

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

This document comprises a supplementary prospectus prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules made under Part VI of the FSMA (the "Second Supplementary Prospectus"). This Second Supplementary Prospectus has been filed with the Financial Conduct Authority (the "FCA") and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules. This Second Supplementary Prospectus has been approved as a supplementary prospectus under section 87A of the FSMA. This Second Supplementary Prospectus is supplemental to and must be read in conjunction with the prospectus published by NextEnergy Solar Fund Limited (the "Company") on 15 November 2016 and comprising a Summary, Registration Document and Securities Note (the "Share Issuance Programme Prospectus") and the supplementary prospectus published by the Company on 5 January 2017 (the "Supplementary Prospectus") (together, the "Prospectus"). All words and expressions defined in the Prospectus bear the same meaning in this Second Supplementary Prospectus unless the context requires otherwise.

This Second Supplementary Prospectus includes particulars given in compliance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules of the FCA for the purpose of giving information with regard to the Company.

NextEnergy Solar Fund Limited

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

Second Supplementary Prospectus

Lead Bookrunners

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

**Sponsor
Shore Capital and Corporate Limited**

**Joint Bookrunner
Shore Capital Stockbrokers Limited**

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

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

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

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

Notice to US Investors:

The New Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act") and investors will not be entitled to the benefits of the Investment Company Act.

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

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

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

3 August 2017

1. **INTRODUCTION**

This document is being published in relation to the Share Issuance Programme. It constitutes a supplementary prospectus required under the Prospectus Rules and is supplemental to, and should be read in conjunction with, the Prospectus. This Second Supplementary Prospectus is being published because there are significant new factors, described in paragraph 3 below, concerning the information in the Prospectus. This Second Supplementary Prospectus contains further details of these significant new factors.

2. **RESPONSIBILITY**

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

3. **SIGNIFICANT NEW FACTORS**

3.1 **Annual Report and Audited Financial Statements for the Year ended 31 March 2017**

On 28 June 2017 the Company published its annual report and audited financial statements for the year ended 31 March 2017 (the "Annual Report"). The publication of the Annual Report constitutes a significant new factor relating to the financial information contained in the Prospectus.

Unless otherwise indicated, the historical information of the Company for the financial year ended 31 March 2017 set out, or incorporated by reference, in this Second Supplementary Prospectus was audited by PricewaterhouseCoopers CI LLP. In respect of the Company's audited financial statements included in the Annual Report (comprising a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows and related notes), PricewaterhouseCoopers CI LLP gave unqualified opinions that such financial statements:

- (i) gave a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended, in accordance with IFRS; and
- (ii) had been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

The information in the Annual Report not included or incorporated by reference into this document is either not relevant to investors or covered elsewhere in the Prospectus.

3.2 Historical Financial Information

The list in the following table is intended to enable investors to identify easily specific items of historical financial information relating to the Company for the financial period ended 31 March 2017 that are incorporated by reference into this Second Supplementary Prospectus. The page numbers in the following table refer to the relevant pages of the Annual Report.

	<u>Page no(s) of the Annual Report</u>
Statement of comprehensive income	92
Statement of financial position	93
Statement of changes in equity	94
Statement of cash flows	95
Notes to audited financial statements (including accounting policies and related party transactions)	96-115
Independent auditor's report	84-90

3.3 Operating and Financial Review

The Annual Report for the financial period ended 31 March 2017 included descriptions of the Company's financial condition, changes in its financial condition, its results from operations and details of the Company's investment activity and portfolio. The list in the following table is intended to enable investors to identify easily those specific items of information regarding such matters which are incorporated by reference into this Second Supplementary Prospectus. The page numbers in the following table refer to the relevant pages of the Annual Report.

Highlights	1
Corporate summary	2
Chairman's statement	3-6
Strategic report	8-11
Investment manager's report (including details and analysis of the Company's investment portfolio)	17-42
Financial review	44-59
Report of the Directors (including business review)	74-77
Directors' remuneration report	78-79
Audit committee report	80-83

Investors should note that statements regarding current circumstances and forward-looking statements made in the Annual Report and referred to in the table above speak as at the date of the Annual Report and, therefore, such statements do not necessarily remain up-to-date at the date of this Second Supplementary Prospectus.

3.4 Selected Financial Information

The key audited figures that summarise the Company's financial condition in respect of the year ended 31 March 2017, which have been extracted directly from the Annual Report, are set out in the following table:-

	As at 31 March 2017 (audited)
Capital	
Total assets	£486,860,506
Current liabilities	£8,277,677
Net assets	£478,582,829
Net assets per Ordinary Share	104.9 pence
	For the year ended 31 March 2017 (audited)
Income	
Income	£35,307,178
Net changes in fair value of financial assets at fair value through profit or loss	£19,560,833
Operating profit	£49,815,780
Profit and comprehensive income	£49,829,171
Earnings per Ordinary Share	13.81 pence
Dividends per Ordinary Share paid/to be paid in respect of period	6.31 pence

3.5 Proposed Changes to the Investment Policy

On 28 June 2017, the Company published a circular to Shareholders setting out its recommended proposals regarding changes to the Company's investment policy and convening the third annual general meeting of the Company (the "AGM").

The material changes proposed to be made to the Company's published investment policy, which is set out in Part 2 of the Registration Document, are:

- (i) *To broaden the geographic scope of the Company's investment policy:* It is proposed that the Company should be permitted to invest up to 15% of its Gross Asset Value (calculated at the time of investment) in solar PV assets that are located outside the UK. Investments outside the UK would be made only 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 risk-weighted returns relative to investments in the UK.
- (ii) *To address currency hedging:* It is proposed that, 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 the Ordinary Shares and in order to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure.

The Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval; the FCA has approved the proposed changes referred to above (the "Proposed Changes"). The Listing Rules also require Shareholder approval prior to any material changes being made to the Company's published investment policy and the appropriate resolution seeking Shareholder approval of the Proposed Changes will be proposed at the AGM.

As the FCA has given its approval for the Proposed Changes, the revised investment policy, which is set out in element B.34 in paragraph 5 below will be effective immediately following (and conditional on) approval of the Proposed Changes by Shareholders at the AGM.

4. **SUMMARY – FINANCIAL INFORMATION**

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

B.7	Financial information	<p>The key figures which summarise the Company's financial condition and operating results for the year from 1 April 2016 to 31 March 2017 are:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; vertical-align: bottom;">As at 31 March 2017</th> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td style="text-align: right;">£486,860,506</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">£8,277,677</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">£478,582,829</td> </tr> <tr> <td>Net assets per Ordinary Share</td> <td style="text-align: right;">104.9 pence</td> </tr> <tr> <td>Income</td> <td style="text-align: right;">£35,307,178</td> </tr> <tr> <td>Net changes in fair value of financial assets at fair value through profit or loss</td> <td style="text-align: right;">£19,560,833</td> </tr> <tr> <td>Operating profit</td> <td style="text-align: right;">£49,815,780</td> </tr> <tr> <td>Profit and comprehensive income</td> <td style="text-align: right;">£49,829,171</td> </tr> <tr> <td>Earnings per Ordinary Share</td> <td style="text-align: right;">13.81 pence</td> </tr> <tr> <td>Dividends per Ordinary Share paid/to be paid in respect of period</td> <td style="text-align: right;">6.31 pence</td> </tr> </tbody> </table> <p>Save for the following:</p> <p style="margin-left: 40px;">(i) on 31 January 2017 the Company announced the signing of a £150 million long-term debt facility refinancing the Apollo portfolio with a syndicate of lenders including Macquarie Infrastructure Debt Investment</p>		As at 31 March 2017	Total assets	£486,860,506	Current liabilities	£8,277,677	Net assets	£478,582,829	Net assets per Ordinary Share	104.9 pence	Income	£35,307,178	Net changes in fair value of financial assets at fair value through profit or loss	£19,560,833	Operating profit	£49,815,780	Profit and comprehensive income	£49,829,171	Earnings per Ordinary Share	13.81 pence	Dividends per Ordinary Share paid/to be paid in respect of period	6.31 pence
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Dividends per Ordinary Share paid/to be paid in respect of period	6.31 pence																							

		<p>Solutions, National Australia Bank and Commonwealth Bank of Australia; and</p> <p>(ii) on 13 April 2017, the Company drew down a further £51m and, on 26 June 2017, it drew down the last £48m of the £150m long-term facility;</p> <p>there have been no significant changes to the financial condition or operating results of the Company during the period from 1 April 2016 to 31 March 2017 being the period covered by the Annual Report, or since 31 March 2017 being the date to which the Company's latest audited financial statements were prepared.</p>
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5. **SUMMARY AND REGISTRATION DOCUMENT – INVESTMENT POLICY**

In accordance with Prospectus Rule 3.4.2 paragraph B.34 contained in the Summary is updated as set out below and the investment policy contained in Part 2 of the Registration Document is updated by the wording in paragraph B.34 below.

This change will be effective immediately following, and conditional on, approval of the Proposed Changes by Shareholders at the AGM; if the Proposed Changes are not approved by Shareholders at the AGM, element B.34 and Part 2 of the Registration Document will remain as set out in the Share Issuance Programme Prospectus.

The Appendix sets out details of the changes between the revised investment policy and the existing investment policy.

B.34	Investment policy	<p><i>Investment Policy</i></p> <p>The Company seeks to achieve its investment objective by investing exclusively in solar PV plants.</p> <p>The Company invests in solar PV assets primarily in the UK. Not more than 15% 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 outside the UK will be made only 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.</p> <p>The Company intends to continue to acquire solar PV plants 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 plants that are anticipated to generate stable cash flows over their asset lifespan.</p>
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	<p>The Company typically seeks to acquire sole ownership of individual solar PV plants through SPVs, but may enter into joint ventures or acquire majority interests, subject, in each case, to the Company maintaining a controlling interest. Where an interest of less than 100% in a particular solar PV plant is acquired, the Company intends to secure controlling shareholder rights through shareholders' agreements or other legal arrangements. Investments by the Company in solar PV plants may be either by way of equity or a mix of equity and shareholder loans.</p> <p>The Company has built up a diversified portfolio of solar PV plants 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 plant will constitute (at the time of investment) more than 30% of the Gross Asset Value. In addition, the four largest solar PV plants will not constitute (at the time of investment) more than 75% of the Gross Asset Value.</p> <p>The Company will continue, primarily, to acquire operating solar PV plants, but may also invest in solar PV plants 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.</p> <p>The Company may also agree to forward-fund by way of secured loans the construction costs of solar PV plants where it retains the right (but not the obligation) to acquire the relevant plant 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).</p> <p>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.</p> <p>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 plants within the terms of power purchase agreements ("PPA") 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 plants to energy consumers and energy suppliers (Brown Power). Within this context, the Company expects to execute PPAs with creditworthy</p>
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	<p>counterparties at the appropriate time.</p> <p>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.</p> <p>In pursuit of the Company's investment objective, the Company may employ leverage, which 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 plants 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 has a preference for medium- to long-term amortising debt financing.</p> <p>The Company invests with a view to holding its solar PV plants 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 plants to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. 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.</p> <p>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.</p> <p>The Company may (but is not obliged to) enter into hedging arrangements in relation to interest rates and/or power prices.</p> <p>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</p>
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		<p>currency assets.</p> <p>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.</p> <p>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 its Shareholders by ordinary resolution.</p> <p>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.</p>
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6. **RISK FACTORS**

With effect from approval of the Proposed Changes by Shareholders at the AGM, the risk factors in the Prospectus shall be supplemented to include the following:

Foreign exchange risk may increase the volatility of both the NAV and the price of the Ordinary Shares

Where the Company does not hedge its non-sterling currency exposure, the movement of exchange rates between sterling and the relevant other currency or currencies in which any of the Company's investments are typically appraised or valued in their local markets or in which associated revenues are denominated may have a material effect, unfavourable or favourable, on the returns otherwise experienced on those investments and may materially and adversely affect the Company's ability to pay its target dividends. Accordingly, this foreign exchange risk may increase the volatility of the NAV and price of the Ordinary Shares.

Where the Company does hedge all or part of its currency exposure, there is no guarantee that such arrangements will be successful in fully reducing exchange risks

Although the Investment Manager may seek to manage all or part of the Company's foreign exchange exposure, there is no assurance that this can be performed effectively or cost efficiently. Where the Company does hedge all or part of its currency exposure, there is no guarantee that such arrangements will be successful in fully reducing exchange risks and such arrangements may result in the Company incurring additional costs.

Risk that non-UK investments may be subject to foreign taxation

To the extent that the Company's investments are outside the UK, it is possible that the Company will be subject to some amount of foreign income, capital gains and/or withholding taxes with respect to such investments.

Laws and regulations of foreign countries may impose restrictions that would not

exist in the UK

Laws and regulations of foreign countries may impose restrictions that would not exist in the UK. In addition, the political and economic environment, and the policies and regulation in relation to renewable energy, in countries outside the UK may adversely affect opportunities for potential investments to be made, or returns from investments made, by the Company in such countries. Furthermore, investment in solar PV assets in countries outside the UK may require government or regulatory approvals or financing and structuring alternatives that differ significantly from those customarily required or used in the UK.

Foreign governments may impose restrictions on cash distributions from non-UK investments

Foreign governments may from time to time impose restrictions intended to prevent the removal of capital, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities or transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for the Company to distribute some or all amounts realised from such investments.

Political and economic environments may have a material and adverse effect on the Company

The Investment Manager and Investment Adviser, through their due diligence investigations, will analyse information with respect to political and economic environments and the particular legal and regulatory risks in foreign countries before making investments, but no assurance can be provided that a given political or economic environment, or particular legal or regulatory risks, might not have a material and adverse effect on the Company's financial position, results of operations, business prospects and returns to investors.

If the Proposed Changes are not approved by Shareholders at the AGM, the risk factors will remain as set out in the Share Issuance Programme Prospectus.

7. SIGNIFICANT CHANGE

On 13 April 2017, the Company drew down a further £51m and, on 26 June 2017, it drew down the last £48m of the £150m long-term facility. Save for this matter, there have been no significant changes to the financial or trading position of the Company since 31 March 2017, being the date to which the Company's latest audited financial statements were prepared.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

9. GENERAL

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

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

APPENDIX

PROPOSED CHANGES TO THE INVESTMENT POLICY

(Changes to element B.34 of the Summary and in Part 2 of the Registration Document)

The changes that will be made to the Company's investment policy if the Proposed Changes are passed by the Shareholders at the AGM have been marked up against the Company's existing investment policy, shown below.

Investment Policy

The Company ~~invests~~ seeks to achieve its investment objective by investing exclusively in solar PV plants ~~located in the UK.~~

The Company invests in solar PV assets primarily in the UK. Not more than 15% 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 outside the UK will be made only 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.

The Company intends to continue to acquire ~~assets~~ solar PV plants 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 plants that are anticipated to generate stable cash flows over their asset lifespan.

The Company typically seeks to acquire sole ownership of individual solar PV plants through SPVs, but may enter into joint ventures or acquire majority interests, subject, in each case, to the Company maintaining a controlling interest. Where an interest of less than 100% in a particular solar PV plant is acquired, the Company intends to secure controlling shareholder rights through shareholders' agreements or other legal arrangements. Investments by the Company in solar PV plants 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 plants 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 plant will constitute (at the time of investment) more than 30% of the Gross Asset Value. In addition, the four largest solar PV plants 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 plants, but may also invest in solar PV plants 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 plants where it retains the right (but not the obligation) to acquire the relevant plant 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 plants within the terms of power purchase agreements ("PPA") 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 plants to energy consumers and energy suppliers 9 (Brown Power). 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 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 plants 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 has a preference for medium- to long-term amortising debt financing.

The Company invests with a view to holding its solar PV plants 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 plants to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. 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.

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 its 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.