NEXTENERGY SOLAR FUND

Generating a more sustainable future

Interim Report
for the six months ended 30 September 2020

Our Objectives

Investment Objective

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

Strategic Objectives

Investment

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

Operational

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

Environmental

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

Society

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

Governance

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

GREEN ECONOMY LONDON STOCK EXCHANGE

GUERNSEY GREEN FUND

Performance Highlights

Financial Highlights

NAV per ordinary share as at 30 September 2020

99.6p

(31 March 2020: 99.0p)

Ordinary shareholders' NAV as at 30 September 2020

£583.5m

(31 March 2020: £578.6 m)

Financial debt gearing as at 30 September 2020[1]

21%

(31 March 2020: 22%)

Dividends declared per ordinary share for six months ended 30 September 2020

3.53p

(30 September 2019: 3.44p)

Cash dividend cover (pre-scrip dividends) for six months ended 30 September 2020

1.2x

(30 September 2019: 1.3x)

Total gearing as at 30 September 2020[2]

41%

(31 March 2020: 42%)

NAV total return per ordinary share for six months ended 30 September 2020

4.1%

(30 September 2019: 3.2%)

Ordinary shareholder total return for six months ended 30 September 2020

3.9%

(30 September 2019: 6.7%)

Ordinary shareholder annualised total return since IPO

6.4%

(31 March 2020: 6.3%)

Operational Highlights

Total capacity installed as at 30 September 2020

755MW

(31 March 2020: 755MW)

Total electricity generation for six months ended 30 September 2020

551GWh

(30 September 2019: 515GWh)

Operating solar assets as at 30 September 2020

90

(31 March 2020: 90)

Generation above budget for six months ended 30 September 2020

11.1%

(30 September 2019: 5.0%)

ESG Highlights

Tonnes of CO_2e emissions avoided during the period[3]

237,500

(30 September 2019: 222,400)

UK homes powered for a year[4]

142,600

(30 September 2019: 134,000)

1 Financial debt gearing excludes the £200m preference shares

2 Total gearing is the aggregate of financial debt and £200m of preference shares. The preference shares are equivalent to non-amortising debt with repayment in shares

3 www.greeninvestmentgroup.com/green-impact/green-investment-handbook

4 www.gov.uk/government/statistics/energy-consumption-in-the-uk

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NextEnergy Solar Fund Overview

SOLAR INFRASTRUCTURE INVESTMENT COMPANY PRIMARILY FOCUSED ON THE UK

MANAGED BY THE NEXTENERGY CAPITAL GROUP, A LEADING SPECIALIST INVESTMENT AND ASSET MANAGER IN THE SOLAR ENERGY INFRASTRUCTURE SECTOR

DIVERSIFIED PORTFOLIO OF 90 INDIVIDUAL OPERATING SOLAR PLANTS

POWERING THE EQUIVALENT OF 142,600 UK HOMES (EQUIVALENT TO OXFORD AND YORK COMBINED) ANNUALLY WITH CLEAN RENEWABLE ENERGY

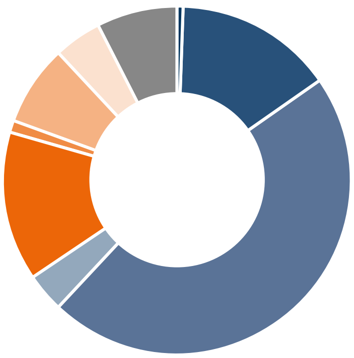
OPERATING AND ASSET MANAGEMENT OUTPERFORMANCE SINCE IPO

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

Snapshot of Our Diversified Portfolio

As at 30 September 2020

By Subsidy



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

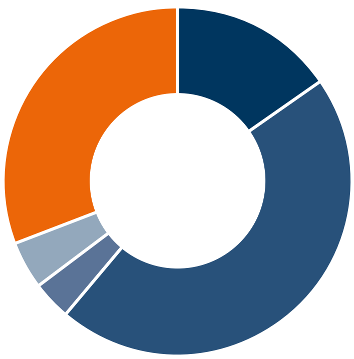
% of assets by MW capacity

By Installed Capacity

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

% of assets

By Revenue Type



15.4%	FiTs
45.9%	ROCs
3.5%	Embedded benefits
4.3%	Merchant – wholesale
30.9%	Merchant – fixed PPA

% of total revenue for six months ended 30 September 2020

By Inverter Manufacturer

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

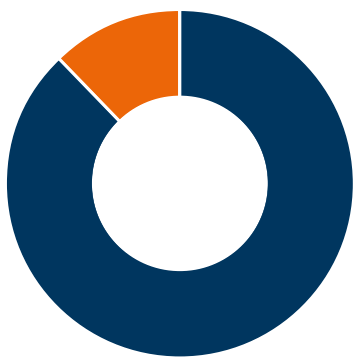
% of assets by MW capacity

By Solar Module Manufacturer

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

% of total revenue for six months ended 30 September 2020

By Location

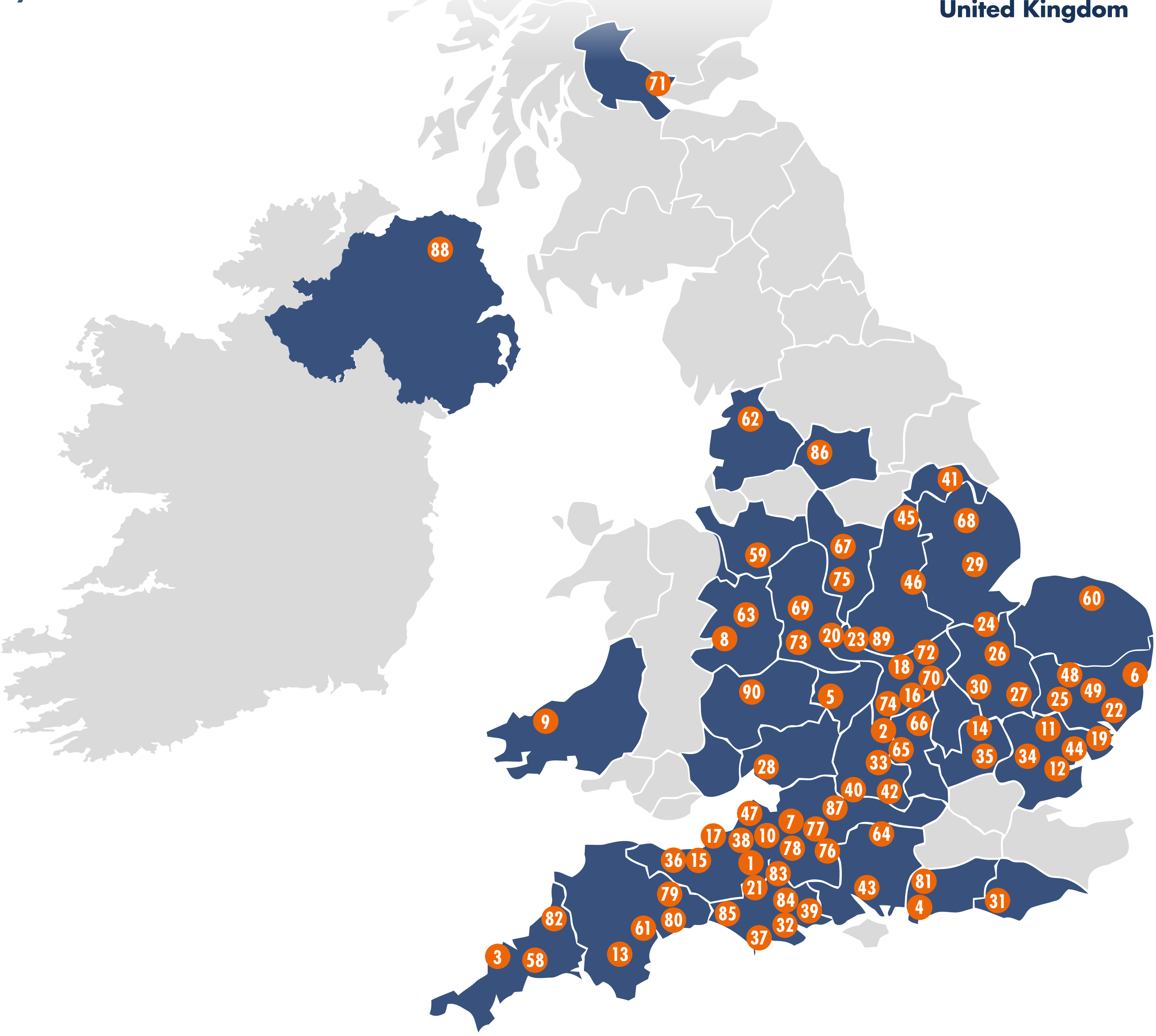


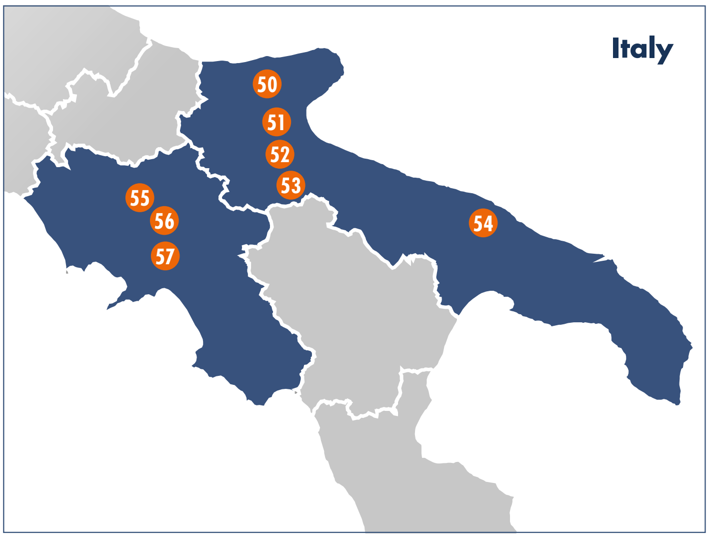
87.8%	UK
12.2%	Italy

% of invested capital

Snapshot of Our Diversified Portfolio continued

By Location





Operating assets – for further information, see pages 23 and 26.

Why Invest in Solar Assets?

ABUNDANT ENERGY SOURCE

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

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

PROVEN AND STABLE TECHNOLOGY

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

Long useful life (25-40 years with potential to extend) with a high proportion of contracted cash flows from operating solar plants

COST-EFFECTIVE ELECTRICITY GENERATION

Low operating and maintenance costs and ongoing capital expenditures

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

CLIMATE CHANGE SOLUTION

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

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

GREAT WILBRAHAM

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

Strategic Report

Chairman's Statement

Kevin Lyon, Chairman

In what has been a very difficult period for people and businesses globally, I am pleased to report a strong set of results which show the robustness and defensiveness of our business model as we continue to exceed our operational expectations.

Due to our exceptional generation in the period and our electricity sales performance, we achieved earnings of 4.04p per ordinary share with our dividend target for the current financial year of 7.05p per ordinary share remaining unchanged.

We have continued to pursue a diversified investment strategy and at the AGM in September shareholders approved our proposed change in Investment Policy with the Company now able to invest up to 30% of GAV in solar assets outside the UK. In our subsidy-free portfolio, we continue to target c.150MW with High Garrett (8.5MW) energised in October 2020, post the period end.

On behalf of the Board, I am pleased to present the Interim Report for the Company for the six month period ended 30 September 2020.

Results and Key Events

The six months under review have been an extraordinary period in the Company's history. The COVID-19 pandemic caused further turbulence to power prices and we continue to witness a sustained economic shock as a second wave hits. The electricity sector, along with most others, is still in recovery.

NextEnergy Solar Fund (the "Company" or "NESF") has performed well in this uncertain market environment, driven by our operating achievements and our electricity sales strategy. The Company's assets generated significantly more electricity than budgeted, largely due to solar irradiation being well above expectations, and prices on most of our generation having been locked in which enabled us to avoid the drop in power prices affecting our revenues. However, the change in demand for electricity has had an impact on the long-term forecast price of electricity, which affects the underlying valuation of our assets. This is explained in more detail below.

At the AGM in September, shareholders approved changes to the Company's Investment Policy. The Company can now invest up to 30% of GAV in solar plants outside the UK (previously 15%). Other changes included allowing up to 15% of GAV to be invested in private equity structures and 10% in standalone energy storage. These changes are also explained in more detail below.

The Company is moving ahead with its target c.150MW of subsidy-free assets from its pipeline of development projects. During the period, the Company disposed of two development projects that no longer met our financial return targets. This resulted in NESF recovering all development costs incurred and producing a return on capital invested significantly in excess of NESF's annualised target return for our UK assets. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rules. As at 30 September 2020, the Company had 55MW of operating subsidy-free assets in the portfolio. High Garrett (8.5MW) was energised in October 2020, making a total of 64MW as at the date of this report.

The technical performance of our plants during the period has been exceptional. Generation was 11.1% above budget and Asset Management Alpha (operational outperformance of the portfolio attributable to active asset management) was 0.3%. With the majority of our electricity sold under fixed-price contracts entered into before the drop in power prices, we achieved earnings of 4.04p per ordinary share (30 September 2019: 3.62p).

The Board has concluded its review of the Company's ordinary share dividend policy. To the extent the Board considers it appropriate, we will each year target increasing the total annual dividend paid to ordinary shareholders. In deciding the total annual dividend, the Board will take into account: projected future power prices and associated price hedges; inflation in our markets; historic and budgeted technical and operational performance of our portfolio; and the appropriate ratio of ordinary earnings and cash cover to proposed dividend payments. We will first apply this revised policy in respect of the financial year commencing 1 April 2021.

I am pleased to state that since the COVID-19 outbreak began the staff of our Investment Adviser and Asset Manager have all successfully transitioned to remote working.

Chairman's Statement continued

NAV and Operating Results

At the period end, the ordinary shareholders' NAV was £584m, equivalent to 99.6p per ordinary share (31 March 2020: NAV was £579m, NAV per ordinary share was 99.0p).

The main detractor during the six month period was the downward revision of the short-term inflation forecast (-0.5p per ordinary share) which moved from 2.2% for 2021 (as at 31 March 2020) to 1.1% for 2021 (as at 30 September 2020). The main contributors during the period were a minor increase in power price forecasts (+0.5p per ordinary share) and the lease extensions secured across four assets (+0.6p per ordinary share).

Profit before tax was £23.6m (30 September 2019: £21.1m) with earnings per ordinary share of 4.04p (30 September 2019: 3.62p). Cash dividend cover (pre-scrip dividends) was 1.2x (30 September 2019: 1.3x).

For the half year, the ordinary shareholder total return was 3.9% and the ordinary share NAV total return was 4.1%. As at 30 September 2020, NESF had achieved an annualised ordinary shareholder total return of 6.4% and an annualised ordinary share NAV total return of 6.1% since IPO. At the period end, the NESF share price was 102.0p, which was a 2.4% premium to the NAV per ordinary share of 99.6p (31 March 2020: share price was 101.5p, premium was 2.5%, NAV per ordinary share was 99.0p).

Power Prices

Before the impact of COVID-19, UK power prices were declining into March 2020 mainly as a result of lower gas prices and milder weather patterns. In March 2020, the "oil price war" between the USA, Saudi Arabia and Russia and the first effects of the COVID-19 pandemic led to further power price declines. In May 2020, the short-term demand-side effects stemming from the pandemic drove power prices down to an unprecedented level.

65% of the Company's revenues for the period were derived from government subsidies and, at the end of the period, the average remaining weighted life under the relevant subsidies was 14.5 years. These revenues are fixed for the long term in accordance with the terms of the relevant ROC, NIROC or FiT subsidies.

The balance of the Company's revenues are derived from selling the electricity generated in the market (representing non-subsidised revenues) and, therefore, are exposed to market power price movements. Our Asset Manager's electricity sales desk is focused on securing the best terms for our sales and minimising our exposure to short-term price fluctuations by securing fixed prices for specified periods. Fortunately, the Company's flexible power purchase agreement framework allowed us to lock in higher power prices before and during the period.

The post-lockdown economic recovery, and subsequent increased demand for electricity, has driven a recovery in short- and medium-term power prices; something that is currently reflected in day-ahead prices as well as summer and winter 2021 pricing. Our Asset Manager has been monitoring the market closely since March 2020, waiting for the optimum window to lock in forward power prices. However, with a second wave of coronavirus underway, the short-term horizon remains uncertain. In summary, the Company currently faces a challenging power price environment.

The Company has secured fixed pricing for 87% of generation for the remainder of the current financial year ending 31 March 2021, at a generation weighted fixed price of £49.1/MWh. Furthermore, the Company has fixed 58% of generation for summer 2021 and 42% for winter 2021 with weighted average fixed prices of £44.5/MWh and £49.9/MWh respectively. Our Asset Manager has deliberately left a significant amount of its generative capacity unhedged beyond winter 2020/21, in anticipation of a power price recovery.

Portfolio Performance

Energy generated during the period was 551GWh (30 September 2019: 515GWh), 11.1% above budget (30 September 2019: 5%), resulting in another period of strong outperformance.

During the period, solar irradiation across the portfolio was 10.8% above expectation (30 September 2019: 4.8%). Asset Management Alpha for the period was 0.3% (30 September 2019: 0.2%), and would have been 0.8% (30 September 2019: 1.0%) if we excluded distributor network outages, over which we have no control.

Our UK portfolio performed above expectations with generation outperformance of 11.5% (30 September 2019: 5.1%) and an Asset Management Alpha of 0.2% (30 September 2019: 0.1%).

Our Italian portfolio also performed well during the year with 4.6% extra generation over budget (30 September 2019: 1.8%) and an Asset Management Alpha of 0.3% (30 September 2019: 1.4%).

Overall, we estimate the generation outperformance during the period to have delivered additional revenues of approximately £6.0m (30 September 2019: £2.7m) to the Company.

Portfolio Update

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

Our subsidy-free strategy envisages constructing a total of approximately 150MW in capacity, of which 63MW has been energised at the date of this report. Constructing the full 150MW subsidy-free portfolio would amount to an estimated total investment of between £55m to £80m (6-8% of GAV as at 30 September 2020).

Our subsidy-free asset High Garrett (8.5MW) was energised in October 2020, post the period end. Other development assets are expected to enter the construction phase before the end of the calendar year. We are progressing strategies for the sale of electricity from these subsidy-free plants to secure attractive risk-adjusted returns using electricity sales agreements, corporate power purchase agreements or direct-wire agreements with off-takers.

Separately to the Company's subsidy-free strategy, the Company has agreed to finance, design, build, operate and own over 43MW of solar assets on Anglian Water sites. The power generated from these assets will be sold directly to Anglian Water under 25-year

Chairman's Statement continued

agreements at a fixed price. During the period, construction commenced on the first project (1MW), and energisation is expected to occur in early 2021.

On 14 May 2020, two subsidy-free pre-construction projects under development, Strensham and Llanwern, were disposed of for a combined consideration of £11.5m. This resulted in NESF recovering all development costs incurred and producing a return on capital invested significantly in excess of NESF's annualised target return for our UK assets. Construction had not started on either of these projects, and they were disposed of as it became apparent during the development process they would not meet NESF's financial target returns, mainly due to the decline in power price forecasts. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rules.

The Investment Adviser's Report on page 16 contains more information on our subsidy-free asset strategy.

Changes to Investment Policy

In recent years, investor demand for UK solar assets has increased significantly, leading to lower asset-level returns. There continues to be more attractively priced assets in other OECD geographies with risk-adjusted returns that are compatible with the Company's objectives. Increasing the Company's exposure to non-UK assets will have the additional benefit of reducing our reliance on merchant power price developments in the UK and potentially increasing the share of revenues under long-term fixed price contracts.

Having considered the benefits to shareholders, sought advice from the Company's corporate brokers and consulted with a number of the Company's largest ordinary shareholders, we concluded that it would be in the best interests of shareholders as a whole to expand the Company's Investment Policy in a number of areas. At the Company's AGM on 11 September 2020, the following changes were approved by shareholders:

- up to 30% of GAV may be invested in solar assets that are located outside the UK (the limit was previously up to 15%);
- the Company may now acquire an interest in solar assets located in non-OECD countries where those assets form part of a portfolio of solar assets in which the Company acquires an interest and subject to the Company's aggregate investment in any such assets being not greater than 3% of GAV;
- up to 15% of GAV may now be invested in solar assets through private equity structures; and
- the Company may now also invest in standalone energy storage systems (not ancillary to or co-located with solar assets owned by the Company) up to an aggregate limit of 10% of GAV.

At the time of making an investment, the cost of the investment is calculated as a percentage of GAV to ensure it does not breach the relevant limit. The Company's current Investment Policy is set out in full on pages 66 and 67.

The Investment Adviser is seeking to find attractive investment opportunities in line with the expanded Investment Policy to enhance ordinary shareholder returns and diversify risk.

Debt Strategy

As at 30 September 2020, in addition to the Company's £200m of preference shares (31 March 2020: £200m), its subsidiaries had total financial debt outstanding of £212.6m (31 March 2020: £214m). Of the financial debt, £193.8m comprises two long-term fully amortising debt facilities and £18.9m was drawn under a short-term credit facility.

One short-term credit facility of £70m was extended from July 2020 to July 2022 during the period. At the period end, the Company's subsidiaries had £71.1m undrawn from two short-term credit facilities and NESF had cash of £11.5m.

The total financial debt represented 21% of GAV as at 30 September 2020 (31 March 2020: 22%). As at 30 September 2020, the total gearing comprising the total financial debt and the Company's preference shares represented 41% of GAV (31 March 2020: 42%).

Dividends

We are targeting a dividend of 7.05p per ordinary share in respect of the financial year ending 31 March 2021 (2020: 6.87p).

The Directors have approved a second interim dividend of 1.7625p per ordinary share, which will be payable on 31 December 2020 to ordinary shareholders on the register as at the close of business on 20 November 2020.

The Company continues to offer a scrip dividend alternative as approved by shareholders at this year's AGM, details of which can be found on the Company's website (www.nextenergysolar.com).

During the period, the Company paid a total of £18.7m of cash dividends (2019: £17.5m) and, in addition, issued £1.6m of scrip shares to ordinary shareholders who elected for the scrip dividend alternative (2019: £2.2m), making a total of £20.3m of distributions (2019: £19.7m).

As mentioned earlier, the Board has concluded its review of the Company's ordinary share dividend policy. With effect from the financial year beginning 1 April 2021, the level of the annual ordinary share dividend will no longer be linked to the growth in RPI. Instead, to the extent the Board considers it appropriate we will each year target increasing the total annual dividend paid to ordinary shareholders. In deciding the total annual dividend, the Board will take into account: projected future power prices and associated price hedges; inflation in our markets; historic and budgeted technical and operational performance of our portfolio; and the appropriate ratio of ordinary earnings and cash cover to proposed dividend payments.

Environmental, Social and Governance Matters

Our commitment to ESG is at the forefront of our purpose. Our Investment Adviser is a signatory of the United Nations' Principles for Responsible Investments and has integrated ESG principles into all aspects of the NEC Group's investment and asset management processes.

The Company makes a meaningful contribution to reducing CO_2e emissions through the generation of clean solar power. The electricity generated by our portfolio during the period ended 30 September 2020 is equivalent to a saving of 237,500 tonnes of CO_2e emissions (2019: 222,400 tonnes) and sufficient to power some 142,600 UK homes for an entire year (2019: 134,000 homes). This is roughly

Chairman's Statement continued

equivalent to powering a city with 356,000 inhabitants (e.g. Oxford and York combined) for an entire year.

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

In addition to the ESG activities on behalf of NESF and other clients, the NEC Group continues to donate 5% of its net profits to the NextEnergy Foundation, which it established in 2017. The NextEnergy Foundation participates proactively in the global effort to reduce carbon emissions, providing clean power sources in regions where they are not available and contributing to poverty alleviation.

Appreciation

On behalf of my fellow Directors, I would like to express my sincere thanks and appreciation to the numerous people who have worked in the field and from home under difficult and testing conditions to enable our Company to continue to operate successfully in these challenging times.

Outlook

The Board, our Investment Manager and our Investment Adviser believe that the market environment continues to be favourable for the Company and its Investment Policy.

Undoubtedly, the economic shock of COVID-19 has had a profound impact on energy demand and commodity prices. However, the near-term power price recovery towards the end of the period and beyond has underlined the resilience of our sector in the current uncertain environment. The price for electricity is driven by several factors that are proving particularly difficult to predict in the current environment but is ultimately dependent on the supply and demand for electricity. A sustained upturn in demand for electricity will be driven by the pace of economic recovery once the effects of the pandemic subside.

We continue to monitor closely macro and micro economic indicators and governmental information to assess the potential future impact on the Company's activities. Nonetheless, the Company will continue to focus on generating attractive financial returns for our shareholders, while having positive social and environmental impacts.

The construction of two subsidy-free assets last year and grid-connecting High Garrett have demonstrated our ability to develop, construct and operate subsidy-free solar plants. Despite the volatile environment, we continue to pursue our c.150MW subsidy-free target.

Our specialist energy trading desk will seek to ensure that our electricity sales strategy, including for our subsidy-free assets, maximises revenues whilst mitigating risks of further falls in power prices during these volatile times.

We are aiming to extend the useful life of a further nine assets during the current financial year, adding to the 35 assets which have already secured extensions. These extensions will be value accretive and optimise our long-term revenues.

We are in the early stages of assessing a number of non-UK investment opportunities. Also, we will keep under review opportunities to invest in private equity funds, energy storage systems and ancillary solar technologies to diversify some of our asset-specific or market risks, whilst adapting our portfolio to the changing dynamics of the solar markets in which our assets are located.

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

The Company has demonstrated that it can be resilient to the volatility that COVID-19 has posed, and we are well placed to meet the challenge of achieving our investment objectives and the opportunity to grow the business in the future.

Kevin Lyon,
Chairman
20 November 2020

STAUGHTON

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

NextEnergy Capital Group

NextEnergy Capital Group is a leading solar investment manager and asset manager. The group is responsible for the acquisition and management of the Company's portfolio, including the sourcing and structuring of new investments and advising on the Company's financing strategy. It has c. £2.3bn of assets under management and employs over 190 people worldwide.

About NextEnergy Capital Group

The Investment Manager, Investment Adviser and Asset Manager are all members of the NextEnergy Capital Group (the "NEC Group"). The NEC Group is privately owned and was founded in 2007. It has evolved into a leading specialist investment and asset manager in the solar energy infrastructure sector. Since it was founded, it has been active in the development, construction and ownership of solar assets.

As at 30 September 2020, the NEC Group had assets under management of £2.3bn with a cumulative generating capacity of more than 1.3GW. In addition to the Company, it manages three private equity funds, NextPower II LP (invests in solar assets in Italy), NextPower III LP (invests in solar assets globally) and NextPower UK LP (invests in UK subsidy-free solar assets). The NEC Group's team of some 190 individuals has significant experience in energy and infrastructure transactions across multiple international jurisdictions.

The Investment Adviser's Investment Committee comprises Michael Bonte-Friedheim, Aldo Beolchini and Abid Kazim (formerly CEO of WiseEnergy), who combined have in excess of 60 years' industry experience.

Since 2007, the NEC Group has provided operating asset management, monitoring, technical due diligence and other services to over 1,500 utility-scale solar power plants with an installed capacity in excess of 2.3GW. Its asset management clients include solar funds, banks, private equity funds and other specialist investors. The Asset Manager has created a proprietary asset management platform which integrates all technical, financial and commercial data to analyse clients' data in real-time and generate insight, all of which help to protect and enhance the long-term quality and performance. The Asset Manager's software and systems, which have been refined over the past 11 years, and specialist staff with extensive solar experience allows WiseEnergy to be at the forefront of the "digitalisation of energy".

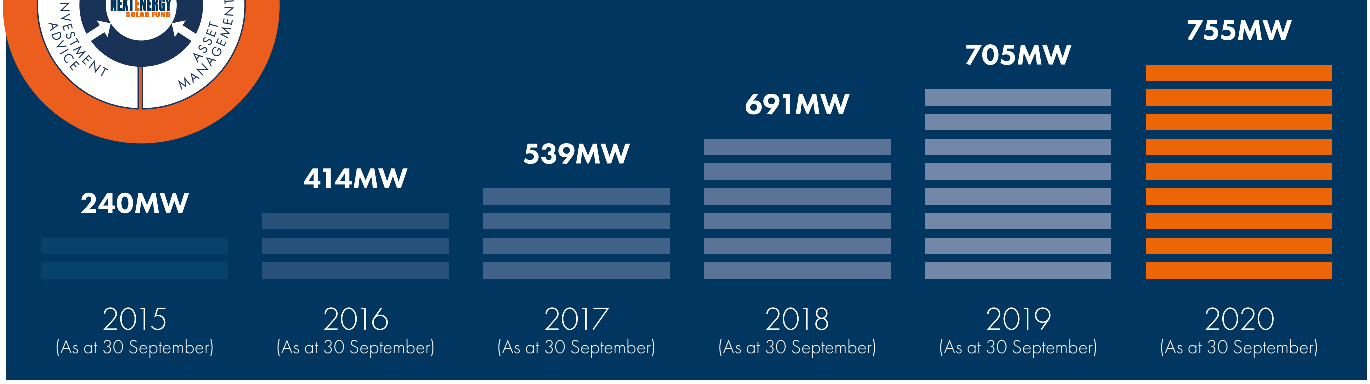
The collective experience of the NEC Group of investing and managing solar assets best positions the Company to implement efficiencies at both the investment and operating asset levels. The technical and operating outperformance of the Company's portfolio to date underlines the benefits of this comprehensive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

Investment Adviser

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

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

NextEnergy Solar Fund Installed Capacity



Investment Adviser's Report

Introduction

As at 30 September 2020, the NAV per ordinary share was 99.6p (31 March 2019: 99.0p). The movements reflects a minor increase in power price forecasts (+0.5p per ordinary share), the uplift arising from lease extensions (+0.6p per ordinary share), partially offset by the downward revision in short-term inflation forecasts (-0.5p per ordinary share).

At the period end, the UK blended average power curve corresponded to an average solar capture price of approximately £43.5/MW (31 March 2020: £40.9/MWh) for the period 2020-2025 and £46.7/MWh (31 March 2020: £46.9/MWh) for the period 2026-2050 (in 2020 prices).

In March 2020, the NEC Group enabled its business continuity plans for its global staff to work from home with minimal disruption. We continue to monitor closely the impact of COVID-19 in the UK, Italy and other countries in which we are assessing new investment opportunities. We continue to work with the Board and the Company's other service providers and suppliers to anticipate and mitigate, where possible, arising risks.

Portfolio Highlights

Pre-construction works for our third subsidy-free asset, High Garrett, began in early 2020 and full construction commenced in summer 2020. High Garrett, a 8.5MW extension to the 5MW ROC asset known as Kentishes acquired in 2016, was energised post the period end on 22 October 2020.

The Company has agreed to finance, design, build, operate and own over 43MW of solar assets on Anglian Water sites. The power generated from these assets will be sold direct to Anglian Water at a fixed price for a 25-year period through private wire agreements. During the period, construction work progressed and the first project (1MW) is expected to be energised in early 2021.

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

On 29 June 2020, a short-term revolving credit facility of £70m was extended from July 2020 to July 2022. This extension provides the Company with a short-term source of capital, at an attractive cost. NESF expects to use the revolving credit facility to finance its subsidy-free pipeline, and other investment opportunities that may arise falling within the Company's Investment Policy.

Portfolio Performance

Workers in the electricity sector are considered "key workers" and this has enabled the Asset Manager to ensure that the technical and operational integrity of NESF's solar assets has been maintained and, to date, NESF has not experienced any significant technical or operational impacts on its portfolio resulting from the effects of COVID-19.

During the period, solar irradiation across the entire portfolio was 10.8% above expectation (2019: 4.8%), and generation was 11.1% above budget (2019: 5.0%). Asset Management Alpha for the period was 0.3% (2019: 0.2%), which would have been 0.8% (2019: 1.0%) if distributor network outages, over which we have no control, were excluded.

Six months ended 30 September 2020	Irradiation (delta vs. budget)	Generation (delta vs. budget)	Asset Manage-ment Alpha
UK portfolio	+11.3%	+11.5%	+0.2%
Italy portfolio	+4.3%	+4.6%	+0.3%
Total	**+10.8%**	**+11.1%**	**+0.3%**

The Asset Management Alpha is an important metric that allows the Company to identify the "real" outperformance of the portfolio due to active management and excludes the effect of variation in solar irradiation. The "nominal" outperformance is calculated as the GWh generated by the portfolio versus the GWh expected in the assumptions used at the time of acquisition. This metric can be used for comparison with other peers in the solar industry.

The Asset Manager monitors actual performance versus expectations for assets operational for at least two months post completion. The three rooftop portfolios have been excluded as irradiation is not monitored. Staughton is also not monitored by the Asset Manager as the asset is yet to pass Preliminary Acceptance Certificate (PAC) in accordance with the EPC contract..

Six months ended 30 September	No. of assets monitored	Irradiation (delta vs. budget)	Generation (delta vs. budget)	Asset Management Alpha
2015	17	+2.9%	+5.7%	+2.8%
2016	31	+0.0%	+3.2%	+3.2%
2017	41	+0.5%	+2.0%	+1.5%
2018	84	+8.4%	+7.9%	–0.5%
2019	85	+4.8%	+5.0%	+0.2%
2020	86	+10.8%	+11.1%	+0.3%
Cumulative from IPO to 30 September 2020	**86**	**+3.4%**	**+6.0%**	**+2.6%**

Investment Adviser's Report continued

Portfolio Optimisation

Asset life extensions programme

During the period, we secured options or rights to extend the leases and/or planning on four UK plants. The positive impact on NAV of these lease extensions amounted to 0.6p per ordinary share at the period end.

As at 30 September 2020, 35 UK assets (337MW), comprising c.45% of the Company's portfolio, had secured 5, 10 or 15 year lease extensions. We continue to work on extending the life of the remaining portfolio and are targeting a further nine assets for the remainder of the current financial year.

For illustrative purposes, should the nine targeted assets be valued on a 40-year lease basis from the date of connection to the grid (assuming current lease terms), the Company's NAV per ordinary share at 30 September 2020 would increase by approximately 1.0p.

Asset optimisation

In both the UK and Italy, the Company had built up a stock of spare parts during H2 2019 and we are not currently expecting any significant complications along its spare parts supply chain. Consequently, the Asset Manager is not anticipating any material delays in its asset remediation and optimisation plans.

During the period, three sites entered into a new O&M contract under NEC's negotiated reduced price of £5.5k/MW with various counterparties and one is currently in negotiation with one of NEC's selected O&M contractors with completion expected in Q4 2020. These reduced-price contracts will result in aggregate annualised cost savings of c.£20k, equivalent to a 20% reduction in contract price.

During the period, three insurance claims were closed in relation to Thornborough for theft of DC cables (a final settlement of £60,568, bringing the total settlement to £110,568), Wellingborough for a grid imbalance (a settlement of £67,883) and Pierces Farm for a voltage surge (a settlement of £11,160).

Power purchase agreements

The NEC Group's specialist energy trading desk, along with external brokers, ensures that the Company's electricity sales strategy maximises revenues whilst mitigating the negative impact of short-term fluctuations in the power markets. The trading desk's approach to managing NESF's merchant market exposure is described below.

Secured pricing comprises of fixed price contracts, hedging under the trading contracts and nine FiT sites opted into the export tariff. During the period, power price contract fixes versus baseload prices provided £5.3m in revenue uplift. A significant amount of generative capacity was left unhedged beyond winter 2020/21 in anticipation of power price recovery.

UK hedging summary	Winter 2021	Summer 2021	Winter 2021
Generation hedged (%)	87%	58%	42%
Price hedged (£/MWh)	£49.1	£44.5	£49.9
Investment Adviser's forecast (£/MWh)	£43.4	£43.2	£46.4

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

OFGEM Review

In December 2019, OFGEM issued the Company with a decision to downgrade the ROC banding of Wellingborough from 1.6 to 1.4 and to revoke all ROCs from 31 March 2014 to 8 February 2015 as OFGEM did not agree with the original commissioning date. OFGEM has revoked ROCs which have been over-issued since 8 February 2015. As at the date of this report, we are exploring mitigants that remain open to NESF. The potential impact of the ROC downgrade is -£0.6m and, to be prudent, this has been included within the NAV (at the 31 March 2020 valuation).

In January 2020, subsequent to an OFGEM audit of Fiskerton, OFGEM stated that it would either be revoking the accreditation or downgrading the ROC banding from 1.4 to 1.3. As at the date of this report, we have had no further update from OFGEM. The potential impact of the downgrade is -£0.6m and, to be prudent, this has been included within the NAV (at the 31 March 2020 valuation).

In July 2020, OFGEM issued the Company with a minded-to notice following the Higher Hatherleigh audit, proposing to amend the accreditation date from 15 April 2013 to 27 April 2013 and to revoke all ROCs issued during this 13 day period, with no effect on the ROC banding.

Over the years multiple OFGEM audits have been successfully signed-off without impacting ROC accreditations. There are 14 OFGEM audits currently ongoing. The NEC Group has resources trained, briefed and experienced to deal with ongoing audits. Engagement is in progress with OFGEM through professional advisers and senior NEC staff. The team has identified and mapped contractual recourse associated with identified risk of loss for completed, ongoing and potential future audits.

Managing NESF's merchant market exposure

PPA sourcing and structuring	Energy and market risk management	Market and pricing analysis
Run competitive off-taker selection processes through our extensive network in the solar industry	We measure, monitor and manage merchant exposure through selling at spot, entering into short-term, medium-term and long-term PPAs	NEC provides pricing for NESF projects, supported by multiple independent short and long-term third-party power price forecasts
Quantitative evaluation of the offers in term of risk and reward and devise optimal project-specific solutions	Constant dialogue with investors, banks and off-takers on developing new and innovative structures for risk diversification to enable us to increase portfolio returns	Undertake rigorous analysis and monitoring of the main drivers for power prices in target markets
Individual view of market price risks and opportunities and delivery obligations in order to find the optimal PPA structure		Monitor policy/regulatory developments in the UK and other OECD target markets to obtain an holistic energy market overview

Investment Adviser's Report continued

Subsidy-free Asset Strategy

The Company has sourced a pipeline of projects which can be developed into operating subsidy-free assets and is targeting approximately 150MW of operating subsidy-free assets in its portfolio. As at 30 September 2020, the Company had 55MW of operating subsidy-free assets. High Garrett (8.5MW) was energised in October 2020, making a total of 64MW as at the date of this report. The balance of c.86MW will be selected from the pipeline.

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

During the period, the Company disposed of Strensham and Llanwern development projects (40MW and 75MW respectively) as they had ceased to meet the Company's annualised target returns for UK assets, achieving an IRR on the disposal significantly in excess of its target returns.

Although the Anglian Water projects will be subsidy-free, the energy generated will be sold directly to Anglian Water at a fixed price for a 25-year period through private wire agreements and, therefore, these assets have similar characteristics to subsidised assets and are not included in the 150MW subsidy-free strategy.

The NEC Group's Head of Energy Sales is responsible for managing the strategy for the sale of electricity from the subsidy-free operating assets. Details on the power price risk management strategy can be found at the bottom of the previous page and in note 23 to the Financial Statements on pages 54 to 56.

The Italian Solis Portfolio

In December 2017 the Company acquired the portfolio of eight operating solar plants with an installed capacity of 34.5MWp located in Italy for a total value of €131.9m (equivalent to £116.2m). The portfolio represented 12% of the Company's GAV as at 30 September 2020.

The key benefits of the Solis portfolio continue to be:

- **High risk-adjusted return:** As at the 30 September 2020 valuation, the net IRR of the Solis portfolio was 8.3%.
- **Low risk-profile:** The Company benefits from the portfolio's operating history and the high quality of its components. In addition, it reduces NESF's exposure to merchant energy markets, as around 85% of its revenues are fixed for 15 years following the acquisition.
- **Positive contribution to dividend cover:** The higher return on investment is coupled with an attractive cashflow generation profile, which is higher than ROC assets, and evenly spread over the life of the investment, as the Italian FiT is fully fixed. For the purposes of comparison, the Solis portfolio has a cash dividend cover equivalent metric of 1.4x, which supports the Company's overall dividend target.
- **NAV accretion:** As at 30 September 2020, the Solis portfolio was valued on a DCF basis with an overall discount rate of 7.75% (31 March 2020: 7.75%) as a result of the increasing competition to acquire solar PV assets in Italy.
- **Diversifying market risk:** Italy is supported by a FiT incentive mechanism. The FiT is granted by a state-owned company which promotes and supports renewable energy in Italy, where the sole shareholder is the Ministry of Economy and Finance. Tariffs differ depending on the capacity, type of plant and the time of commissioning which range between €195/MWh to €318/MWh. Once a PV plant is accredited, the FiT is granted over a period of 20 years and is not inflated.
- **Low revenue risk:** Of the Solis portfolio revenues, c.85% result from FiTs. The FiTs specific to this portfolio expire in 2031. The remaining 15% is from the sale of the brown electricity fed into the grid at market price or via PPAs to other market participants. With this revenue mix there is low revenue risk. In addition, low operating costs result in stable EBITDA margins in excess of 80%.

Changes to Investment Policy

As explained in the Chairman's Statement on page 10, the following changes to the Company's Investment Policy were approved by shareholders at the Company's AGM on 11 September 2020:

- up to 30% of GAV may be invested in solar assets that are located outside the UK (the limit was previously 15%);
- the Company may now acquire an interest in solar assets located in non-OECD countries where those assets form part of a portfolio of solar assets in which the Company acquires an interest and subject to the Company's aggregate investment in any such assets being not greater than 3% of GAV;
- up to 15% of GAV may now be invested in solar assets through private equity structures; and
- the Company may now also invest in standalone energy storage systems (not ancillary to or co-located with solar assets owned by the Company) up to an aggregate limit of 10% of GAV.

We are currently seeking to identify value creating opportunities in line with the amended Investment Policy to maximise shareholder returns and increase geographical diversification.

Investment Adviser's Report continued

Portfolio Valuation

Introduction

The Investment Adviser is accountable for carrying out the fair market valuation of the Company's underlying investment portfolio which is presented to the Company's Board for its review and approval. The valuation is carried out quarterly (ad hoc valuations may also be undertaken from time to time, for example in conjunction with an equity fund raising).

The valuation principles used are based on a discounted cash flow methodology and take into account International Private Equity and Venture Capital ("IPEV") valuation guidelines. Assets not yet operational or where the completion of the acquisition is not imminent at the time of valuation use the acquisition cost as a proxy for fair value, which take into account IPEV valuation guidelines.

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 Adviser.

Portfolio valuation – key assumptions	As at 30 September 2020	As at 31 March 2020
UK long-term inflation	3.0%	3.0%
UK short-term inflation	1.1%	2.2%
Weighted average discount rate	6.8%	6.8%
Weighted average asset life	27.1 years	26.9 years
UK power price average (20 years)	£46.7/MWh	£45.1/MWh
Italy power price average (20 years)	€46.5/MWh	€47.1/MWh
UK corporate tax rate	19%	19%

Valuation bridge for the six months ended 30 September 2020

[1] Operating result includes excess cash generated for the period of £4.5m

Forecast power prices methodology

At the 31 March 2020 valuation, we took a blended average of two of the leading independent energy market consultants' long-term projections to derive the power curve adopted in the valuation of the Company's portfolio.

Subsequent to the year end, for the UK portfolio, we now use multiple sources for UK power price forecasts. At the short end (the next two years), where PPAs exist we use the PPA prices and, for periods where there are no PPAs in place, we use the short-term market forward prices. After year two we use a simple average of three leading independent energy market consultants' long-term projections. This approach allows mitigation of any delay in response from the Consultants in publishing periodic (quarterly) or ad hoc updates following any significant market development.

For the Italian portfolio, a leading independent energy market consultant's long-term projections are used to derive the power curve adopted in the valuation.

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

Investment Adviser's Report continued

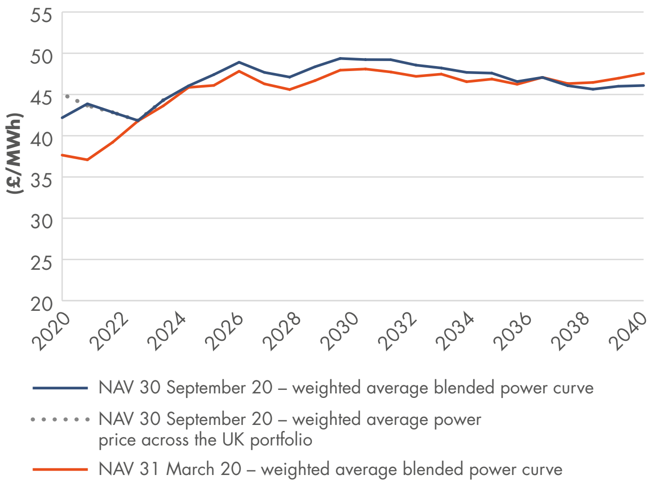
Historic - UK power prices

UK electricity day ahead prices increased from approximately £31.7/MWh in March 2020 to approximately £43.8/MWh in September 2020 (see graph below).

Source: N2EX - UK baseload – day ahead

Forecast UK power prices (real 2020)

The Company's current UK long-term power price forecast implies an average price of approximately £46.7/MWh in today's terms. This represents an increase of 3.3% compared to those used at the end of the previous financial year (and 47.3% below the assumptions employed at IPO).



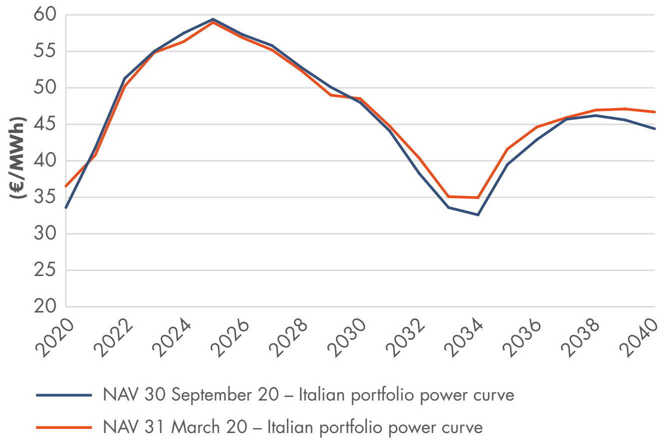
Historic - Italian power prices

The Italian price of electricity increased from approximately €32.0/MWh in March 2020 to approximately €48.8/MWh in September 2020 (see graph below).

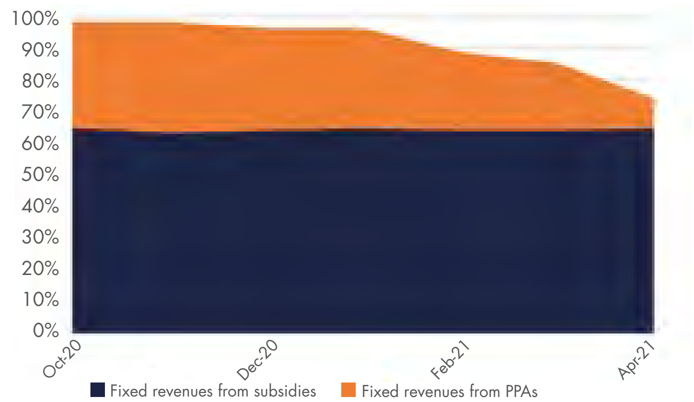
Source: Gestore Marcati Energetici – purchasing price

Forecast Italian power price (real 2020)

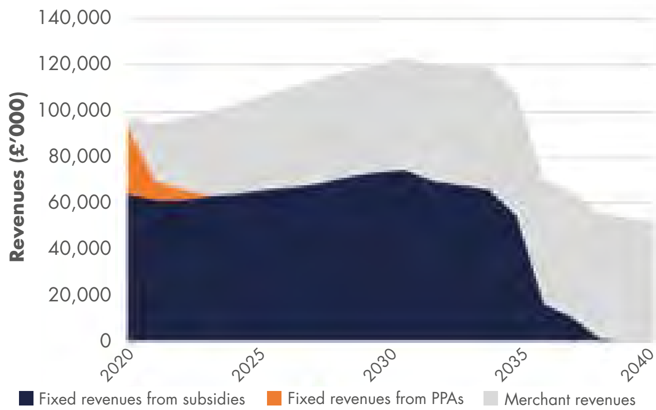
The Company's current Italian long-term power price forecast implies an average price of approximately €46.5/MWh in today's terms. This represents a decrease of 1.1% compared to those used at the end of the previous financial year.



% of NESF revenues fixed until 31 March 2021



NESF 20-year forecast revenue breakdown



Investment Adviser's Report continued

Discount rate

The Company has maintained the discount rate for unlevered operating solar assets in the UK at 6.25% (31 March 2020: 6.25%).

In the context of high liquidity provided by international investors, a maturing renewable energy market, a scarcity of subsidised assets and the lack of any incentive framework for new installations, demand for operating solar assets remained strong resulting in sustained pressure on prices in the last six months. These changing dynamics were evidenced by the experience of the Investment Adviser when bidding for solar assets in the UK.

Discount rate assumptions	Premium	As at 30 September 2020	As at 31 March 2020
UK unlevered	–	6.25%	6.25%
UK levered	0.7-1.0%	6.95-7.25%	6.95-7.25%
Italy unlevered[1]	1.5%	7.75%	7.75%
Subsidy-free[2]	1.0%	7.25%	7.25%
Life extensions[3]	1.0%	7.25-8.25%	7.25-8.25%

1 Unlevered discount rate for Italian operating assets implying 1.50% country risk premium.

2 Unlevered discount rate for subsidy-free operating assets implying 1.0% risk premium.

3 1.0% risk premium for cash flows after 30 years where leases have been extended.

The resulting weighted average discount rate for the Company's portfolio was 6.8% (31 March 2020: 6.8%). The Company does not adopt weighted average cost of capital ("WACC") as a discount rate for its investments as it believes that the reduction in WACC deriving from the introduction of long-term debt financing does not reflect the greater level of risk to equity investors associated with levered assets or levered portfolios. However, for the purposes of transparency, the Company's pre-tax WACC as at 30 September 2020 was 5.4% (31 March 2020: 5.5%).

Asset life

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

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

The discounted cash flow valuation assumes a zero-terminal value at the end of the lease term for each asset or the end of the planning permission, whichever is the earlier.

Operating performance

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

During the period, FACs were closed across 35MW, with £877k retentions secured. These funds have been held back within the SPV to remedy any issues which remain outstanding.

As at 30 September 2020, 68 UK solar assets and all Italian solar assets (550MW) in the portfolio had achieved FAC and their actual PR was used in the discounted cash flow valuation.

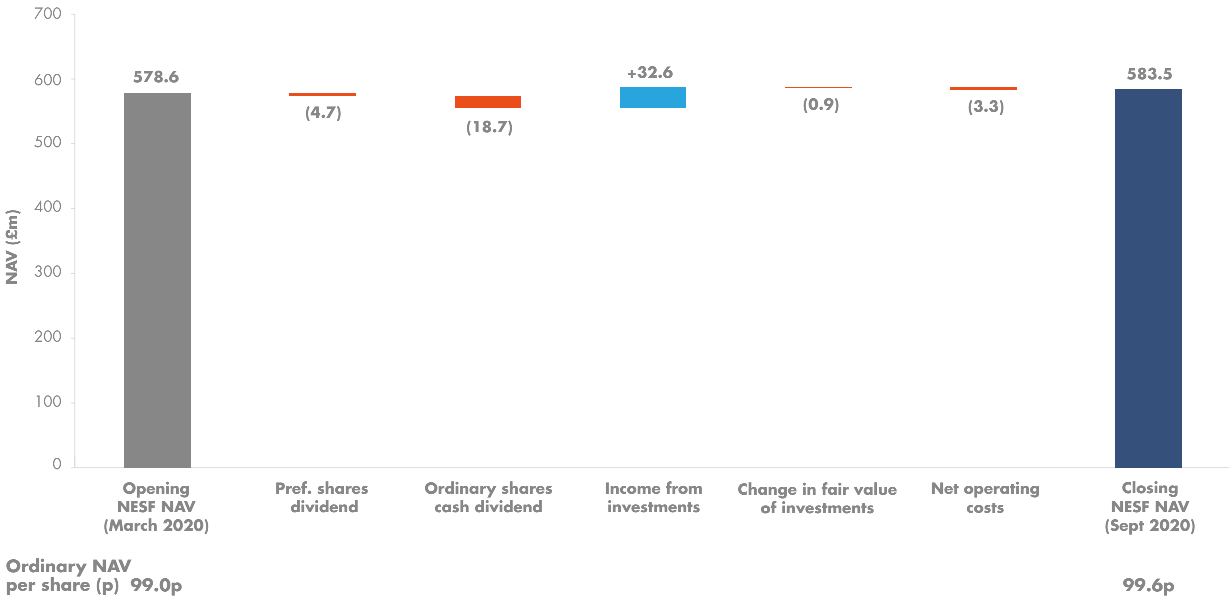
FAC timeline for remaining assets	Capacity (MW)
Financial quarter ending December 2020	76
Financial quarter ending March 2021	26
Period from April 2021 to September 2022	55
Total	**157**

Investment Adviser's Report continued

NAV

The Company's NAV is calculated on a quarterly basis based on the valuation of the investment portfolio provided by the Investment Adviser and the other assets and liabilities of the Company provided by the Administrator. The NAV is reviewed and approved by the Investment Manager and the Board. All variables relating to the performance of the underlying assets are reviewed and incorporated in the process of identifying relevant drivers of the discounted cash flow valuation. The Company reports its financial results as an Investment entity and on a non-consolidated basis under IFRS 10 (see note 2b to the Financial Statements on page 38) and thus the change in fair value of its assets during the year is taken through the Statement of Comprehensive Income.

NAV bridge for the six months ended 30 September 2020

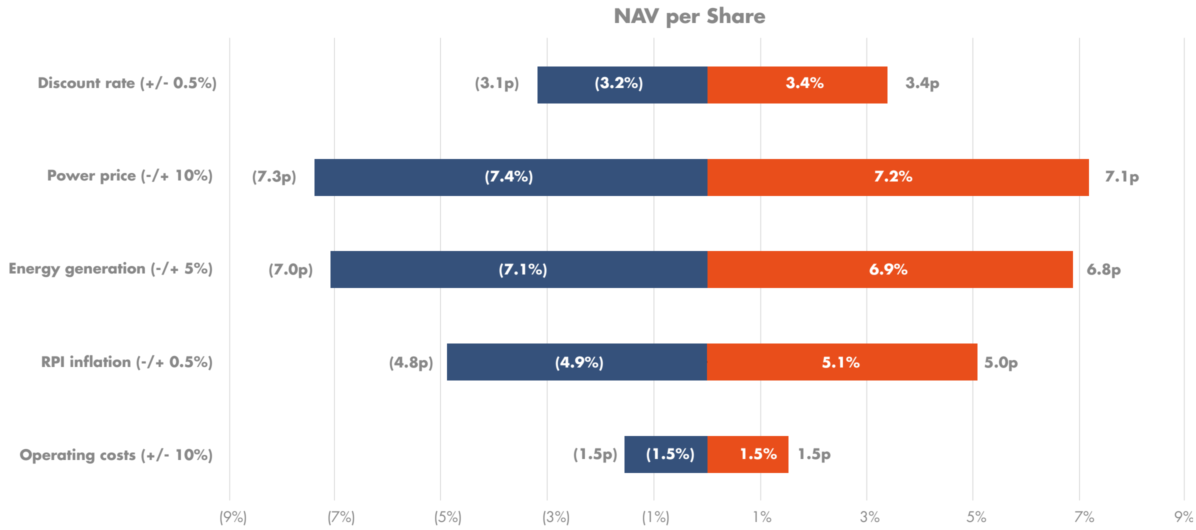


The movements were driven by the following factors:

- the upward revisions in the UK forecasts for power prices provided by the three Consultants (31 March 2020: two Consultants), being 3.3% higher compared to the assumptions at 31 March 2020 (the Company uses the forecasts released by the Consultants up to the date of preparation of this Interim Report);
- the uplift arising from lease extensions;
- the operating results achieved by the Company's solar assets;
- the downward revision of short-term inflation forecasts; and
- the cash dividends paid by the Company during the period and the Company's operating costs.

NAV sensitivity analysis as at 30 September 2020

The chart shows the impact of the key sensitivities on the NAV per ordinary share. Additional sensitivity analyses can be found in note 20b to the Financial Statements on pages 50 to 53.



Investment Adviser's Report continued

Operating Results

Profit before tax was £23.6m (30 September 2019: £21.1m) with earnings per ordinary share of 4.04p (30 September 2019: 3.62p).

Operating Expenses and Ongoing Charges

The operating expenses, excluding preference share dividends paid by the Company, for the period amounted to £3.3m (30 September 2019: £3.6m). The Company's ongoing charges ratio ("OCR") was 1.1% (2019: 1.1%). The budgeted OCR for the financial year ending 31 March 2021 is 1.1%. The OCR, which has been calculated in accordance with the AIC's recommended methodology, is an Alternative Performance Measure (see page 65).

Dividends

Six months ended 30 September 2020	£'000	Pre-scrip dividends £'000
Cash income for period[1,2]	32,490	
Net operating expenses for period	(3,299)	
Preference shares dividend	(4,750)	
Net cash income available for distribution	24,441	
Ordinary shares dividend paid during period		20,344
Cash dividend cover[2]		1.2x

1 Cash income differs from the Income in the Statement of Comprehensive Income as the latter is prepared on an accruals basis. See page 34 for further information.

2 Alternative Performance Measure.

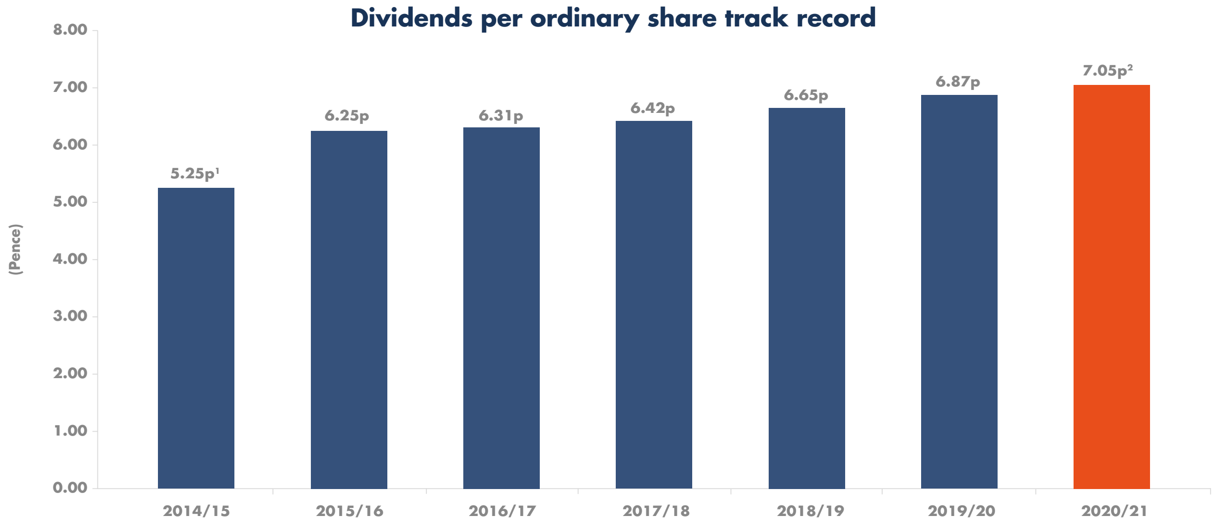
For the year ended 31 March 2021, the second quarterly dividend of 1.7625p per ordinary share is expected to be paid on 31 December 2020 to ordinary shareholders on the register at the close of business on 20 November 2020. The Company offers scrip dividends, details of which can be found on the Company's website (www.nextenergysolarfund.com).

Cash Flow Analysis

As at 30 September 2020, the Company held cash of £11.5m at a high credit rated financial institution.

Cash flows of the Company	Period end 30 Sep 2020 (£'000)	Period end 30 Sep 2019 (£'000)
Company cash balance at 1 April	**25,127**	**19,286**
Investment in HoldCos	(5,928)	(99,900)
Proceeds from preference shares	–	98,650
Received from HoldCos	19,015	12,376
Directors' fees	(127)	(104)
Investment Manager fees	(2,565)	(3,834)
Administrative expenses	(604)	(1,402)
Dividends paid in cash to ordinary shareholders	(18,702)	(17,434)
Preference share dividends	(4,724)	(2,368)
Company cash balance at 30 September	**11,492**	**5,270**

Cash received from assets in the period covers the operating and administrative expenses of the Group and preference share dividend costs, as well as the dividends declared to ordinary shareholders in respect of the period ended 30 September 2020.



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

2 Target dividend for the financial year ending 31 March 2021.

Investment Adviser's Report continued

Financing

Financial debt

At 30 September 2020, the Company's subsidiaries had financial debt outstanding of £213m (31 March 2020: £214m), on a look-through basis, including project level debt, as shown in the table below.

As a result of relatively low HoldCo debt levels, and support of RPI linked subsidies, debt covenants at the HoldCos level would only be breached at extraordinarily low power prices (c.£20/MWh).

Preference shares

At 30 September 2020, the Company had £200m of preference shares outstanding (31 March 2020: £200m).

The preference shares are non-redeemable (except in limited exceptional circumstances), non-voting and convertible into ordinary shares from 1 April 2036 at their issue price (£200m in aggregate) plus any unpaid preference share dividends relative to the ordinary share NAV at the date of conversion. For financial accounting purposes, the preference shares are classified as long-term liabilities. The preference shares are, therefore, equivalent to non-amortising debt with repayment in shares and the Company is not required to use cashflow, or raise funds, to repay them over or at the end of their life. The absence of amortisation enhances the ordinary share dividend payability and repayment in shares removes refinancing risk.

The investment management fee is calculated based on ordinary share NAV and, accordingly, no management fee is payable in respect of the preference shares. The terms of the preference shares can be found in note 24 to the Financial Statements on page 57.

Total gearing

The financial debt, together with the preference shares, represented a total gearing level of 41% (31 March 2019: 42%), which is below the maximum debt-to-GAV level of 50% in the Company's Investment Policy.

Provider/ arranger	Type	Borrower	No. of power plants secured[1]	Loan-to value (LTV) [2]	Tranches	Facility amount £m	Amount out-standing £m	Termi-nation (including options to extend)	Applicable rate
					Medium-term	48.4	48.4	Dec-26	2.91%[4]
					Floating long-term	24.2	24.2	Jun-35	3.68%[4]
MIDIS/CBA/NAB	Fully-amortising long-term debt[3]	NESH	21 (241MW)	50.4%	Index linked long-term	38.7	35.5	Jun-35	RPI + 0.36%
					Fixed long-term	38.7	38.7	Jun-35	3.82%
					Debt service reserve facility	7.5	–	Jun-26	1.50%
MIDIS	Fully-amortising long-term debt[3]	NESH IV	5 (84MW)	47.5%	Inflation-linked	27.5	22.2	Sep-34	RPI + 1.44%
					Fixed long-term	27.5	24.8	Sep-34	4.11%
Total long-term debt							**193.8**		
NIBC	Revolving credit facility	NESH II	2 (28MW)		n/a	20.0	–	Feb-22	LIBOR + 2.20%
Santander	Revolving credit facility	NESH VI	13 (100MW)		n/a	70.0	18.9	July-22	LIBOR + 1.9%
Total short-term debt							**18.9**		
Total debt							**212.6**		

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

Events After the Reporting Period

On 22 October 2020, subsidy-free asset High Garrett (8.5MW) was energised.

On 11 November 2020, the Directors approved a dividend of 1.7175 pence per ordinary share for the period ended 30 September 2020 to be paid on 31 December 2020 to ordinary shareholders on the register as at the close of business on 20 November 2020.

NextEnergy Capital Limited
20 November 2020

Operating Portfolio – Overview

	Power plant	Location	Announcement date	Subsidy[1]	Installed capacity (MWp)	Cost (£m)	Remaining life of plant (Years)
1	Higher Hatherleigh	Somerset	May-14	1.6	6.1	7.3[3]	17.5
2	Shacks Barn	Northamptonshire	May-14	2.0	6.3	8.2[3]	16.8
3	Gover Farm	Cornwall	Jun-14	1.4	9.4	11.1[3]	19.2
4	Bilsham	West Sussex	Jul-14	1.4	15.2	18.9[3]	23.7
5	Brickyard	Warwickshire	Jul-14	1.4	3.8	4.1[3]	19.1
6	Ellough	Suffolk	Jul-14	1.6	14.9	20.0[3]	28.4
7	Poulshot	Wiltshire	Sep-14	1.4	14.5	15.7[3]	18.4
8	Condover	Shropshire	Oct-14	1.4	10.2	11.7[3]	19.1
9	Llywndu	Ceredigion	Dec-14	1.4	8.0	9.4	29.2
10	Cock Hill Farm	Wiltshire	Dec-14	1.4	20.0	23.6[3]	18.9
11	Boxted Airfield	Essex	Dec-14	1.4	18.8	20.6[3]	19.5
12	Langenhoe	Essex	Mar-15	1.4	21.2	22.9[3]	34.5
13	Park View	Devon	Mar-15	1.4	6.5	7.7[3]	34.3
14	Croydon	Cambridgeshire	Mar-15	1.4	16.5	17.8[3]	19.2
15	Hawkers Farm	Somerset	Apr-15	1.4	11.9	14.5[3]	19.5
16	Glebe Farm	Bedfordshire	Apr-15	1.4	33.7	40.5[3]	29.2
17	Bowerhouse	Somerset	Apr-15	1.4	9.3	11.1[3]	34.5
18	Wellingborough	Northamptonshire	Jun-15	1.4	8.5	10.8[3]	18.7
19	Birch Farm	Essex	Oct-15	FiTs UK	5.0	5.3[3]	19.7
20	Thurlestone Leicester	Leicestershire	Oct-15	FiTs UK	1.8	2.3	12.6
21	North Farm	Dorset	Oct-15	1.4	11.5	14.5[3]	34.2
22	Ellough Phase 2	Suffolk	Nov-15	1.3	8.0	8.0[3]	35.1
23	Hall Farm	Leicestershire	Nov-15	FiTs UK	5.0	5.0[3]	39.9
24	Decoy Farm	Lincolnshire	Nov-15	FiTs UK	5.0	5.2[3]	35.5
25	Green Farm	Essex	Nov-15	FiTs UK	5.0	5.8	20.5
26	Fenland	Cambridgeshire	Jan-16	1.4	20.4	23.9[2,4]	19.8
27	Green End	Cambridgeshire	Jan-16	1.4	24.8	29.0[2,4]	20.5
28	Tower Hill	Gloucestershire	Jan-16	1.4	8.1	8.8[2,4]	19.5
29	Branston	Lincolnshire	Apr-16	1.4	18.9		34.4
30	Great Wilbraham	Cambridgeshire	Apr-16	1.4	38.1		24.5
31	Berwick	East Sussex	Apr-16	1.4	8.2	= 97.9[2,5]	21.0
32	Bottom Plain	Dorset	Apr-16	1.4	10.1		34.7
33	Emberton	Buckinghamshire	Apr-16	1.4	9.0		39.6
34	Kentishes	Essex	Nov-16	1.2	5.0	4.5	41.0
35	Mill Farm	Hertfordshire	Jan-17	1.2	5.0	4.2	36.3
36	Bowden	Somerset	Jan-17	1.2	5.0	5.6	36.2
37	Stalbridge	Dorset	Jan-17	1.2	5.0	5.4	36.3
38	Aller Court	Somerset	Apr-17	1.2	5.0	5.5	21.5
39	Rampisham	Dorset	Apr-17	1.2	5.0	5.8	22.0
40	Wasing	Berkshire	Apr—17	1.2	5.0	5.3	26.2
41	Flixborough	South Humberside	Apr-17	1.2	5.0	5.1	27.3
42	Hill Farm	Oxfordshire	Apr-17	1.2	5.0	5.5	31.4
43	Forest Farm	Hampshire	Apr-17	FiTs UK	3.0	3.3	31.5
44	Birch CIC	Essex	Jun-17	FiTs UK	1.7	1.7	19.7
45	Barnby	Nottinghamshire	Jun-17	1.2	5.0	5.4	21.8
46	Bilsthorpe	Nottinghamshire	Jun-17	1.2	5.0	5.4	22.2
47	Wickfield	Wiltshire	Jun-17	1.2	4.9	5.6	22.6
48	Bay Farm	Suffolk	Aug-17	1.6	8.1	10.5	33.4
49	Honington	Suffolk	Aug-17	1.6	13.6	16.0	33.3

Operating Portfolio – Overview continued

	Power plant	Location	Announcement date	Subsidy[1]	Installed capacity (MWp)	Cost (£m)	Remaining life of plant (Years)
50	Macchia Rotonda	Apulia	Nov-17	FiTs Italy	6.6		15.3
51	Iacovangelo	Apulia	Nov-17	FiTs Italy	3.5		15.6
52	Armiento	Apulia	Nov-17	FiTs Italy	1.9		15.6
53	Inicorbaf	Apulia	Nov-17	FiTs Italy	3.0	= 116.2[2,6]	15.4
54	Gioia del Colle	Campania	Nov-17	FiTs Italy	6.5		16.1
55	Carinola	Apulia	Nov-17	FiTs Italy	3.0		16.1
56	Marcianise	Campania	Nov-17	FiTs Italy	5.0		16.0
57	Riardo	Campania	Nov-17	FiTs Italy	5.0		16.0
58	Gilley's Dam	Cornwall	Dec-17	1.3	5.0	6.4	34.2
59	Pickhill Bridge	Clwyd	Dec-17	1.2	3.6	3.7	37.0
60	North Norfolk	Norfolk	Feb-18	1.6	11.0	14.6	24.1
61	Axe View	Devon	Feb-18	1.2	5.0	5.6	26.9
62	Low Bentham	Lancashire	Feb-18	1.2	5.0	5.4	25.4
63	Henley	Shropshire	Feb-18	1.2	5.0	5.2	25.7
64	Pierces Farm	Berkshire	May-18	FiTs UK	1.7	1.2	18.6
65	Salcey Farm	Buckinghamshire	May-18	1.4	5.5	6.5	18.6
66	Thornborough	Buckinghamshire	Jun-18	1.2	5.0	5.7	20.5
67	Temple Normanton	Derbyshire	Jun-18	1.2	4.9	5.6	20.8
68	Fiskerton Phase 1	Lincolnshire	Jun-18	1.3	13.0	16.6	39.5
69	Huddlesford HF	Staffordshire	Jun-18	1.2	0.9	0.9	20.3
70	Little Irchester	Northamptonshire	Jun-18	1.2	4.7	5.9	21.3
71	Balhearty	Clackmannanshire	Jun-18	FiTs UK	4.8	2.6	30.3
72	Brafield	Northamptonshire	Jun-18	1.2	4.9	5.8	35.7
73	Huddlesford PL	Staffordshire	Jun-18	1.2	0.9	0.9	20.5
74	Sywell	Northamptonshire	Jun-18	1.2	5.0	5.9	20.6
75	Coton Park	Derbyshire	Jun-18	FiTs UK	2.5	1.1	20.6
76	Hook	Somerset	Jul-18	1.6	15.3	21.8[2]	33.5
77	Blenches	Wiltshire	Jul-18	1.6	6.1	7.8[2]	18.2
78	Whitley	Somerset	Jul-18	1.6	7.6	10.4[2]	33.3
79	Burrowton	Devon	Jul-18	1.6	5.4	7.3[2]	33.0
80	Saundercroft	Devon	Jul-18	1.6	7.2	9.6[2]	33.3
81	Raglington	Hampshire	Jul-18	1.6	5.7	8.1[2]	33.3
82	Knockworthy	Cornwall	Jul-18	FiTs UK	4.6	6.6[2]	17.5
83	Chilton Cantello	Somerset	Jul-18	FiTs UK	5.0	9.0[2]	31.8
84	Crossways	Dorset	Jul-18	FiTs UK	5.0	10.0[2]	31.8
85	Wyld Meadow	Dorset	Jul-18	FiTs UK	4.8	7.1[2]	32.8
86	Ermis	Rooftop Portfolio	Aug-18	FiTs UK	1.0	3.0	16.1
87	Angelia	Rooftop Portfolio	Aug-18	FiTs UK	0.2	0.6	16.0
88	Ballygarvey	County Antrim	Aug-19	1.4 NIROCs	8.2	8.5	27.3
89	Hall Farm 2	Leicestershire	Aug-19	None	5.4	2.5	38.8
90	Staughton	Bedfordshire	Dec-19	None	50.0	27.4	38.4
	Total				**755**	**932**	**27.1[7]**

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

Operating Portfolio – Performance

	Power plant	Operational date	Acquisition date	Six months ended 30 September 2020: Generation (GWh)	Six months ended 30 September 2020: Irradiation delta (%)	Six months ended 30 September 2020: Generation delta (%)	Since acquisition: Irradiation delta (%)	Since acquisition: Generation delta (%)
1	Higher Hatherleigh	Apr-13	Apr-14	4.6	9.5	9.7	1.2	5.3
2	Shacks Barn	Mar-13	May-14	4.6	10.8	11.5	3.4	8.7
3	Gover Farm	Oct-14	Jan-15	7.2	6.1	9.0	2.7	0.6
4	Bilsham	Nov-14	Jan-15	12.0	12.4	8.3	5.1	5.4
5	Brickyard	Nov-14	Jan-15	2.9	11.3	13.9	3.8	6.3
6	Ellough	Mar-14	Jul-14	11.3	6.9	7.6	1.2	6.6
7	Poulshot	Mar-15	Apr-15	11.3	13.4	16.6	1.6	5.7
8	Condover	Mar-15	May-15	7.2	5.8	6.1	0.1	0.9
9	Llywndu	Mar-15	Jul-15	5.9	2.6	8.2	(3.2)	2.8
10	Cock Hill Farm	Mar-15	Jul-15	15.7	13.8	13.8	3.6	4.9
11	Boxted Airfield	Mar-15	Apr-15	15.1	12.6	14.2	4.2	6.4
12	Langenhoe	Mar-15	Apr-15	17.8	14.1	18.6	6.8	10.0
13	Park View	Mar-15	Jul-15	5.0	5.3	6.7	(2.1)	0.5
14	Croydon	Mar-15	Apr-15	13.0	17.1	21.5	7.1	8.4
15	Hawkers Farm	Mar-15	Jun-15	9.6	10.7	13.3	0.7	4.3
16	Glebe Farm	Mar-15	May-15	26.6	15.7	20.2	6.9	12.8
17	Bowerhouse	Mar-15	Jul-15	6.6	12.8	1.0	3.3	1.2
18	Wellingborough	Mar-14	Jul-15	6.4	10.8	13.3	3.2	5.1
19	Birch Farm	Jun-15	Sep-15	4.0	13.1	13.5	5.1	6.8
20	Thurlestone Leicester[1]	Apr-13	Oct-15	1.1	–	3.9	–	0.9
21	North Farm	Mar-15	Oct-15	9.4	7.5	6.9	(2.2)	(0.7)
22	Ellough Phase 2	Jun-16	Aug-16	6.4	11.9	14.1	9.3	12.5
23	Hall Farm	Dec-15	Apr-16	3.9	11.2	16.9	4.8	4.2
24	Decoy Farm	Nov-15	Mar-16	4.0	12.0	15.6	5.6	10.0
25	Green Farm	Dec-15	Dec-16	3.9	9.6	10.7	4.7	5.4
26	Fenland	Feb-15	Jan-16	16.4	13.2	16.9	6.1	10.4
27	Green End	Mar-15	Jan-16	18.3	12.2	7.9	5.8	5.6
28	Tower Hill	Mar-15	Jan-16	6.3	12.2	13.2	3.8	7.1
29	Branston	Mar-15	Mar-16	14.5	12.0	15.1	6.9	6.6
30	Great Wilbraham	Mar-15	Mar-16	30.1	15.2	15.8	6.5	7.1
31	Berwick	Mar-15	Mar-16	7.2	12.0	16.8	6.0	10.0
32	Bottom Plain	Dec-14	Mar-16	8.0	9.8	9.2	3.8	4.6
33	Emberton	Mar-15	Mar-16	7.0	13.9	14.7	5.6	5.8
34	Kentishes	Dec-16	Jul-17	4.0	11.8	10.3	6.9	7.0
35	Mill Farm	Dec-16	Jul-17	4.0	15.4	16.2	9.8	11.9
36	Bowden	Mar-17	Sep-17	4.1	7.5	5.5	1.4	1.8
37	Stalbridge	Mar-17	Sep-17	4.1	8.2	10.0	1.9	6.9
38	Aller Court	Mar-17	Sep-17	4.1	10.1	10.0	4.4	5.4
39	Rampisham	Mar-17	Sep-17	4.2	5.1	6.2	(0.8)	(0.5)
40	Wasing	Mar-17	Aug-17	4.1	16.3	17.1	8.3	11.3
41	Flixborough	Mar-17	Aug-17	3.7	9.3	10.8	6.3	8.7
42	Hill Farm	Mar-17	Mar-17	3.9	16.9	16.4	9.1	10.0
43	Forest Farm	Mar-17	Apr-17	2.5	15.4	17.7	6.7	10.1
44	Birch CIC	June-15	Jun-17	1.3	13.4	8.5	6.7	5.4
45	Barnby Moor	Mar-17	Aug-17	3.1	8.0	(5.4)	5.9	4.6
46	Bilsthorpe Moor	Mar-17	Aug-17	3.5	9.3	4.8	5.5	7.2

Operating Portfolio – Performance continued

	Power plant	Operational date	Acquisition date	Six months ended 30 September 2020: Generation (GWh)	Six months ended 30 September 2020: Irradiation delta (%)	Six months ended 30 September 2020: Generation delta (%)	Since acquisition: Irradiation delta (%)	Since acquisition: Generation delta (%)
47	Wickfield	Mar-17	Mar-17	4.0	16.5	16.8	7.5	6.1
48	Bay Farm	Mar-14	Sep-17	6.3	12.7	18.6	9.3	9.2
49	Honington	Mar-14	Sep-17	10.1	9.9	7.9	5.5	4.5
50	Macchia Rotonda	Feb-11	Dec-17	6.2	6.0	3.5	5.6	4.8
51	Iacovangelo	Apr-11	Dec-17	3.3	6.4	5.4	4.3	6.3
52	Armiento	Apr-11	Dec-17	1.8	6.3	7.5	4.9	7.2
53	Inicorbaf	Mar-11	Dec-17	2.9	6.4	6.9	5.2	6.4
54	Gioia del Colle	Oct-11	Dec-17	6.2	1.4	5.1	(0.5)	3.2
55	Carinola	Oct-11	Dec-17	2.7	4.2	4.9	2.0	5.3
56	Marcianise	Sep-11	Dec-17	4.5	4.0	3.7	2.7	3.7
57	Riardo	Sep-11	Dec-17	4.6	2.6	2.8	1.9	1.5
58	Gilley's Dam	Mar-16	Nov-17	3.8	(0.0)	0.6	(4.3)	(2.0)
59	Pickhill Bridge	Mar-17	Dec-17	2.7	7.4	10.1	5.6	8.7
60	North Norfolk	Feb-14	Dec-17	8.6	10.2	12.1	8.1	10.3
61	Axe View	Mar-17	Dec-17	4.0	13.5	13.0	6.6	7.9
62	Low Bentham	Mar-17	Dec-17	3.5	4.4	4.8	2.3	3.7
63	Henley	Mar-17	Jan-18	3.7	10.4	12.2	4.5	7.2
64	Pierces Farm	Mar-15	May-18	1.4	11.9	16.5	6.5	9.4
65	Salcey Farm	Sep-14	May-18	4.3	15.4	16.0	12.3	8.4
66	Thornborough	Mar-16	Jul-18	3.8	8.9	7.1	8.1	(2.4)
67	Temple Normaton	Mar-16	Jul-18	3.5	5.3	4.0	6.3	(0.4)
68	Fiskerton Phase 1	Mar-15	Jul-18	9.6	9.4	6.0	10.1	2.6
69	Huddlesford HF	Mar-16	Jul-18	0.7	7.9	9.8	7.7	5.5
70	Little Irchester	Mar-16	Jul-18	3.5	8.7	4.4	7.8	(3.3)
71	Balhearty	Oct-16	Jul-18	3.1	1.8	(2.4)	(0.9)	(10.5)
72	Brafield	Mar-16	Jul-18	3.8	11.9	8.4	9.6	2.6
73	Huddlesford PL	Mar-16	Jul-18	0.7	7.4	5.8	7.4	4.1
74	Sywell	Mar-16	Jul-18	3.9	10.3	9.1	9.5	2.2
75	Coton Park	Dec-15	Jul-18	1.7	5.7	7.8	5.7	6.6
76	Hook Valley	Mar-14	Aug-18	12.2	10.8	11.2	5.4	3.5
77	Blenches Mill	Mar-14	Aug-18	4.7	11.0	14.9	6.5	9.6
78	Whitley	Mar-14	Aug-18	5.5	10.2	1.8	5.4	0.2
79	Burrowtown	Mar-14	Aug-18	9.7	11.0	5.6	5.3	2.6
80	Saundercroft	Mar-14	Aug-18					
81	Raglington	Aug-13	Aug-18	4.6	12.6	6.4	6.5	(5.1)
82	Knockworthy	Aug-13	Aug-18	3.4	5.7	(0.9)	2.9	(0.7)
83	Chilton Cantello	Jul-12	Aug-18	4.0	10.1	9.6	6.0	7.8
84	Crossways	Jul-12	Aug-18	4.2	10.7	9.3	5.4	5.5
85	Wyld Meadow	Mar-13	Aug-18	3.7	5.9	1.6	0.1	0.2
86	Ermis[1]	Oct-11	Jul-18	0.6	–	4.8	–	1.0
87	Angelia[1]	Oct-11	Jul-18	0.1	–	3.6	–	5.9
88	Ballygarvey	Mar-18	Jul-19	4.8	2.1	0.2	2.0	(0.6)
89	Hall Farm 2	Aug-19	Aug-19	4.0	15.9	15.2	15.9	15.2
90	Staughton[2]	Dec-19	Dec-19	–	–	–	–	–
Total				**551**	**10.8**	**11.1**	**3.4**	**6.0**

1 Rooftop assets are not monitored for irradiation.
2 The Asset Manager has not monitored the generation from subsidy-free asset Staughton as the asset has yet to pass PAC.

Sustainability and ESG

Introduction from the CEO of NextEnergy Capital Group

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

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

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

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

NextEnergy Capital Group is preparing to align with the EU Disclosure and Framework Regulations. The EU Disclosure Regulation is part of a package of measures announced by the European Commission in 2019 to improve firms' consideration of ESG issues as part of their decision-making processes, whilst the Framework Regulation establishes a taxonomy for determining whether an economic activity is environmentally sustainable or not. The reporting requirements come into force in March 2021.

NESF's Sustainability Commitments

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

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

ESG Performance Measurements

NESF has contracted the Green Investment Group ("GIG") to independently verify our positive impact on mitigating climate change. GIG developed a proprietary methodology to measure green impact, with strong academic and scientific rigour that can be applied pragmatically, day-in and day-out, through a commercial investment process. GIG is working with us on our SDGs performance reporting and will assist us with the evaluation and verification of NESF's climate-related positive impacts.

551GWh total electricity generation

142,600 homes powered, equivalent to Oxford and York combined powered for one year

237,500 tonnes of CO_2e emissions avoided during the 6 month period

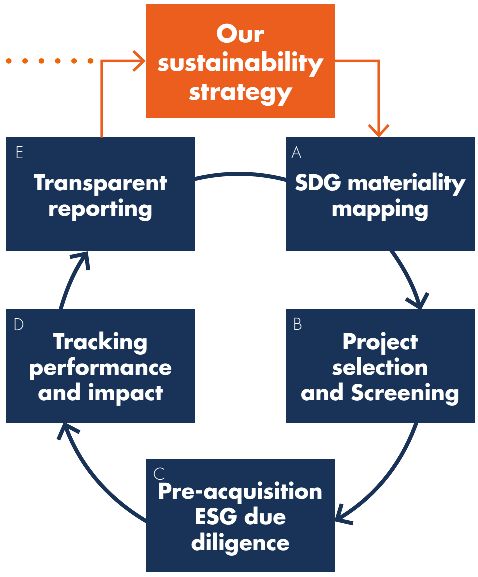
Equivalent to removing **170,500** petrol/diesel cars off the road for a year

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

Sustainability and ESG continued

Our Commitment to the United Nations Sustainable Development Goals

The SDGs form the basis of our sustainability strategy.



Sustainable Investment Policy

Aims to deliver sustainable growth for the long-term

Integrated strategy

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

Transparent reporting

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

Stakeholder engagement

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

Sustainability and ESG continued

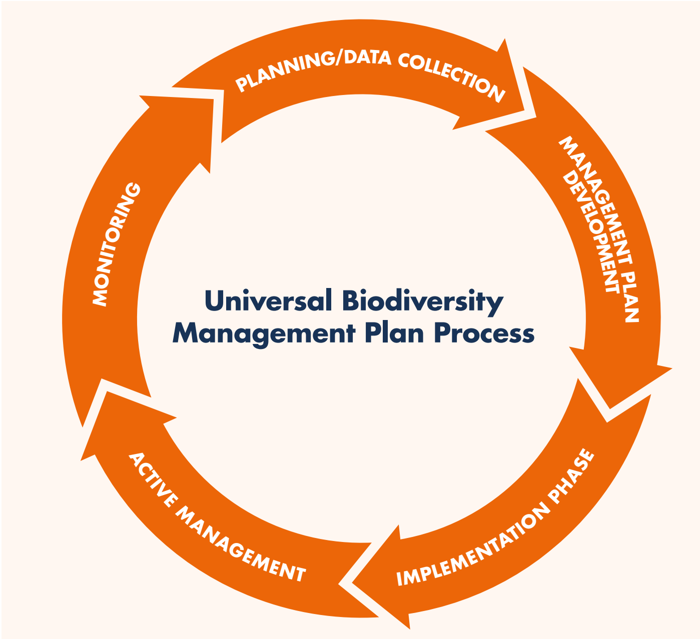
Biodiversity Overview

NESF aims to lead the way in biodiversity. We have a unique opportunity to make a difference and we have taken it. We currently have five exemplar sites (Berwick, Boxted, Emberton, Langenhoe and Burrowton), all of which are continuously monitored to gauge the ecological improvements.

Our 15 current Universal Biodiversity Management Plan ("UBMP") sites transitioned into the implementation phase during the period, with eight sites completed to full UBMP level as per the Wychwood guidance maps. The remaining seven sites are expected to reach full UBMP level by Spring 2021. As at 30 September 2020, we had across the portfolio:

- 16 hibernaculum;
- 95 bat/bird/owl boxes;
- 15 bug hotels; and
- commenced wildflower seeding which has been delayed due to COVID-19.

The support given by our landowners to our initiatives continues to be extremely positive and it can be demonstrated to the local community that we are good stewards of our land. We are scoping a further 15 UBMP sites to increase the total number to 30 during 2021.

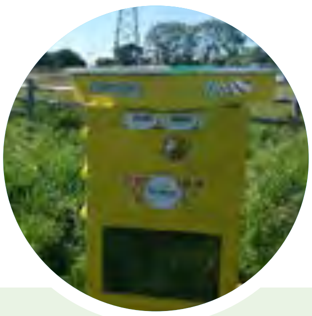


A hibernaculum at Langenhoe Solar Farm

Wild flower area at Emberton Solar Farm

Mix wild flower seeding at Berwick Solar Farm by NEC team

Inter row chamomile crop. Harvested (hand picked by the NEC Group) at Emberton



5 beehives located at Boxted that were put up with the local community

Solar thermal beehives at Berwick

NESF Exemplar Sites

- A nightingale habitat has been introduced to Langenhoe by planting 625 saplings.
- All exemplar sites have conservation sheep grazing to limit mechanical cuttings.
- Bird and bat boxes can be found on all exemplar sites to provide a habitat for the native wildlife on site.

Principal Risks and Uncertainties
for the remaining six months of the year ending 31 March 2021

The Company's approach to risk governance, the risk review process and risk appetite are set out in the Risk and Risk Management section in the Strategic Report (pages 45 to 47) and the Risk, Internal Controls and Internal Audit section in the Corporate Governance Statement (pages 61 and 62) in the 2020 Annual Report, which can be found on our website (www.nextenergysolarfund.com).

The principal risks and uncertainties to the achievement of the Company's objectives are described on pages 45 to 47 of the 2020 Annual Report and are categorised as follows:

- portfolio management and performance risks:
  - electricity generation falling below expectations; and
  - portfolio valuation;
- external and market risks:
  - adverse changes in government policy and political uncertainty;
  - adverse changes to the regulatory framework for solar plants; and
  - changes to tax legislation and rates; and
- operational and strategic risks:
  - a decline in the price of electricity and revenues;
  - counterparty risk; and
  - plant operational risk.

The Board believes that the aforementioned risks are unchanged in respect of the remaining six months of the year to 31 March 2021. The Board has identified the following emerging risks which are being monitored on an ongoing basis:

- the risk to the Company arising from the COVID-19 pandemic given the onset of a second wave in Europe and a return to lockdown in England.
- the recent changes to the Investment Policy having the potential to change the portfolio's risk profile in terms of geography and economic risk drivers.
- the risk associated with the OFGEM reviews of subsidy accreditations from the increased number of ongoing OFGEM audits; and
- the uncertainty surrounding the UK's future relationship with the EU following the end of the Brexit transitional period on 31 December 2020.

The inherent risks associated with investment in the solar energy sector could result in a material adverse effect on the Company's performance and the value of the ordinary shares.

Risks, including emerging risks, are mitigated and managed by the Board through continual review, policy setting and regular reviews of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the principal risks to the achievement of the Company's objectives. The Audit Committee undertook a formal review of the Company's risk matrix at its meeting held on 19 November 2020. The Board and the Audit Committee rely on periodic reports provided by the Investment Manager and the Administrator regarding risks that the Company faces. When required, experts, including tax advisers, legal advisers and environmental advisers, are employed to gather information.

Statement of Directors' Responsibilities

Kevin Lyon
Chairman

Vic Holmes
Senior Independent Director

Patrick Firth
Non-executive Director

Sue Inglis
Non-executive Director

Joanne Peacegood
Non-executive Director

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

In accordance with the FCA's Disclosure Guidance and Transparency Rule 4.2.10R, the Directors confirm that, to the best of their knowledge:

- the unaudited condensed interim financial statements set out on pages 34 to 37 have been prepared in accordance with IAS 34 Interim Financial Reporting
- the Interim Report, comprising the Chairman's Statement and the Investment Adviser's Report, meet the requirements of an interim management report and include a fair review of the information required by:
  - DTR4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited condensed interim financial statements set out on pages 34 to 37 and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last Annual Report that could do so.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.nextenergysolarfund.com), and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Kevin Lyon,
Chairman
20 November 2020

BERWICK

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

Independent Review Report to NextEnergy Solar Fund Limited

Conclusion

We have been engaged by NextEnergy Solar Fund Limited (the "Company") to review the unaudited condensed interim financial statements in the half-yearly financial report for the six months ended 30 September 2020 of the Company which comprises the unaudited condensed Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed interim financial statements in the half-yearly financial report for the six months ended 30 September 2020 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting ("IAS 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 consider whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited 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 unaudited 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 unaudited 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
20 November 2020

Financial Statements

Statement of Comprehensive Income (Unaudited Condensed)

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (unaudited) £'000	Six months ended 30 September 2019 (unaudited) £'000	Year ended 31 March 2020 (audited) £'000
Income				
Income	5	32,577	34,238	61,192
Net changes in fair value of investments	18	(915)	(6,524)	(75,714)
Total net income		31,662	27,714	(14,522)
Expenditure				
Preference share dividends	24	4,750	3,032	7,789
Management fees	6	2,565	2,834	5,629
Legal and professional fees		331	390	897
Administration fees	7	136	136	274
Directors' fees	8	127	104	224
Audit fees	9	26	60	99
Other expenses	10	114	72	167
Charitable donation	11	–	–	50
Total expenses		8,049	6,628	15,129
Operating profit/(loss)		23,613	21,086	(29,651)
Finance income		–	–	–
Profit/(loss) and comprehensive income/(loss) for the period/year		23,613	21,086	(29,651)
Earnings per ordinary share – basic	15	4.04p	3.62p	(5.09p)
Earnings per ordinary share – diluted	15	3.71p	3.46p	(2.99p)

All activities are derived from ongoing operations.

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

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

Statement of Financial Position (Unaudited Condensed)

As at 30 September 2020

	Notes	30 September 2020 (unaudited) £'000	30 September 2019 (unaudited) £'000	31 March 2020 (audited) £'000
Non-current assets				
Investments	18	758,573	818,352	753,560
Total non-current assets		758,573	818,352	753,560
Current assets				
Cash and cash equivalents		11,491	5,270	25,128
Trade and other receivables	12	34,444	52,228	23,992
Total current assets		45,935	57,498	49,120
Total assets		804,508	875,850	802,680
Current liabilities				
Trade and other payables	13	(23,118)	(29,438)	(26,270)
Total current liabilities		(23,118)	(29,438)	(26,270)
Non-current liabilities				
Preference shares	24	(197,850)	(197,708)	(197,781)
Total non-current liabilities		(197,850)	(197,708)	(197,781)
Net assets		583,540	648,704	578,629
Equity				
Share capital and premium	14	604,631	602,269	602,989
Retained earnings		(21,091)	46,435	(24,360)
Equity attributable to ordinary shareholders		583,540	648,704	578,629
Total equity		583,540	648,704	578,629
Net assets per ordinary share	17	99.6p	111.2p	99.0p

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

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 20 November 2020 and signed on its behalf by:

Kevin Lyon,
Chairman

Patrick Firth,
Director

Statement of Changes in Equity (Unaudited Condensed)

For the six months ended 30 September 2020

	Share capital and premium £'000	Retained earnings £'000	Total equity £'000
For the period 1 April 2020 to 30 September 2020 (unaudited)			
Ordinary shareholders' equity at 1 April 2020	602,989	(24,360)	578,629
Profit and comprehensive income for the period	–	23,613	23,613
Scrip shares issued in lieu of dividends	1,642	–	1,642
Ordinary dividends paid	–	(20,344)	(20,344)
Ordinary shareholders' equity at 30 September 2020	604,631	(21,091)	583,540
For the period 1 April 2019 to 30 September 2019 (unaudited)			
Ordinary shareholders' equity at 1 April 2019	600,029	45,022	645,051
Profit and comprehensive income for the period	–	21,086	21,086
Scrip shares issued in lieu of dividends	2,240	–	2,240
Ordinary dividends paid	–	(19,673)	(19,673)
Ordinary shareholders' equity at 30 September 2019	602,269	46,435	648,704
For the year 1 April 2019 to 31 March 2020 (audited)			
Ordinary shareholders' equity at 1 April 2019	600,029	45,022	645,051
Loss and comprehensive income for the year	–	(29,651)	(29,651)
Scrip shares issued in lieu of dividends	2,960	–	2,960
Ordinary dividends declared	–	(39,731)	(39,731)
Ordinary shareholders' equity at 31 March 2020	602,989	(24,360)	578,629

Statement of Changes in Cash Flows (Unaudited Condensed)

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020 (unaudited) £'000	Six months ended 30 September 2019 (unaudited) £'000	Year ended 31 March 2020 (audited) £'000
Cash flows from operating activities				
Profit/(loss) and comprehensive income/(loss) for the period/year		23,613	21,086	(29,651)
Adjustments for:				
Interest income receivable	5	(6,016)	(3,655)	(9,573)
Interest income received		6,016	2,259	9,573
Dividend income receivable	5	(22,022)	(26,361)	(42,935)
Dividend income received		11,672	18,311	59,915
Proceeds from HoldCos	18	2,081	–	–
Payments to HoldCos	18	(8,009)	(99,862)	(106,511)
Change in fair value of investments	18	915	6,524	75,714
Financial debt amortisation		69	36	109
Dividends paid on preference shares as finance costs	24	4,750	3,032	7,789
Operating cash flows before movements in working capital		13,069	(78,630)	(35,570)
Changes in working capital				
Movement in trade and other receivables		(101)	(3,623)	437
Movement in trade and other payables		(3,172)	(10,623)	(14,305)
Net cash generated from/(used in) operating activities		9,796	(92,876)	(49,438)
Cash flows from financing activities				
Net proceeds from preference shares	25	–	98,650	98,650
Dividends paid on preference shares	24	(4,724)	(2,355)	(6,598)
Dividends paid on ordinary shares	16	(18,709)	(17,434)	(36,771)
Net cash (used in)/generated from financing activities		(23,433)	78,861	55,281
Net movement in cash and cash equivalents during period/year		(13,637)	(14,015)	5,843
Cash and cash equivalents at the beginning of the period/year		25,128	19,285	19,285
Cash and cash equivalents at the end of the period/year		11,491	5,270	25,128

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

Notes to the Financial Statements (Unaudited Condensed)

For the six months ended 30 September 2020

1. General Information

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

The Company's ordinary shares are publicly traded on the London Stock Exchange under a premium listing. The Company seeks to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets. The Company currently makes its investments through HoldCos and SPVs which are directly or indirectly wholly owned by the Company.

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

The Investment Manager has appointed NextEnergy Capital Limited as its Investment Adviser 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.

2. Summary of Significant Accounting Policies

a) Basis of preparation

The unaudited condensed interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting and the FCA's Disclosure Guidance and Transparency Rules. They have been prepared under the historical cost convention with the exception of financial assets held at fair value through profit or loss. The accounting policies and critical accounting estimates and judgements used in preparing the unaudited condensed interim financial statements are consistent with those used in the Company's latest audited financial statements for the year ended 31 March 2020.

The unaudited condensed interim financial statements are unaudited but have been reviewed by the Company's Auditor, KPMG Channel Islands Limited, in accordance with International Standard of Review Engagements 2410 (UK & Ireland), Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 20 November 2020.

The unaudited condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 31 March 2020, which were prepared in accordance with IFRS and the FCA's Disclosure Guidance and Transparency Rules.

Certain amounts relating to 2019 in these unaudited condensed interim financial statements have been reclassified to confirm to the presentation in the Company's latest audited financial statements for the year ended 31 March 2020.

b) Non-consolidation of subsidiaries

Under IFRS 10 Consolidated Financial Statements, qualifying entities that meet the definition of an investment entity can recognise subsidiaries that also qualify as investment entities at fair value through profit or loss instead of consolidating them. As explained in note 4b), the Board assessed whether the Company and each of the HoldCos continues to meet the definition of an investment entity and concluded that each does. Accordingly, the HoldCos are recognised at fair value through profit and loss. As the HoldCos are not consolidated, their subsidiaries are not separately presented at fair value through profit or loss in the Company's accounts. As the HoldCos are investment entities, as required under IFRS 10, they also value their investments at fair value.

c) Segmental reporting

IFRS 8 Operating Segments requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

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

d) Seasonal and cyclical variations

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

Notes to the Financial Statements (Unaudited Condensed) continued

e) Functional and presentation currency

The financial information is presented in pounds sterling ("GBP") because that is the currency of the primary economic environment in which the Company operates.

f) Going concern

The Company owns a portfolio of solar energy infrastructure assets in the UK and Italy that are predominantly fully constructed, operational and generating renewable electricity. A significant proportion of the income from the Company's investments is fixed for a long period of time in accordance with the terms of the relevant ROC or FiT subsidy. The balance of the income has exposure to merchant electricity prices, although the Investment Manager seeks to reduce this exposure through entering into short- or long-term power purchase agreements with fixed price mechanisms.

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

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

The Company has cash and short-term deposits as well as projected positive income streams and an available credit facility through its subsidiaries (see note 24). All key financial covenants are forecast to continue to be complied with for at least 12 months from the date of signing the unaudited condensed interim financial statements. The Directors believe, therefore, that the Company and its subsidiaries are well placed to manage their financing and other business risks. In particular, the Directors do not believe that there is a significant risk to the viability of the business of the Company or its subsidiaries as a result of the COVID-19 pandemic despite the reduction in power prices driven by reduced forecast electricity demand as a result of the pandemic (the Directors considered the forward market prices for the next two years for the unhedged portion of the portfolio and the long-term UK power price projections of three independent Consultants in making this assessment) or the end of the transitional period on 31 December 2020 following the UK's departure from the EU but will continue to monitor future developments regarding both.

As a result, the Directors have, at the time of approving the unaudited condensed interim financial statements, a reasonable expectation that the Company has sufficient resources to continue in operational existence for the next 12 months. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the unaudited condensed interim financial statements is appropriate.

3. Changes in Accounting Policies and Disclosures

a) New and revised IFRSs adopted by the Company

The Directors have assessed all new standards and amendments to standards and interpretations which are effective for annual periods commencing on or after 1 April 2020 and concluded that they do not have a material impact on the financial statements of the Company.

b) New and revised IFRSs in issue but not yet effective

The Directors have considered new standards and amendments to standards 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 preparation of the unaudited condensed interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates and the Board to exercise its judgement in the process of applying the Company's accounting policies.

The Board considers that the only areas where the Board makes critical estimates and judgements that may have a significant effect on the financial statements are in relation to the valuation of investments at fair value through profit and loss and significant judgements related to the determination that the Company and the HoldCos meet the definition of an investment entity.

a) Critical accounting estimate: investments at fair value through profit or loss

The Company is required to value its investments at fair value. IFRS 13 Fair Value Measurement defines fair value is defined as the price that would be received on selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

Notes to the Financial Statements (Unaudited Condensed) continued

IFRS 13 requires disclosures relating to fair value measurements using the following three-level fair value hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- **Level 3:** inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

Whilst there is an active secondary market in solar assets, there are no quoted prices in active markets for the Company's investments or identical assets. Consequently, as explained below, the Company's investments are valued using mostly unobservable inputs and, therefore, the Company classifies its investments at fair value through profit or loss as Level 3 within the fair value hierarchy. As at 30 September 2020, Level 3 investments amounted to £758.6m (30 September 2019: £818.4m; 31 March 2020: £753.6m). Unlisted investments reconcile to the "Total investments at fair value" in the table in note 18.

The Company's investments are valued on a look-through basis based on:

- the discounted cash flows of operational solar plants;
- the cost of investment of solar assets that are not yet operational (being an appropriate approximation of fair value); and
- the residual value of net assets at the HoldCos level.

The discounted cash flow methodology used to value operational solar plants in line with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement, takes into account the International Private Equity and Venture Capital's valuation guidelines and is generally recognised as standard within the industry. This methodology estimates the value of a solar plant based on its future cash flow and requires a complex financial model that uses observable data inputs to the extent appropriate but mainly uses significant unobservable data inputs considering the output of the solar plant (including assumptions regarding solar irradiation), power prices, operating costs, discount and inflation rates applied to the cash flows and the duration of the remaining operating life of the solar plant. The unobservable inputs are estimates and assumptions based on historical experience, forward-looking forecasts and other information and various other factors that are believed to be reasonable in the circumstances and, therefore, require significant judgement by the Board. As unobservable inputs are subjective, they carry elements of risk and changes in them could materially affect the reported fair value of the solar plant. In particular, the discount rate and power prices are significant unobservable inputs and changes in either or both of them could have a material effect on the value of the Company's investments. The unlevered discount rate applied in the 30 September 2020 valuation was 6.25% (30 September 2019: 6.50%; 31 March 2020: 6.25%). For the UK operational assets, the power prices used in the 30 September 2020 valuation were based on the average of the long-term UK power price projections of three independent Consultants and the forward market prices for the next two years for the unhedged portion of the portfolio (30 September 2019 and 31 March 2020: the average of the short- and long-term UK power price projections of two independent Consultants) as the Directors believe that this methodology is more robust in projecting future power prices in the UK and reduces the volatility resulting from any individual consultant's forecasts deviating from consensus projections. Further information about the principal unobservable inputs used in the 30 September 2020 valuation and their sensitivities is included in note 20.

The Directors calculate the fair value of the investments based on information received from the Investment Manager. The Investment Manager undertakes the valuation of the investments using the methodology described above and provides the Board with a detailed valuation report, which includes information on the estimates, assumptions and other factors that have a material impact on the valuation and the rationale for any proposed changes to them since the previous valuation. The Board considers in detail each valuation report, challenges the key estimates, assumptions and other factors used and monitors the changes in them over time.

b) Significant judgement: non-consolidation of subsidiaries

Subsidiaries are investees controlled by the Company (directly or indirectly). The Company controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Each of the HoldCos and the SPVs are investees and none provides services that relate to the Company's investment activities.

In determining whether the Company meets the definition of an investment entity under IFRS 10 Consolidated Financial Statements, the Board considered the NESF Group structure as a whole. The Company and its subsidiaries operate as an integrated structure whereby the Company invests solely in the HoldCos and the HoldCos invest in the SPVs which hold the solar assets.

The Board has assessed that the Company is an investment entity in accordance with the provisions of IFRS 10. The Company meets the following defined criteria to qualify as an investment entity:

- **Obtains funds from one or more investors for the purpose of providing those investors with investment management services:** The Company and its subsidiaries are externally managed with management focused solely on managing the funds received from the Company's shareholders in order to maximise investment income/returns.

Notes to the Financial Statements (Unaudited Condensed) continued

- **Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both:** The Company's investment objective is to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets This objective supports the fact that the main business purpose of the Company is to seek to deliver investment income for the benefit of its shareholders.
- **Measures and evaluates performance of substantially all of its investments on a fair value basis:** The investment policy of the Company is to invest in in a diversified portfolio of primarily UK-based solar energy infrastructure assets. Each of these assets is valued at fair value. The valuation is carried out on a quarterly basis as at 31 March, 30 June, 30 September and 31 December each year.

Based on the Board's assessment, the Company also meets the typical characteristics of an investment entity as follows:

- **Has more than one investment:** As at 30 September 2020, the Company had invested through six HoldCos and, through its subsidiaries, had investments in 90 solar assets.
- **Has more than one investor:** The Company's ordinary shares are traded on the London Stock Exchange and are held by a broad pool of investors.
- **Has investors that are not related parties of the entity:** Other than those ordinary shares held by the Directors and the NextEnergy Capital Group, all remaining ordinary shares in issue (more than 99%) are held by non-related parties of the Company.
- **Has ownership interests in the form of equity or similar interests:** The Company has ownership interests in its subsidiaries in the form of equity and loans and the subsidiaries make distributions in the form of dividends of equity and interest on loans, as well as equity redemptions and loan repayments.

The Board also concluded that each of the HoldCos continues to meet the definition of an investment entity as each has obtained funds from the Company to invest in multiple investments consistent with the Company's investment objective and policy with the objective of providing the Company (and its investors) with returns, principally in the form of investment income, and the performance of its investments continues to be measured and evaluated on a fair value basis.

5. Income

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Interest income	6,016	3,655	9,573
Investment income	22,022	26,361	42,934
Administrative services income	4,539	4,222	8,685
Total income	32,577	34,238	61,192

6. Management Fees

The Investment Manager is entitled to receive an annual fee, accruing daily and calculated on a sliding scale, as follows:

- 1% of NAV up to £200m;
- 0.9% of NAV above £200m and up to and including £300m; and
- 0.8% of NAV above £300m.

The fee is calculated based on the latest published NAV and payable monthly in advance (subject to subsequent adjustment in respect of a NAV being published in any month in respect of which the fee has been paid in advance).

For the six months ended 30 September 2020 the Investment Manager was entitled to management fees of £2.6m (six months ended 30 September 2019: £2.8m; year ended 31 March 2020: £5.6m), of which £nil was outstanding at 30 September 2020 (30 September 2019: £nil;: 31 March 2020: £nil).

No fees are payable to the Investment Adviser by the Company.

Notes to the Financial Statements (Unaudited Condensed) continued

7. Administration Fees

Under an Administration Agreement, for periods up to 30 September 2020 the Administrator was entitled to receive a minimum annual fee, accruing daily and calculated on a sliding scale, as follows:

- 0.06% of NAV up to £150m;
- 0.03% of NAV above £150m and up to and including £200m; and
- 0.025% of NAV above £200m.

For periods up to 30 September 2020, the Administrator was also entitled to additional fees for attendance at ad hoc Board and Board Committee meetings.

For the six months ended 30 September 2020 the Administrator was entitled to administration fees of £136k (six months ended 30 September 2019: £136k; year ended 31 March 2020: £274k), of which £68k was outstanding at 30 September 2020 (30 September 2019: £72k; 31 March 2020: £70k).

Pursuant to an amendment to the Administration Agreement, the administration fee was changed to a fixed fee of £220k per annum with effect from 1 October 2020. With effect from 1 January 2022, the fixed fee will increase annually in line with the annual increase in Guernsey RPI.

The fee is payable quarterly in arrears.

8. Directors' Fees

The Directors are all non-executive and their remuneration is solely in the form of fees. The Directors' fees for the period were £127k (six months ended 30 September 2019: £104k; year ended 31 March 2020: £224k), of which £nil was outstanding at 30 September 2020 (30 September 2019: £nil; 31 March 2020: £nil).

9. Audit Fees

The analysis of the auditor's remuneration is as follows:

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Fees payable to the auditor for the audit of the Company	26	38	75
Additional audit fee and disbursements for prior year	–	22	24
Total	26	60	99

During the six months ended 30 September 2020, the auditor was also paid £40k for an independent limited assurance report. During the year ended 31 March 2020, the auditor was also paid £20k for the review of the interim report for the six months ended 30 September 2019.

10. Other Expenses

	Six months ended 30 September 2020 (unaudited) £'000	Six months ended 30 September 2019 (unaudited) £'000	Year ended 31 March 2020 (audited) £'000
Regulatory and listing fees	30	22	30
Insurance	13	12	25
Sundry expenses	71	38	112
Total expenses	114	72	167

Notes to the Financial Statements (Unaudited Condensed) continued

11. Charitable Donation

During the year ended 31 March 2020, the Company made a charitable donation of £50k to the NextEnergy Foundation (six months ended 30 September 2020: £nil; six months ended 30 September 2019: £nil). Information on the NextEnergy Foundation and how it used the donation can be found of page 40 of the 2020 Annual Report, which can be found on our website (www.nextenergysolarfund.com).

12. Trade and Other Receivables

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Administrative service fee income receivable	339	1,582	252
Prepayments	36	501	22
Due from HoldCos	34,069	48,749	23,718
Interest receivable	–	1,396	–
Total trade and other receivables	34,444	52,228	23,992

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

13. Trade and Other Payables

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Other payables	136	141	184
Ordinary share dividends payable	–	–	6
Preference share dividends payable	2,388	1,848	2,362
Due to HoldCos	20,594	27,449	23,718
Total trade and other payables	23,118	29,438	26,270

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

14. Share Capital and Reserves

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

a) Ordinary shares

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

Issued ordinary shares	Six months ended 30 September 2020 No. of shares	Six months ended 30 September 2019 No. of shares	Year ended 31 March 2020 No. of shares
Opening balance	584,205,931	581,730,541	581,730,541
Scrip shares issued during the period/year	1,538,598	1,886,962	2,475,390
Closing balance	585,744,529	583,617,503	584,205,931

Notes to the Financial Statements (Unaudited Condensed) continued

Issued ordinary shares – share premium	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Opening balance	602,989	600,029	600,029
Value of scrip shares issued during the period/year	1,641	2,240	2,960
Closing balance	604,630	602,269	602,989

b) Preference shares

In accordance with International Accounting Standard 32, the preference shares are classified as liabilities. Details of the preference shares can be found in note 24.

c) Retained reserves

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

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

15. Earnings per Ordinary Share

a) Basic

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Profit/(loss) and comprehensive income/(loss) for the period/year (£'000)	23,613	21,086	(29,651)
Basic weighted average number of issued ordinary shares	584,679,032	582,073,071	582,993,198
Earnings per share – basic	4.04p	3.62p	(5.09p)

Notes to the Financial Statements (Unaudited Condensed) continued

b) Diluted

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

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Profit/(loss) and comprehensive income/(loss) for the period/year (£'000)	23,613	21,086	(29,651)
Plus: preference share dividends paid during the period/year (£'000)	4,750	3,032	7,789
Profit/(loss) for the period/year attributable to ordinary shareholders (£'000)	28,363	24,118	(21,862)
Basic weighted average number of issued ordinary shares	584,679,032	582,073,071	582,993,198
Plus: weighted number of ordinary shares issuable on any conversion of preference shares, based on the NAV per ordinary share as at the period/year end	180,751,036	114,558,171	147,745,278
Adjusted weighted average number of ordinary shares	765,430,068	696,631,242	730,738,476
Earnings per share – diluted	3.71p	3.46p	(2.99p)

16. Ordinary Share Dividends

a) Paid during the period/year

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2020 pence per share	Six months ended 30 September 2019 £'000	Six months ended 30 September 2019 pence per share	Year ended 31 March 2020 £'000	Year ended 31 March 2020 pence per share
Quarter 1	10,034	1.7175	9,671	1.6625	9,671	1.6625
Quarter 2	10,310	1.7625	10,003	1.7175	10,003	1.7175
Quarter 3	N/a	N/a	N/a	N/a	10,023	1.7175
Quarter 4	N/a	N/a	N/a	N/a	10,034	1.7175
Total	20,344	3.4080	19,674	3.3700	39,731	6.8150

Notes to the Financial Statements (Unaudited Condensed) continued

b) Declared in respect of the period/year

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2020 pence per share	Six months ended 30 September 2019 £'000	Six months ended 30 September 2019 pence per share	Year ended 31 March 2020 £'000	Year ended 31 March 2020 pence per share
Quarter 1	10,310	1.7625	10,003	1.7175	10,003	1.7175
Quarter 2	10,324	1.7625	10,023	1.7175	10,023	1.7175
Quarter 3	N/a	N/a	N/a	N/a	10,034	1.7175
Quarter 4	N/a	N/a	N/a	N/a	10,034	1.7175
Total	20,634	3.5250	20,026	3.4350	40,094	6.8700

17. Net Assets per Ordinary Share

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Ordinary shareholders' equity (£'000)	583,540	648,704	578,629
Number of issued ordinary shares	585,744,529	583,617,503	584,205,931
Net assets per ordinary share	99.6p	111.2p	99.0p

Notes to the Financial Statements (Unaudited Condensed) continued

18. Investments at Fair Value Through Profit or Loss

The Company owns its portfolio of solar assets through its investments in the HoldCos. The Company's investments comprise its portfolio of solar assets and the residual net assets of the HoldCos. As explained in note 4a), all of the Company's investments are held at fair value through profit or loss and classified as Level 3 in the fair value hierarchy. There were no movements between the hierarchy Levels during the six months ended 30 September 2020 (six months ended 30 September 2019: none; year ended 31 March 2020: none).

The Company's total investments at fair value are recorded under "Non-current assets" in the Condensed Statement of Financial Position.

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Brought forward cost of investments	795,989	689,478	689,478
Investment proceeds from HoldCos	(2,081)	–	–
Investment payments to HoldCos	8,009	102,113	106,511
Additions – acquisition of Eurobonds[1]	–	125,000	125,000
Disposal – derecognition of loans[1]	–	(125,000)	(125,000)
Carried forward cost of investments	801,917	791,591	795,989
Brought forward unrealised (losses)/gains on valuation	(42,429)	33,285	33,285
Movement in unrealised losses on valuation	(915)	(6,524)	(75,714)
Carried forward unrealised (losses)/gains on valuations	(43,344)	26,761	(42,429)
Total investments at fair value	758,573	818,352	753,560

1 Non-cash transactions: On 18 September 2019, NESH III issued Eurobonds listed on The International Stock Exchange totalling £125m. The Eurobonds were put in place to ensure optimum tax planning within the Company and replaced certain debt facilities between the Company and NESH III which were repaid.

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. Information about the principal unobservable inputs used in valuing the Company's investments and their sensitivities are is included in note 20.

19. Unconsolidated Subsidiaries

The Company holds investments through subsidiary companies (the HoldCos) which have not been consolidated as a result of the adoption of IFRS 10 investment entities exemption to consolidation. The HoldCos are incorporated in the UK and 100% directly owned by the Company. The table below shows the legal entity name for the SPVs, all owned 100% at 30 September 2020 (30 September 2019: 100%; 31 March 2020; 100%) directly or indirectly through the HoldCos listed below.

Name	Country of incorporation	Name	Country of incorporation
NextEnergy Solar Holdings Limited	UK		
BL Solar 2 Limited	UK	North Farm Solar Park Limited	UK
Bowerhouse Solar Limited	UK	Push Energy (Birch) Limited	UK
Ellough Solar 2 Limited	UK	Push Energy (Boxted Airfield) Limited	UK
Glebe Farm SPV Limited	UK	Push Energy (Croydon) Limited	UK
Glorious Energy Limited	UK	Push Energy (Decoy) Limited	UK

Notes to the Financial Statements (Unaudited Condensed) continued

Name	Country of incorporation	Name	Country of incorporation
NextEnergy Solar Holdings Limited (continued)			
Greenfields (A) Limited	UK	Push Energy (Hall Farm) Limited	UK
NESF-Ellough Limited	UK	Push Energy (Langenhoe) Limited	UK
Nextpower Ellough LLP	UK	SSB Condover Limited (Condover)	UK
Nextpower Gover Farm Limited	UK	ST Solarinvest Devon 1 Limited	UK
Nextpower Higher Hatherleigh	UK	Sunglow Power Limited	UK
Nextpower Shacks Barn Limited	UK	Wellingborough Solar Limited	UK
NextEnergy Solar Holdings II Limited	UK		
ESF Llwyndu Limited	UK	ESF Llwyndu Limited	UK
NextEnergy Solar Holdings III Limited	UK		
Balhearty Solar Limited	UK	Burcroft Solar Parks Limited	UK
Ballygarvey Solar Limited	UK	Burrowton Farm Solar Park Limited	UK
BESS Pierces Limited	UK	Chilton Cantello Solar Park Limited	UK
Birch Solar Farm CIC	UK	Crossways Solar Park Limited	UK
Blenches Mill Farm Solar Park Limited	UK	Empyreal Energy Limited	UK
Brafield Solar Limited	UK	Fiskerton Limited	UK
Francis Lane Solar Limited	UK	Nextpower SPV 10 Limited	UK
Gourton Hall Solar Limited	UK	Nextpower SPV 11 Limited	UK
Greenfields (F) Limited	UK	Nextpower SPV 12 Limited	UK
Greenfields (T) Limited	UK	Nextpower Water Projects Limited	UK
Gwent Farmers' Community Solar Partnership Limited	UK	NextZest Limited	UK
Helios Solar 1 Limited	UK	PF Solar Limited	UK
Helios Solar 2 Limited	UK	Pierces Solar Limited	UK
Hook Valley Farm Solar Park Limited	UK	Raglington Farm Solar Park Limited	UK
Knockworthy Solar Park Limited	UK	Renewable Energy HoldCo Limited	UK
Lark Energy Bilsthorpe Limited	UK	RRAM (Portfolio 2) Limited	UK
Le Solar 51 Limited	UK	RRAM (Portfolio One) Limited	UK
Little Irchester Solar Limited	UK	RRAM Energy Limited	UK
Little Staughton Airfield Solar Limited	UK	Saundercroft Farm Solar Park Limited	UK
Micro Renewables Domestic Limited	UK	SL Solar Services Limited	UK

Notes to the Financial Statements (Unaudited Condensed) continued

Name	Country of incorporation	Name	Country of incorporation
NextEnergy Solar Holdings III Limited (continued)			
Micro Renewables Ltd	UK	Sywell Solar Limited	UK
Moss Farm Solar Limited	UK	Tau Solar Limited	UK
Moss Lane Farm Solar Limited	UK	Temple Normanton Solar Limited	UK
NESH 3 Portfolio A Limited	UK	TGC Solar Radbrook Ltd	UK
Nextpower Bosworth Ltd	UK	Thornborough Solar Limited	UK
Nextpower Higher Farm Ltd	UK	Thurlestone-Leicester Solar Limited	UK
NextPower High Garrett Ltd	UK	UK Solar (Fiskerton) LLP	UK
Nextpower Lower Strensham Limited	UK	Warmingham Solar Limited	UK
Nextpower SPV 4 Ltd	UK	Wheb European Solar (UK) 2 Ltd	UK
Nextpower SPV 5 Ltd	UK	Wheb European Solar (UK) 3 Ltd	UK
Nextpower SPV 6 Ltd	UK	Whitley Solar Park (Ashcott Farm) Ltd	UK
Nextpower SPV 7 Ltd	UK	Wickfield Solar Ltd	UK
Nextpower SPV 8 Ltd	UK	Wyld Meadow Farm	UK
Nextpower SPV 9 Ltd	UK		
NextEnergy Solar Holdings IV Limited	UK		
Berwick Solar Park Limited	UK	Emberton Solar Park Limited	UK
Bottom Plain Solar Park Limited	UK	Great Wilbraham Solar Park Limited	UK
Branston Solar Park Limited	UK	Nextpower Radius Limited	UK
NextEnergy Solar Holdings V Limited	UK		
Agrosei S.r.l	Italy	Starquattro S.r.l	Italy
Fotostar 6 S.r.l	Italy	SunEdison Med. 6 S.r.l	Italy
Macchia Rotonda Solar S.r.l	Italy		
NextEnergy Solar Holdings VI Limited	UK		
Bowden Lane Solar Park Ltd	UK	Green End Renewables Limited	UK
Fenland Renewables Limited	UK	Tower Hill Farm Renewables Limited	UK

Notes to the Financial Statements (Unaudited Condensed) continued

20. Fair Value of Investments in Unconsolidated Subsidiaries

a) Valuation process

The valuation process is described in note 4a.

The Directors and the Investment Manager consider that the discounted cash flow methodology used in deriving the fair value of investments in operating solar plants is in accordance with the fair value requirements of IFRS 13 and that the valuation methodology used, including the key estimates and assumptions applied, is appropriate.

Investments in assets that are not yet operational are also held at fair value, where the cost of the investment is used as an appropriate approximation of fair value. These investments are not included in the sensitivity analyses in note 20b).

b) Sensitivity analyses of changes in significant unobservable inputs to the discounted cash flow calculation

Most of the Company's investments are valued using the discounted cash flow methodology. Information on this methodology is included in note 4a). The Directors consider the following to be significant unobservable inputs to the discounted cash flows calculation.

Discount rates

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

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Weighted average discount rate	6.8%	7.0%	6.8%
Range of discount rates (unlevered to levered)	6.25% to 7.75%	6.5% to 8.0%	6.25% to 7.75%
Premium applied to cash flows earned 30 years after grid connection date	1.0%	0.0%	1.0%

The table below shows the sensitivity of the portfolio valuation to a change to the weighted average discount rate by plus or minus 0.5%, with all other variables held constant.

Discount rate sensitivity	+0.5% change	Investments	–0.5% change
30 September 2020			
Directors' valuation	(£18.4m)	£758.6m	£19.7m
Directors' valuation – percentage movement	(3.2%)		3.4%
Change in NAV per ordinary share	(3.1p)		3.4p
30 September 2019			
Directors' valuation	(£19.7m)	£647.6m	£21.0m
Directors' valuation – percentage movement	(3.0%)		3.2%
Change in NAV per ordinary share	(3.4p)		3.6p
31 March 2020			
Directors' valuation	(£18.3m)	£753.6m	£19.7m
Directors' valuation – percentage movement	(3.3%)		3.5%
Change in NAV per ordinary share	(3.1p)		3.4p

Notes to the Financial Statements (Unaudited Condensed) continued

Power prices

As at 30 September 2020, estimates implied an average rate of growth of UK electricity prices of approximately 0.44% (30 September 2019: 0.9%; 31 March 2020: 1.0%) in real terms and a long-term inflation rate of 3.0% (30 September 2019: 3.0%; 31 March 2020: 3.0%).

During the first quarter of 2020, the COVID-19 pandemic and other factors negatively impacted long-term power price projections. The Consultants provide a range of UK power price forecasts accounting for different COVID-19 economic recovery scenarios. The blended average of the "central case" scenarios have been applied to the 30 September 2020 valuation. Due to the level of uncertainty that COVID-19 has created, it is prudent to consider the range of power price forecasts and provide transparency on the impact. For illustrative purposes, if the "high case" scenarios were to be applied to the valuation, the NAV per ordinary share at 30 September 2020 would be 114.4p (31 March 2020: 110.6p). If the "low case" scenarios were to be applied to the valuation, the NAV per ordinary share at 30 September 2020 would be 76.3p (31 March 2020: 71.8p).

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

Power price sensitivity	–10% change	Investments	+10% change
30 September 2020			
Directors' valuation	(£42.5m)	£758.6m	£41.0m
Directors' valuation – percentage movement	(7.4%)		7.2%
Change in NAV per ordinary share	(7.3p)		7.1p
30 September 2019			
Directors' valuation	(£42.8m)	£647.6m	£43.9m
Directors' valuation – percentage movement	(6.6%)		6.8%
Change in NAV per ordinary share	(7.3p)		7.5p
31 March 2020			
Directors' valuation	(£40.7m)	£753.6m	£39.8m
Directors' valuation – percentage movement	(7.3%)		7.1%
Change in NAV per ordinary share	(7.0p)		6.8p

Notes to the Financial Statements (Unaudited Condensed) continued

Energy generation

The portfolio's aggregate energy generation yield depends on the combination of solar irradiation and technical performance of the solar assets.

The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase of energy generation by minus or plus 5% on the valuation, with all other variables held constant.

Energy generation sensitivity	5% underperformance	Investments	5% outperformance
30 September 2020			
Directors' valuation	(£40.8m)	£758.6m	£39.7m
Directors' valuation – percentage movement	(7.1%)		6.9%
Change in NAV per ordinary share	(7.0p)		6.8p
30 September 2019			
Directors' valuation	(£42.5m)	£647.6m	£40.5m
Directors' valuation – percentage movement	(6.6%)		6.3%
Change in NAV per ordinary share	(7.3p)		6.9p
31 March 2020			
Directors' valuation	(£40.7m)	£753.6m	£39.8m
Directors' valuation – percentage movement	(7.4%)		7.2%
Change in NAV per ordinary share	(7.0p)		6.9p

Inflation rates

The portfolio valuation assumes long-term inflation of 3.0% (30 September 2019: 3.0%) p.a. for investments (based on UK RPI).

The table below shows the sensitivity of the portfolio valuation to a change to the inflation rate by minus or plus 0.5%, with all other variables held constant.

Inflation rate sensitivity	–0.5% change	Investments	+0.5% change
30 September 2020			
Directors' valuation	(£28.0m)	£758.6m	£29.5m
Directors' valuation – percentage movement	(4.9%)		5.1%
Change in NAV per ordinary share	(4.8p)		5.0p
30 September 2019			
Directors' valuation	(£28.7m)	£647.6m	£30.3m
Directors' valuation – percentage movement	(4.4%)		4.7%
Change in NAV per ordinary share	(4.9p)		5.2p
31 March 2020			
Directors' valuation	(£26.4m)	£753.6m	£28.2m
Directors' valuation – percentage movement	(4.7%)		5.1%
Change in NAV per ordinary share	(4.5p)		4.8p

Notes to the Financial Statements (Unaudited Condensed) continued

Operating costs

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

Operating costs sensitivity	+10.0% change	Investments	–10.0% change
30 September 2020			
Directors' valuation	(£8.8m)	£758.6m	£8.8m
Directors' valuation – percentage movement	(1.5%)		1.5%
Change in NAV per ordinary share	(1.5p)		1.5p
30 September 2019			
Directors' valuation	(£12.1m)	£647.6m	£11.6m
Directors' valuation – percentage movement	(1.9%)		1.8%
Change in NAV per ordinary share	(2.1p)		2.0p
31 March 2020			
Directors' valuation	(£12.3m)	£753.6m	£11.7m
Directors' valuation – percentage movement	(2.2%)		2.1%
Change in NAV per ordinary share	(2.1p)		2.0p

Tax rates

The UK corporation tax assumption for the portfolio valuation was 19% (30 September 2019: 19% until 2020, 17% thereafter; 31 March 2020: 19% for all periods), in accordance with the latest UK Budget announcements.

21. Non-investment Financial Assets and Liabilities

Cash and cash equivalents are Level 1 items in the fair value hierarchy.

Current assets and current liabilities are Level 2 items in the fair value hierarchy, with their carrying value being approximates for their fair values as these are short-term items.

The preference shares are held at amortised cost and are measured at gross proceeds net of transaction costs incurred. The transaction costs are amortised over the expected life of the preference shares to 2036.

22. Capital Management

a) Capital structure

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

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

Notes to the Financial Statements (Unaudited Condensed) continued

b) Debt

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

As at 30 September 2020, the Company had £200m of preference shares in issue (30 September 2019: £200m; 31 March 2020: £200m)) and no financial debt outstanding and the HoldCos had £212.6m in long-term debt and revolving credit facilities outstanding (30 September 2019: £211.3m; 31 March 2020: £214.3m) (see note 24), representing total gearing of 41.3% (30 September 2019: 38.7%, 31 March 2020: 41.6%).

23. Financial Risk Management

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

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

a) Capital risk (Company only)

The Company has put in place a financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity (issued ordinary share capital and retained earnings) and preference share capital. As at 30 September 2020 the Company had no recourse financial debt (30 September 2019: none; 31 March 2020: none), although the Company is a guarantor for two financing and hedging facilities of its subsidiaries (see note 26).

b) Market risk

Price risk (Company and subsidiaries)

Market price risk is the risk that the fair value of future cash flows of a financial instrument held by the Company, through its subsidiaries, will fluctuate because of changes in market prices. Changes in market prices will affect the discount rate applied to the expected future cash flows from the Company's investments and, therefore, the fair value of those investments. The impact of changes in the discount rate is considered in note 20.

Power price risk (Company and subsidiaries)

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

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

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

Currency risk (Company and NESH V)

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Company has no direct exposure to currency risk as all its assets and liabilities are in pounds sterling, the Company's functional and presentational currency. A substantial majority of the cash flows from the Company's solar assets in Italy to NESH V are hedged and so the cash flows to the Company from that HoldCo are exposed to limited currency risk and therefore the currency risk on the value of the assets is not considered to be significant.

Interest rate risk (Company and subsidiaries)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is indirectly exposed to interest rate risk from the credit facilities of the HoldCos. As at 30 September 2020, of the £212.6m (30 September 2019: £211.3m; 31 March 2020: £214.3m) credit facilities outstanding, £121.2m (30 September 2019: £124.7m; 31 March 2020: £123.2m) had fixed interest rates and the remaining £91.5m (30 September 2019: £86.6m; 31 March 2020: £91.1m) had floating interest rates. For the floating amount, interest rate swaps were implemented over the term of the loans to mitigate interest rate risks for

Notes to the Financial Statements (Unaudited Condensed) continued

£72.6m (30 September 2019: £72.6m; 31 March 2020: £72.6m). The counterparties to these swaps were all Investment grade financial institutions. The remaining £18.9m (30 September 2019: £14.0m; 31 March 2020: £18.5m) had floating rates which were not hedged and were not considered by the Directors to be significant.

c) Credit risk (Company and subsidiaries)

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

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

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

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Cash and cash equivalents	11,491	5,270	25,128
Trade and other receivables	34,444	52,228	23,992
Debt investments	300,000	300,000	300,000
Total	345,935	357,498	349,120

Debt investments relate to Eurobonds which have been valued at fair value as part of the Company's investments as disclosed in note 18. No collateral is received from NESH III or NESH V in relation to the Eurobonds. The credit quality of these investments is based on the financial performance of NESH III and NESH V as well as the underlying investments they own. The risk of default is deemed low and the principal repayments and interest payments are expected to be made in accordance with the agreed terms and conditions.

The Company does not have any significant credit risk exposure to any single counterparty in relation to trade and other receivables. In respect of the Company's subsidiaries, ongoing credit evaluation is performed on the financial condition of accounts receivable. As at 30 September 2020, the probability of default of the Company's subsidiaries was considered low and so no allowance has been recognised based on 12-month expected credit loss as any impairment would be insignificant to the subsidiary (30 September 2019: none; 31 March 2020: none). The Investment Adviser has sufficient oversight of the subsidiary's receivables to assess the probability of default.

Details of the Company's cash and cash equivalent balances at the period/year end are set out in the table below.

	Credit rating Standard & Poor's	Cash £'000
30 September 2020		
Barclays Bank PLC	Long – A Short – A-1	11,491
30 September 2019		
Barclays Bank PLC	Long – A Short – A-1	5,270
31 March 2020		
Barclays Bank PLC	Long – A Short – A-1	25,128

Notes to the Financial Statements (Unaudited Condensed) continued

d) Liquidity risk (Company and subsidiaries)

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

The following table 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.

	Carrying amount £'000	Up to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000
30 September 2020				
Assets				
Cash and cash equivalents	11,491	11,491	–	–
Trade and other receivables	34,444	339	–	34,783
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(202,388)	(2,388)	–	(347,250)
Trade and other payables	(23,118)	(136)	–	(22,982)
Total	(179,571)	9,306	–	(335,449)
30 September 2019				
Assets				
Cash and cash equivalents	5,270	5,270	–	–
Trade and other receivables	52,228	2,978	–	55,206
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(201,838)	(1,848)	–	(356,750)
Trade and other payables	(29,438)	(141)	–	(27,449)
Total	(173,778)	6,259	–	(328,993)
31 March 2020				
Assets				
Cash and cash equivalents	25,128	25,128	–	–
Trade and other receivables	23,992	274	–	23,718
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(202,368)	(2,368)	–	(352,000)
Trade and other payables	(23,902)	(184)	–	(23,718)
Total	(177,150)	22,850	–	(352,000)

1 Assumes no conversion of preference shares in 2036.

Notes to the Financial Statements (Unaudited Condensed) continued

24. Preference Shares and Revolving Credit and Debt Facilities

a) Preference shares

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

The preference shares are redeemable at the option of the Company at any time after 1 April 2030, in full or in part. The redemption price will be the subscription price plus any unpaid dividends. In addition, the preference shares may be redeemed in full at the option of the holders in the event of a delisting or change of control of the Company.

b) 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 March 2016, NESH IV agreed the purchase of the Radius portfolio. The acquisition was part funded by a debt facility entered into between NESH IV and Macquarie Bank Limited for £55.0m, which was fully drawn down in April 2016. As part of the debt facility agreement, Macquarie Bank Limited holds a charge over the assets of NESH IV. As at 30 September 2020, the outstanding amount was £47.0m (30 September 2019: £49.6m; 31 March 2020: £48.6m).

In January 2017, NESH closed a syndicated loan with MIDIS, NAB and CBA for £157.5m to refinance its revolving credit facility in relation to the Apollo portfolio. As part of the facility agreement, the lenders provide an additional debt service reserve facility of £7.5m and hold a charge over the assets of NESH. As at 30 September 2020, the outstanding amount was £146.8m (30 September 2019: £148.2m; 31 March 2020: £147.2m). The five tranches terminate between June 2026 and June 2035.

In July 2018, NESH VI closed a revolving credit facility with Banco Santander for £40.0m which was subsequently fully drawn down. In January 2019, the facility was increased to a total commitment of £70.0m with a subsequent £30.0m drawn down. In August 2019, £56.0m was repaid, with a further £4.5m drawn down in December 2019. As at 30 September 2020, the outstanding amount was £18.5m (30 September 2019: £14.0m; 31 March 2020: £18.5m).

In February 2020, NESH II extended the term of its £20.0m revolving credit facility with NIBC to February 2022. As at 30 September 2020, the outstanding amount was £nil (30 September 2019: £nil; 31 March 2020: £nil). The two tranches terminate in September 2034.

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

Notes to the Financial Statements (Unaudited Condensed) continued

25. Reconciliation of Financing Activities

	Opening £'000	Cash flows £'000	Net income allocation £'000	Non-cash flows £'000	Closing £'000
Six months ended 30 September 2020					
Preference shares	197,781	(4,724)	–	4,793	197,850
Total	197,781	(4,724)	–	4,793	197,850
Six months ended 30 September 2019					
Preference shares	99,022	96,295	–	2,391	197,708
Total	99,022	96,295	–	2,391	197,708
Year ended 31 March 2020					
Preference shares	99,022	92,052	–	6,707	197,781
Total	99,022	92,052	–	6,707	197,781

26. Commitments and Guarantees

The Company had parental guarantees in place with two financial institutions for a debt obligation and a currency hedge transaction executed through subsidiaries.

On 19 November 2018, the Company entered into a counter-indemnity deed with Banco Santander regarding borrowings by NextPower Radius Limited. Under the terms of the deed, the Company may request Banco Santander to issue a letter of credit for no more than £2,275,150. As at 30 September 2020, no letters of credit were in issue (30 September 2019: none; 31 March 2020: none).

On 1 December 2017, the Company provided a guarantee to Intesa Sanpaolo S.p.A. ("ISP") relating to derivative transactions made available by ISP in favour of NESH V. The guarantee covers all present and future obligations of NESH V to ISP relating to the derivative transactions. As at 30 September 2020, the Company had no outstanding commitments related to this guarantee (30 September 2019: none; 31 Match 2020: none). NESH V entered into the 15-year derivative transaction which hedges the majority of the future cash flows at fixed exchange rates. As at 30 September 2020, the unhedged portion of the derivative transaction was £4.1m over the term of the transaction on a look through basis (31 March 2020: £39.4m).

Notes to the Financial Statements (Unaudited Condensed) continued

27. 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 6. In addition, an arrangement fee was paid by the Company to the Investment Manager in respect of the issue of 100m preference shares in August 2019.

The Investment Adviser, NextEnergy Capital Limited, is a related party due to sharing common key management personnel with the subsidiaries of the Company. There were no fee transactions between the Company and the Investment Adviser during the period (six months ended 30 September 2019: none; year ended 31 March 2020: none).

The Asset Manager, WiseEnergy (GB) Limited and WiseEnergy Italia Srl, are related parties due to sharing common key management personnel with the subsidiaries of the Company. Under existing arrangements, each of the operating subsidiaries of the Company entered into an asset management agreement with the Asset Manager and each of the HoldCos entered into an accounting services agreement with the Asset Manager. The total value of fees for recurring and one-off services paid to the Asset Manager by the subsidiaries during the period amounted to £nil (six months ended 30 September 2019: £2.5m; year ended 31 March 2020: £5.9m).

NextPower Development Limited is a related party due to sharing common key management personnel with the subsidiaries of the Company. There were no advisory fee transactions between the Company, its subsidiaries and NextPower Development Limited during the period (six months ended 30 September 2019: none; year ended 31 March 2020: none). As announced on 14 May 2020, two subsidy-free projects under development, Strensham (40MW) and Llanwern (75MW), were sold to a subsidiary of NextPower Development Ltd for a combined value of £11.5m, resulting in NESF recovering all development costs incurred. The transaction resulted in a net IRR (after NESF's transaction costs) significantly in excess of NESF's annualised target return of 7–9% p.a. The transaction constituted a smaller related party transaction as set out in the FCA's Listing Rule 11.1.10R.

At 30 September 2020, £34.1m (30 September 2019: £48.7m; 31 March 2020: £23.7m) was owed from the subsidiaries in relation to dividend income receivable, disposal of investments and the subsidiaries' restructuring. At 30 September 2020, £20.6m (30 September 2019: £27.5m; 31 March 2020: £23.7m) was owed to the subsidiaries in relation to their restructuring.

Details of the fees paid to Directors are included in note 8.

28. Controlling Parties

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

29. Events After the Balance Sheet Date

High Garrett, an 8.5MW subsidy-free asset in Essex, was energised on 22 October 2020 post the period end.

On 12 November 2020, the Company announced an interim dividend of 1.7625 pence per ordinary share for the quarter ended 30 June 2020, to be paid on 31 December 2020 to ordinary shareholders on the register as at the close of business on 20 November 2020.

EMBERTON

- 9MW installed
- Energised in March 2016
- 1.4 ROC subsidy
- 2,200 homes powered
- Buckinghamshire

Historical Financial and Portfolio Information

	Year Ended 31 March					
Financial	**2016**	**2017**	**2018**	**2019**	**2020**	**Six months ended 30 Sep 2020**
Ordinary shares in issue	278.0m	456.4m	575.7m	581.7m	584.2m	585.7m
Ordinary share price	97.75p	110.5p	111.0p	117.5p	101.5p	102.0p
Market capitalisation of ordinary shares	£272m	£504m	£639m	£683m	£593m	£597m
NAV per ordinary share[1]	98.5p	104.9p	105.1p	110.9p	99.0p	99.6p
Total ordinary NAV[1]	£274m	£479m	£605m	£645m	£579m	£583.5m
Premium/(discount) to NAV[1]	(0.8%)	5.3%	5.6%	6.0%	2.5%	2.4%
Earnings per ordinary share	0.78p	13.81p	5.88p	12.37p	(5.09p)	4.05p
Dividends per ordinary share	6.25p	6.31p	6.42p	6.65p	6.87p	7.05p
Dividend yield[1]	6.39%	5.71%	5.78%	5.66%	6.77%	6.91%
Cash dividend cover – pre-scrip dividends[1]	1.2x	1.1x	1.1x	1.3x	1.2x	1.2x
Preference shares in issue	–	–	–	100m	200m	200m
Financial debt outstanding at subsidiaries level	£217m	£270m	£270m	£269m	£214m	£213m
GAV	£489m	£749m	£875m	£1,014m	£991m	£994m
Financial debt gearing (financial debt/GAV)[1]	44%	36%	31%	27%	22%	21%
Total gearing (financial debt + preference shares/GAV)[1]	44%	36%	31%	36%	42%	41%
Ordinary shareholder total return – cumulative since IPO	6.1%	26.7%	33.6%	46.7%	37.5%	41.5%
Ordinary shareholder total return – annualised since IPO	3.2%	9.1%	8.5%	9.5%	6.3%	6.4%
Ordinary shareholder total return	0.2%	21.1%	6.2%	11.8%	(7.8%)	3.9%
Ordinary NAV total return[1]	3.7%	14.4%	6.3%	11.8%	(4.6%)	4.1%
Ordinary NAV total return – annualised since IPO[1]	1.9%	4.9%	7.0%	8.1%	5.9%	6.1%
Ongoing charges ratio[1]	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%
Weighted average discount rate	7.7%	7.9%	7.3%	7.0%	6.8%	6.8%
Weighted average cost of capital	5.8%	5.9%	5.8%	5.4%	5.5%	5.4%
Operational						
Invested capital[1]	£481m	£522m	£734m	£896m	£950m	£946m
Number of assets	33	41	63	87	90	90
Total installed capacity	414MW	454MW	569MW	691MW	755MW	755MW
Generation	225 GWh	394 GWh	451 GWh	693 GWh	712 GWh	551GWh
Generation since IPO	0.2 TWh	0.6 TWh	1.1 TWh	1.8 TWh	2.5 TWh	3.1TWh
Irradiation (delta vs. budget)	+0.4%	(0.3%)	(0.9%)	+9.0%	+4.0%	+10.8%
Generation (delta vs. budget)	+4.1%	+3.3%	+0.9%	+9.1%	+4.7%	+11.1%
Asset Management Alpha[1]	+3.7%	+3.6%	+1.8%	+0.1%	+0.7%	+0.3%
Weighted average lease life	25.7 years	24.6 years	23.3 years	25.2 years	26.9 years	27.1 years

1 Alternative performance measure – see pages 62 to 65.

Alternative Performance Measures ("APMs")

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that we use may not be directly comparable with those used by other companies. Our APMs, which are shown below, are used to present a clearer picture of how the Company has performed over the period/year and all are financial measures of historical performance.

Asset Management Alpha

Asset Management Alpha measures the operating performance of the portfolio. It is the performance of the portfolio relative to budget due to active management and excludes the effect of variation in solar irradiation.

	Six months ended 30 Sep 2020 %	Six months ended 30 Sep 2019 %	Year ended 31 March 2020 %
Delta of generation vs. budget (A)	11.1	5	4.7
Delta of irradiation vs. budget (B)	10.8	4.8	4.0
Asset Management Alpha (A – B)	0.3	0.2	0.71

Invested Capital

Invested capital measures the capital deployed into solar assets through the HoldCos and SPVs to generate investment returns for shareholders.

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Invested capital	946,232	938,870	949,831

Total Gearing

Total gearing measures the aggregate of the NESF Group's financial debt and fair value of the preference shares relative to GAV.

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
NESF Group's outstanding financial debt (A)	212,636	211,300	214,299
Preference shares as per Statement of Financial Position (B)	197,850	197,708	197,781
Net assets as per Statement of Financial Position (C)	583,540	648,704	578,629
Total gearing ((A + B) / (A + B + C)), expressed as a percentage)	41.3%	38.7%	41.6%

Alternative Performance Measures continued

Financial Debt Gearing

Financial debt gearing measures the aggregate of the NESF Group's financial debt relative to GAV.

	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000	Year ended 31 March 2020 £'000
NESF Group's outstanding financial debt (A)	212,636	211,300	214,299
Preference shares as per Statement of Financial Position (B)	197,850	197,708	197,781
Net assets as per Statement of Financial Position (C)	583,540	648,704	578,629
Financial debt gearing ((A) / (A + B + C)), expressed as a percentage)	21.4%	20.0%	21.6%

Cash Income

Cash income measures of the cash generated from the Company's operations.

	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000	Year ended 31 March 2020 £'000
Income as per Statement of Comprehensive Income (A)	32,577	34,238	61,192
Trade and other receivables – administrative service fee income accrual at beginning of period/year as per note 12 to Interim Financial Statements (B)	252	249	249
Trade and other receivables – administrative service fee income accrual at end of period/year as per note 12 to Interim Financial Statements (C)	339	2,979	252
Cash income (A + B – C)	32,490	31,509	61,189

Cash Dividend Cover (Pre-scrip Dividends)

Cash dividend cover (pre-scrip dividends) measures the cash available to pay ordinary share dividends, treating all scrip dividends as if they had been paid as cash dividends.

	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000	Year ended 31 March 2020 £'000
Cash Income per table above (A)	32,490	31,509	61,189
Total expenses as per Statement of Comprehensive Income (B)	8,049	6,628	15,129
Pre-scrip ordinary dividends paid as per Statement of Changes in Equity (C)	20,344	19,673	39,731
Cash dividend cover (pre-scrip dividends) ((A - B) / C)	1.2x	1.3x	1.2x

Alternative Performance Measures continued

Dividend Yield

Dividend yield is a measure of the return to the ordinary shareholders.

	30 September 2020 pence	30 September 2019 pence	31 March 2020 pence
Annual dividend per ordinary share declared in respect of period/year (A)	7.05	6.87	6.87
Ordinary share price at end of period/year (B)	102.0	122.0	101.5
Dividend yield (A/B, expressed as a percentage)	6.9%	5.7%	6.8%

NAV per Ordinary Share

NAV per ordinary share is a measure of the value of one ordinary share.

	30 September 2020 pence	30 September 2019 pence	31 March 2020 pence
Net assets as per Statement of Financial Position (£,000) (A)	583,540	684,704	578,629
Number of ordinary shares in issue at period/year end (B)	585,749,529	583,617,503	584,205,931
NAV per ordinary share ((A / B) x 1,000)	99.6p	111.2p	99.0p

NAV Total Return per Ordinary Share

NAV total return per ordinary share is a measure of the overall financial performance of the Company and measures the combined effect of dividends paid together with the rise or fall in the NAV.

	Six months ended 30 Sep 2020 pence	Six months ended 30 Sep 2019 pence	Year ended 31 March 2020 pence
Basic NAV per ordinary share at period/year end as per Statement of Financial Position (A)	99.6	111.2	99.0
Annual dividend per ordinary share declared in respect of period/year (B)	3.48	3.38	6.87
Basic NAV per ordinary share at beginning of period/year as per Statement of Financial Position (C)	99.0	110.9	110.9
NAV total return per ordinary share ((A + B – C) / C, expressed as a percentage)	4.1%	3.3%	(4.6%)

Alternative Performance Measures continued

Ordinary Shareholder Total Return

Ordinary shareholder total return is a measure of the overall performance of the ordinary shares and measures the combined effect of dividends paid together with the rise or fall in the share price.

	Six months ended 30 Sep 2020 pence	Six months ended 30 Sep 2019 pence	Year ended 31 March 2020 pence
Ordinary share price at period/year end (A)	102.0	122.0	101.5
Annual dividend per ordinary share declared/paid in respect of period/year (B)	3.48	3.38	6.87
Ordinary share price at beginning of period/year (C)	101.5	117.5	117.5
Ordinary shareholder total return per share ((A + B – C) / C, expressed as a percentage)	3.9%	6.3%	(7.8%)

Premium to NAV per Ordinary Share

Premium to NAV per ordinary share is a measure of the performance of the ordinary share price relative to the NAV per ordinary share.

	30 September 2020 pence	30 September 2019 pence	31 March 2020 pence
Ordinary share price at period/year end (A)	102.0	122.0	101.5
NAV per ordinary share at period/year end as per Statement of Financial Position (B)	99.6	111.2	99.0
Ordinary shareholder total return per share ((A – B) / B, expressed as a percentage)	2.4%	9.3%	2.5%

Ongoing Charges Ratio

Ongoing charges ratio measures the Company's recurring operating costs (excluding costs incurred by the HoldCos and SPVs, interest costs, preference share dividends and taxation) as a percentage of the average of the net assets at the end of each of the last four consecutive quarters ending at the period/year end.

	Six months ended 30 Sep 2020 £'000	Six months ended 30 Sep 2019 £'000	Year ended 31 March 2020 £'000
Total annualised expenses as per Statement of Comprehensive Income (A)	16,098	13,256	15,129
Annualised preference share dividends as per Statement of Comprehensive Income (B)	9,500	6,064	7,789
Annualised non-recurring expenses (C)	406	416	264
Average of quarterly net assets (D)	579,523	645,906	643,236
Ongoing charges ratio ((A – B – C) / D, expressed as a percentage)	1.1%	1.1%	1.1%

Investment Policy

The Company seeks to achieve its investment objective by investing predominantly in solar PV assets.

The Company invests in solar PV assets primarily in the UK. Not more than 30% of the Company's gross asset value ("Gross Asset Value") (calculated at the time of investment) may be invested in solar PV assets that are located outside the UK. Investments in solar PV assets outside the UK will be made in OECD countries that the Investment Manager and Investment Adviser believe have a stable solar energy regulatory environment and provide investment opportunities with similar, or better, investment characteristics and returns relative to investments in the UK, although the Company may acquire an interest in solar PV assets located in non-OECD countries where those assets form part of a portfolio of solar PV assets in which the Company acquires an interest and where the Company's aggregate investment in any such assets is, at the time any such investment is made, not greater than 3% of the Gross Asset Value.

The Company intends to continue to acquire solar PV assets that are primarily ground-based and utility-scale and which are on sites that may be agricultural, industrial or commercial. The Company may also acquire portfolios of residential or commercial building-integrated installations. The Company targets solar PV assets that are anticipated to generate stable cash flows over their asset lifespan.

The Company typically seeks to acquire sole ownership of individual solar PV assets through SPVs, but may invest in solar PV assets through entering into joint ventures, acquiring minority interests or via private equity structures, provided that not more than 15% of the Gross Asset Value may be invested in private equity structures (calculated at the time of investment). Where a controlling interest of less than 100% in a particular solar PV asset is acquired, the Company intends to secure controlling shareholder rights through shareholders' agreements or other legal arrangements. Where a non-controlling interest is being acquired (either directly in a solar PV asset or through a private equity structure) the Company intends to secure minority protection rights or protections through limited partnership agreements in line with typical private equity structures. Investments by the Company in solar PV assets may be either by way of equity or a mix of equity and shareholder loans.

The Company has built up a diversified portfolio of solar PV assets and its Investment Policy contains restrictions to ensure risk diversification. No single investment (or, if an additional stake in an existing investment is acquired, the combined value of both the existing and the additional stake) by the Company in any one solar PV asset will constitute (at the time of investment) more than 30% of the Gross Asset Value. In addition, the four largest solar PV assets will not constitute (at the time of investment) more than 75% of the Gross Asset Value.

The Company will continue, primarily, to acquire operating solar PV assets, but may also invest in solar PV assets that are under development (that is, at the stage of origination, project planning or construction) when acquired. Such assets will constitute (at the time of investment) not more than 10% of the Gross Asset Value in aggregate.

The Company may also agree to forward-fund by way of secured loans the construction costs of solar PV assets where it retains the right (but not the obligation) to acquire the relevant asset once operational. Such forward-funding will not fall within the 10% development restriction above but will be restricted to no more than 25% of the Gross Asset Value (at the time such arrangement is entered into) in aggregate and will only be undertaken where supported by appropriate security (which may include financial instruments as well as asset-backed guarantees).

The right to forward fund, subject to the above limitations, enables the Company to retain flexibility in the event of changes in the development pipeline over time. In addition, the Company will not employ forward funding and engage in development activity in relation to the same project or asset.

A significant proportion of the Group's income is expected to result from the sale of the entirety of the electricity generated by the solar PV assets within the terms of power purchase agreements ("PPAs") to be executed from time to time. These are expected to include the monetisation of ROCs and other regulated benefits and the sale of electricity generated by the assets to energy consumers and energy suppliers. Within this context, the Company expects to execute PPAs with creditworthy counterparties at the appropriate time.

The Company will continue to diversify its third-party suppliers, service providers and other commercial counterparties, such as developers, engineering and procurement contractors, technical component manufacturers, PPA providers and landlords.

In pursuit of the Company's investment objective, the Company may employ leverage, which borrowing together with the aggregate subscription monies paid in respect of all Preference Shares in issue and including any unpaid or undeclared dividends thereon will not exceed (at the time the relevant arrangement is entered into) 50% of the Gross Asset Value in aggregate. Such leverage will be deployed for the acquisition of further solar PV assets in accordance with the Company's Investment Policy. The Company may seek to raise leverage at any of the SPV, UK Holdco or Company level.

The Company invests with a view to holding its solar PV assets until the end of their useful life. However, assets may be disposed of or otherwise realised where the Investment Manager determines, in its discretion, that such realisation is in the best interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise. The Company will seek to optimise and extend the lifespan of its assets and may invest in their repowering and/or integration of ancillary technologies (e.g. energy storage) on its solar PV assets to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. The Company may also invest in standalone energy storage systems (not ancillary to or co-located with solar PV assets owned by the Company) up to an aggregate limit of 10% of the Gross Asset Value (calculated at the time of investment). The Company expects to re-invest any cash surplus (in excess of that required to meet the Company's dividend target and ongoing operating expenses) in further investments, thereby supporting its long-term net asset value.

Investment Policy continued

The Company may invest cash held for working capital purposes and pending investment or distribution in cash or near-cash equivalents, including money market funds.

The Company may (but is not obliged to) enter into hedging arrangements in relation to interest rates and/or power prices.

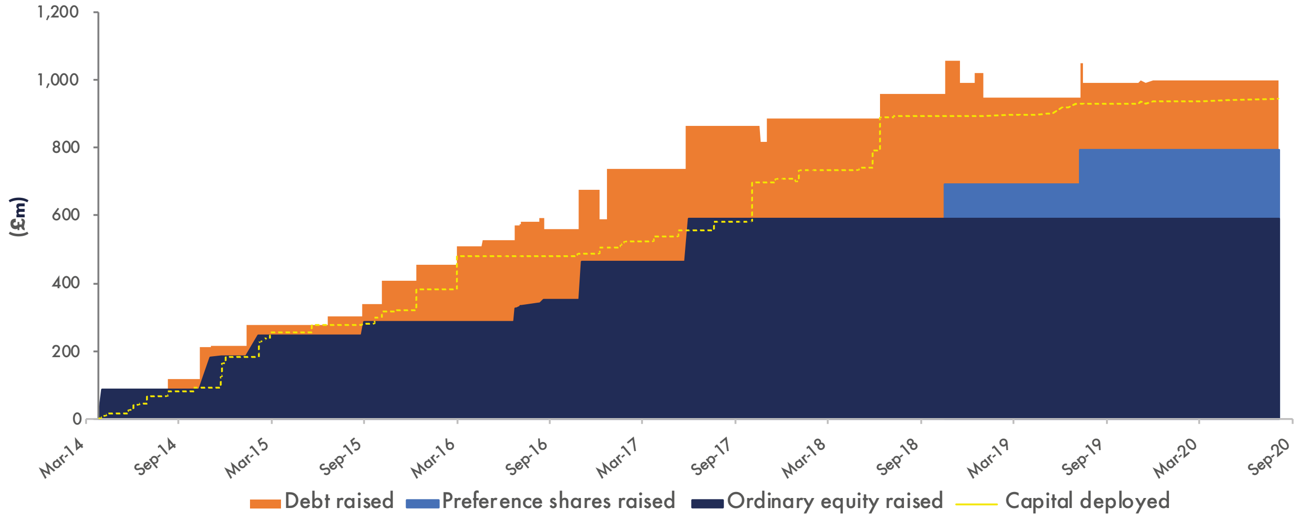
Where investments are made in currencies other than sterling, currency hedging may be carried out to seek to provide protection to the level of sterling dividends and other distributions that the Company aims to pay on its shares and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure. This may involve the use of forward foreign exchange contracts to hedge the income from assets that are exposed to exchange rate risk against sterling and foreign currency borrowings to finance foreign currency assets.

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

As required by the Listing Rules, any material change to the Investment Policy of the Company will be made only with the approval of the FCA and of the Company's Ordinary Shareholders by ordinary resolution.

In the event of any breach of the Company's Investment Policy, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Articles.

Capital Deployment Timeline



General Shareholder Information

Alternative Investment Fund Management Directive ("AIFMD")

The AIFMD aims to harmonise the regulation of Alternative Investment Fund Managers ("AIFMs") and imposes obligations on managers who manage or market Alternative Investment Funds ("AIFs") in the EU or who market shares in such funds to EU investors.

The Company is a non-EU AIF and has appointed NextEnergy Capital IM Limited as its non-EU AIFM. The Company's marketing activities in the UK and the EU are subject to regulation under the AIFMD and any applicable national private placement regimes ("NPPRs"). NPPRs provide a mechanism to market non- EU AIFs that are not allowed to be marketed under the AIFMD domestic marketing regimes. The Board uses NPPRs to market the Company, specifically in the UK, the Republic of Ireland, the Netherlands and Sweden.

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of the Investment Manager, as the Company's AIFM, are required to be made available to investors. These disclosures, including those on the AIFM's remuneration policy, are available on request from the Investment Manager.

Packaged Retail and Insurance-Based Investment Products ("PRIIPs") Regulation/Key Information Document ("KID")

The PRIIPs Regulation aims to ensure retail investors are provided with transparent and consistent information across different types of financial products.

The Company is a PRIIP. The PRIIPs Regulation requires the Investment Manager to publish a KID in respect of the Company that includes standardised illustrations of theoretical risk and returns. The KID is available on the Company's website under Investor Relations (www.nextenergysolarfund.com).

The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Foreign Account Tax Compliance Act ("FATCA")/ OECD Common Reporting Standard ("CRS")

FATCA is a United States federal law enacted in 2010, the intent of which is to enforce the requirement for United States persons (including those living outside the US) to file yearly reports on their non-US financial accounts. Developed and approved by the OECD in 2014, the CRS is a global standard for the automatic exchange of financial account information between governments around the world to help fight against tax evasion and protect the integrity of systems.

The Board, in conjunction with the Company's service providers and advisers, will ensure the Company's compliance with the FATCA and CRS requirements to the extent relevant to the Company.

Markets in Financial Instruments Directive II ("MiFID II") Status

MiFID II requires retail investors in complex products to be assessed for "knowledge and understanding" by distributing firms if they are buying them without advice.

The Company's ordinary shares are considered as "non-complex" in accordance with MiFID II.

Retail Distribution of the Company's Shares Via Financial Advisers and Other Third-Party Promoters

The FCA's rules restrict the promotion of investment products classified as "non-mainstream pooled investment products" to retail investors. The restrictions do not apply to ordinary shares in a UK investment trust or non-UK investment company which would qualify for approval as an investment trust under section 1158 of the Corporation Tax Act 2010 if resident and listed in the UK.

The Board has been advised that the Company would qualify as an investment trust if it was resident in the UK. Accordingly, the promotion and distribution of the Company's ordinary shares are not subject to the FCA's restrictions referred to above.

The Company currently conducts its affairs so that its ordinary shares can be recommended by financial advisers to retail investors and intends to continue to do so for the foreseeable future.

ISA Status

NESF's ordinary shares are eligible for stocks and shares ISAs.

The Company intends to continue to manage its affairs so that its ordinary shares qualify as an eligible investment for a stocks and shares ISA.

Net Asset Value per Ordinary Share

The NAV per ordinary share is calculated on a quarterly basis and published through a stock exchange announcement.

Scrip Dividends

The Company offers a scrip dividend alternative to shareholders. For further information, please see the scrip dividend alternative circular for the year ending 31 March 2021, which is available under "Publications" in the Investor Relations section of the Company's website (www.nextenergysolarfund.com).

Additional Information

Copies of the Company's Annual and Interim Reports, quarterly fact sheets and stock exchange announcements, together with information on the Company's ordinary share price, NAV per ordinary share, historic ordinary share and NAV performance, together with further information, is available on the Company's website (www.nextenergysolarfund.com).

General Shareholder Information continued

Financial Calendar for Year Ending 31 March 2021

Annual results announced June 2021

Annual General Meeting August 2021

Interim dividends

In the absence of unforeseen circumstances, the Directors expect to declare and pay the following interim dividends per ordinary share in respect of the financial year ending 31 March 2021.

Dividend	Announce-ment date	Ex-dividend date	Payment date	Amount
2nd	12-Nov-20	19-Nov-20	31-Dec-20	1.7625p
3rd	11-Feb-21	18-Feb-21	31-Mar-21	1.7625p
4th	13-May-21	20-May-21	30-Jun-21	1.7625p

Cautionary Statement

This Annual Report and the Company's website may contain certain "forward-looking statements" with respect to the Company's financial condition, results of its operations and business, and certain plans, strategies, objectives, goals and expectations with respect to these items and the markets in which the Company invests. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "aims", "anticipates", "believes", "estimates", "expects", "intends", "targets", "objective", "could", "may", "should", "will" or "would" or, in each case, their negative or other variations or comparable terminology.

Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely. There are a number of such factors that could cause the Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and financing strategy to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in the economies and markets in which the Company operates; changes in the legal, regulatory and competition frameworks in which the Company operates; changes in the markets from which the Company raises finance; the impact of legal or other proceedings against or which affect the Company; changes in accounting practices and interpretation of accounting standards under IFRS; and changes in power prices and interest and exchange rates.

Any forward-looking statements made in this Annual Report or the Company's website, or made subsequently, which are attributable to the Company, or persons acting on its behalf (including the Investment Manager and Investment Adviser), are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing in this Annual Report or the Company's website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Glossary and Definitions

Administrator	Apex Fund and Corporate Services (Guernsey) Limited
AGM	Annual General Meeting
AIC	The Association of Investment Companies
AIFM	Alternative Investment Fund Manager for the purpose of the EU's Alternative Investment Fund Management Directive (see page 68 for further information)
Asset Management Alpha	The difference between (i) the delta of generation vs. budget and (ii) the delta of irradiation vs. budget
Apollo portfolio	21 UK solar plants held within NESH (see the Operating Portfolio on pages 23 to 26 for further details)
Asset Manager or **WiseEnergy**	WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl
Brexit	The withdrawal of the United Kingdom from the European Union
Cash dividend cover	The ratio of the Company's cash income to dividends paid or payable in respect of the financial period/year
CBA	Commonwealth Bank of Australia
Company or **NESF**	NextEnergy Solar Fund Limited
Consultants	The three independent market forecasters used by the Company
CO_2e or **carbon dioxide equivalent**	A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact
EBITDA	Earnings before interest, tax, depreciation and amortisation
Embedded benefits	Supplier costs that are reduced or avoided via contracting with small-scale generation connected at the distribution network level instead of the national transmission system
EPC	Engineering, Procurement and Construction
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
Financial debt	The aggregate financial debt of the NESF Group
FiT	Feed-in-Tariff schemes are financial mechanisms by which the UK Government incentivised the deployment of small-scale renewable energy generation and the Italian Government incentivised the deployment of large-scale renewable energy generation) by requiring participating licensed electricity suppliers to make payments on both generation and export from eligible installations
GAV	Gross asset value, being the aggregate of the net asset value of the ordinary shares, the fair value of the preference shares and the amount of NESF Group debt outstanding
GW	A unit of power equal to 1,000 MW
GWh	GW hour, being a measure of electricity generated per hour

Glossary and Definitions continued

HoldCos	Intermediate holding companies used by the Company as pass-through vehicles to invest in underlying solar energy infrastructure assets, currently being NESH, NESH II, NESH III, NESH IV, NESH V and NESH VI
IFRS	International Financial Reporting Standards
Investment Adviser or **NEC**	NextEnergy Capital Limited
Investment Manager	NextEnergy Capital IM Limited
IPO	Initial Public Offering
IRR	Internal Rate of Return
LIBOR	London Interbank Offered Rate
Merchant revenue	Revenue from energy sold in the merchant power market which is not connected with subsidy schemes
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MW	A Megawatt is unit of power equal to one million watts and is used as a measure of the output of a power plant
MWh	MW hour, being a measure of electricity generated per hour
NAB	National Australia Bank
Net assets or **NAV**	Net asset value
NAV total return	The actual rate of return from dividends paid and any increase or reduction in the NAV per ordinary share over a given period of time
NEC or **NEC Group**	The NextEnergy Capital group of companies, including the Investment Manager, Investment Adviser and Asset Manager
NESF Group	The Company, HoldCos and SPVs
NESH	NextEnergy Solar Holding Limited
NESH II	NextEnergy Solar Holding II Limited
NESH III	NextEnergy Solar Holding III Limited
NESH IV	NextEnergy Solar Holding IV Limited
NESH V	NextEnergy Solar Holding V Limited
NESH VI	NextEnergy Solar Holding VI Limited
NIROC	Like the ROCs in Great Britain, the Northern Ireland Renewable Obligation Certificate scheme obliges electricity suppliers to produce a certain number of NIROCs for each MWh of electricity which they supply to their customers in Northern Ireland or to pay a buy-out fee that is proportionate to any shortfall in the number of NIROCs being so presented
O&M	Operations and Maintenance

Glossary and Definitions continued

OECD	Organisation for Economic Co-operation and Development
OFGEM	Office of Gas and Electricity Markets
Ongoing charges ratio	The regular, recurring annual costs of running the Company (excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments), expressed as a percentage of average net assets, calculated in accordance with the AIC's methodologyy
Ordinary shareholder total return	The actual rate of return from dividends paid and any increase or reduction in the ordinary share price over a given period of time
Ordinary shares	The issued ordinary share capital of the Company
Performance ratio	Describes the relationship between the actual and theoretical energy outputs of a solar plant (expressed as a percentage)
PPA	Power purchase agreement
Premium/discount to NAV	The amount, expressed as a percentage, by which the Company's ordinary shares trade above or below the NAV per ordinary share
Preference shares	The issued preference share capital of the Company
PV	Photovoltaic
Radius portfolio	Five UK solar plants held within NESH IV (see the Operating Portfolio on pages 23 to 26 for further details)
ROC	Renewable Obligation Certificates (the Renewable Obligation scheme is the financial mechanism by which the UK Government incentivised the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources or pay a penalty)
RPI	Retail Price Index
RRAM portfolio	10 UK solar plants held in NESH III (see the Operating Portfolio on pages 23 to 26 for further details)
Scrip shares	Ordinary shares issued pursuant to the Company's scrip dividend alternative
SDG	The Sustainable Development Goals are a set of ambitious global developmental targets adopted by the United Nations Member States in 2015 to be achieved by 2030 and seek to address the global challenges we face through the promotion of development as a balance of social, economic, and environmental sustainability
Solis portfolio	Eight Italian solar plants held within NESH V (see the Operating Portfolio on pages 23 to 26 for further details)
SPVs	Special purpose vehicles that hold the Company's investment portfolio of underlying solar energy infrastructure assets
Total gearing	The aggregate of financial debt and preference shares (the preference shares are equivalent to non-amortising debt with repayment in shares)
Thirteen Kings portfolio	13 plants held in NESH III (see the Operating Portfolio on pages 23 to 26 for further details)

Corporate Information

The Company
NextEnergy Solar Fund Limited

Registered Office:
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey GY1 2HL

Registered no.: 57739
LEI: 213800ZPHCBDDSQH5447
Ordinary Share ISIN: GG00BJ0JVY01
Ordinary Share SEDOL: BJ0JVY0
London Stock Exchange Ticker: NESF
Website: www.nextenergysolarfund.com

Directors
(All non-executive and independent)
Kevin Lyon, Chairman
Vic Holmes, Senior Independent Director
Patrick Firth
Sue Inglis
Joanne Peacegood

Investment Manager
NextEnergy Capital IM Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey GY1 2HL

Investment Adviser
NextEnergy Capital Limited
20 Savile Row
London W1S 3PR

Company Secretary and Administrator
Apex Fund and Corporate Services (Guernsey) Limited
1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey GY1 2HL

Independent Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey GY1 1WR

Registrar
Link Market Services (Guernsey) Ltd
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH

Legal Advisers
As to UK Law
Stephenson Harwood LLP
1 Finsbury Square
London EC2M 7SH

As to Guernsey Law
Carey Olsen (Guernsey) LLP
PO Box 98, Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Mourant
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4HP

Financial Adviser and Joint Broker
Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London EC2R 7AS

Sponsor and Joint Broker
Shore Capital and Corporate Ltd
Cassini House
57 St James's Street
London SW1A 1LD

Media and Public Relations Adviser
Camarco
107 Cheapside
London EC2V 6DN

Principal Bankers
Barclays Bank plc
6/8 High Street
St Peter Port
Guernsey GY1 3BE

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