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**Investment Update**

## Investment Highlights

### 31 March 2020

- NAV – £579m
- NAV/share – 99.0p
- GAV – £991m



**755MW** total diversified capacity through **90** solar assets



August 2019: **First** UK subsidy-free solar asset (**Hall Farm II, 5MW**) energised

### 31 March 2019

- NAV – £645m
- NAV/share – 110.9p
- GAV – £1,014m



Generation vs. budget **(+4.7%)**, operating expenses vs. budget **(-8.6%)** and revenues vs. budget **(+6.3%)**



December 2019: **Largest** UK subsidy-free solar asset (**Staughton, 50MW**) energised



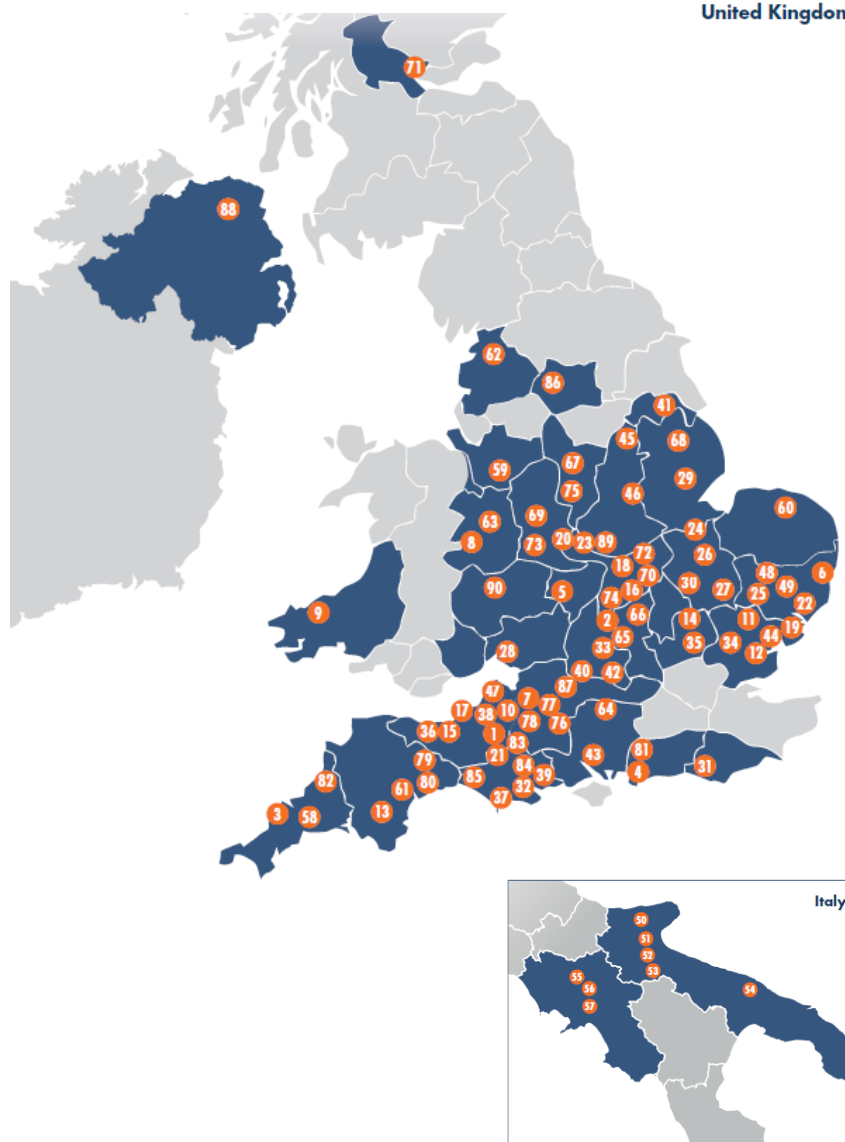
**9MW** of subsidy-free projects under construction (**High Garrett**)



**43MW** of development work in progress for Anglian Water - power directly sold through private wire agreements



# Operating Portfolio



Operating solar assets  
as at 31 March 2020

**90**

(2019: 87)

Total capacity installed  
as at 31 March 2020

**755MW**

(2019: 691MW)

Total electricity generation for the  
year ended 31 March 2020

**712GWh**

(2019: 693GWh)

Generation above budget for the  
year ended 31 March 2020

**+4.7%**

(2019: +9.1%)

## Continuous Operating Outperformance

- The portfolio consistently generates more electricity than its acquisition budget (+5.0% since IPO)
- NESF has achieved continuous operating outperformance each year since IPO
- The portfolio outperformance is partially due to higher solar irradiation than forecasts (+2.5% since IPO) and to the Asset Management performance (+2.5% since IPO)
- The Asset Management Alpha for FY20 would have been +1.5% if DNO outages were excluded

Period Ended 31 March	Assets monitored	Irradiation (delta vs. budget)	Generation (delta vs. budget)	Asset Management Alpha <sup>(1)</sup>
Full year 2014/15	6	(0.4%)	+4.8%	+5.2%
Full year 2015/16	23	+0.4%	+4.1%	+3.7%
Full year 2016/17	31	(0.3)%	+3.3%	+3.6%
Full year 2017/18	55	(0.9)%	+0.9%	+1.8%
Full year 2018/19	84	+9.0%	+9.1%	+0.1%
Full year 2019/20	85	+4.0%	+4.7%	+0.7%
<b>Cumulative from IPO to 31 March 2020</b>	<b>85</b>	<b>+2.5%</b>	<b>+5.0%</b>	<b>+2.5%</b>

Notes:

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

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## COVID-19 Response

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- The emergence of the COVID-19 pandemic in early 2020 presented an unprecedented operational challenge to NESF and its stakeholders
- In these extraordinary times, the NESF Board will continue to monitor closely the impacts of COVID-19 on the UK and Italian economies, and the effect they may have on the Company and its assets



- The Investment Adviser acted rapidly and migrated its global workforce to remote working and established a ‘COVID-19 Response Plan’
- They continue to monitor closely the impact of COVID-19 in the UK and Italy and will continue to work with the Board and the Company’s other key service providers and suppliers to anticipate and mitigate, where possible, arising risks



- The Asset Manager engaged with key portfolio operational counterparties to assess operational, financial and health and safety risks
- Plans put in place to minimise the risk of operational disruption due to O&M response capabilities or supply-chain problems
- Power price impact mitigated by short-term price fixing arrangements already in place

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### KEY SERVICE PROVIDERS and SUPPLIERS

- The Company’s other key service providers and suppliers have also enabled their business continuity plans and continue to provide contracted services on a “business as usual” basis in all material respects
  - The Asset Manager and Investment Adviser remain in close contact with them and continuously monitor and review their ability to perform in light of COVID-19 developments
-

## Portfolio's Secured Power Prices

- Our in-house electricity sales desk continues to secure higher power prices through its flexible PPA framework

	Apollo - ROC Assets (226 MW)		Radius and NIBC assets (112 MW)	
	Output Locked	Locked Price (£/MWh)	Output Locked	Locked Price (£/MWh)
Summer 2020	91%	44.4	91%	44.4
Winter 2020 / 2021	41%	55.5	41%	55.5
Summer 2021	30%	39.0	30%	39.0
Winter 2021 / 2022	30%	47.0	30%	47.0

- Power prices are contracted with different off-takers either through a trading framework agreement or short-term fixed PPA

	Three Kings (53 MW)		Private Wire (5 MW)	
	Output Locked	Locked Price (£/MWh)	Output Locked	Locked Price (£/MWh)
Summer 2020	100%	39.2	100%	55.0
Winter 2020 / 2021	100%	41.5	100%	55.0

- These fixed prices were secured pre COVID-19 at prices well above the current market prices

	UK FIT Assets (53 MW)			
	Output Locked	Export Tariff - 43MW (£/MWh)	Output Locked	Locked Price - 10MW (£/MWh) <sup>(1)</sup>
Summer 2020	100%	55.0	100%	34.7
Winter 2020 / 2021	100%	55.0	100%	43.5
Summer 2021	100%	56.1	-	-
Winter 2021 / 2022	100%	56.1	-	-

- Solis portfolio has only limited exposure to the Italian wholesale power market (c.17% of Solis revenues)

	Remaining UK assets (272 MW)		
	Output Locked	Locked Price (£/MWh)	Power Curve (£/MWh)
Summer 2020	89%	43.5	37.7
Winter 2020 / 2021	37%	42.2	37.3

	Solis (34 MW)		
	Output Locked	Locked Price (£/MWh)	Italian Power Curve (£/MWh)
Summer 2020	100%	57.1	36.1
Winter 2020	100%	57.1	36.5

Notes:

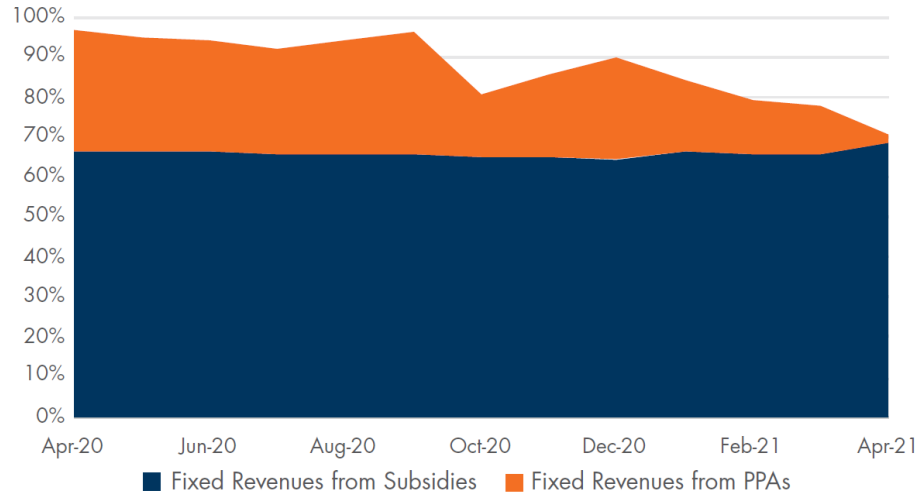
(1) Company can choose not to elect for Export tariff at any given time for a period of 12-months



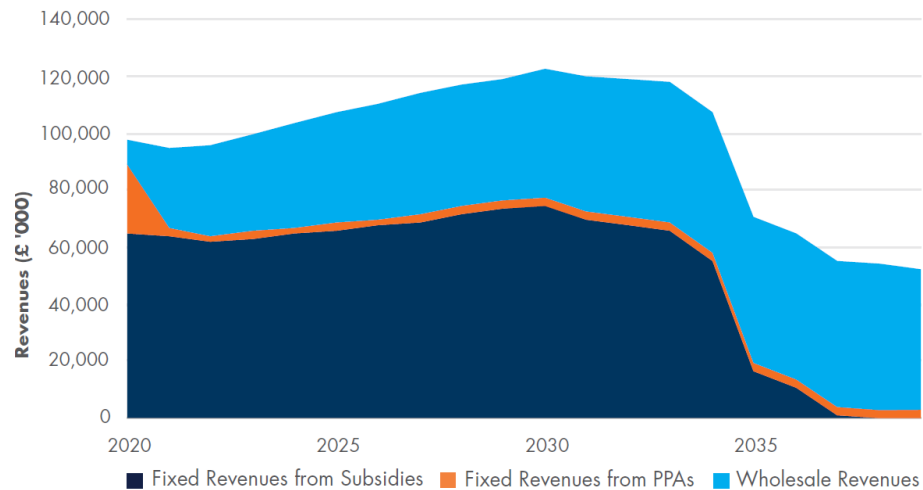
## Forecast Revenue Breakdown

- NESF has secured fixed price agreements covering 95% of its electricity generation for summer 2020 and 50% for winter 2020/21
- These agreements cover 85% of expected generation for the financial year ending 31 March 2021
- A significant proportion of the Company's revenues is fixed in accordance with the terms of the relevant ROC or FiT subsidies
- For year ended 31 March 2020, 63% of revenues were fixed from subsidies, with an average remaining weighted life under the relevant subsidy of 16.5 years

**% of NESF revenues fixed until 31 March 2021**

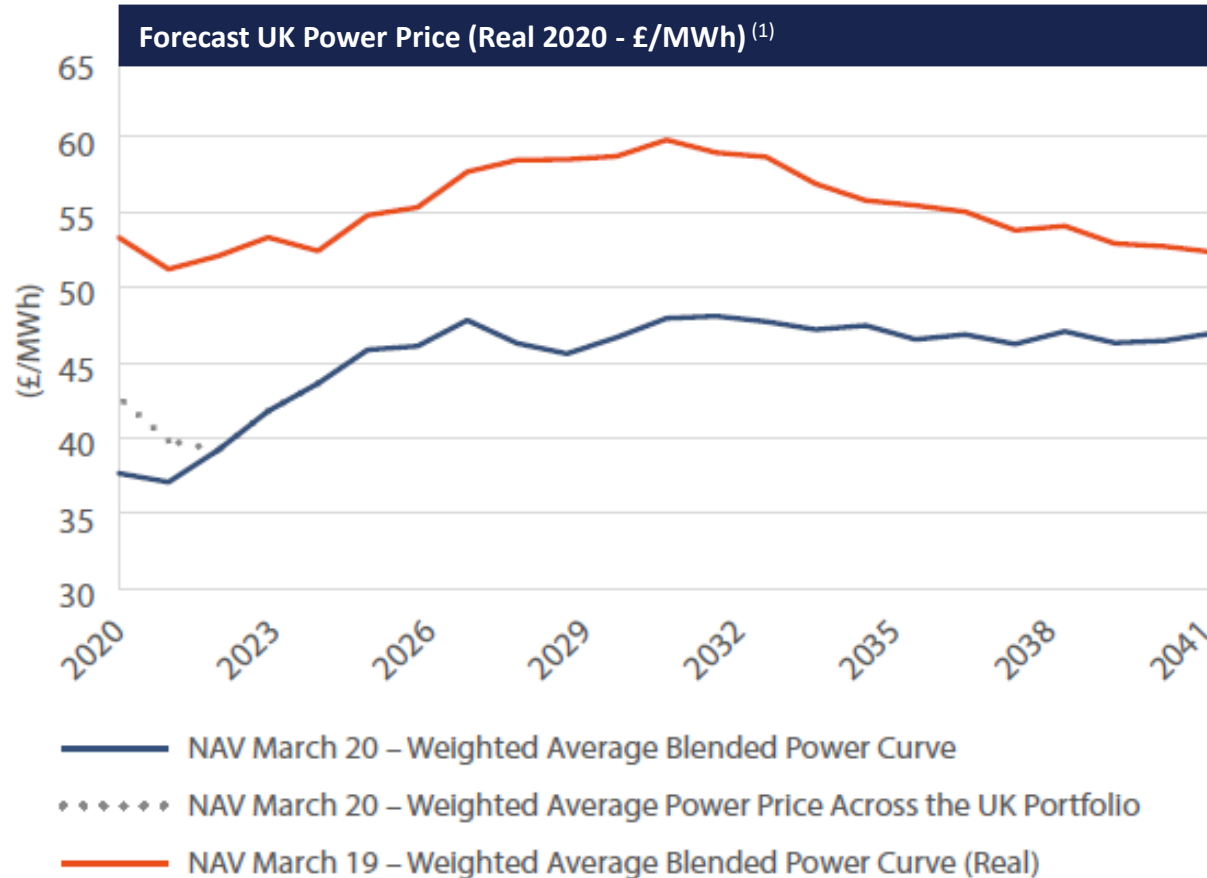


**NESF 20-year forecast revenue breakdown**



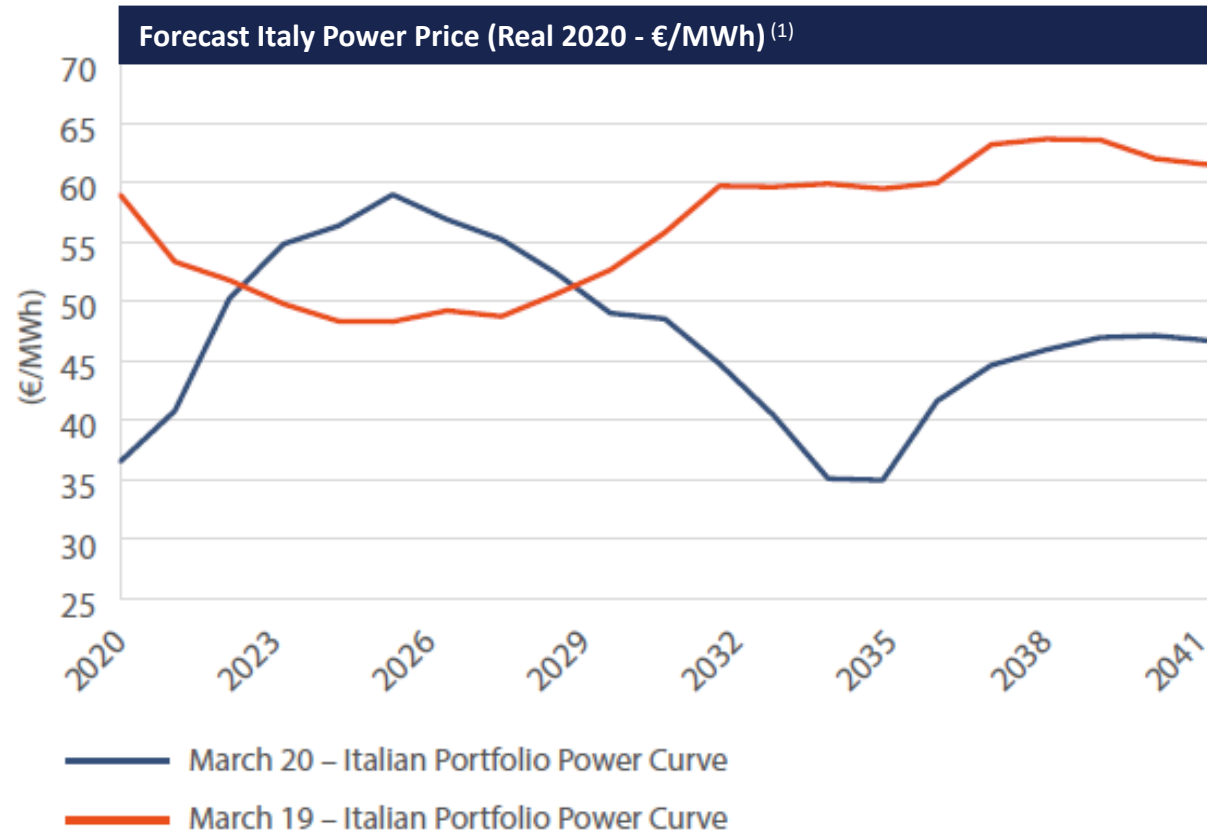
## Forecast UK Power Prices (Real 2020)

- The forecast UK power curves incorporate an anticipated reduction in demand for electricity, and a corresponding decrease in energy-related commodity prices, as a result of COVID-19
- The UK power curve forecast corresponds to an average solar capture price of approximately £39.9/MWh for the period 2020-2024
- For the period 2025-2040, the average solar capture price is approximately £46.9/MWh
- NESF uses two independent leading market consultants for the UK and takes the average forecast for the valuation



Notes:  
(1) Source: Two Independent Energy Market Consultants

## Forecast Italian Power Prices (Real 2020)



Notes:

(1) Source: Independent Energy Market Consultant



## Subsidy-free Asset Strategy

- NESF's intends to maintain target equity annualised return range of 7% to 9%
- The Company will consider divesting those subsidy-free project rights that are in excess of the current target of 150MW or that based on current assumptions would be unable to generate financial returns in line with the Company's target
- Strensham and Llanwern development projects were disposed of after the end of the financial year

- As at 31 March 2020 NESF has already energised 55MW of subsidy-free assets (Hall Farm II and Staughton Airfield)
- Including High-Garrett (9MW), expected to be energized in Autumn 2020, the total would be 64MW
- The Company has sourced a further development pipeline (773MW) of projects, significantly greater than the current total target of 150MW for subsidy-free assets
- Such pipeline will provide a broad set of investment options from which NESF can select the most attractive projects to construct and include into its portfolio of operating assets

Subsidy-free Pipeline Status	Target Capacity (MW)
Projects Ready to Build (with Planning Consent)	85
Projects Currently in Planning	164
Projects at Pre-planning Stage	481
Anglian Water Projects	43
<b>Total Pipeline</b>	<b>773</b>

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## Strategic Focus 2020/21

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1

### Target a total of 150MW in subsidy-free solar plants

- Building upon our experience with Hall Farm II (5MW) & Staughton (50MW)

2

### Focus on developing our electricity sales strategy

- Explore corporate PPAs and direct-wire agreements to maximise revenue, and reduce power price risk

3

### Propose to shareholders an expansion in Investment Policy

- Increase internationalisation and storage potential

4

### Optimise revenues and reduce operating expenses

- NESF is best placed to deliver this strategy through its operating Asset Manager- WiseEnergy

5

### Extend the life of the remaining sites

- 31 assets have secured life extensions. A further 20 sites are targeted for FY2020/21





**Financial Highlights**



## Financial Highlights

- Targeting a dividend of 7.05p per share for the year ending 31 March 2021

- Second Issuance of Preference Shares for £100m on 12 August 2019 (currently 200m Preference shares outstanding)

- Financial debt level of 22% (2019: 27%) (excluding preference shares)

- Ongoing charges ratio stable at 1.1%

**NAV per ordinary share  
as at 31 March 2020**

**99.0p**

(2019: 110.9p)

**Ordinary shareholders' NAV  
as at 31 March 2020**

**£579m**

(2019: £645m)

**Dividend per ordinary share for  
the year ended 31 March 2020**

**6.87p**

(2019: 6.65p)

**Cash dividend cover (pre-scrip  
dividends) for the year ended  
31 March 2020**

**1.2x**

(2019: 1.3x)

**Gearing as at  
31 March 2020**

**42%**

(2019: 36%)

**Ordinary shareholder  
annualised total return since IPO**

**6.3%**

(2019: 9.5%)

## Five-year Track Record

- As at 31 March 2020, NESF had achieved an annualised ordinary shareholder total return of 6.3% and an annualised NAV total return of 5.9%
- After the year end, the share price has risen and, as at 26 June 2020, was 107.4p, equivalent to a premium of 8.5% to the NAV per ordinary share as at 31 March 2020
- The Company's annualised ordinary shareholder total return since IPO to 26 June 2020 equates to 7.3%.

Financial Key Performance Indicators	Year Ended 31 March				
	2016	2017	2018	2019	2020
Ordinary shares in issue	278.0m	456.4m	575.7m	581.7m	584.2m
Ordinary share price	97.75p	110.5p	111.0p	117.5p	101.5p
Market capitalisation of ordinary shares	£272m	£504m	£639m	£683m	£593m
NAV per ordinary share*	98.5p	104.9p	105.1p	110.9p	99.0p
Total ordinary NAV*	£274m	£479m	£605m	£645m	£579m
Premium/(discount) to NAV*	(0.8%)	5.3%	5.6%	6.0%	2.5%
Earnings per ordinary share	0.78p	13.81p	5.88p	12.37p	(5.09p)
Dividend per ordinary share	6.25p	6.31p	6.42p	6.65p	6.87p
Dividend yield*	6.39%	5.71%	5.78%	5.66%	6.77%
Cash dividend cover – pre-scrip dividends*	1.2x	1.1x	1.1x	1.3x	1.2x
Preference shares in issue	–	–	–	100m	200m
Financial debt outstanding at subsidiaries level	£217m	£270m	£270m	£269m	£214m
Financial debt (financial debt/GAV)*	44%	36%	31%	27%	22%
Gearing (financial debt + preference shares/GAV)*	44%	36%	31%	36%	42%
GAV	£489m	£749m	£875m	£1,014m	£991m
Weighted average cost of capital	5.8%	5.9%	5.8%	5.4%	5.5%
Ordinary shareholder total return – cumulative since IPO	6.1%	26.7%	33.6%	46.7%	37.5%
Ordinary shareholder total return – annualised since IPO	3.2%	9.1%	8.5%	9.5%	6.3%
Ordinary shareholder total return	0.2%	21.1%	6.2%	11.8%	(7.8%)
Ordinary NAV total return*	3.7%	14.4%	6.3%	11.8%	(4.6%)
Ordinary NAV total return – annualised since IPO*	1.9%	4.9%	7.0%	8.1%	5.9%
Ongoing charges ratio*	1.2%	1.2%	1.1%	1.1%	1.1%
Weighted average discount rate	7.7%	7.9%	7.3%	7.0%	6.8%

## Cash Flow Generation

- Table summarises the economic performance of the UK operating portfolio
- Illustrative revenues and costs are expressed as average per MW across the portfolio
- Total Revenues exceeded budget during the 2019/20 financial year by 6.3%
- Operating Expenses below acquisition case budget during the 2019/2020 financial year by 8.6%
- Resulting EBITDA above budget by 10.9%

Year Ended 31 March 2020			Actual per MWp <sup>1</sup>	Budget per MWp <sup>1</sup>	Delta vs. Budget	Comments		
Solar Irradiation	[A]	(kWh/m <sup>2</sup> )	1,255	1,207	+ 4.0%	Actual irradiation for the year		
Conversion Factor <sup>2</sup>	[B]	(%)	85.5%	84.9%	+ 0.7%	Positive delta represents Asset Management Alpha for the year		
Metered Generation	[C] = [A x B]	(kWh)	1,073	1,025	+ 4.7%	Actual generation measured at the meter for the year		
			Power Price	Subsidies	Power Price	Subsidies		
Realised Prices	[D]	(£/MWh)	48.6	74.4	50.0	71.2	+ 4.6%	Implied average power price and subsidies across entire portfolio (including ROC recycle and embedded benefits)
Revenues (Merchant & Subsidies)	[E] = [C x D]	(£ '000)	52.1	79.9	51.2	72.9	+ 9.5%	
<b>Total Revenues</b>	[E]	(£ '000)	132.0		124.2		+ 6.3%	Actual revenues at portfolio level for the year (unaudited figures per MW)
Operating Expenses	[F]	(£ '000)	(26.5)		(29.0) <sup>4</sup>		(8.6%)	Actual costs at portfolio level for the year (unaudited figures per MW)
<b>EBITDA<sup>3</sup></b>	[G] = [E - F]	(£ '000)	105.5		95.1		+ 10.9%	Actual EBITDA for the year (unaudited figures per MW)
<b>EBITDA Margin<sup>3</sup></b>			79.9%		76.6%			

- Based on the average installed capacity over the financial year. Given the different composition of the growing portfolio, this information is not directly comparable with what was provided in the previous Annual Report.
- Ratio captures the solar plant performance ratio as well as the availability (which reflects all system shut-downs for maintenance or one-off events such as DNO outages).
- EBITDA is a reference to EBITDA at the SPV levels.
- Budgeted operating expenses are based on the acquisition case of the assets.



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## Valuation of Investment Portfolio

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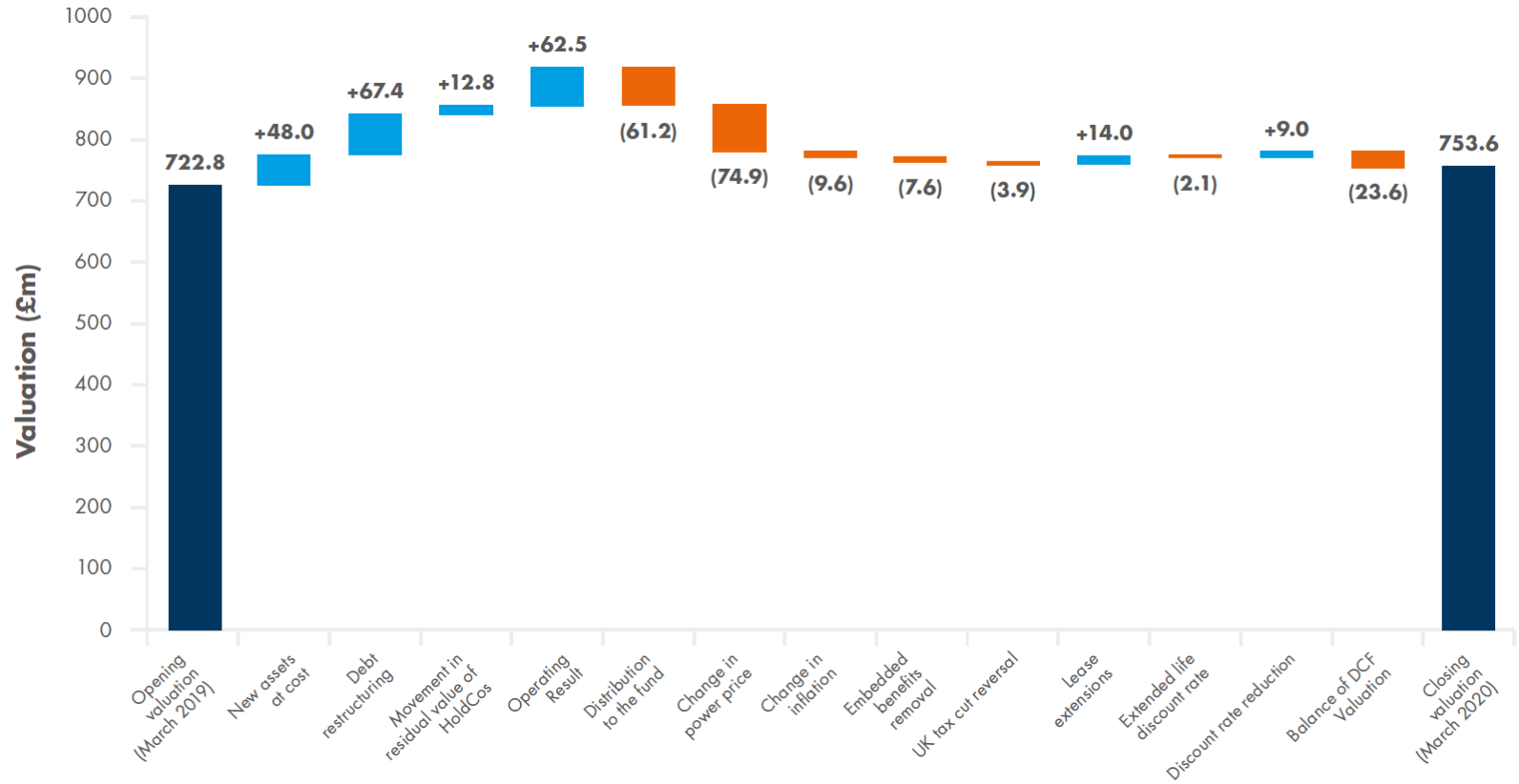
### Discount rates

- **6.25% unlevered discount rate** for UK operating assets
- **Levered discount rates** of up to **7.25%** (up to 1.0% risk premium)
- **7.75% unlevered discount rate** for Italian operating assets implying **1.50% country risk premium**
- **7.25% unlevered discount rate** for subsidy-free operating assets implying **1.0% risk premium**
- **1.0% risk premium** for cash flows after 30 years where leases have been extended
- Weighted average discount rate of **6.8%**
- Weighted average cost of capital of **5.5%**

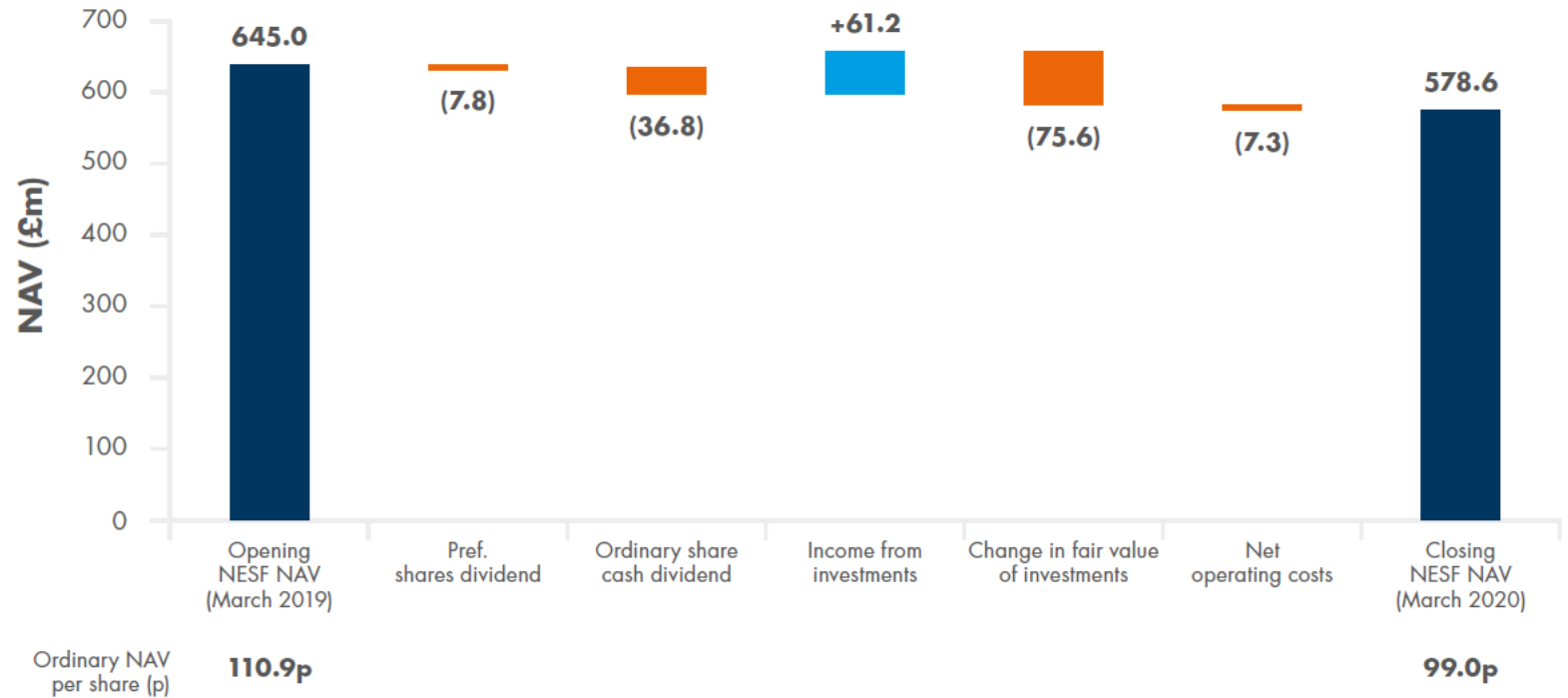
### Valuation movements were driven by the following factors:

- Downward revisions in the forecasts for power prices provided by the Consultants, being 23.4% lower compared to the assumptions at 31 March 2019
- Uplift arising from a decrease in the unlevered discount rate by 0.25%, from 6.50% to 6.25%;
- Downward revision resulting from increasing the discount rates after 30 years for assets with lease extensions;
- Removal of embedded benefits payments from April 2021 following OFGEM's Targeted Charging Review;
- Uplift arising from lease extensions;
- Downward revision of short-term inflation forecasts; and
- UK corporation tax rate remaining at 19% over the long-term

## Portfolio Valuation Bridge



## NAV Bridge





## Optimised Capital Structure

Equity

Ordinary Shareholders



- 584.2m Ordinary Shares in issue, targeting a total dividend of 7.05p per ordinary share for the financial year ending 31 March 2021

Preference shares



- Two £100m tranches issued in November 2018 and August 2019
- Non-redeemable and non-voting shares entitled to a fixed preferred dividend of 4.75% p.a. with conversion rights from 1 April 2036 at nominal value
- Option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company

Financial debt facilities



- Fully amortising facility (£147.2m outstanding) expiring in 2035
- Unique NAV-enhancing features (grace period, DSRF, flexible PPA)

Macquarie Infrastructure Debt Investment Solutions ("MIDIS")



- Fully amortising facility (£48.6m outstanding) expiring in 2034
- Debt in place at completion of Radius portfolio in April 2016
- Replacement of DSRA with LoC in March 2018



- NIBC RCF of £20m, undrawn and available until February 2022
- Santander RCF of £70m, partially drawn (£18.5m) and available until July 2022 (extended post year end)

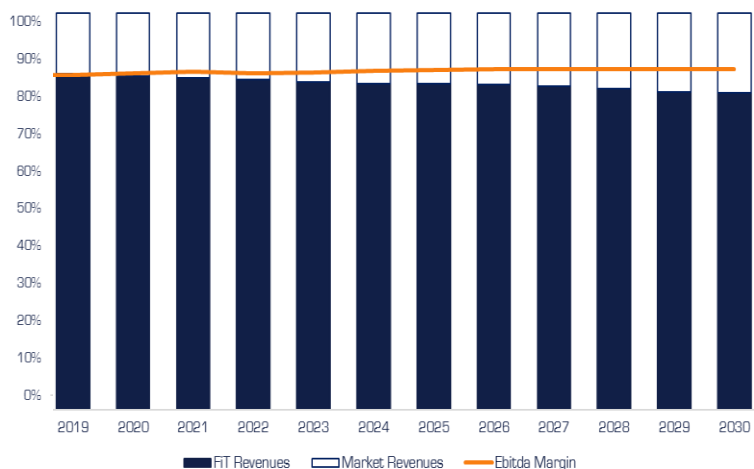
- As at 31 March 2020, total financial debt facilities outstanding of £214m which represent 22% of GAV (excluding preference shares)
- Of the financial debt, £196m was long-term fully amortising debt, £18m was RCF
- A £70m Santander RCF and additional £20m NIBC RCF are available
- Average all-in cost of debt of 3.4%

## Solis Portfolio

- High risk-adjusted returns (9.4% at acquisition)
- Positive contribution to dividend cover – 1.4x supporting the Company’s overall dividend targets
- NAV accretion – Solis portfolio is valued with a discount rate of 7.75% (2019: 8.0%) as a result of deleverage and increased market value of solar PV assets in Italy
- Low risk profile – c.85% of revenues are subsidised, debt fully repaid, stable EBITDA margins in excess of 80% and efficient currency hedge
- Diversify market risk – Italy is amongst the ten largest solar market globally

### Business Case: Solis Acquisition and performance

- Acquisition of eight solar plants in Italy in December 2017 for a total installed capacity of 34.5MWp and total value of €132m
- The €74.7m long term project financing in place was fully repaid following issuance of the preference shares in November 2018
- FX hedging structure extended - 92% of the expected cashflows generated by the Solis portfolio are fully hedged until 2032 at an average FX rate of 0.89 EUR/GBP inclusive of all hedging costs
- Positive Asset Management Alpha of 1.3% for the financial year ending 31 March 2020



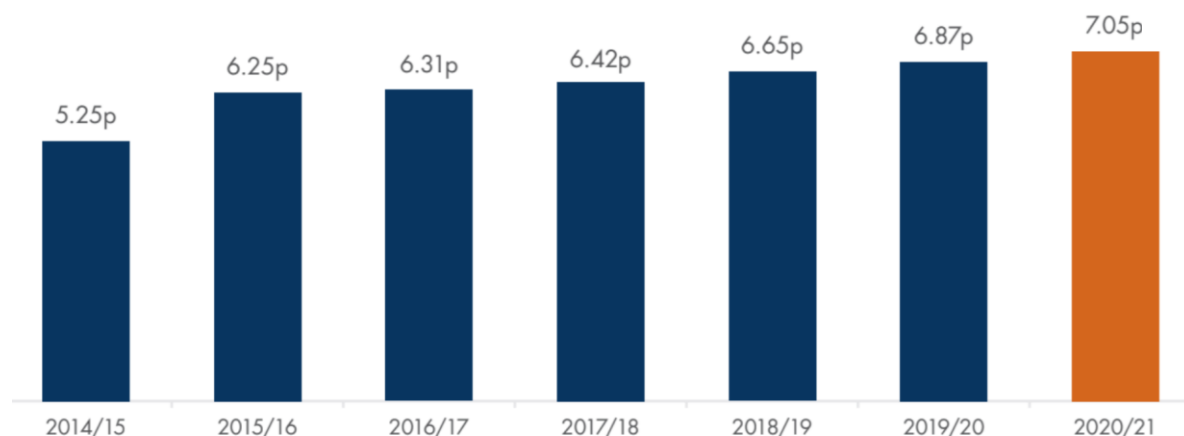
Assets Monitored	Since Acquisition		
	Irradiation Delta (%)	Generation Delta (%)	Generation Alpha (%)
Armiento	4.5%	7.1%	2.6%
Lacovangelo	3.8%	6.6%	2.8%
Inicorba	4.9%	6.2%	1.4%
Macchia Rotonda	5.5%	5.2%	-0.3%
Gioia del Colle	-1.1%	2.7%	3.8%
Carinola	1.3%	5.4%	4.1%
Marcianise	2.3%	3.7%	1.4%
Riardo	1.7%	1.1%	-0.6%
<b>Solis Portfolio</b>	<b>+2.6%</b>	<b>+4.3%</b>	<b>+1.7%</b>

## Robust Dividend Cover

- Target dividend of 7.05p per share for the year ending 31 March 2021
- Power prices and inflation levels have become less correlated since the IPO, further exacerbated by the significant fall in the forecast power prices and the uncertain economic outlook as a result of COVID-19
- Future dividend policy is currently under review
- Issuance of £200m preference shares has improved cashflows by £6.0m during the year compared to a proforma debt financing

Cash Income for Year Ended 31 March 2020 <sup>(1)</sup>	£'000	Pre-scrip Dividends £'000
Cash income	61,189 <sup>1</sup>	
Net operating expenses	(7,233)	
Preference shares dividend	(7,789)	
<b>Net cash income available for distribution to ordinary shareholders</b>	<b>46,168</b>	
Ordinary shares dividend paid during the year		39,731
<b>Cash dividend cover<sup>2</sup></b>		<b>1.2x</b>

Dividends per Ordinary Share (p)



Notes:

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

(2) Alternative Performance Measure

## Summary Statement of Comprehensive Income

Income Statement for the Year Ended 31 March	2020 £m	2019 £m
Income	61.2	55.6
Movement in Investment Portfolio value	(75.7)	24.5
<b>Total net Income</b>	<b>(14.5)</b>	<b>80.1</b>
Total expenses	(15.1)	(8.6)
<b>(Loss)/profit and comprehensive (loss)/income</b>	<b>(29.7)</b>	<b>71.6</b>
Earnings per ordinary share - basic	(5.09p)	12.37p

## Summary Balance Sheet and Cash Flows

- NAV attributable to ordinary shareholders decreased by £66.4m
- Investment Portfolio decreased by £58.5m

<b>Balance Sheet as at 31 March</b>	<b>2020 £m</b>	<b>2019 £m</b>
Investment Portfolio	557.9	616.4
Residual net assets of Holding Companies	195.7	106.4
Current assets	49.1	60.7
Current liabilities	(26.3)	(39.4)
<b>Net asset</b>	<b>776.4</b>	<b>744.0</b>
Preference shares	(197.8)	(99.0)
<b>Net assets attributable to ordinary shareholders</b>	<b>578.6</b>	<b>645.0</b>
Net asset per ordinary share	99.0p	110.9p

<b>Statement of Cash Flows as at 31 March</b>	<b>2020 £m</b>	<b>2019 £m</b>
Net cash used in operating activities	(56.0)	(124.1)
Proceeds from preference shares	98.7	99.0
Dividends paid on ordinary shares	(36.8)	(31.5)
Cash at the beginning of the year	19.3	75.9
<b>Cash at the end of the year</b>	<b>25.1</b>	<b>19.3</b>



Great Wilbraham (38MW)  
Cambridgeshire  
Energised March 2016



**Q&A and Appendices**

## NESF Overview

### NextEnergy Solar Fund

- Attractive acquisition values sourced by NextEnergy Capital
- Operational outperformance supported by WiseEnergy ensuring optimal asset management
- Targeting a quarterly dividends linked to UK RPI (7.05p/share for year 2020/21)
- Reinvestment of cash surplus to sustain NAV over time



■ NextEnergy Capital IM Ltd and NextEnergy Capital Ltd are both members of the NEC Group. NextEnergy Capital Limited acts as the investment adviser to NextEnergy Capital IM Limited, the Investment Manager of NESF

■ Through WiseEnergy, 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 1.7GW

■ The NEC Group also manages NextPower II LP, a €232m private equity fund dedicated to solar PV investments in Italy, and NextPower III LP, a \$750m private equity fund dedicated to solar PV investments globally



# Environmental, Social and Governance (ESG) Strategy

## 31 March 2020

- **185,000** <sup>(1)</sup> UK homes powered for one year (equivalent to Brighton and Aberdeen combined)
- **307,500** <sup>(2)</sup> tonnes of CO<sub>2</sub>e emissions avoided p.a.
- Equivalent to removing **220,000** <sup>(3)</sup> cars off the road for a year

## 31 March 2019

- **184,000** <sup>(1)</sup> UK homes powered for one year (equivalent to Northampton and Portsmouth combined)
- **299,000** <sup>(2)</sup> tonnes of CO<sub>2</sub>e emissions avoided p.a.
- Equivalent to removing **215,000** <sup>(3)</sup> cars off the road for a year



Notes:

- (1) [www.gov.uk/government/statistics/energy-consumption-in-the-uk](http://www.gov.uk/government/statistics/energy-consumption-in-the-uk)
- (2) [greeninvestmentgroup.com/green-impact/green-investment-handbook](http://greeninvestmentgroup.com/green-impact/green-investment-handbook)
- (3) <https://www.gov.uk/government/publications/new-car-carbon-dioxide-emissions>

## Performance since IPO vs Benchmark Indices

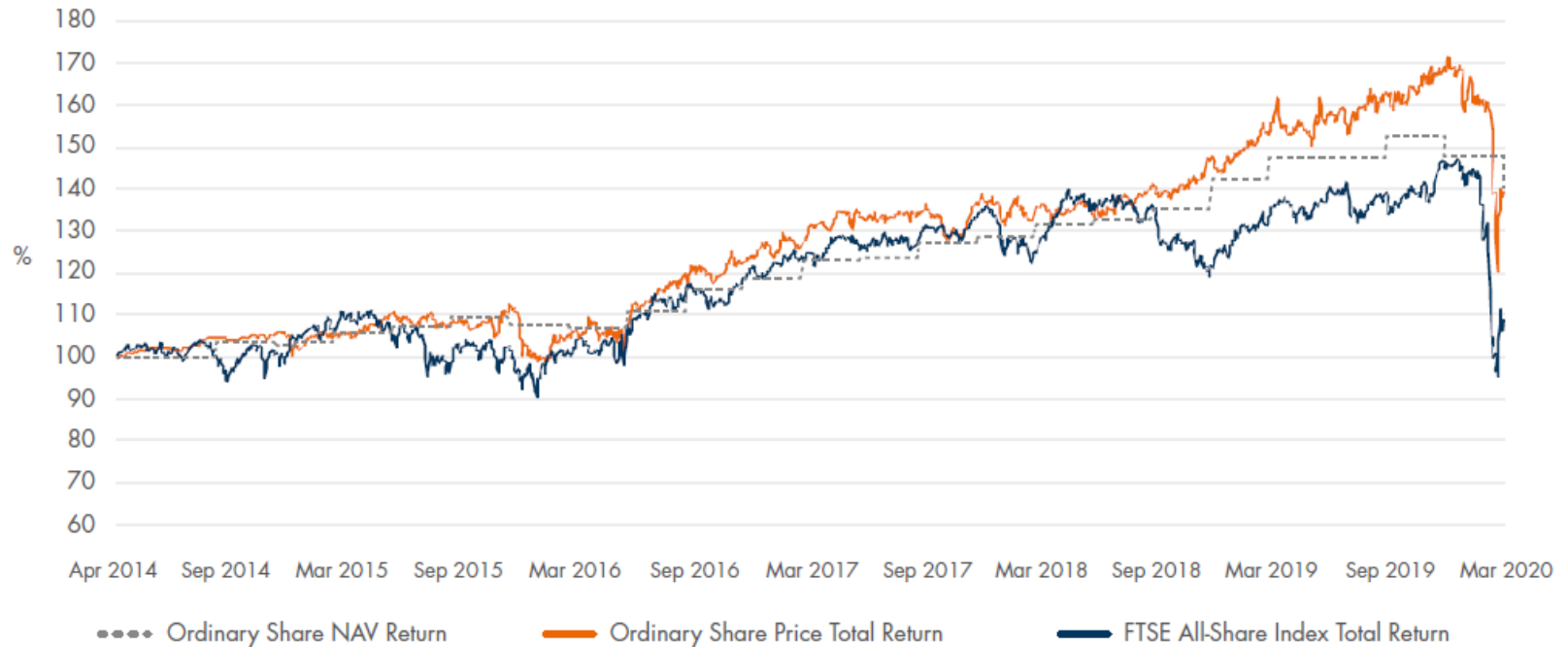
- In April 2019, the Company's ordinary shares were included in the **FTSE-250 Index**

- The graph displays NESF ordinary share price total return performance from **IPO to 31 March 2020** in comparison to the FTSE All-Share Index Total Return

- The impact of COVID-19 has had an unprecedented impact on share prices in the renewable energy asset class

- Despite this, NESF has provided **strong and stable** shareholder return since inception

NESF Total Return vs. FTSE All-Share Index Total Return

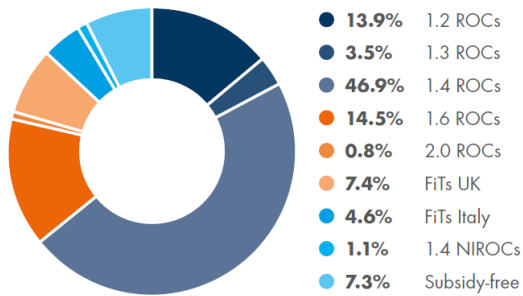


Source: Morningstar

Notes:  
(1) The chart assume dividends have been reinvested.

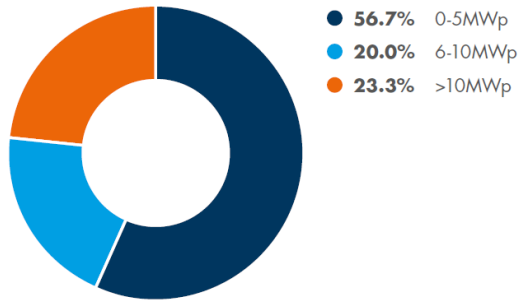
# Investment Portfolio Diversification

**By Subsidy**



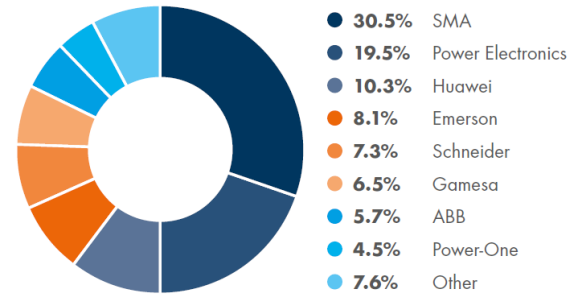
% of assets by MW capacity

**By Installed Capacity**



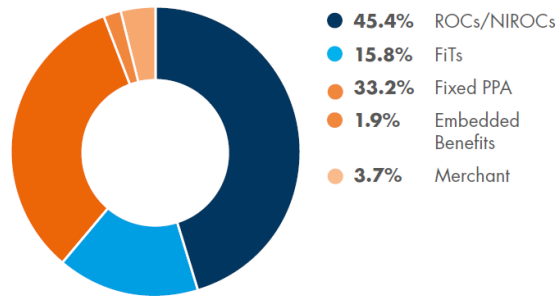
% of assets

**By Inverter Manufacturer**



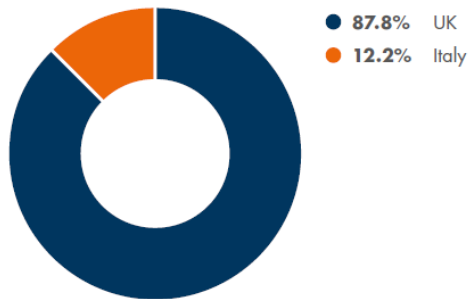
% of assets by MW capacity

**By Revenue Type**



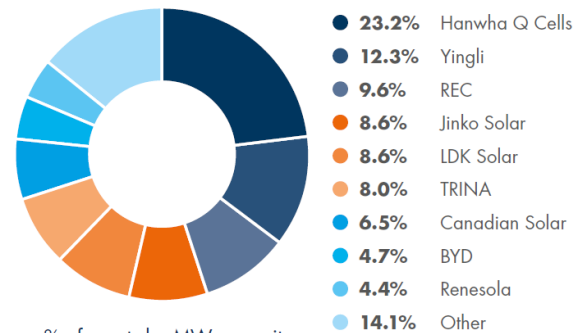
% of total revenue for the year ended 31 March 2020

**By Location**



% of invested capital

**By Solar Module Manufacturer**



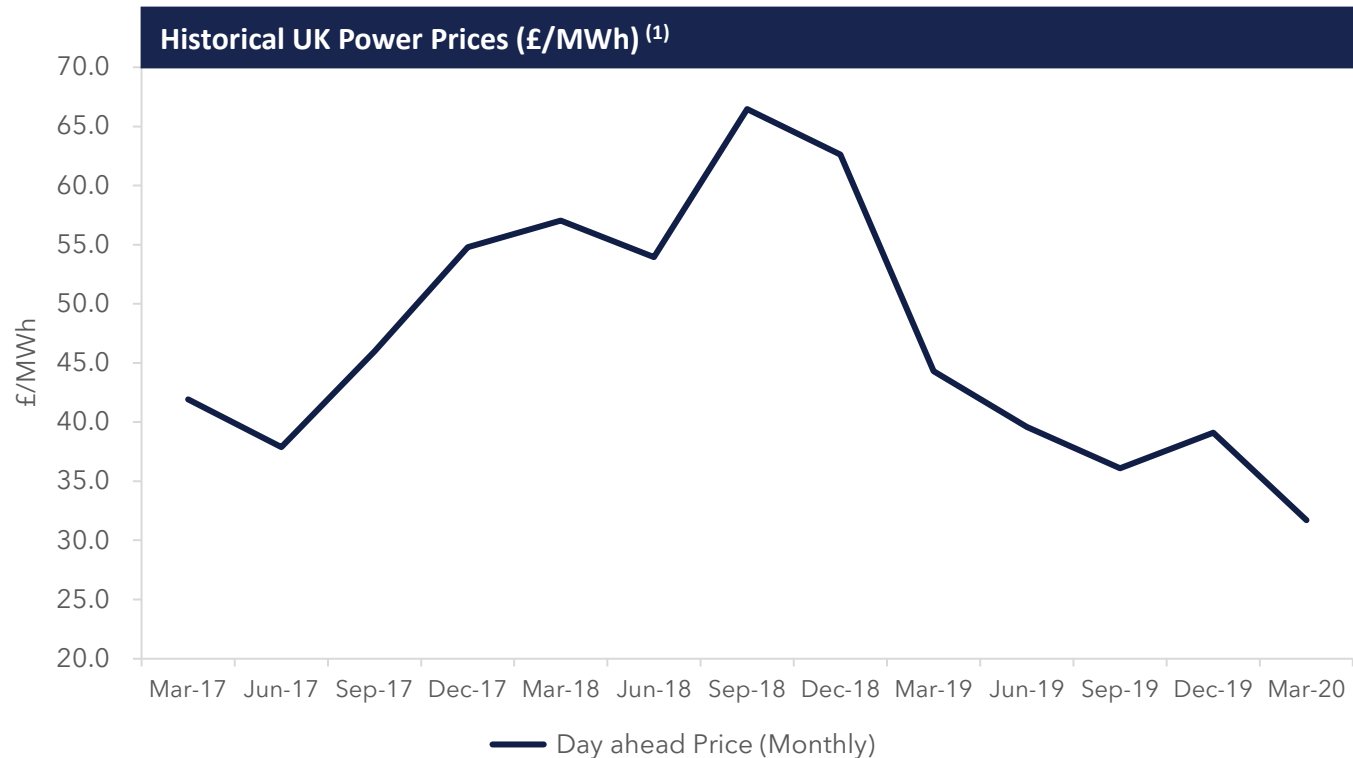
% of assets by MW capacity



## UK Historical Power Prices

### Power Prices

- Compared to the previous year, electricity day ahead prices in the UK decreased from approximately £44/MWh in March 2019 to approximately £32/MWh in March 2020
- The Company's flexible PPA framework allowed NESF to lock in higher power prices

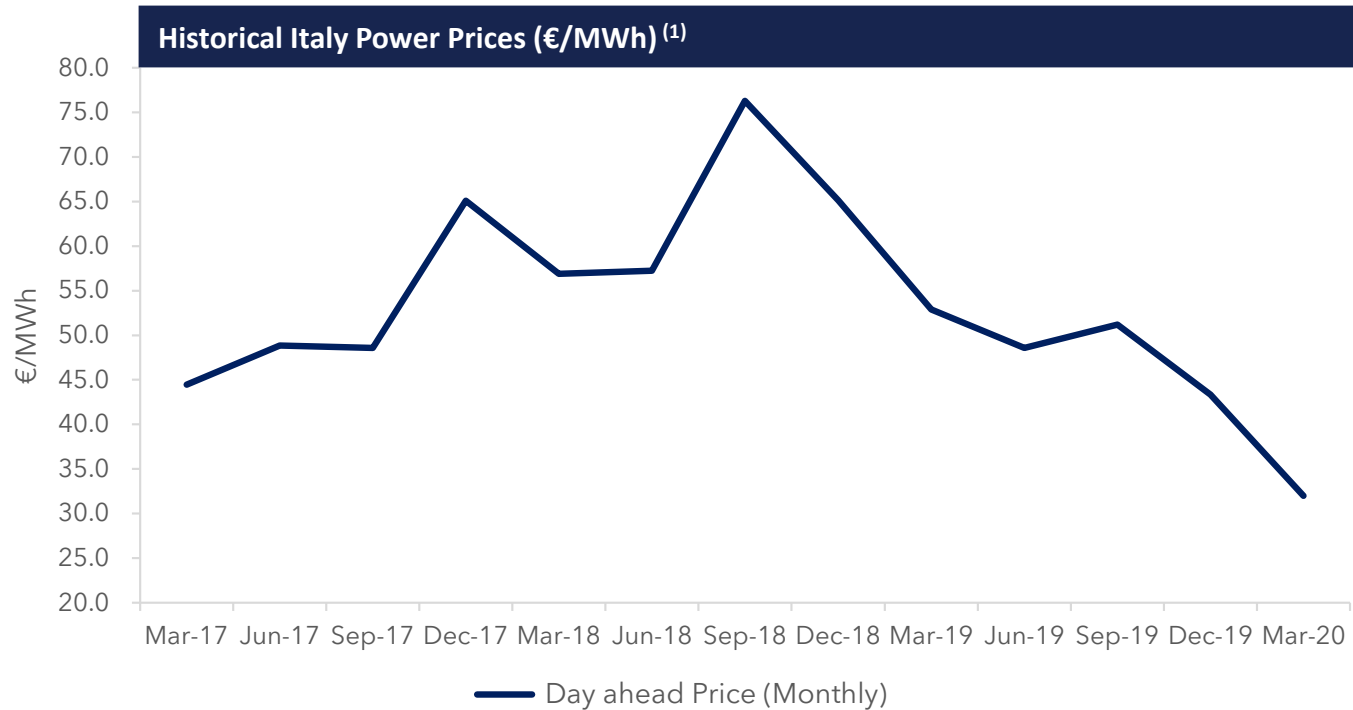


(1) Source: N2EX – UK Baseload – day ahead

# Italy Historical Power Prices

## Power Prices

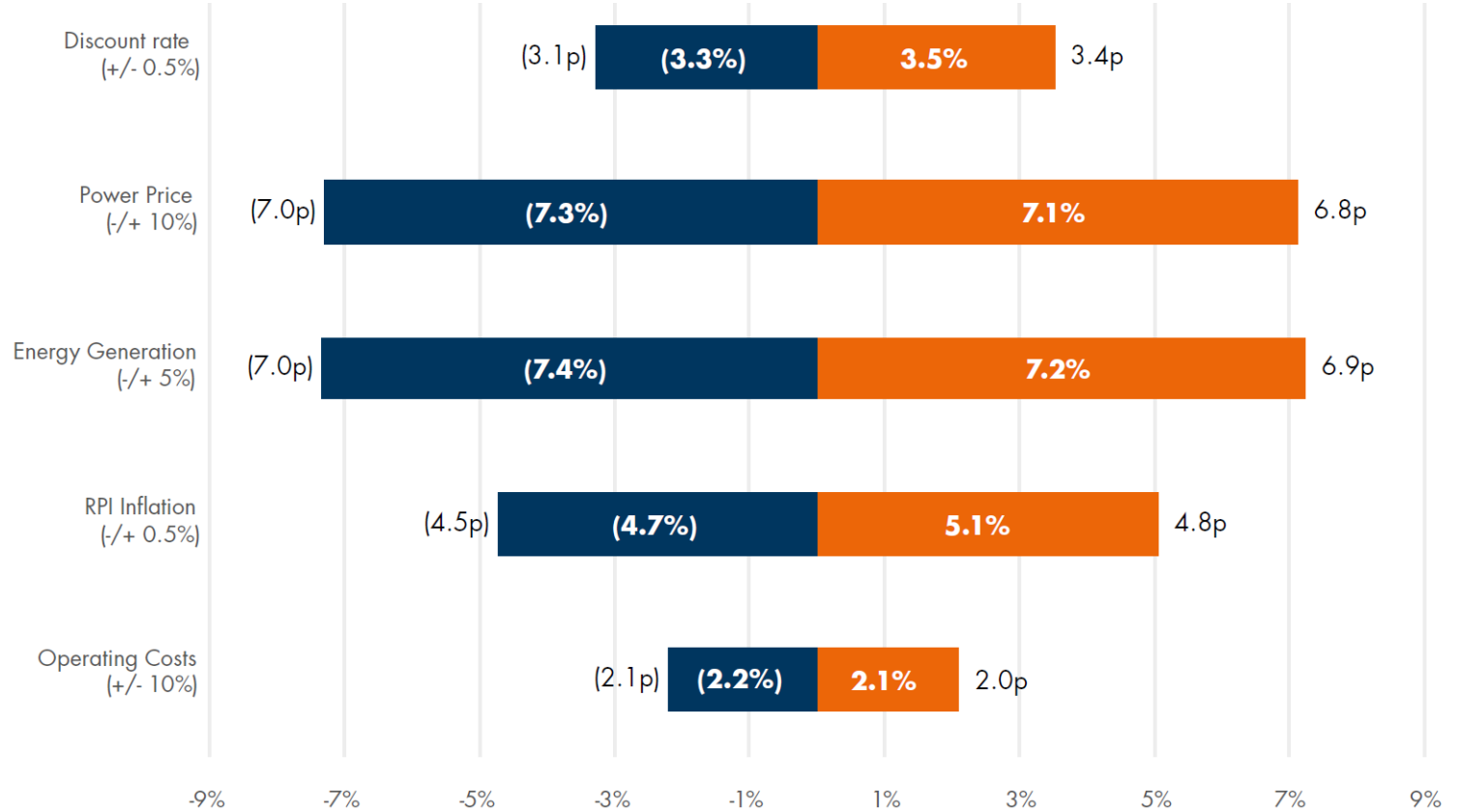
- Following a similar trend to the UK, the Italian price of electricity decreased from approximately €53/MWh in March 2019 to approximately €32/MWh in March 2020
- The Company's flexible PPA framework allowed NESF to lock in higher power prices



(1) Source: Gestore del Mercato Elettrico S.p.A.

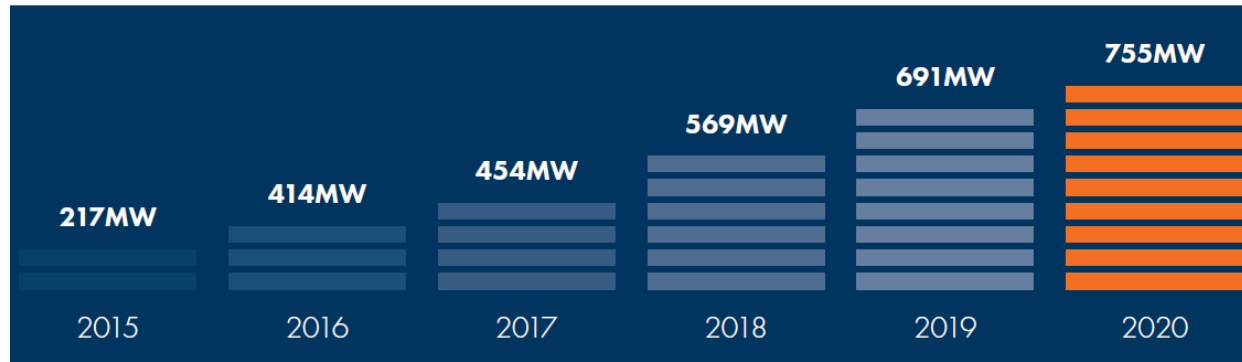
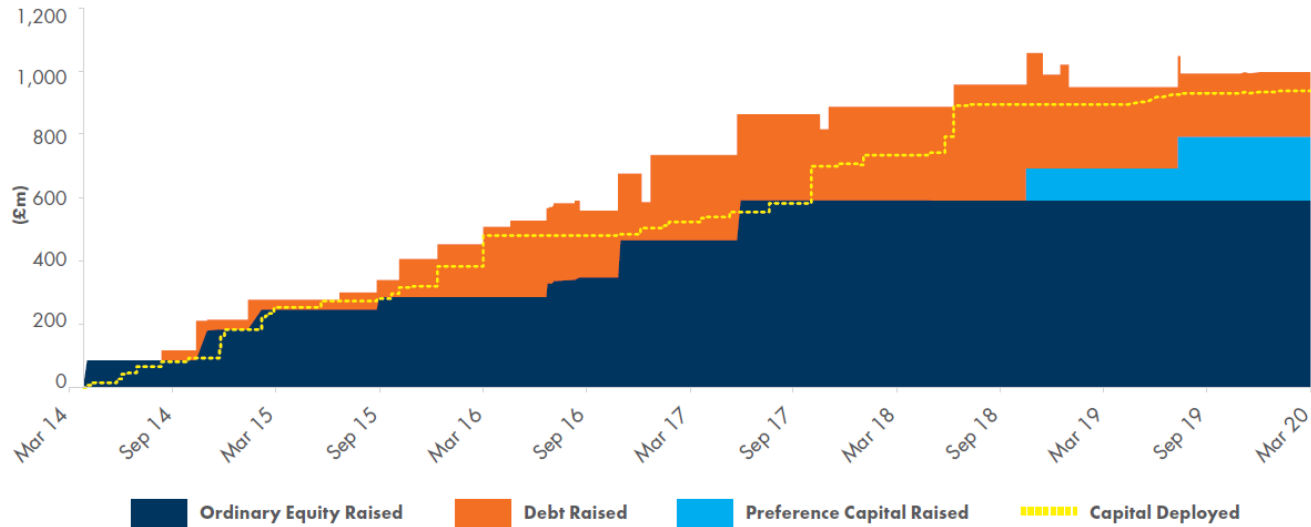
## NAV Sensitivities

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



# Capital Raise and Deployment

- During the period, NESF issued the second tranche of Preference Shares for £100m in August 2019
- Proceeds applied to repayment of short-term debt facilities, with the balance used for investments
- During the period NESF issued an additional 2,475,390 new shares totalling £2.96m in the form of scrip dividends

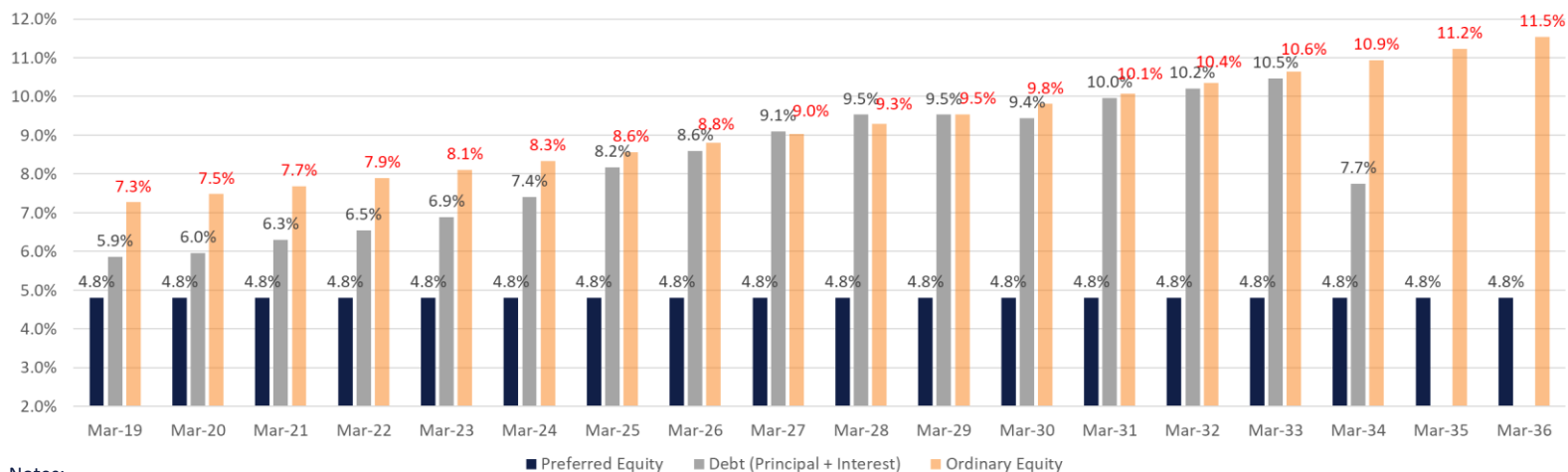


# Preference Shares

- An issuance of £200m is expected to increase dividend cover by 0.15x and returns by 1.09% for ordinary shareholders <sup>(2)</sup>
- Simplify the capital structure by reducing the exposure to secured debt financing

- On 8 November 2018, the Shareholders approved the issuance of £200m of Preference Shares. The Company issued the first tranche of £100m in November 2018, and the second tranche of £100m Preference Shares were issued in August 2019
- Value accretive features:
  - lower issue cost of 1.1% compared to other capital raising avenues
  - lower cash cost with a fixed preferred dividend of 4.75% and no redemption requirements
  - option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company
  - non-redeemable / non voting shares<sup>(1)</sup> with holder’s conversion right starting from 1 April 2036 at nominal value (plus unpaid dividend if any) relative to NAV per Ordinary Share at the date of conversion (thus no refinancing risk)

## Alternative Funding Sources - Comparison of Fully-Costed Cost of Capital



Notes:

- (1) Redemption rights in the event of delisting or change of control of the Company – Voting rights in the event of detrimental changes to the Investment Policy or Articles.
- (2) Estimates only based on a typical UK solar portfolio and when compared to issuance of new ordinary shares.



## Summary of the Financial Debt outstanding

- Total debt outstanding at 31 March 2020 was £214.3m which represents a financial debt gearing of 22% (excluding £200m preference shares)
- Average Cost of Debt is 3.4%
- NESH V entered into a 15 year FX hedging arrangement with Intesa over the expected dividends from the Solis portfolio. In March 2019, the hedging was increased to an additional c.€89m with an average forward exchange rate of 0.89 EUR/GBP including costs
- Post year end, the Santander RCF of £70m has been extended from July 2020 to July 2022

Provider/ Arranger	Type	Borrower	Tranches	Number of plants secured <sup>(1)</sup>	Gearing level <sup>(3)</sup>	Facility amount £m	Amount out- standing £m	Termi- nation (including options to extend)	Applicable rate
MIDIS/CBA/NAB	Fully- amortising long-term debt <sup>(2)</sup>	NESH	Medium-term	21	51.6%	48.4	48.4	Dec-26	2.91% <sup>(4)</sup>
			Floating long-term			24.2	24.2	Jun-35	3.68% <sup>(4)</sup>
			Index linked long term			38.7	35.9	Jun-35	RPI index + 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 <sup>(2)</sup>	NESH IV	Inflation linked	5	51.8%	27.5	23.1	Sep-34	RPI index + 1.44%
			Fixed Long-term			27.5	25.5	Sep-34	4.11%
<b>Total long-term debt</b>							<b>195.8</b>		
NIBC	RCF	NESH II	n/a	2	–	20.0	–	Feb-22	LIBOR + 2.20%
Santander	RCF	NESH VI	n/a	13	–	70.0	18.5	Jul-20	LIBOR + 1.50%
<b>Total short-term debt</b>							<b>18.5</b>		
<b>Total</b>							<b>214.3</b>		

Notes:

1) NESF has 325MW under long-term debt financing, 128MW under short-term debt financing and 302MW without debt financing

2) Long-term debt is fully amortised over the period secured assets receive subsidies (ROCs and others)

3) Gearing level defined as 'Debt outstanding / GAV'

4) Applicable rate represents the swap rate

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## Investment Policy

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<b>Investment Objective</b>	<ul style="list-style-type: none"><li>▪ 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</li></ul>
<b>Geographical Limit</b>	<ul style="list-style-type: none"><li>▪ Currently, the Company is permitted to invest up to 15% of GAV (at the time of investment) in OECD countries outside the UK</li><li>▪ <b>An ordinary resolution will be proposed in due course seeking ordinary shareholder approval to permit the Company to invest up to 30% of GAV (at the time of investment) in OECD countries outside the UK</b></li></ul>
<b>Development Limit</b>	<ul style="list-style-type: none"><li>▪ The Company mostly acquires operating solar assets, but it may also invest in solar assets that are under development (that is, at the stage of origination, project planning or construction) when acquired.</li><li>▪ Such assets in aggregate will not constitute (at the time of investment) more than 10% of GAV</li></ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"><li>▪ The Company has paid dividends since IPO that have increased annually in line with RPI</li><li>▪ Power prices and inflation levels have become less correlated since the IPO, further exacerbated by the significant fall in the forecast power prices and the uncertain economic outlook as a result of COVID-19</li><li>▪ <b>We believe it is prudent, therefore, to keep the Company's future dividend policy under review</b></li></ul>
<b>Single Asset Limit</b>	<ul style="list-style-type: none"><li>▪ No single investment by the Company in any one solar asset will constitute (at the time of investment) more than 30% of GAV.</li><li>▪ In addition, the four largest solar assets will not constitute (at the time of investment) more than 75% of GAV.</li></ul>
<b>Gearing Level</b>	<ul style="list-style-type: none"><li>▪ Leverage of up to 50% of GAV</li></ul>

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