

THIS SUPPLEMENTARY PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this Supplementary Prospectus, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended, (the “FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document comprises a supplementary prospectus prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules made under Part VI of the FSMA (the “Supplementary Prospectus”). This Supplementary Prospectus has been filed with the Financial Conduct Authority (the “FCA”) and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules. This Supplementary Prospectus has been approved as a supplementary prospectus under section 87A of FSMA. This Supplementary Prospectus is supplemental to and must be read in conjunction with the prospectus published by NextEnergy Solar Fund Limited (the “Company”) on 15 November 2016 and comprising a Summary, Registration Document and Securities Note (the “Share Issuance Programme Prospectus”). All words and expressions defined in the Prospectus bear the same meaning in this Supplementary Prospectus.

Words or expressions defined in the Share Issuance Programme Prospectus have the same meaning when used in this Supplementary Prospectus unless the context requires otherwise.

This Supplementary Prospectus includes particulars given in compliance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules of the FCA for the purpose of giving information with regard to the Company. The information contained in this Supplementary Prospectus should be read in the context of, and together with, the information contained in the Share Issuance Programme Prospectus.

NextEnergy Solar Fund Limited

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

Supplementary Prospectus

Lead Bookrunners

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

Sponsor

Shore Capital and Corporate Limited

Joint Bookrunner

Shore Capital Stockbrokers Limited

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

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”). The GFSC, in granting registration, has not reviewed this Supplementary Prospectus but has relied upon specific warranties provided by Ipes (Guernsey) Limited.

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

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

Notice to US Investors:

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not

be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act.

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

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

Prospective Investors should read this Supplementary Prospectus with the whole of the Share Issuance Programme Prospectus, including the risk factors set out on pages 1 to 22 of the Registration Document and pages 3 and 4 of the Securities Note (and in any Further Securities Note).

5 January 2017

1. **INTRODUCTION**

This document is being published in relation to the Share Issuance Programme (as defined in the Share Issuance Programme Prospectus dated 15 November 2016). It constitutes a Supplementary Prospectus required under the Prospectus Rules and is supplemental to, and should be read in conjunction with, the Share Issuance Programme Prospectus. This Supplementary Prospectus is being published because there are significant new factors concerning the information in the Share Issuance Programme Prospectus. This Supplementary Prospectus contains further details of these significant new factors.

2. **RESPONSIBILITY**

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

3. **SIGNIFICANT NEW FACTORS**

3.1 **Interim Report for the Period to 30 September 2016**

On 29 November 2016 the Company published its interim report and financial statements for the period ended 30 September 2016 (the "Interim Report"). The publication of the Interim Report constitutes a significant new factor relating to the financial information contained in the Share Issuance Programme Prospectus. By virtue of this document, the Interim Report is incorporated in, and forms part of, the Share Issuance Programme Prospectus.

3.2 **Historical Financial Information**

The Interim Report is incorporated in this document by reference and is available as set out in paragraph 7 below, and included, on the pages specified in the table below, the following information which is relevant to the Share Issuance Programme:

	<u>Page no(s) of the Interim Report</u>
Highlights	1
Corporate Summary	2
Chairman's Statement	3-4
Investment Manager's Report	6-39
Statement of Directors' Responsibilities	41
Condensed Financial Statements	42-58
Independent Review Report	59

3.3 Selected Financial Information

The key unaudited figures that summarise the Company's financial condition in respect of the six month period ended 30 September 2016 (and the corresponding figures for the six month period ended 30 September 2015, which have been extracted directly from the Interim Report) are set out in the following table:-

	As at 30 September 2016	As at 30 September 2015
Net assets	£350,054,302	£289,021,522
Net asset value per Ordinary Share	102.0 pence	104.0 pence
	Interim period ended 30 September 2016	Interim period ended 30 September 2016
Total operating income	£25,289,969	£8,559,186
Net (loss)/profit	£25,285,451	£8,465,298
Earnings per Ordinary Share	8.46 pence	3.56 pence
Dividends per Ordinary Share paid/to be paid in respect of period	3.155 pence	3.125 pence

4. SUMMARY

In accordance with Prospectus Rule 3.4.2, the following paragraph contained in the summary as set out in the Share Issuance Programme Prospectus is supplemented as follows:

B.7	Financial information	<p>The key figures which summarise the Company's financial and trading performance for the interim period from 01 April 2016 to 30 September 2016 are:</p> <p style="text-align: right;">As at 30 September 2016</p> <table> <tr> <td>Total assets</td> <td style="text-align: right;">£350,205,764</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">£151,462</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">£350,054,302</td> </tr> <tr> <td>Net asset per Ordinary Share</td> <td style="text-align: right;">102.0 pence</td> </tr> </table> <p style="text-align: right;">Interim period ended 30 September 2016</p> <table> <tr> <td>Investment Income</td> <td style="text-align: right;">£17,038,776</td> </tr> <tr> <td>Net charges in fair value of financial assets</td> <td style="text-align: right;">£10,267,502</td> </tr> <tr> <td>Operating profit</td> <td style="text-align: right;">£25,285,451</td> </tr> <tr> <td>Profit and comprehensive income</td> <td style="text-align: right;">£25,289,969</td> </tr> <tr> <td>Earnings per Ordinary Share</td> <td style="text-align: right;">8.46 pence</td> </tr> <tr> <td>Dividends per Ordinary Share paid/to be paid in respect of period</td> <td style="text-align: right;">3.155 pence</td> </tr> </table>	Total assets	£350,205,764	Current liabilities	£151,462	Net assets	£350,054,302	Net asset per Ordinary Share	102.0 pence	Investment Income	£17,038,776	Net charges in fair value of financial assets	£10,267,502	Operating profit	£25,285,451	Profit and comprehensive income	£25,289,969	Earnings per Ordinary Share	8.46 pence	Dividends per Ordinary Share paid/to be paid in respect of period	3.155 pence
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5. **NO SIGNIFICANT CHANGE**

Save for the following:

- (i) on 10 November 2016, the Company announced an interim dividend of 1.5775 pence per Ordinary Share for the quarter ending 30 September 2016, to be paid on 30 December 2016 to Shareholders on the register as at close of business on 18 November 2016;
- (ii) on 22 November 2016, the Company announced the signing of a share purchase agreement to acquire the 5MWp Kentishes solar plant; and
- (iii) on 25 November 2016, the Company issued 110,300,000 New Ordinary Shares pursuant to the Share Issuance Programme;
- (iv) on 30 December 2016, the Company issued 1,321,959 New Ordinary Shares by way of scrip dividend to satisfy scrip dividend elections made in respect of the dividend payable to Shareholders in respect of the period to 30 September 2016;

- (v) on 4 January 2017 the Company entered into acquisition agreements in relation to four further solar plants of 5MWp each – Mill Farm, Bowden, Stalbridge and Long Ash Lane;

there have been no significant changes to the financial condition or trading position of the Company since 30 September 2016, being the date to which the Company's latest unaudited interim financial statements were prepared.

6. **Article 32 AIFMD**

On 2 December 2016 the Company obtained authorisation under Article 32 AIFMD to permit its Shares to be marketed in Sweden, in addition to the existing authorisations under AIFMD permitting marketing in the UK, Ireland and the Netherlands.

7. **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of this Supplementary Prospectus will be available (subject to applicable law) for viewing online at the Company's website (www.nextenergysolarfund.co.uk) and at www.morningstar.co.uk/uk/nsm. The Interim Report is available for viewing online at the same two websites.

8. **GENERAL**

To the extent that there is any inconsistency between any statement in or incorporated by reference in this document and any other statement in or incorporated by reference in the Share Issuance Programme Prospectus, the statements in or incorporated by reference in this document will prevail.

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Share Issuance Programme Prospectus has arisen or been noted, as the case may be, since the publication of the Share Issuance Programme Prospectus.