

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the contents of this document or the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate professional adviser authorised under the Financial Services and Markets Act 2000 or, if you are not in the United Kingdom, another appropriately authorised professional adviser. If you receive this circular in any country or jurisdiction outside the United Kingdom, you may not treat it as an invitation to elect to receive Scrip Shares (as defined below) unless such an invitation could lawfully be made to you without NextEnergy Solar Fund Limited (the "Company") being required to comply with any registration or other legal requirements.

If you have sold, transferred or purchased all of your ordinary shares in the Company ("Ordinary Shares") on or prior to 26 August 2016, but that sale, purchase or transfer is not reflected in the number shown in Box 1 on the enclosed Form of Election (the "Election"), you should forward this circular and the Election attached to it, to your stockbroker or other agent through whom the sale, transfer or purchase was made, without delay.

NEXTEnergy SOLAR FUND LIMITED

(a registered closed-ended investment company incorporated in Guernsey with limited liability and with registered number 57739)

Quarterly Interim Dividend Cycle, Scrip Dividend Alternative and Scrip Dividend Election for the First Quarterly Interim Dividend for the financial year ending 31 March 2017

IF YOU WISH TO RECEIVE QUARTERLY INTERIM DIVIDENDS FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017, IN CASH ON THE WHOLE OF YOUR HOLDING OF ORDINARY SHARES, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION.

This circular sets out the rationale and process for offering holders of Ordinary Shares ("Shareholders") the opportunity to elect to receive new Ordinary Shares ("Scrip Shares") instead of cash, in respect of quarterly interim dividends ("Quarterly Dividends" or each a "Quarterly Dividend") declared or proposed to be declared and paid (the "Scrip Dividend Alternative"), in relation to quarterly periods during the financial year ended 31 March 2017 (the "Current Financial Year").

If you hold share certificates for your Ordinary Shares and wish to elect for the Scrip Dividend Alternative in respect of all or some of the certificated Ordinary Shares that you hold in respect of the First Quarterly Dividend (as defined below), you should complete the Form of Election attached to this circular and return it, as soon as possible, but in any case so as to reach the London branch of the Company's registrars, Capita Asset Services (the "UK Transfer Agent"), Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, by no later than 5.00pm (UK time) on Monday 12 September 2016, being the Relevant Deadline Date (defined below), relating to the First Quarterly Dividend (defined below).

Alternatively, Shareholders who hold share certificates for Ordinary Shares may make an election for the Scrip Dividend mandate in respect of all of the Ordinary Shares they hold, by completing the Election on-line at: www.capitashareportal.com.

If you hold share certificates for your Ordinary Shares and your completed Election is not received by the UK Transfer Agent before 5.00pm on the Relevant Deadline Date for the First Quarterly Dividend (as defined below), you will not have an Election in place to effect the Scrip Dividend Alternative for the First Quarterly Dividend, and the full cash dividend entitlement (the "Cash Dividend") will be paid in respect of all the Ordinary Shares for which you hold share certificates. Prior to each Subsequent Quarterly Dividend (as defined below) for the Current Financial Year you will receive a Subsequent Election (as defined below) and if this is not received by the UK Transfer Agent before 5.00pm on the Relevant Deadline Date for that Subsequent Quarterly Dividend, you will not have an election in place to effect the Scrip Dividend Alternative for that Subsequent Quarterly Dividend and the Cash Dividend will be paid in respect of all the Ordinary Shares for which you hold share certificates.

By completing Box (4) on the Election, you can elect, in relation to all of your Ordinary Shares for which you hold certificates, to receive Scrip Shares in respect of all of your Quarterly Dividends for the Current Financial Year and all of your quarterly dividends for any future financial years, during which the Scrip Dividend Alternative is available, unless you revoke that mandate.

If you hold your Ordinary Shares in CREST, you should refer to paragraph 7 of the Appendix (*Terms and Explanatory Notes*) to this circular (the "Appendix"), for information about the process of electing for the Scrip Dividend Alternative for your Ordinary Shares. You must complete a Dividend Election Input Message (defined below) for each Quarterly Dividend, declared in relation to the Current Financial Year, for which you wish to receive Scrip Shares. You will receive your dividends in cash in respect of each Quarterly Dividend for which you do not complete a Dividend Election Input Message.

If the Company's directors decide not to offer a Scrip Dividend Alternative in respect of any dividend in relation to any future financial year (or revoke it for the Current Financial Year), a Cash Dividend will be paid to you in the usual way.

TIMETABLE OF EVENTS FOR THE SCRIP DIVIDEND ALTERNATIVE

	1st Quarterly Dividend for the period from 1 April to 30 June 2016	2nd Quarterly Dividend for the period from 1 July to 30 September 2016	3rd Quarterly Dividend for the period from 1 October to 31 December 2016	4th Quarterly Dividend for the period from 1 January to 31 March 2017
Quarterly Dividend announcement date	18/08/2016	10/11/2016	16/02/2017	19/05/2017
Date Ordinary Shares are quoted ex-dividend (the " Ex Dividend Date ")	25/08/2016	17/11/2016	23/02/2017	25/05/2017
Relevant Record Date for each Quarterly Dividend and the Scrip Dividend Alternative entitlements	5.00pm 26/08/2016	5.00pm 18/11/2016	5.00pm 24/02/2017	5.00pm 26/05/2017
Scrip Share reference price calculated	01/09/2016	23/11/2016	01/03/2017	01/06/2017
Scrip Share reference price announced	02/09/2016	24/11/2016	02/03/2017	02/06/2017
Time on the final date (the " Relevant Deadline Date ") for receipt by the UK Transfer Agent of Elections for the Scrip Dividend Alternative for certificated Ordinary Shares	5.00pm 12/09/2016	5.00pm 05/12/2016	5.00pm 13/03/2017	5.00pm 12/06/2017
Deadline Date for receipt by CREST of a Dividend Election Input Message for the given Quarterly Dividend (each a " Relevant CREST Deadline Date ")	5.00pm 12/09/2016	5.00pm 05/12/2016	5.00pm 13/03/2017	5.00pm 12/06/2017
For a given Quarterly Dividend, the date by which (i) a revocation of an election for certificated Ordinary Shares is to be received by the UK Transfer Agent from a Shareholder or (ii) the Directors may revoke the Scrip Dividend Alternative (the "Relevant Revocation Date")	5.00pm 12/09/2016	5.00pm 05/12/2016	5.00pm 13/03/2017	5.00pm 12/06/2017
Cash Dividend cheques & tax vouchers sent to Shareholders	29/09/2016	29/12/2016	30/03/2017	29/06/2017
Expected date for admission of Scrip Shares to the Official List and to trading on the London Stock Exchange	8.00a.m. on 30/09/2016	8.00a.m. on 30/12/2016	8.00a.m. on 31/03/2017	8.00a.m. on 30/06/2017
Scrip Share certificates to be dispatched	30/09/2016	30/12/2016	31/03/2017	30/06/2017
Dividend payment date: (i) cash credited to Shareholders' bank accounts and (ii) CREST member accounts credited with Scrip Shares	30/09/2016	30/12/2016	31/03/2017	30/06/2017

Notes:

1. These times and dates are indicative only. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.
2. All references in this document to time are to London times, unless otherwise stated.
3. The Relevant Deadline Date is only applicable to those Shareholders who have **not** elected for a standing Mandate for the Scrip Dividend Alternative (as set out in further detail in this circular).

NEXTEnergy SOLAR FUND LIMITED (THE "COMPANY")

(a registered closed-ended investment company incorporated in Guernsey with limited liability and with registered number 57739)

Registered office:

1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL

25 August 2016

To holders of Ordinary Shares in the Company

Dear Shareholder

SCRIP DIVIDEND ALTERNATIVE

Introduction

This circular is being sent to all Shareholders of NextEnergy Solar Fund Limited in relation to the dividend cycle for the financial year ending 31 March 2017.

All definitions used in this letter shall have the meaning given in this circular, unless the context otherwise requires.

As announced to the market on 27 April 2016, the Company will now pay Quarterly Dividends, being interim dividends to Shareholders of Ordinary Shares on a quarterly basis, starting from the first quarter of the Company's Current Financial Year. The first Quarterly Dividend will cover the period from 1 April to 30 June 2016, and is expected to be payable in September 2016, in accordance with the timetable on page 2 of this circular (the "**Timetable**"). It is intended that the second Quarterly Dividend will cover the period from 1 July to 30 September 2016, and (if declared) it is expected to be payable in December 2016, in accordance with the Timetable. The third and fourth Quarterly Dividends (together with the second Quarterly Dividend, are the "**Subsequent Quarterly Dividends**"), if declared, will follow, with the intention that the Subsequent Quarterly Dividends will each be declared approximately 6 to 8 weeks following the quarter end date to which the relevant Quarterly Dividend relates, and be payable within 3 months of that quarter end date, in accordance with the proposed Timetable. The Company will formally announce if and when each interim Quarterly Dividend is declared and will confirm the relevant timetable via a Regulatory Information Service, at the appropriate time.

As detailed in the Company's Annual Report for the year ended 31 March 2016, the Company's target is to grow future dividends in line with UK retail price index growth, starting with the Current Financial Year. The UK retail price index published by the Office for National Statistics and applicable to the value of Renewable Obligation Certificates during the Current Financial Year was 1.0% and, therefore, the Company's board of directors (the "**Board**" or the "**Directors**") are targeting a total dividend of 6.31p per Ordinary Share for the Current Financial Year, which the Directors expect to pay in four equal dividends, each to be paid as an interim Quarterly Dividend in accordance with the Timetable.

On 15 August 2016, the Directors declared the Company's first interim Quarterly Dividend for the Current Financial Year of 1.5775 pence per Ordinary Share (the "**First Quarterly Dividend**"). The First Quarterly Dividend will be payable on or around 30 September 2016 to Shareholders on the Company's register of members as at 5.00pm on Friday 26 August 2016.

Cash Dividends

If you wish to continue to receive your dividends in cash for all of your holding of Ordinary Shares, you do not need to take any further action in response to this circular and your dividends will be paid to you, in the usual way, on the dividend payment dates set out in the expected Timetable, on page 2 of this circular.

Scrip Dividends

In accordance with the articles of incorporation of the Company (the "**Articles**"), the Company is authorised, pursuant to an ordinary resolution passed on 19 June 2015, to offer Shareholders the opportunity to elect to receive new Ordinary Shares or Scrip Shares, instead of cash, in respect of Quarterly Dividends proposed to be paid in respect of the Current Financial Year, by way of the Scrip Dividend Alternative. Accordingly, the Company is offering Shareholders, in respect of Ordinary Shares registered in their name at the record date relating to the relevant Quarterly Dividend (the "**Relevant Record Date**"), set out in the Timetable on page 2, the opportunity to elect to receive Scrip Shares instead of cash, in respect of each interim Quarterly Dividends declared (or to be declared) and paid for the Current Financial Year. The Scrip Dividend Alternative will enable each Shareholder to increase their holding in the Company without incurring dealing costs. If a Shareholder elects for the Scrip Dividend Alternative, there is also a benefit to the Company from the retention of cash that would otherwise be paid out as an Ordinary Share interim Quarterly Dividend. It is anticipated that any cash retained as a result of Shareholders electing for the Scrip Dividend Alternative will be reinvested in accordance with the Company's investment objective and policy.

The Board's authority to declare and pay an interim Quarterly Dividend in respect of the Current Financial Year, and to issue Scrip Shares under the Scrip Dividend Alternative, remains conditional on, inter alia, the Board being and remaining satisfied, on reasonable grounds, that the Company will, immediately after paying the relevant dividend, satisfy the solvency test set out in the Companies (Guernsey) Law, 2008, as amended (the "**Companies Law**"), and the Board having satisfied the requirements of the Companies Law in connection with the issue of any Scrip Shares. Other conditions to an issue of Scrip Shares pursuant to the Scrip Dividend Alternative are set out in paragraph 2 of the Appendix.

In the interests of efficiency, the Board has decided to issue an annual circular for the Scrip Dividend Alternative consisting of the quarterly dividends proposed to be paid in each financial year, with this circular being the annual circular for the Current Financial Year. Shareholders of certificated Ordinary Shares will have the opportunity to elect to receive a Scrip Dividend Alternative in relation to each Quarterly Dividend each time an interim Quarterly Dividend is declared.

As such, Shareholders of certificated Ordinary Shares may make an election to receive a Scrip Dividend Alternative for the First Quarterly Dividend, using the Election, which is attached to this circular. To participate in the Scrip Dividend Alternative For each Subsequent Quarterly Dividend, Shareholders of certificated Ordinary Shares will receive a further election in a similar format to the Election (each a "**Subsequent Election**") which must be returned to the UK Transfer Agent by 5.00pm on each Relevant Deadline Date set out in the above Timetable.

If a Shareholder of certificated Ordinary Shares does not elect for a Scrip Dividend Alternative in relation to the First Quarterly Dividend, that does not prohibit that Shareholder from electing for a Scrip Dividend Alternative in relation to all or any Subsequent Quarterly Dividends in the Current Financial Year by completing the applicable Subsequent Election sent to that Shareholder in respect of each respective Subsequent Quarterly Dividend as referred to above.

An Election can be revoked by a Shareholder at any time after that Shareholder has made an election, in accordance with the terms set out in the Appendix.

By completing Box (4) only on the Election, a Shareholder can elect, in relation to all of their Ordinary Shares for which they hold certificates, to receive Scrip Shares in respect of all of their Quarterly Dividends for the Current Financial Year and all of their quarterly dividends for any future financial years, during which the Scrip Dividend Alternative is available, unless the Shareholder revokes that mandate.

Shareholders with uncertificated Ordinary Shares held in CREST who wish to receive a Scrip Dividend Alternative must complete and submit a Dividend Input Election Message by 5.00pm on each Relevant CREST Deadline Date, in accordance with the Timetable and the terms of the Appendix, in relation to each Quarterly Dividend in the Current Financial Year. A standing Mandate is not available as the CREST system requires the input of a Dividend Input Election Message in respect of each Quarterly Dividend.

Shareholders who elect for the Scrip Dividend Alternative in respect of a Quarterly Dividend will receive in respect of that interim Quarterly Dividend declared an amount of Scrip Shares based on the Quarterly Dividend declared and the Relevant Quarterly Scrip Share Reference Price according to the following calculation:

$$\text{Number of Ordinary Shares held at the Relevant Record Date} \times \text{Relevant Quarterly Dividend per Ordinary Share} = \text{Total Quarterly Dividend available for Scrip Shares election}$$

AND

$$\frac{\text{Total Quarterly Dividend available for Scrip Shares}}{\text{Relevant Quarterly Dividend Scrip Share Reference Price}} = \text{Number of Scrip Shares (rounded down to the nearest whole number)}$$

The "**Relevant Quarterly Dividend Scrip Share Reference Price**" is the Scrip Share Reference Price (defined in the Appendix) attributable to the relevant Quarterly Dividend to which the Scrip Dividend Alternative relates.

Fractions of Scrip Shares will not be issued. In accordance with the discretion afforded to the Company under the Articles, any fractional entitlements will be retained by the Company. No fractional entitlements will be carried forward towards any future Scrip Shares attributable to a later Quarterly Dividend, nor will fractional Scrip Share entitlements be paid or be payable in cash to the relevant Shareholders.

Scrip Shares – Holders of Share Certificates

If you hold share certificates for your Ordinary Shares and wish to elect to receive Scrip Shares in respect of the Quarterly Dividend for the Current Financial Year that is attributable to the period from 1 April to 30 June 2016 you must complete and return the accompanying Election, which must be received by the UK Transfer Agent at the address on the Election, by no later than 5.00pm on Monday 12 September 2016, otherwise the full Cash Dividend entitlement will be paid in respect of all of the certificated Ordinary Shares that you hold in respect of the First Quarterly Dividend. If you wish to elect to receive Scrip Shares in respect of a Subsequent Quarterly Dividend then you should complete the Subsequent Election (not attached to this circular) for that Subsequent Quarterly Dividend which will be sent to shareholders following the announcement date of that Quarterly Dividend as set out in the above Timetable and return it to the UK Transfer Agent at the address on the Subsequent Election by the Relevant Deadline Date for that Subsequent Dividend. Further details are set out in paragraph 5 of the Appendix.

Shareholders who hold share certificates for their Ordinary Shares can also make a standing election mandate so that they receive not only the Quarterly Dividends declared in respect of the Current Financial Year but also all future dividends in respect of which the Directors decide to offer a Scrip Dividend Alternative. Such standing election mandate may only be made in respect of a Shareholder's entire shareholding of Ordinary Shares. Further details are set out in paragraph 6 of the Appendix.

Alternatively, Shareholders of certificated Ordinary Shares can make an election on-line by completing the electronic equivalent of the Election at: www.capitashareportal.com.

Scrip Shares – CREST Holders

If you hold your Ordinary Shares in CREST and wish to elect to receive Scrip Shares in respect of the Quarterly Dividend for the Current Financial Year that is attributable to the period from 1 April to 30 June 2016 (or for any Subsequent Quarterly

Dividends), you must submit a Dividend Election Input Message (as defined in the CREST Manual) by 5.00pm on each Relevant CREST Deadline Date, as set out in the Timetable and described in paragraph 7 of the Appendix. Unfortunately it is not possible for Shareholders who hold their Ordinary Shares in CREST to make a standing Mandate for any of their Ordinary Shares held in CREST. However, the Company will notify all Shareholders each time a Quarterly Dividend is declared via a Regulatory Information Service, at the appropriate time, and Shareholders who hold their Ordinary Shares in CREST will have the opportunity to elect to receive that Quarterly Dividend in the form of Scrip Shares, pursuant to the Scrip Dividend Alternative offered in accordance with the terms of this circular.

General

The Appendix sets out in detail the terms for the Scrip Dividend Alternative, together with explanatory notes. Paragraph 2 of the Appendix also explains that the proposals described in this circular are conditional upon, inter alia, the admission of any Scrip Shares to be issued, to the Official List of the Financial Conduct Authority (the “**Official List**”) and to trading on the London Stock Exchange plc’s main market (the “**London Stock Exchange**”).

The Appendix provides more information on the Scrip Dividend Alternative, the Election and ongoing mandate scheme and on some of the UK taxation consequences as at the date of this circular.

Yours sincerely

Kevin Lyon
Chairman
NextEnergy Solar Fund Limited

THE APPENDIX

TERMS AND EXPLANATORY NOTES

1. TERMS OF ELECTION

A Shareholder with Ordinary Shares registered in their name at the Relevant Record Date in respect of declared interim Quarterly Dividends, may elect to receive all or part of their entitlement to those Quarterly Dividends in the form of Scrip Shares, issued credited as fully paid, instead of the Cash Dividend. No fraction of a Scrip Share can be allotted and issued, and any cash representing any fractional entitlement to a Scrip Share will be dealt with as described in paragraph 3 below. All elections for the Scrip Dividend Alternative are subject to satisfaction of the conditions specified in paragraph 2 below. If those conditions are not satisfied, an election for the Scrip Dividend Alternative will automatically become void and (unless the condition relating to the solvency test is not satisfied) the relevant Shareholder will receive the full Cash Dividend in the usual way. The entitlement to receive Scrip Shares under the Scrip Dividend Alternative is personal and non-transferable.

The Scrip Dividend Alternative described in this circular relates to the Current Financial Year only. If the Directors decide to offer a scrip dividend as an alternative to cash in respect of dividends for any financial year after the Current Financial Year, you will be informed accordingly and a circular and appropriate elections for certificated Ordinary Shares for a scrip dividend election will be sent to you, unless you have made, and not elected to revoke or had cancelled by the Company, a Mandate (as defined and described in paragraph 6 below), in which case a notice detailing the basis of your entitlement to Scrip Shares will be sent to you instead.

2. CONDITIONS

If the Board declares a Quarterly Dividend, the Scrip Dividend Alternative is conditional on:

- (a) the Directors not revoking their decision to offer the Scrip Dividend Alternative instead of the Cash Dividend;
- (b) the Board being and remaining satisfied, on reasonable grounds, that the Company will, immediately after paying the relevant Quarterly Dividend, satisfy the solvency test set out in the Companies Law;
- (c) the Board having satisfied the requirements of the Companies Law in connection with the issue of the relevant Scrip Shares; and
- (d) admission of the relevant Scrip Shares to the Official List and to trading on the London Stock Exchange (see paragraph 10 below).

The Directors have the power at any time up to 5.00pm on the Relevant Revocation Date to revoke their decision to offer the Scrip Dividend Alternative instead of the Cash Dividend, in relation to a particular declared Quarterly Dividend. It is envisaged that the Directors would only revoke this decision in the event of a change in market conditions or a significant fall in the price of the Ordinary Shares, such that the Directors consider that the Scrip Dividend Alternative would be substantially less beneficial to Shareholders who accept the offer.

3. FRACTIONAL ENTITLEMENTS

Fractions of Ordinary Shares cannot be issued. Any residual cash amount representing a fraction of a Scrip Share arising as a result of an election for the Scrip Dividend Alternative, in respect of all or part of a Shareholder's Ordinary Shares, will never exceed the value of one Ordinary Share at the Scrip Share Reference Price (as defined in paragraph 4 below). Rather than incur the administration and cost of paying any such small amounts to individual Shareholders, any such residual cash amount will be retained by the Company in accordance with its Articles and it will not be carried forward to any later Quarterly Dividends that are declared and become payable.

4. BASIS OF ENTITLEMENT

If you elect for the Scrip Dividend Alternative, your entitlement to Scrip Shares in respect of the relevant interim Quarterly Dividends to which your election relates will be based on the amount of the relevant interim Quarterly Dividend and a price for each Scrip Share (the "**Scrip Share Reference Price**") which shall be calculated by reference to the higher of the prevailing average of the middle market prices of the Ordinary Shares derived from the Daily Official List of the London Stock Exchange for the Ex Dividend Date and the four subsequent dealing days for the relevant interim Quarterly Dividend and the prevailing Net Asset Value per Ordinary Share (as defined in the Articles), or in such other manner as the Directors may decide.

The formulae used for calculating the maximum Scrip Share entitlement of a Shareholder for a Quarterly Dividend are as follows:

$$\text{Number of Ordinary Shares held at the Relevant Record Date} \times \text{Relevant Quarterly Dividend per Ordinary Share} = \text{Total Quarterly Dividend available for Scrip Shares election}$$

AND

$$\frac{\text{Total Quarterly Dividend available for Scrip Shares}}{\text{Relevant Quarterly Dividend Scrip Share Reference Price}} = \text{Number of Scrip Shares (rounded down to the nearest whole number)}$$

5. HOW TO MAKE THE ELECTION FOR THE SCRIP DIVIDEND ALTERNATIVE: HOLDERS OF CERTIFICATED SHARES

This paragraph 5 applies only to Shareholders who hold share certificates for their Ordinary Shares.

5.1 Full Entitlement to Scrip Shares

To receive your maximum entitlement to Scrip Shares for the First Quarterly Dividend, complete the Election attached to this circular and sign, date and post your Election so as to reach the UK Transfer Agent by no later than 5.00pm on Monday 12 September 2016, being the Relevant Deadline Date for the First Quarterly Dividend, as set out in the Timetable. If you would like to consider your options each time a Scrip Dividend Alternative is offered in respect of a Subsequent Quarterly Dividend offered in respect of the Financial Year, then **DO NOT** mark Box (4) with a cross.

If you would like to take Scrip Shares for any Subsequent Quarterly Dividend for the Current Financial Year, then you should complete the Subsequent Election (which is not attached to this circular) for that Subsequent Quarterly Dividend which will be sent to shareholders following the announcement date of that Subsequent Quarterly Dividend as set out in the above Timetable and return it to the UK Transfer Agent at the address on the Subsequent Election by the Relevant Deadline Date for that Subsequent Dividend.

If, however, you also wish to elect for the maximum number of Scrip Shares receivable in respect of each future dividend for future financial years for which a Scrip Dividend Alternative is offered, you **should** mark Box (4) on the Form of Election with a cross (see paragraph 6 below) and **do not** place any number in Box (3). Box (4) cannot be used to elect for future Scrip Dividend Alternatives if you only wish to elect to receive future dividends in the form of Scrip Shares in respect of part of your holding.

5.2 Combination of Scrip Shares and Cash Dividend

To receive your First Quarterly Dividend as a combination of Scrip Shares and cash, insert in Box (3) on the Election the exact number of Ordinary Shares of your existing holding in respect of which you wish to elect to receive Scrip Shares instead of the full Cash Dividend. Then sign, date and post your Form of Election so as to reach the UK Transfer Agent by no later than 5.00pm on Monday 12 September 2016. If on the Form of Election you do not specify in Box (3) the number of Ordinary Shares in respect of which you are making your election, or if you make the election in respect of a greater number of Ordinary Shares than shown in Box (1) on the Election, your election will be deemed to be in respect of all of the Ordinary Shares shown in Box (1).

To receive any Subsequent Quarterly Dividends as a combination of Scrip Shares and cash, once you receive the Subsequent Election for that Subsequent Quarterly Dividend which will be sent to shareholders following the announcement date of that Subsequent Quarterly Dividend as set out in the above Timetable. Then sign, date and post that Subsequent Election so as to reach the UK Transfer Agent by no later than 5.00pm on the Relevant Deadline Date for that Subsequent Quarterly Dividend. If on the Subsequent Election you do not specify in Box (3) the number of Ordinary Shares in respect of which you are making your election, or if you make the election in respect of a greater number of Ordinary Shares than shown in Box (1) on the Subsequent Election, your election will be deemed to be in respect of all of the Ordinary Shares shown in that Box (1).

5.3 Full Cash Dividend

To receive the full Cash Dividend for a Quarterly Dividend for the Current Financial Year in the usual way, you do not need to take any action in relation to this circular or any Subsequent Elections sent to you. Your dividend will be paid in cash in the usual way.

5.4 Additional Applicable Information

Shareholders will receive, prior to each relevant Quarterly Dividend payment date, a notice containing details of the basis of their entitlement to Scrip Shares. If a Shareholder has not elected for the standing Mandate they will receive the necessary Subsequent Election which the Shareholder may complete and return.

An election only applies to the specific Quarterly Dividend to which it relates and shall therefore be revoked after payment of that same Quarterly Dividend, unless a Shareholder has elected for a standing Mandate as explained in paragraph 6 below.

6. HOW TO MAKE THE ELECTION FOR THE SCRIP DIVIDEND MANDATE

If Box (4) on the Election is marked with a cross, the Election will take effect as a standing Scrip Shares mandate (the "**Mandate**"), until revoked, instructing the Company to treat you as having elected to take the maximum whole number of Scrip Shares available instead of the Cash Dividend in respect of all Quarterly Dividends for the Current Financial Year and all future quarterly dividends paid in future financial years for which the Scrip Dividend Alternative is offered. The Mandate will apply to your entire holding of Ordinary Shares at the close of business on the Relevant Record Date for each Quarterly Dividend and for the stated record date for any subsequent financial years. If you acquire or dispose of any Ordinary Shares, your Mandate will continue to apply (until revoked) to such increased or decreased shareholding.

Alternatively, Shareholders can join the Mandate scheme on-line by completing the electronic equivalent of the Mandate at: www.capitashareportal.com.

Your Mandate may be cancelled by the Company at any time, or by you giving written notice to the UK Transfer Agent so as to be received before 5.00pm on the Relevant Revocation Date in respect of the relevant quarterly dividend. Your Mandate will be revoked automatically if the Company registers a transfer of all of your Ordinary Shares or if the Company receives notice of your death.

If you wish to complete a Mandate by placing an X in Box (4), do not include a number in Box (3).

All Shareholders for whom a Mandate is in force will receive, prior to each dividend payment date, a notice containing details of the basis of their entitlement to Scrip Shares.

The Mandate is subject to the subsequent renewal in general meeting of the Directors' authority to offer a Scrip Dividend Alternative. It will only apply in respect of any future dividend if the Directors decide to offer a Scrip Dividend Alternative in respect of that dividend. If the Directors' authority is not renewed, or the Directors decide not to offer a Scrip Dividend Alternative in respect of any particular dividend, a full Cash Dividend will be paid in the usual way.

7. HOW TO MAKE THE ELECTION FOR THE SCRIP DIVIDEND ALTERNATIVE: CREST SHAREHOLDERS

This paragraph 7 applies only to Shareholders who hold their Ordinary Shares in CREST. Terms defined in the CREST Manual and not re-defined in this circular shall bear the meanings attributed to them in the CREST Manual, unless the context otherwise requires.

7.1. Election for Scrip Shares

You can only elect to receive all or part of any interim Quarterly Dividends in the form of Scrip Shares by means of CREST procedures to effect such an election. **No other mandate or form of election will be permitted and if an Election is received, it will be rejected and returned to you.** If you are a CREST Personal Member, or other CREST Sponsored Member, you should consult your CREST sponsor, who will be able to take to appropriate action on your behalf.

The CREST procedures require the use of the Dividend Election Input Message in accordance with the CREST Manual. The Dividend Election Input Message submitted must contain the number of Ordinary Shares for which the election is being made. **An election by way of a Scrip Dividend Election will not be permitted.** The Dividend Election Input Message includes a number of fields which, for a valid election to be made, must be input correctly as indicated below:

- (a) Dividend Election Reference – You must indicate here a reference for the dividend election which is unique to your CREST particular ID;
- (b) Account ID – If you have more than one member account, you must indicate the member account ID to which the election relates;
- (c) ISIN – This is GG00BJ0JVY01;
- (d) Distribution type – You must enter “SCRIP” here;
- (e) Corporate Action – You must enter here the Corporate Action number for the dividend on which your election is being made. A Scrip Dividend Election cannot be made;
- (f) Number of Shares - You must enter here the number of Ordinary Shares over which your election is made, whether this is all or part of your holding. If you leave this field blank or zero your election will be rejected. If you enter a number of Ordinary Shares greater than your holding in CREST at the Relevant Record Date, the election will be applied to the total holding in the relevant CREST member account at the Relevant Record Date;
- (g) Contact Details – This field is optional, although you are asked to include details of whom to contact in the event of a query relating to your election.

The Company and/or the UK Transfer Agent reserve the right to treat as valid an election which is not complete in all respects.

By inputting a Dividend Election Input Message as described above, you confirm your election to participate in the Scrip Dividend Alternative in accordance with the details input and the terms and conditions of the Scrip Dividend Alternative as amended from time to time.

There is no facility to amend an election which has been made by a Dividend Election Input Message; if you wish to change your election details, you must first cancel the existing election as described in paragraph 7.4 below and the input a Dividend Election Input Message with the required new details.

7.2. Partial Elections

You can elect to receive Scrip Shares in respect of part of your holding. You will receive the Cash Dividend on the balance of your holding.

7.3. Timing

If you wish to receive Scrip Shares in respect of some or all of your holding of Ordinary Shares, you must make your election by 5.00pm on the Relevant Deadline Date set out in the Timetable, in relation to the relevant Quarterly Dividend.

7.4. Cancelling an Election

You may only cancel an election by utilising the CREST procedures for deletions described in the CREST Manual. Your deletion must be received and, in accordance with CREST procedures, be accepted by 5.00pm on the Relevant Revocation Date, for it to be valid for the relevant Quarterly Dividend for the Current Financial Year. It is recommended that you input any deletion message 24 hours in advance of the above deadline to give the Company and the UK Transfer Agent sufficient time to accept the deletion.

7.5. Basis of Entitlement

Your entitlement to Scrip Shares is calculated as set out in paragraph 4 above. Once your Scrip Shares have been allotted, a dividend confirmation will be sent to you showing the number of Scrip Shares allotted, the Scrip Share Reference Price and the total cash equivalent of the Scrip Shares for tax purposes.

7.6. The First Quarterly Dividend and Subsequent Quarterly Dividends

If you wish to receive Scrip Shares for each interim Quarterly Dividend for the Current Financial Year, you must complete a Dividend Election Input Message on each occasion a Quarterly Dividend arises. If you do not complete a Dividend Election Input Message, you will receive your dividend in cash.

If the Directors decide not to offer a Scrip Dividend Alternative for any financial year after the end of the Current Financial Year, a Cash Dividend will be paid to you in the usual way.

8. SHAREHOLDERS OUTSIDE THE UNITED KINGDOM

If you receive this circular and/or an Election in any country or jurisdiction outside the United Kingdom, you may not treat it as an invitation to elect to receive Scrip Shares, unless such an invitation could lawfully be made to you without the Company being required to comply with any registration or other legal requirements.

It is the responsibility of any person resident outside the UK wishing to elect to receive Scrip Shares, either in respect of any Quarterly Dividends for the Current Financial Year or for any dividends in future financial years, by way of the Scrip Dividend Alternative being offered by the Company, to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories.

Shareholders electing to take Scrip Shares pursuant to a Scrip Dividend Alternative will not be charged UK stamp duty on their shares. Guernsey does not have any stamp or other document duty in relation to the transfer or issue of shares.

9. IF YOU HAVE MORE THAN ONE REGISTERED HOLDING

If for any reason your Ordinary Shares are, at the Relevant Record Date for any Quarterly Dividend, registered in more than one holding and, as a result, you have received more than one Election or Subsequent Election (as applicable) then, unless you are able to make arrangements with the UK Transfer Agent to have your holdings consolidated before 5.00pm on the Relevant Record Date for the Quarterly Dividend for which you have provided an Election or Subsequent Election (as applicable), those holdings will be treated for all purposes as separate and you should complete separate Elections or Subsequent Elections (as applicable) or, in the case of holdings in CREST, separate Dividend Election Input Messages in respect of the Ordinary Shares for which you wish to elect for the Scrip Dividend Alternative.

10. LISTING AND RANKING OF THE SCRIP SHARES

Applications will be made for admission of the Scrip Shares to the Official List and to trading on the London Stock Exchange. The Scrip Shares will be credited on issue as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, except for participation in the relevant interim Quarterly Dividend under which such Scrip Shares are issued, and such Scrip Shares will rank for all future dividends.

11. GENERAL

No acknowledgement of Elections, Subsequent Elections or Dividend Election Input Messages will be issued. Subject to satisfaction of the conditions set out in this circular, definitive share certificates for the Scrip Shares held outside CREST will be posted, at the risk of the persons entitled thereto, on **the date as set out in RNS announcement for that Quarterly Dividend**, while CREST members should have their accounts credited on **the date as set out in RNS announcement for that Quarterly Dividend**. Dealings in the Scrip Shares are expected to begin on **the date as set out in RNS announcement for that Quarterly Dividend**. In the unlikely event that the Scrip Dividend Alternative does not become unconditional (see paragraph 2 above), any Mandates and Dividend Election Input Messages will be disregarded and (unless the condition regarding the statutory solvency test has not been met) the Company will pay the relevant interim Quarterly Dividends in cash in the usual way, as soon as practicable on or after **the date as set out in RNS announcement for that Quarterly Dividend**.

In respect of the First Quarterly Dividend, if all Shareholders were to decide to receive that interim Quarterly Dividend in cash (ignoring any dividend waivers), the total cash interim dividend payable by the Company would be approximately GBP 5,250,584.

As at the date of this circular, 332,842,105 Ordinary Shares were in issue.

Further copies of this document and/or the Form of Election may be obtained free of charge during normal business hours from the following:

Capita Asset Services
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

All enquiries in respect of the Scrip Dividend Alternative and completing the Election, any Subsequent Elections and the Mandate should be addressed to the UK Transfer Agent Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Completed Forms of Election should be posted to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

12. UNITED KINGDOM TAXATION

The following is a general summary of the UK tax consequences of electing to receive Scrip Shares pursuant to the Scrip Dividend Alternative instead of the Cash Dividend and is based on current UK law and HMRC practice as at the date of this circular (which are subject to changes, possibly with retrospective effect) and applies only to Shareholders who hold their Ordinary Shares as an investment. In particular, the following does not address the position of certain classes of Shareholders, such as dealers in securities.

Any decision to elect to receive Scrip Shares will be a matter for individual determination by each Shareholder and will depend upon their circumstances, as will the precise tax consequences of such an election. The summary set out below is not exhaustive and (except where otherwise indicated) only relates to the position of UK-resident Shareholders who are the beneficial owners of their shares. **Investors should consult their own professional tax advisors, however, in relation to the tax consequences of electing Scrip Shares.**

Shareholders who are in any doubt as to what action to take, or who are subject to tax in a jurisdiction other than the UK, should consult an independent professional advisor.

12.1. UK Taxation of Chargeable Gains

On the basis of case law, UK-resident Shareholders should not receive any income liable to UK income tax or corporation tax to the extent that they elect to receive Scrip Shares instead of the Cash Dividend. Nor should they make any disposal for chargeable gains tax purposes at the time at which the Scrip Shares are allotted. Instead the Scrip Shares and the original registered holding of Ordinary Shares (the "**Original Holding**") should be treated as a single holding acquired at the time of the Original Holding. There will be no allowable expenditure for chargeable gains tax purposes arising in respect of the Scrip Shares, and the allowable expenditure arising in respect of the Original Holding will be apportioned across the Original Holding and the Scrip Shares. A disposal for chargeable gains tax purposes will only arise at the time at which the Shareholder subsequently disposes of the Scrip Shares or the Original Holding (a "**Subsequent Disposal**").

UK-resident individual Shareholders may be subject to capital gains tax in respect of chargeable gains arising on a Subsequent Disposal depending on their individual circumstances. UK-resident corporate Shareholders may be subject to corporation tax in respect of chargeable gains arising on a Subsequent Disposal depending on their individual circumstances. UK-resident exempt funds will not be liable to tax on chargeable gains arising upon a Subsequent Disposal of investments held for the purpose of the fund.

12.2. Stamp duty

No UK stamp duty or stamp duty reserve tax will be payable on the issue of the Scrip Shares.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional investment adviser immediately. This Form of Election should not be completed by qualifying Shareholders wishing to receive the full cash dividend on the whole of their holding of Ordinary Shares or by any Shareholders who hold their Ordinary Shares in CREST. **If you have sold or transferred any Ordinary Shares shown in Box (1) below, you should contact your stockbroker or other agent through whom the sale or transfer was made without delay for advice as to show this Form of Election should be dealt with.**

This Form of Election is not transferable.

Words and expressions defined in the circular to shareholders of NextEnergy Solar Fund Limited, relating to the offer of a scrip dividend alternative to the interim Quarterly Dividends for the financial year ending 31 March 2017 and dated 25 August 2016, (the "**Scrip Circular**") have the same meanings when used in this Form of Election. The Scrip Circular can be viewed and/or downloaded from 'Circulars' in the Investor Relations part of the NextEnergy Solar Fund Limited's website (www.nextenergysolarfund.com).

NEXTEENERGY SOLAR FUND LIMITED
(a registered closed-ended investment company incorporated in Guernsey with registered number 57739)

FORM OF ELECTION

UK Transfer Agent: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
To receive new fully paid Ordinary Shares ("Scrip Shares") instead of cash in respect of the First Quarterly Dividend for the financial year ending 31 March 2017.

If you hold certificated Ordinary Shares and you wish to participate in the Company's scrip dividend alternative (the "**Scrip Dividend Alternative**") in respect of the First Quarterly Dividend, the details of which are set out in the Scrip Circular (which can be viewed and/or downloaded from the Company's website, as noted above), please complete, sign and return this Election to Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received not later than 5.00 pm on Monday 12 September 2016. Unless this is done you will receive the full Cash Dividend on the whole of your holding in respect of the First Quarterly Dividend for the Current Financial Year.

Name(s) of Shareholder (or joint Shareholders):	
Full address including postcode:	
Investor Code (IVC): located on your share certificate / dividend tax voucher	

This Election can be completed in relation to certificated Ordinary Shares at any time, but in order to be effective for the First Quarterly Dividend for the Current Financial Year, it must be received by the Company's UK Transfer Agent, Capita Asset Services, by no later than 5.00pm on Monday 12 September 2016, being the Relevant Deadline Date for the First Quarterly Dividend as set out in the Scrip Circular.

If you wish to continue to receive your dividends in cash or you hold your Ordinary Shares in uncertificated form (that is in CREST), you should NOT complete or return this Election. Elections received in respect of an uncertificated account will not be accepted and will be rejected.

TO RECEIVE THE MAXIMUM NUMBER OF SCRIP SHARES INSTEAD OF CASH IN RESPECT OF THE FIRST QUARTERLY DIVIDEND FOR THE FINANCIAL YEAR ENDING 31 MARCH 2017, SIMPLY SIGN, DATE AND POST THIS FORM. LEAVE BOX (3) AND BOX (4) BLANK.

If Box (4) below is marked with an X then, unless revoked, this Election will apply to all Quarterly Dividends in respect of the financial year ending 31 March 2017 and also to all future quarterly dividends paid in future financial years, in respect of which a Scrip Dividend Alternative is offered by the Company. This Election may be revoked by you at any time by writing to Capita Asset Services at the above address (stating your name, address and investor code), or by changing your election online via the UK Transfer Agent's web portal (www.capitashareportal.com/forms/Home.aspx).

The Scrip Circular explaining the options available to Shareholders and the actions required is available to view and download from the Company's website at (www.nextenergysolarfund.com) in the Investor Relations section, under 'Circulars'.

(1)	(2)	(3)	(4)
Ordinary Shares registered in your name at the close of business on 26 August 2016	Maximum number of Ordinary Shares on which an election may be made for the First Quarterly Dividend (see note 1)	Only complete this Box if you wish to elect on fewer Ordinary Shares than is shown in Box (2) – state the number (see note 1)	Mark with an X to effect a standing Mandate in respect of future dividends (if any) (see note 2) (the "Mandate")

NOTES:

- 1. If Box (3) is left blank or if you insert a number which is greater than the number shown in Box (1) (and you have not marked Box (4) with an X), you will be deemed to have made an election, for the First Quarterly Dividend only, in respect of the number of Ordinary Shares shown in Box (1). A cheque for the value of any balance in cash will be posted to you.**
- To receive, in future, on a routine basis, the maximum number of Scrip Shares in lieu of all future dividends in respect of which the Scrip Dividend Alternative is offered, place an X in Box (4) before you sign, date and return this Form of Election. You will receive Scrip Shares on the same terms and conditions under the Scrip Dividend Alternative as are being offered to other Shareholders. A standing Mandate can only be made in respect of your entire holding of Ordinary Shares from time to time. If the duly completed Mandate is received by the UK Transfer Agent on Monday 12 September 2016, being the Relevant Deadline Date for the First Quarterly Dividend the Mandate will remain valid for the Quarterly Dividends for the Current Financial Year and for dividends in future years, until written revocation is given to the UK Transfer Agent or until the Scrip Dividend Alternative is revoked or not applied by the Company.
- Shareholders can join the Scrip Dividend Alternative scheme on-line by completing the electronic equivalent of the Scrip Dividend Mandate at: www.capitashareportal.com.

To the Directors of NextEnergy Solar Fund Limited:

I/We, the undersigned, being the registered holder(s) of Ordinary Shares in NextEnergy Solar Fund Limited hereby give notice that, in respect of the number of Ordinary Shares registered in my/our name, I/we elect to receive an allotment of Scrip Shares to the maximum extent available or the lower allocation calculated by reference to the number of Ordinary Shares specified in Box (3) above (and where Box (4) is blank), in respect of the First Quarterly Dividend relating to the Current Financial Year for which a Scrip Dividend Alternative is offered, instead of cash. If I/we have placed an 'X' in Box (4), I/we elect to receive an allotment of Scrip Shares to the maximum extent available, instead of cash, for each Quarterly Dividend relating to the Current Financial Year and for all future dividends relating to future financial years, in respect of which a Scrip Dividend Alternative is offered by the Company. In each case, such allotment shall be on the same terms and conditions as apply under the Scrip Dividend Alternative offered to other Shareholders and in accordance with the memorandum and articles of incorporation of the Company.

I/We confirm that I/we am/are not prohibited from receiving or electing to receive Scrip Shares in accordance with the terms and conditions set out in the Scrip Circular and the regulatory and legal requirements of any applicable overseas jurisdiction. I/We hereby authorise you to send me/us by post, at my/our own risk, a share certificate in respect of new Ordinary Shares allotted and issued to me/us under the Scrip Dividend Alternative, as modified from time to time.

<p>(1) Full name and Signature: _____</p> <p>Dated: _____</p> <p>Contact Number: _____</p>	<p>(2) Full name and Signature: _____</p> <p>(3) Full name and Signature: _____</p> <p>(4) Full name and Signature: _____</p>
---	--

In the case of joint holders of Ordinary Shares in the Company ALL must sign. In the case of a corporation this Form of Election should be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated. All enquiries concerning this Form of Election should be addressed to the UK Transfer Agent, whose contact details are set out in paragraph 11 of the Appendix to the Scrip Circular.