italy
Starquattro S.r.l	Italy
Fotostar 6 S.r.l.	Italy
Agrosei S.r.l.	Italy

*as at 31 March 2019 the percentage ownership of these SPVs was 0%

10. Share Capital and Retained Earnings

Ordinary shares

Share issuance	Number of shares	Gross amount raised £'000	Issue costs £'000	Share capital and premium £'000
Total issued at 31 March 2019	581,730,541	607,494	(7,465)	600,029
Scrip dividend – 28 June 2019	646,767	756	–	756
Scrip dividend – 30 September 2019	1,240,195	1,484	–	1,484
Total issued at 30 September 2019	583,617,503	609,734	(7,465)	602,269

The Company currently has one class of ordinary share in issue. All the holders of the ordinary shares, which total 583,617,503, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Preference shares

On each of 12 November 2018 and 12 August 2019, the Company issued 100,000,000 preference shares at a price of 100.0p per preference share. The preference shares pay a preferred dividend of 4.75% p.a. fixed until March 2036 after which the preference shareholders have the right to convert into new ordinary shares or a new class of unlisted B shares with dividend and capital rights *pari passu* to ordinary shareholders, based on the NAV at the time of conversion. The preference shares do not hold any voting rights, except in limited circumstances.

The preference shares are also 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 election of the holders in the event of a delisting or change of control of the Company.

Retained earnings

Retained earnings are detailed in the Condensed Statement of Changes in Equity.

11. Earnings Per Share

	Period ended 30 September 2019	Year ended 31 March 2019
Profit and comprehensive income for the period/year (£'000)	21,086	71,579
Plus: preference share dividends (£'000)	3,032	1,822
Profit and comprehensive income for the period/year used to calculate diluted earnings per ordinary share (£'000)	24,118	73,401
Basic weighted average number of ordinary shares	582,073,071	578,844,510
Weighted average number of additional ordinary shares used to calculate dilutive effect of preference shares	114,558,171	36,234,245
Weighted average number of ordinary shares used to calculate diluted earnings per share	696,631,242	615,078,755
Earnings per ordinary share – basic	3.62p	12.37p
Earnings per ordinary share – diluted	3.46p	11.93p

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding for the ordinary shares that are potentially issuable on conversion of the preference shares and adding back the dividends paid on the preference shares to the profit and comprehensive income for the period. From 1 April 2036, the preference shares have the right to convert into new ordinary shares or a new class of unlisted B shares with dividend and capital rights pari passu to ordinary shares, based on the NAV at the time of conversion.

12. Dividends

Amounts recognised as distributions to equity holders:	Period ended 30 September 2019 £'000	Year ended 31 March 2019 £'000
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	–
Total	19,674	38,159

13. Net Assets Per Ordinary Share

	As at 30 September 2019	As at 31 March 2019
Ordinary shareholders' equity (£'000)	648,704	645,052
Number of ordinary shares	583,617,503	581,730,541
Net assets per ordinary share – pence	111.2p	110.9p

The conversion price of the preference shares will be based on the ratio of the nominal value (100p) (plus unpaid dividends, if any) per preference share relative to 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.

14. Financial Risk Management

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. In accordance with the Company's investment policy, the Company's principal use of cash (including the proceeds of the IPO, other ordinary share issuance and issue of preference shares) has been to fund investments and repay debt, as well as ongoing operational expenses.

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. The capital and debt structure of the Company consists of equity comprising ordinary share capital and retained earnings, preference shares and financial debt.

The Company is not subject to any externally imposed capital requirements.

Financial risk management objectives

The Board, with the assistance of the Investment Manager, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

Price risk

The value of the investments held by the Company is affected by the discount rate applied to the expected future cash flows and as such may vary with movements in interest rates, inflation, power prices, market prices and competition for these assets.

Currency risk

The Company is indirectly exposed to currency risk due to the cash flows from its Italian subsidiaries to NESH V. 92% of the expected cash flows are hedged to limit the exposure. The Company itself is not exposed to currency risk as all assets and liabilities are in pounds sterling, therefore the Company's functional and presentational currency is GBP.

14. Financial Risk Management (continued)

Interest rate risk

The Company is indirectly exposed to interest rate risk from the credit facilities of the HoldCos. Of the £211m credit facilities outstanding, £124.7m had fixed interested rates and the remaining £86.6m had floating interest rates. For the floating amount of £72.6m, Interest Rate Swaps were implemented over the term of the loans to mitigate interest rate risks. The counterparties to these swaps are all Investment grade financial institutions. The remaining £14m had floating rates which are not hedged and are not considered to be significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

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

	30 September 2019 £'000	31 March 2019 £'000
Cash and cash equivalents	5,270	19,285
Trade and other receivables	52,228	41,409
Debt investments	300,000	175,000
Total	357,498	235,694

Debt investments relates to the Eurobond instruments executed in accordance with the investment objectives of the Company and which has been fair valued as part of the "Investments" as disclosed in note 6. No collateral is received from NESH III and NESH V. 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 to be 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. Ongoing credit evaluation is performed on the financial condition of accounts receivable. As at 30 September 2019 the probability of default is considered to be close to zero and therefore no allowance has been recognised based on 12 month expected credit loss as any impairment would be insignificant to the Company. All receivables are from other entities in the NextEnergy Group and so management has sufficient oversight of the receivables to assess the probability of default.

At investment level, the credit risk relating to significant counterparties is reviewed on a regular basis and potential adjustments to the discount rate are considered to recognise changes to these risks where applicable.

The Company maintains its cash and cash equivalents across various banks to diversify credit risk. These are subject to the Company's credit monitoring policies including the monitoring of the credit ratings issued by recognised credit rating agencies.

14. Financial Risk Management (continued)

Credit risk (continued)

30 September 2019	Credit rating Standard & Poor's	Cash £'000	Total as at 30 September 2019 £'000
Barclays Bank PLC	Long – A Short – A-1	5,270	5,270
Lloyds Bank PLC	Long – BBB+ Short – A-2	–	–
Total		5,270	5,270

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

Liquidity risk

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

The Company is indirectly exposed to liquidity risk from the credit risk facilities of the HoldCos. The HoldCos have sufficient funds to meet the obligations of the credit facilities, and this is monitored by the Investment Adviser.

14. Financial Risk Management (continued)

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.

30 September 2019	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 5 years £'000	Total £'000
Assets				
Cash and cash equivalents	5,270	–	–	5,270
Trade and other receivables	52,228	–	–	52,228
Liabilities				
Trade and other payables	(29,438)	–	–	(29,438)
Total	28,060	–	–	28,060

31 March 2019	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 5 years £'000	Total £'000
Assets				
Cash and cash equivalents	19,285	–	–	19,285
Trade and other receivables	41,409	–	–	41,409
Liabilities				
Trade and other payables	(39,384)	–	–	(39,384)
Total	21,310	–	–	21,310

Valuation methodology

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

14. Financial Risk Management (continued)

Discount rates

The discount rate used for valuing a solar PV asset is based on the industry unlevered discount rate and the risk premium, which takes into account risks and opportunities associated with the investment earnings.

The discount rates used for valuing the investments in the Portfolio are as follows:

	30 September 2019	31 March 2019
Weighted Average discount rate	7.0%	7.0%
Discount rates	6.5% to 8.0%	6.5% to 8.0%

A change to the weighted average discount rate by plus or minus 0.5% has the following effect on the valuation.

Discount rate	+0.5% change	Total Portfolio value	–0.5% change
30 September 2019	(£19.7m)	£647.6m	£21.0m
Fair value – percentage movement	(3.0%)		3.2%
31 March 2019	(£20.6m)	£616.4m	£22.0m
Fair value – percentage movement	(3.3%)		3.6%

Power price

The NEC Group continuously reviews multiple inputs from market contributors and leading consultants and adjust the inputs to the power price forecast when a different approach is deemed more appropriate. Current estimates imply an average rate of increase of electricity prices of approximately 0.9% in real terms and a long term inflation rate of 3.0%.

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect on the valuation, with all other variables held constant.

Power price	–10% change	Total Portfolio value	+10% change
30 September 2019	(£42.8m)	£647.6m	£43.9m
Fair value – percentage movement	(6.6%)		6.8%
31 March 2019	(£42.5m)	£616.4m	£43.4m
Fair value – percentage movement	(6.9%)		7.0%

14. Financial Risk Management (continued)

Energy generation

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

Energy generation	5% under performance	Total Portfolio value	5% over performance
30 September 2019	(£42.5m)	£647.6m	£40.5m
Fair value – percentage movement	(6.6%)		6.3%
31 March 2019	(£43.8m)	£616.4m	£43.4m
Fair value – percentage movement	(7.1%)		6.6%

Inflation rates

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

Inflation rate	–0.5% change	Total Portfolio value	+0.5% change
30 September 2019	(£28.7m)	£647.6m	£30.3m
Fair value – percentage movement	(4.4%)		4.7%
31 March 2019	(£34.6m)	£616.4m	£36.6m
Fair value – 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 project company level, with all other variables held constant.

Operating costs	+10% change	Total Portfolio value	–10% change
30 September 2019	(£12.1m)	£647.6m	£11.6m
Fair value – percentage movement	(1.9%)		1.8%
31 March 2019	(£11.5m)	£616.4m	£11.2m
Fair value – percentage movement	(1.9%)		1.8%

Tax rates

The UK corporation tax assumption for the portfolio valuation was 19% to 2020, and 17% thereafter in accordance with the UK Government announced reductions.

The Italian tax rate used is 24% with an additional 2.7% after 2020.

15. Financial Assets and Liabilities Not Measured at Fair Value

Cash and cash equivalents are level 1 items on the fair value hierarchy. Current assets and current liabilities are Level 2 items on 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 measured at nominal value less transaction costs amortised over the expected life of the preference shares.

16. Management Fee Expense

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 NAV up to and including £200m, 1% of ordinary NAV;
- for the tranche of NAV above £200m and up to and including £300m, 0.9% of ordinary NAV; and
- for the tranche of NAV above £300m, 0.8% of ordinary NAV.

For the period ending 30 September 2019 the Company incurred £2.8m in management fees of which £nil was outstanding at 30 September 2019. For the year ending 31 March 2019 the Company incurred £5.4m in management fees of which £nil was outstanding at 31 March 2019. For the period ending 30 September 2018 the Company incurred £2.7m in management fees of which £nil was outstanding at 30 September 2018.

17. 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. The Investment Manager was paid £0.5m for the issuance of the preference shares during the period (for the year ended 31 March 2019: £0.5m).

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 advisory fee transactions between the Company and the Investment Adviser.

The Asset Manager, WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl, are related parties due to sharing common key management personnel with the subsidiaries of the Company. Each of the operating subsidiaries of the Company entered into an asset management agreement with the asset manager. The total value of recurring and one-off services paid to the asset manager during the six month period amounted to £2.5m (for the year to 31 March 2019: £4.0m, and for the six month period to 30 September 2018: £2.9m).

At the period end, £27.4m (31 March 2019: £37.9m, 30 September 2018: £39.0m) was owed to and from the subsidiaries, in relation to their restructuring. £4.2m of management fees were received from the subsidiaries during the period (year to 31 March 2019: £8.0m, period to 31 September 2018: £3.9m), £1.6m of which was outstanding at the period end (31 March 2019: nil, 30 September 2018: £1.7m). During the period dividends of £26.4m were received from subsidiaries.

18. Controlling Party

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

19. Remuneration of the Directors

The remuneration of the Directors was £104k for the period (for the year to 31 March 2019: £173k, for the period to 30 September 2018: £86k) which consisted solely of short-term employment benefits.

20. Revolving Credit and Debt Facilities

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 Limited. As at 30 September 2019, the outstanding amount was £148.2m.

In July 2015, NESH II agreed a loan with NIBC for £22.7m. In July 2016, £1m was repaid and, in March 2018, the remaining balance was repaid. At the same time as the repayment the short-term facility was converted into a new £20m in revolving credit facility. As at 30 September 2019, the outstanding amount was £nil.

In March 2016, NESH IV agreed the purchase of Project Radius. 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. As at 30 September 2019, the outstanding amount was £49.6m.

In July 2018, NESH VI agreed a RCF with Santander for £40.0m which was subsequently fully drawndown. In January 2019, the facility was increased to a total commitment of £70.0m with a subsequent £30.0m drawdown. In August 2019, £56.0m was repaid. As at 30 September 2019, the outstanding amount was £14.0m.

21. Reconciliation of Financing Activities

	Opening (£'000)	Cash flows (£'000)	Net income allocation (£'000)	Non-cash flows (£'000)	Closing (£'000)
Share capital	600,029	–	–	2,240	602,269
Preference shares	99,022	98,650	–	36	197,708
Retained earnings	45,022	(17,434)	21,086	(2,240)	46,434
Total	**744,073**	**81,216**	**21,086**	**36**	**846,411**

22. Commitments and Guarantees

The Company has parental guarantees in place with two financial institutions for a debt obligation and a currency hedge transaction executed by some of its HoldCos. The Company has no outstanding commitments.

23. 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 PV assets is not subject to any further tax in Guernsey, although these investments are subject to tax in the UK.

24. Events After The Reporting Period

On 13 November 2019, the Directors approved a dividend of 1.7175 pence per ordinary share for the period ended 30 September 2019 to be announced on 14 November 2019, and paid on 31 December 2019 to ordinary shareholders on the register as at the close of business on 22 November 2019.

Independent Review Report to NextEnergy Solar Fund Limited

Conclusion

We have been engaged by NextEnergy Solar Fund Limited (the "Company") to review the condensed interim financial statements in the half-yearly financial report for the six months ended 30 September 2019 of the Company which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity, Condensed Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* ("ISA 34") and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed interim financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed interim financial statements included in the half-yearly financial report in accordance with IAS 34.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed interim financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Dermot Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey
13 November 2019

Corporate Information

Directors:	Kevin Lyon, Chairman Patrick Firth Vic Holmes Sue Inglis Sharon Parr
Registered Office:	1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
Company Website:	nextenergysolarfund.com
Investment Manager:	NextEnergy Capital IM Limited 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
Investment Adviser:	NextEnergy Capital Limited 20 Savile Row London UK W1S 3PR
Secretary and Administrator:	Apex Funds and Corporate Services (Guernsey) Limited (formerly Ipes (Guernsey) Limited) 1 Royal Plaza Royal Avenue St Peter Port Guernsey GY1 2HL
Independent Auditor:	KPMG Channel Islands Limited (appointed 27 September 2019) Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR

Independent Auditor:	PricewaterhouseCoopers CI LLP (resigned following a competitive tender process on 27 September 2019) Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
Registered Number:	57739
Registrar:	Link Market Services (Guernsey) Ltd
Legal Adviser to the Group as to UK law:	Simmons & Simmons LLP
Legal Adviser to the Group as to Guernsey law:	Mourant Ozannes LLP and Carey Olsen (Guernsey) LLP
Legal Adviser to the Group as to Debt Financing:	Stephenson Harwood LLP
Financial Adviser and Broker to the Company:	Cantor Fitzgerald Europe
Broker to the Company:	Shore Capital and Corporate Ltd
Media and Public Relations Adviser:	MHP Communications Limited

Alternative Performance Measures ('APMs')

This Interim Report and Accounts contain APMs, which are financial measures not defined in IFRS. These include certain financial KPIs shown in the table on page 2, certain financial highlights on page 1 and cash income on page 28. The definition of each of these APM measures is shown below. In addition to the APMs, the Interim Report shows portfolio information including debt held by the HoldCos or SPVs.

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. These APMs are used to present a clearer picture of how the Company has performed over the period and are all financial measures of historical performance.

The table below defines our APMs.

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
Asset Management Alpha	The outperformance relative to budget of the portfolio due to active management, excluding the effect of variation in solar irradiation.	A measure of the operating performance of the portfolio.	The difference between (i) the delta of generation vs. budget and (ii) the delta of irradiation vs. budget.
Cash dividend cover – pre-scrip dividends	The ratio of the cash income over the ordinary dividends paid in the period (and, for this purpose, treating all scrip dividends as if they had been paid as cash dividends).	A measure of the cash available to pay dividends.	The cash income (as defined below) less total expenses from the statement of comprehensive income (£32.9m for the period ended 30 September 2019) divided by the pre-scrip dividends paid from the statement of changes in equity (£19.7m for the period ended 30 September 2019).
Cash income	The cash received from the Company's investment portfolio during the year.	A measure of the cash generated from operations.	The reconciliation of cash income to IFRS for the period ended 30 September 2019 is shown below.
Dividend yield	The annual dividend per ordinary share expressed as a percentage of the share price.	A measure of the return to the ordinary shareholders.	For the period ended 30 September 2019, the expected annual dividend for the year to 31 March 2020 (6.87p) divided by the share price as at the period-end (122.0p).

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
Gearing level	Financial debt of the NESF Group plus the fair value of the preference shares expressed as a percentage of GAV.	A measure of the NESF Group's financial debt and the preference shares relative to GAV.	The ratio of financial debt outstanding at the subsidiaries (£197m as at 30 September 2019) plus the preference shares from the statement of financial position (£198m as at 30 September 2019) divided by GAV (being, as at 30 September 2019, the aggregate of each of the foregoing and the net assets from the condensed statement of financial position of £649m).
Invested capital	The amount deployed into solar PV assets through the HoldCos and SPVs.	A measure of capital deployed to generate investment returns for shareholders.	The valuation of the Company's portfolio (£932m as at 30 September 2019).
NAV per ordinary share	The Company's NAV divided by the number of ordinary shares in issue.	A measure of the value of one ordinary share.	The net assets as shown on the statement of financial position (£649m as at 30 September 2019) divided by the number of ordinary shares in issue as at the calculation date (583.6m as at 30 September 2019).
Ongoing charges ratio	Annualised regular operating costs incurred in the reporting period (excluding costs suffered within HoldCos and SPVs, interest costs, preference share dividends and taxation) calculated as a percentage of the average ordinary NAV in that period.	A measure of ongoing and regular costs relative to the Company's NAV.	The total expenses less the preference share dividends as shown on the statement of comprehensive income (being, for the period ended 30 September 2019, £6.6m and £3.0m respectively) and any non-recurring expenses (£90k for the period ended 30 September 2019), annualised and divided by the average ordinary NAV over the relevant period (being £646m for the period ended 30 September 2019).

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
Ordinary NAV total return	The increase/(decrease) in the NAV per ordinary share plus the dividends per ordinary share paid in the period.	A measure of the overall financial performance of the Company.	The difference in the NAV per ordinary share at the beginning and end of the period from the statement of financial position (0.3p for the period ended 30 September 2019) plus the dividends per ordinary share paid in the period (3.44p for the period ended 30 September 2019) as a percentage of the opening NAV per ordinary share as shown in the statement of financial position (being 110.9p per ordinary share as at 31 March 2019).
Ordinary shareholder total return	The increase/(decrease) in the ordinary share price plus the dividends per ordinary share paid in the period.	A measure of the performance of the Company's ordinary shares.	The difference in the ordinary share price at the beginning and end of the period plus the dividends per ordinary share paid in the period as a percentage of the share price at the beginning of the period.
Premium/(discount) to NAV	The amount by which the ordinary share price is higher/lower than the NAV per ordinary share, expressed as a percentage of the NAV per ordinary share.	A measure of the performance of the Company's share price relative to the NAV.	The Company's share price as a relative percentage of the NAV per ordinary share.

Reconciliation to financial statements

Cash income reconciliation	£'000
Income per statement of comprehensive income	34,238
Trade and other receivables – management service fee accrual at 1 April 2019	250
Trade and other receivables – management service fee accrual at 30 September 2019	(1,582)
Cash income	32,906

Glossary

AIC	Association of Investment Companies
APM	Alternative Performance Measure
Asset Management Alpha	The difference between (i) the delta of generation vs. budget and (ii) the delta of irradiation vs. budget
Apollo portfolio	21 plants held within NESH
Cash dividend cover	The ratio of the Company's Cash Income over dividends paid during the financial year.
CBA	Commonwealth Bank of Australia
Company/NESF	NextEnergy Solar Fund Limited
Consultants	Two of the leading energy market consultants
DCF	Discounted Cash Flow
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FiT	Feed-in Tariff
GAV	Gross asset value, being the net asset value of the ordinary shares plus the value of the outstanding preference shares plus the amount of debt outstanding at the subsidiaries
GFSC	Guernsey Financial Services Commission
Group	The Company, HoldCos and SPVs
GWh	Gigawatt hour – a measure of electricity generated per hour
HoldCos	Intermediate holding companies - NESH, NESH II, NESH III, NESH IV, NESH V and NESH VI
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Investment Adviser	NextEnergy Capital Limited
Investment Manager	NextEnergy Capital IM Limited
IPEV	International Private Equity and Venture Capital

IPO	Initial Public Offering
IRR	Internal Rate of Return
ISAs	International Standards on Auditing
KPI	Key Performance Indicator
KPMG	KPMG Channel Islands Limited
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MWh	Megawatt hour – a measure of electricity generated per hour
NAB	National Australia Bank
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 capital gains on NAV per share over a given period of time
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
OCR	Ongoing charges ratio per the AIC website (www.theaic.co.uk)
OECD	Organisation for Economic Co-operation and Development
Official List	The premium segment of the UK Listing Authority's Official List
Ordinary shareholder total return	The actual rate of return from dividends paid and capital gains on share price movements over a given period of time
Ordinary shares	The issued ordinary share capital of the Company

Performance ratio	Actual generation/expected generation when array constructed
POI Law	Protection of Investors (Bailiwick of Guernsey) Law, 1987
PPA	Power purchase agreement
Premium/discount to NAV	The amount by which the Company's ordinary shares trade above or below its NAV
PV	Photovoltaic
PwC CI	PricewaterhouseCoopers CI LLP
Radius portfolio	Five plants held within NESH IV
RCF	Revolving Credit Facilities
RO Scheme	Renewable Obligation Scheme
ROC	Renewable Obligation Certificates
RPI	Retail Price Index
Solis portfolio	Eight plants held within NESH V
SPVs	Special purpose vehicles which hold the Company's investment portfolio of underlying operating assets
Thirteen Kings portfolio	13 plants held in NESH III
TISE	The International Stock Exchange
UK	United Kingdom of Great Britain and Northern Ireland
WACC	Weighted average cost of capital
WiseEnergy	WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl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