

# NEXTENERGY SOLAR FUND



## NESF Interim Results 2024 November 2024

NEXT IS NOW<sup>®</sup>



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**Helen Mahy**  
Chairwoman  
NextEnergy Solar Fund Limited



**Ross Grier**  
Chief Operating Officer &  
Head of UK Investments  
NextEnergy Capital



**Stephen Rosser**  
Investment Director &  
NextEnergy Capital

# NEXTENERGY SOLAR FUND



Introduction

# Six-months of steady progress

Delivered phase II of the Capital Recycling Programme raising £27m

14% premium

Commenced a meaningful Share Buyback Programme of up to £20m

c.£5m in period

Shareholders overwhelmingly voted 'Against' discontinuation at the AGM

c.94%

Refinanced all revolving credit facilities at attractive margins (SONIA + 1.20% to 1.50%)

4.9% WACD

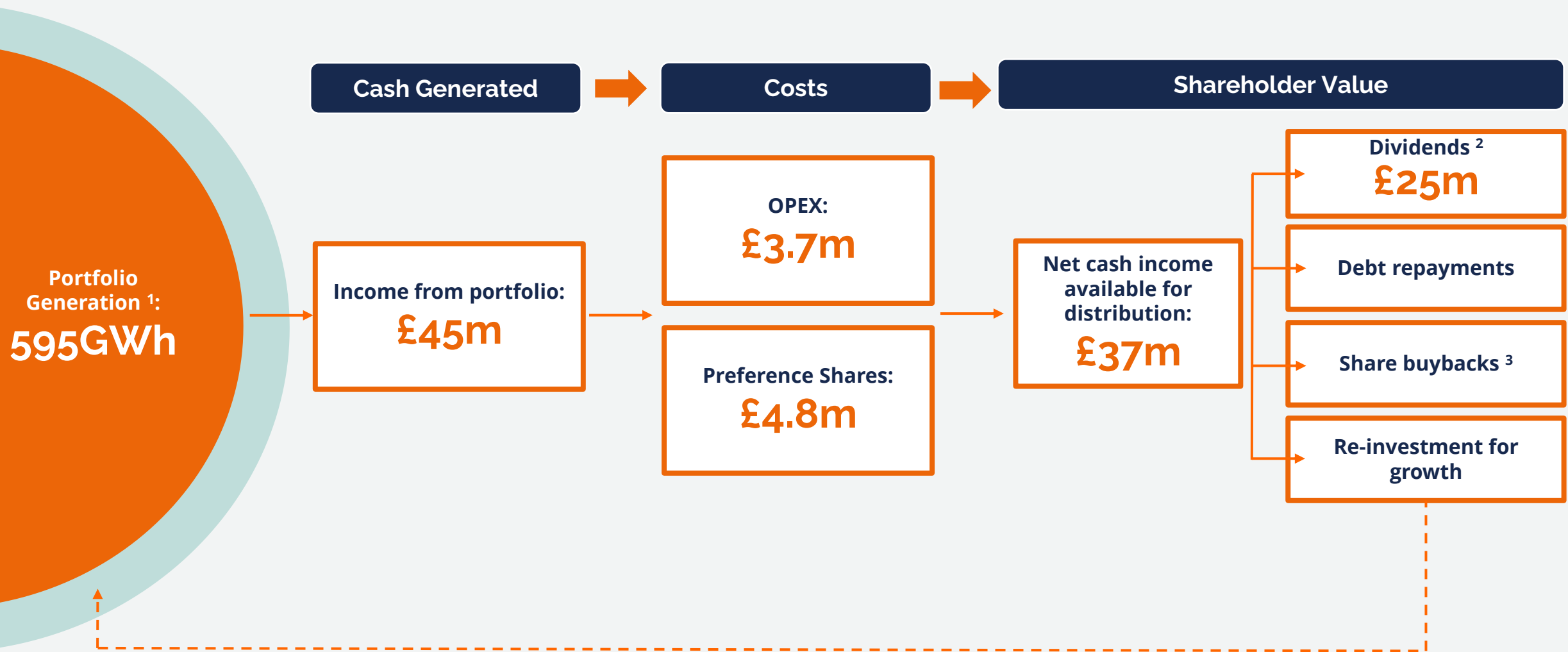
Continuing to re-invest into our operational assets, maintaining health & longevity

102 assets

Post period, delivered phase III of the Capital Recycling Programme raising £30.3m

21.5% premium

# Delivering shareholder value



1) How NESF converted solar irradiance to shareholder value for the six-month period ended 30 September 2024  
2) Dividend cover: 1.5x  
3) Bought back £4.6m ordinary shares

# Consistent dividend track record

Current dividend yield

**c.11%**

FY24/25 forecasted cover

**1.1 - 1.3x**

FY24/25 dividend target

**8.43p**

Total ordinary dividends  
declared since IPO <sup>1</sup>

**£370m**

## Dividend Growth Since IPO



**NEXTENERGY**  
**SOLAR FUND**



Tackling the discount to NAV

# Delivering on our promise

Interim Results 2024

Activity	Areas addressed
Capital Recycling Programme	<ul style="list-style-type: none"> <li>Announced Capital Recycling Programme in April 2023 to <b>sell 246MW</b> portfolio of Solar assets</li> <li><b>Phase I completed</b> in November 2023 for £15.2m (<b>100% premium</b> to holding value)</li> <li><b>Phase II completed</b> in June 2024 for £27m (<b>14% premium</b> to holding value)</li> <li><b>Phase III completed</b> in November 2024 for £30.3m (<b>21.5% premium</b> to holding value)</li> </ul>
Returning cash	<ul style="list-style-type: none"> <li>Paid a Dividend of <b>8.35p</b> for FY23/24</li> <li>Announced a target Dividend of <b>8.43p</b> for FY24/25, a 1% year on year increase</li> <li>As of 20 November 2024, <b>c.8m</b> shares have been purchased and are currently being held in the Company's treasury account</li> </ul>
Alignment of interest	<ul style="list-style-type: none"> <li>NESF Board hold <b>173,908</b> NESF shares <sup>1</sup></li> <li>NextEnergy Employees hold <b>2,104,361</b> NESF shares <sup>1</sup></li> <li><b>94%</b> of investors that voted at the 2024 AGM, voted <b>against discontinuation</b></li> </ul>
Transparency	<ul style="list-style-type: none"> <li><b>Increased reporting transparency</b> to provide maximum information to shareholders</li> </ul>
Shareholder diversification	<ul style="list-style-type: none"> <li>Average daily volume <sup>1</sup>: <b>~ 1.7m shares</b> (last 12 months)</li> <li>Reduced top ten shareholders concentration <sup>2</sup>: <b>69%</b> (2020), <b>66%</b> (2021), <b>61%</b> (2022), <b>56%</b> (2023), <b>54%</b> (2024)</li> <li>Increased retail shareholding from c.<b>3%</b> to c.<b>20%</b> over the last 36 months <sup>1</sup></li> </ul>
Board composition & duration	<ul style="list-style-type: none"> <li><b>New chairwoman appointed</b> Aug 2023</li> <li><b>New independent Non-Executive Directors appointed</b>: 1 in 2023 and 1 in 2024</li> </ul>
Gearing	<ul style="list-style-type: none"> <li>Proceeds from Phase I, II, &amp; III of Capital Recycling Programme used to reduce gearing</li> <li>All short term RCF's <b>extended</b> at attractive margins (SONIA + 1.20% to 1.50%)</li> <li><b>Maintained a disciplined</b> capital structure</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>Energised <b>four new assets</b> over the last year</li> </ul>

(1) As at 30 September 2024 (excludes shares held by employees under automatic reinvestment schemes or monthly purchase arrangements which may exist)

(2) As at 31 March 2024



# Ongoing actions to tackle the discount

Interim Results 2024

Activity	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Engagement & Feedback	Interim investor roadshow		Capital Markets Day			FY25/26 Target Dividend		FY investor roadshow		AGM
	<ul style="list-style-type: none"> <li>Continue to <b>engage</b> and listen to NESF's shareholder base</li> <li>Continue to provide <b>best practice</b> and <b>transparent reporting</b></li> </ul>									
Capital Structure	Maintain disciplined capital structure & gearing levels									
	<ul style="list-style-type: none"> <li>Moved onto page <b>Phase IV</b> of Capital Recycling Programme</li> <li>Looking holistically at the existing assets in the portfolio</li> </ul>									
Share Buyback Programme	Active share buyback									
	<ul style="list-style-type: none"> <li>As at 30 September NESF had bought back <b>5,642,709 shares</b> for a total consideration of <b>£4,554,824.911</b><sup>1</sup></li> <li>As at 20 November NESF had bought back <b>c.8.6m shares</b> for a total consideration of <b>c.£6.8m</b><sup>1</sup></li> </ul>									
Portfolio Optimisation	Continue to optimise and enhance operating portfolio									
	<ul style="list-style-type: none"> <li>Asset <b>repowering</b></li> <li>Targeted <b>improvements</b></li> <li>Strategic <b>spare parts management</b></li> </ul>									
Accretive Growth Opportunities	Continue to secure long term future growth opportunities									
	<ul style="list-style-type: none"> <li><b>Secured future pipeline</b> of development and construction opportunities with minimal committed capital for future long-term growth of the platform</li> </ul>									

# NEXTENERGY SOLAR FUND



Key Highlights

# Key financial highlights (as at 30 September 2024)

<p><b>Financial Highlights</b></p>	<p><b>Gross Asset Value</b>  <b>£1,104m</b>  <small>(31 March 2024: £1,155m)</small></p>	<p><b>NAV Per Ordinary Share</b>  <b>97.8p</b>  <small>(31 March 2024 : 104.7p)</small></p>	<p><b>Cash Income <sup>1</sup></b>  <b>£45m</b>  <small>(31 March 2023: £50m)</small></p>
<p><b>Attractive Dividend</b></p>	<p><b>Dividend Target FY24/25</b>  <b>8.43p</b>  <small>(Dividend Target FY23/24: 8.35p)</small></p>	<p><b>Target Dividend Cash Cover For FY</b>  <b>1.1 - 1.3x</b>  <small>(31 March 2024: 1.3x)</small></p>	<p><b>Dividend Yield <sup>2</sup></b>  <b>c.11%</b>  <small>Ordinary dividends</small></p>
<p><b>Disciplined Capital Structure</b></p>	<p><b>Total Gearing</b>  <b>48%</b>  <small>(includes preference shares)</small></p>	<p><b>Percentage Debt Fixed Rate</b>  <b>70%</b>  <small>(Includes Preference Shares)</small></p>	<p><b>Preference Shares</b>  <b>£200m</b>  <small>(Fixed 4.75% preferred dividend)</small></p>

1) Six months ended 30 September 2024  
 2) As at 30 September 2024

# Operating portfolio (as at 30 September 2024)

Operating Assets <sup>1</sup>

**102**

(31 March 2023: 99)

Installed capacity <sup>2</sup>

**983MW**

(31 March 2023: 889MW)

Commitment to NP III <sup>2</sup>

**\$50m**

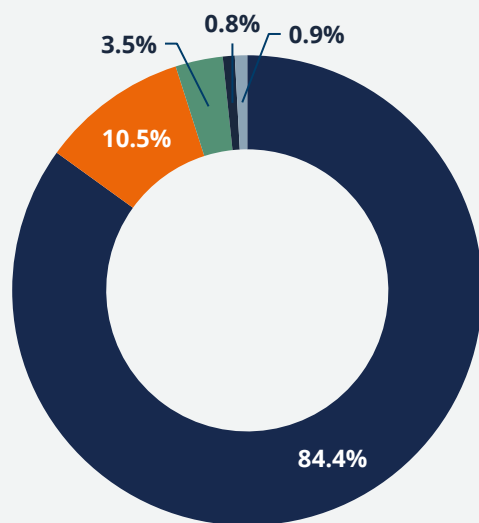
Weighted avg. asset life

**~26 yrs**

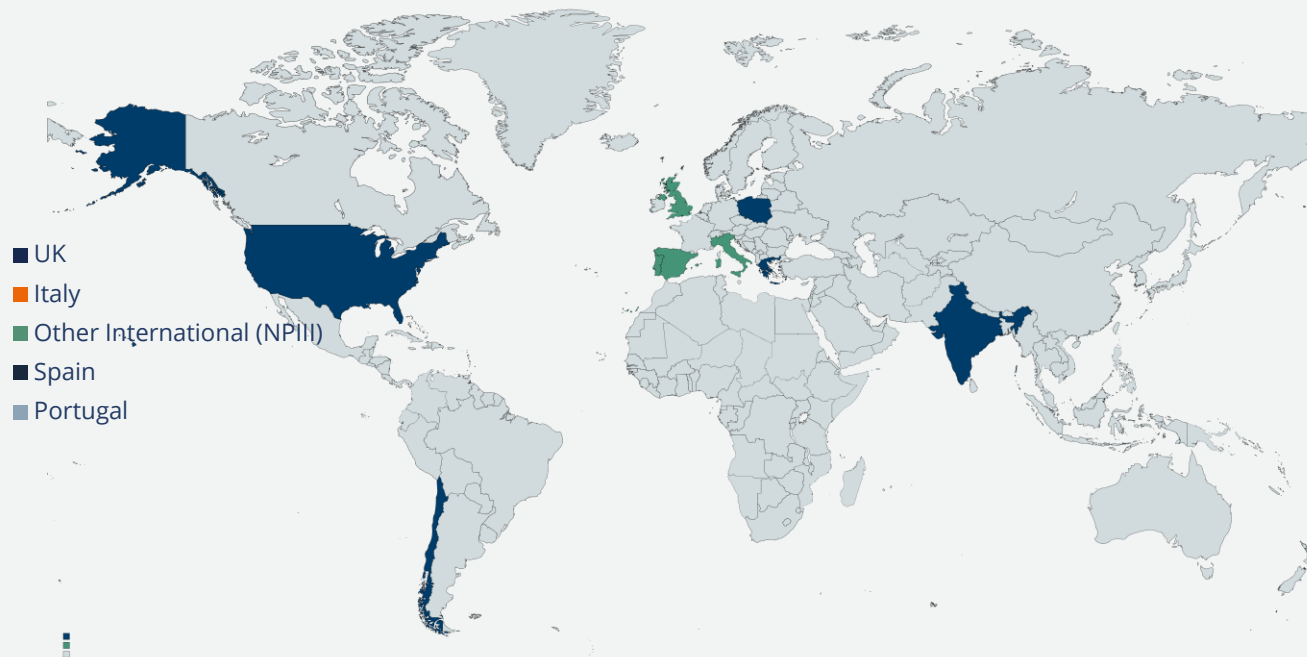
Weighted avg. subsidy life

**~10.4 yrs**

## By Location

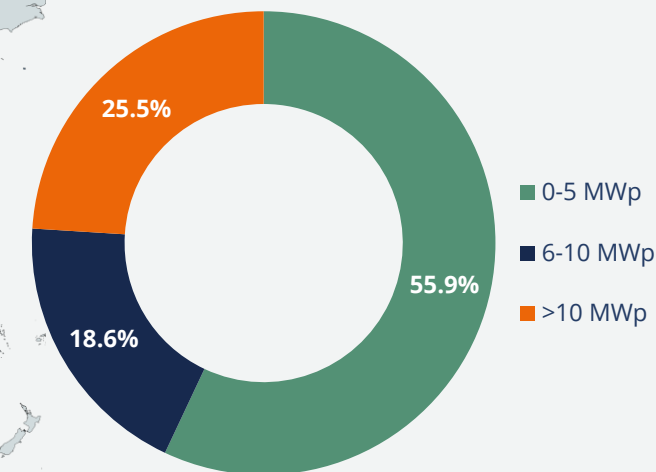


% of invested capital



■ Direct asset ownership and co-investments  
■ Via NextPower III ESG commitment

## By Installed Capacity

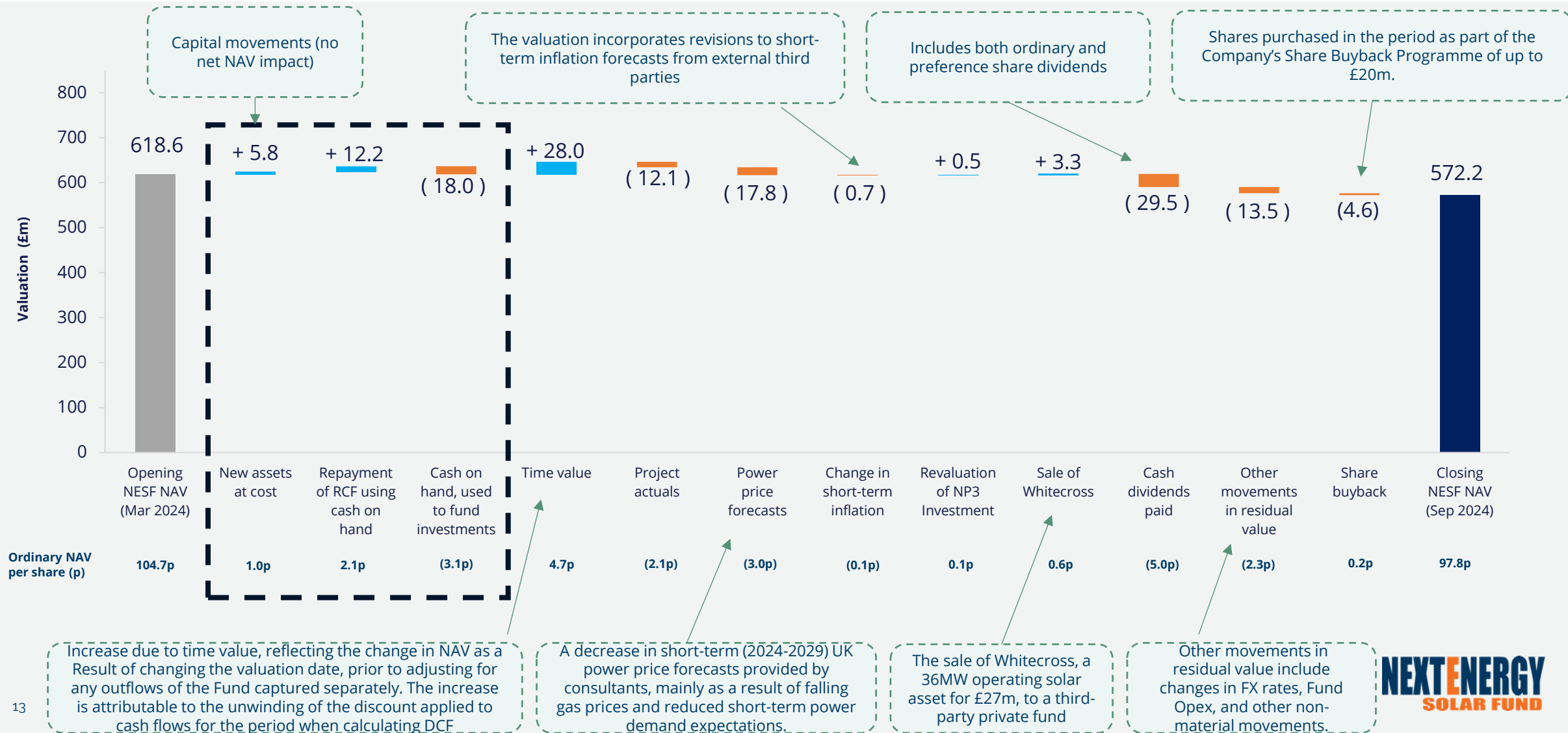


% of assets

(1) Includes standalone energy storage asset & two co-investments alongside NextPower III ESG  
(2) Including NextPower III ESG ("NP III ESG") and two co-investments

# NAV bridge: six-month period breakdown

## NAV Bridge 31 March 2024 – 30 September 2024



# Disciplined capital structure (as at 30 September 2024)

Total Gearing to GAV <sup>1</sup>

**48.2%**

(Gearing level limit of 50% GAV)

Preference Shares

**c.£200m**

(Fixed preferred dividend of 4.75% p.a)

Weighted Average Cost of Debt

**4.9%**

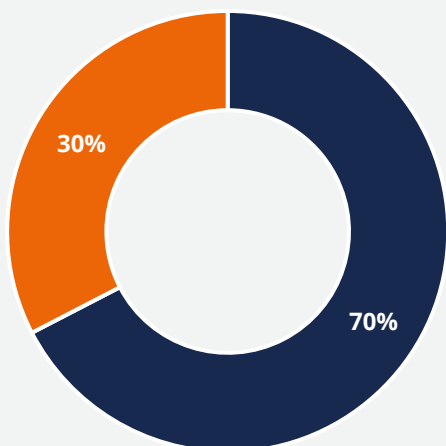
(5% excluding preference shares)

Weighted Average Cost of Capital <sup>2</sup>

**6.6%**

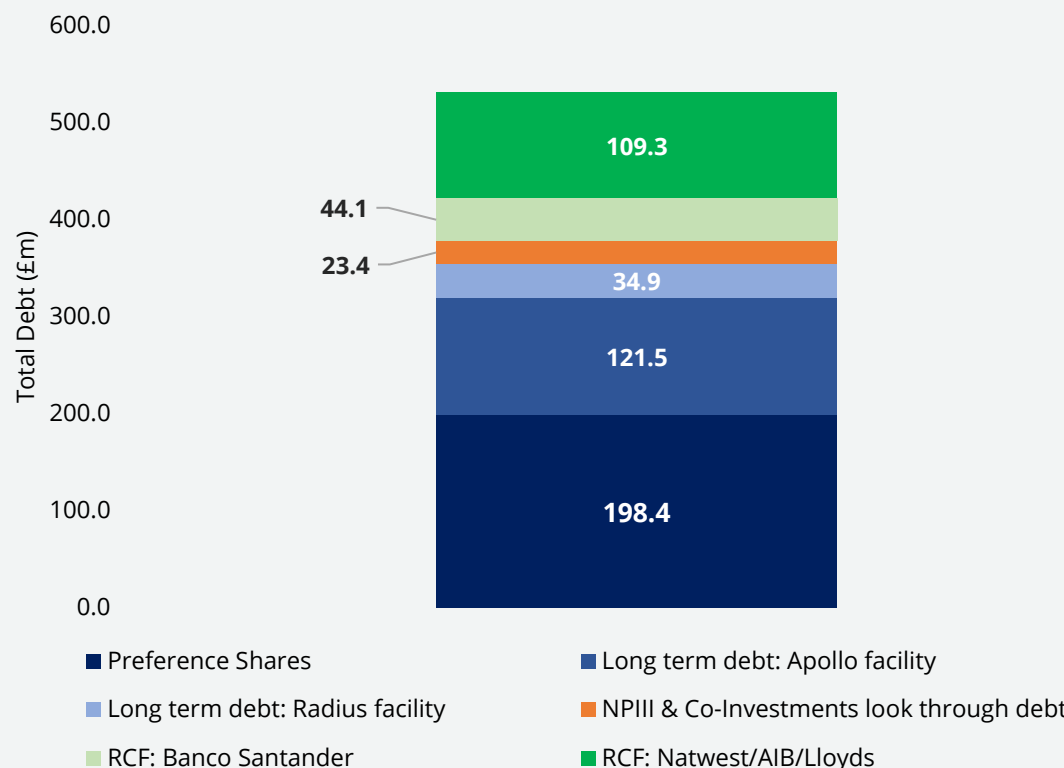
(31 March 2024: 6.4%)

% Fixed Vs Floating Debt



■ Fixed-rate Debt (incl Preference Shares)  
■ Floating-rate Debt

Total Debt (£m)



Long term debt outstanding <sup>3</sup>

**c.£156.4m**

Short term debt outstanding <sup>3</sup>

**c.£153.4m**

(£205m short term debt facilities available)

Available Capital <sup>4</sup>

**c.£52m**

(1) Includes preference shares, see page 42 for full details on financial debt outstanding

(2) Pre-Tax WACC

(3) Figures are stated to the nearest 0.1% which may lead to rounding differences

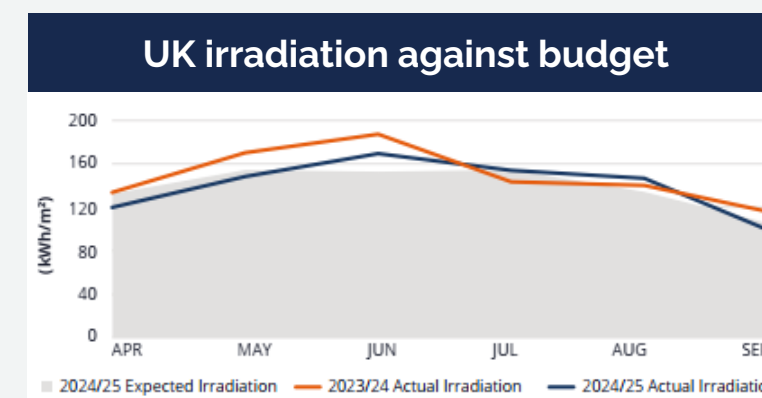
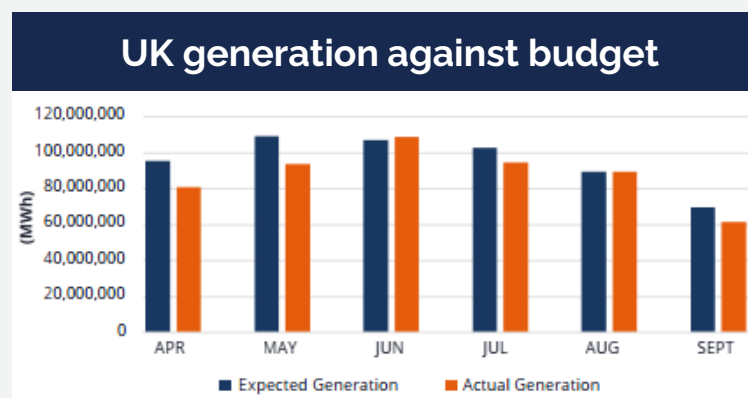
(4) Out of the total £205m immediate RCF available to the Company, c.£51m remains undrawn and available, the Company also has c.£606k immediate cash balance available at Fund level as at 31 September 2024 (this is separate from the cash currently held at Holdco/SPV level).

# Portfolio performance & optimisation (as at 30 September 2024)

Interim Results 2024

- Energy generated during the period was **595GWh** (30 September 2023: 599GWh)
- During the period, solar irradiation across the portfolio was **0.3%** above budget (30 September 2023 : 6.1%)
- Portfolio generation **-4.5%** below budget (30 September 2023 : 5.5%)
- Generation was affected by adverse weather and Grid / Distribution Network Operator (“DNO”) outages <sup>1</sup>
- Focused on implementing technical improvements across the portfolio and reducing operating costs:
  - Asset repowering**
  - Targeted improvements**
  - Strategic spare parts management**

FY2024	Total Generation (GWh)	Irradiation vs forecast <sup>2</sup>	Generation vs forecast <sup>2</sup>
<b>UK portfolio <sup>3</sup></b>	532.1	-0.3%	-4.9%
<b>Italy portfolio</b>	29.6	-1.4%	3.6%
<b>NPIII and Co-investments</b>	33.6	n/a	n/a
<b>Total</b>	<b>595.3</b>	<b>0.3%</b>	<b>-4.5%</b>



(1) Distribution Network Operators complete rolling programmes of preventative maintenance and upgrade works. This ensures stability of the energy supplied to consumers and expansion of the networks, which contributes to the grids ability to connect more distributed generation and improve the UKs energy security. In order to keep their staff safe, they often need to de-energise power lines to complete these works.

(2) Versus budget at point of acquisition. Figures have been adjusted, where relevant, for events outside of the Company's control, such as distribution network operator outages, and for events in which compensation has been or will be received, such as warranty claims.

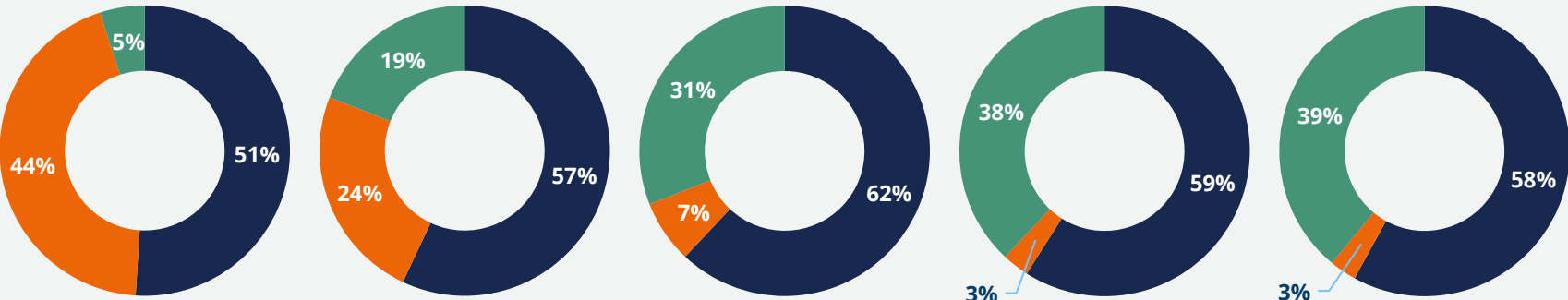
(3) UK portfolio includes both ground mount and rooftop assets, and excludes standalone energy storage asset, co-investments, and investment in NPIII.

# High visibility of future cash flows

- NESF runs a short-term power purchase agreements (“PPA”) programme where it locks in short term PPA’s over a rolling **36-month period**.
- Actively look to secure contracts above adviser forecasts to **maximise value**.
- Proactive strategy helps secure and underpin both dividend commitments and dividend cover, whilst reducing volatility and increasing visibility of cash flow.
- **c.50%** of revenues typically RPI-linked government-backed subsidies.

## Forecasted Total Revenue Breakdown <sup>1,2,3,4,5</sup>

2024/25	2025/26	2026/27	2027/28	2028/29
<b>c.95%</b> fixed	<b>c.81%</b> fixed	<b>c.69%</b> fixed	<b>c.62%</b> fixed	<b>c.61%</b> fixed




■ = Contracted Revenue (Subsidy)    
 ■ = Contracted Revenue (PPA)    
 ■ = Available For PPA Programme

**Weighted Average Subsidy Life <sup>6</sup>**  
**10.4 years**

2024/25	2025/26	2026/27	2027/28	2028/29
Average fix price of PPA: <b>£76.5MWh</b>	Average fix price of PPA: <b>£80.4MWh</b>	Average fix price of PPA: <b>£55.8MWh</b>	Average fix price of PPA: <b>£50.1MWh</b>	Average fix price of PPA: <b>£51.8MWh</b>
% Hedged (by capacity): <b>94%</b>	% Hedged (by capacity): <b>54%</b>	% Hedged (by capacity): <b>21%</b>	% Hedged (by capacity): <b>10%</b>	% Hedged (by capacity): <b>10%</b>

1) As at 30 September 2024, fixed revenues include subsidy income.  
 2) Figures are stated to the nearest 0.1% which may lead to rounding differences.  
 3) Pie charts exclude Camilla, 50MW standalone energy storage asset.  
 4) NextEnergy Solar Fund minimises its merchant exposure through its active rolling PPA programme. The programme locks in PPAs in the liquid market to ensure maximum contracted revenues are achieved.  
 5) Fixed prices (£/MWh) covered 84% (826MW) of the total portfolio as at 30 September 2024. Excludes Solis portfolio.  
 6) Weighted Average Subsidy life calculated on the basis of portfolio capacity.



An aerial photograph of a large-scale solar farm. The solar panels are arranged in neat, parallel rows across a vast, flat, brownish field. The surrounding area includes golden-brown agricultural fields, a line of green trees on the right, and a small utility structure with equipment. The sky is clear and bright. A large, dark blue circular graphic element is overlaid on the left side of the image.

# **NEXTENERGY**

## **SOLAR FUND**

Capital Recycling Update

# Capital Recycling Programme (“CRP”) progress

Interim Results 2024

Assets Sold	Installed Capacity Recycled	Phases Delivered	Total Capital Raised	NAV Uplift Produced
Three	145MW	3	£72.5m	2.76pps

Subsidy-free solar asset	Installed Capacity	Type	Location	Status	Price	NAV uplift	Premium	Unlevered IRR
<b>Hatherden</b>	60MW	Ready-to-build	Hampshire, UK	<b>Sold in Phase I</b>	<b>£15.2m</b>	<b>1.27pps</b>	<b>100%</b>	<b>57%</b>
<b>Whitecross</b>	35.22MW	Operational	Lincolnshire, UK	<b>Sold in Phase II</b>	<b>£27.0m</b>	<b>0.57pps</b>	<b>14%</b>	<b>14%</b>
<b>Staughton</b>	50MW	Operational	Bedfordshire, UK	<b>Sold in Phase III</b>	<b>£30.3m</b>	<b>0.92pps <sup>1</sup></b>	<b>21.5%</b>	<b>7.4%</b>
<b>The Grange</b>	50MW	Operational	Nottinghamshire, UK	Phase IV	n/a	n/a	n/a	n/a
<b>South Lowfield</b>	50MW	Operational	Yorkshire, UK	Phase IV	n/a	n/a	n/a	n/a

(1) Estimated uplift to NAV to be captured in in the 30 December 2024 NAV

# NEXTENERGY SOLAR FUND



Pipeline & Future growth

# Future market outlook

## Solar PV:

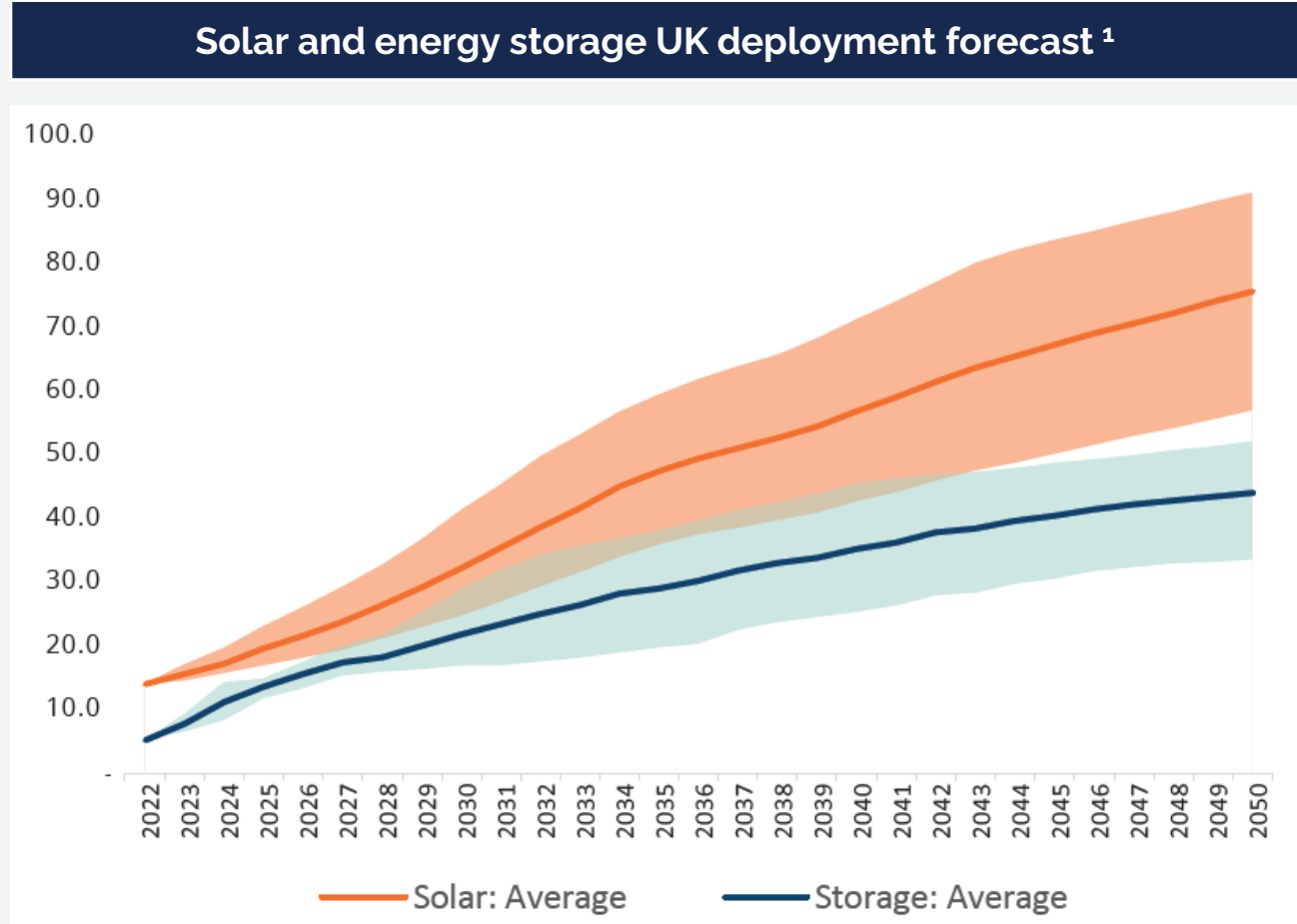
- Solar is the **cheapest** and **most sustainable** form of energy generation which can be deployed at speed.
- The UK has one of the most mature solar markets in the world with **c.16GW** currently deployed across its shores.

## Energy Storage:

- Energy storage is a **highly complementary** technology to solar PV and, as such, it is a key component of NESF's strategic endeavours.
- Energy storage provides **multiple diversification benefits**, ranging from a technology, revenue, and geographic perspective by capturing the benefits of solar's predictable generation profile and the flexibility of energy storage assets to derive attractive revenues.

## Outlook:

- Supportive** government backdrop for renewables
- Further **reductions** in the Bank of England base rate
- UK government's **Clean Power 2030 plan** (CP30)



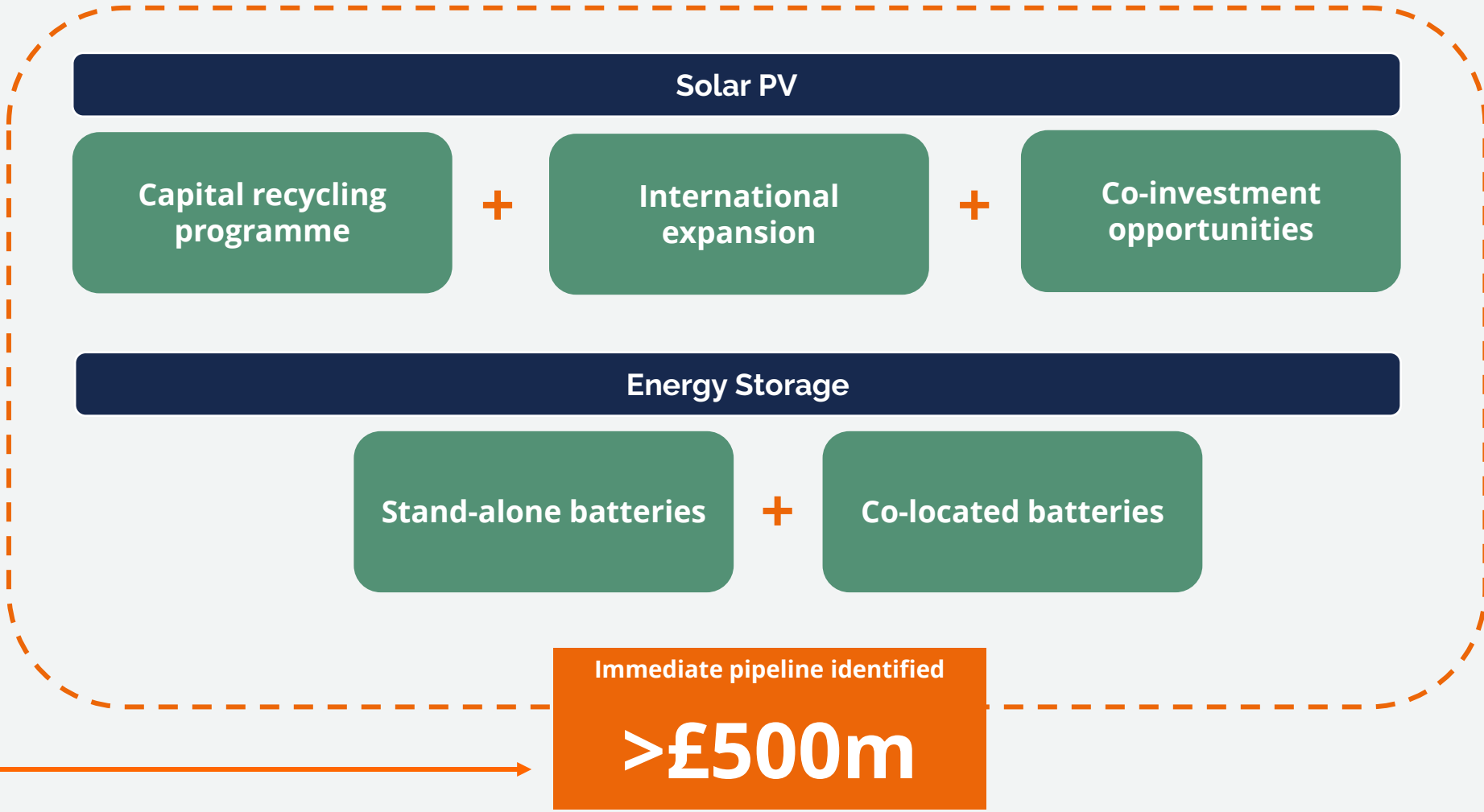
(1) Data: NG ESO Future energy systems scenarios

# Strategic growth driven with optionality

- Add **diversification, strengthen dividend cover, and enhance returns**
- **Optionality & flexibility** provides value for shareholders in the current capital allocation environment
- NESF **owns** a pipeline of solar and energy storage development opportunities
- NESF has the **right of first offer** on suitable assets in the Starlight <sup>1</sup> pipeline
- Provides **new development opportunities** that are derisked with a large pipeline of **c.10 GW** of both green and brownfield project developments across global geographies.



**STARLIGHT**



# Stepping stones towards NESF's future success

1

Actively narrow the current share price discount to NAV

2

Progress the Capital Recycling Programme to completion

3

Maintain a disciplined capital structure

4

Optimise the running of the existing large portfolio

5

Focus on adding NAV-accretive value to shareholders


6

Drive growth through Solar PV & Energy Storage strategy

7

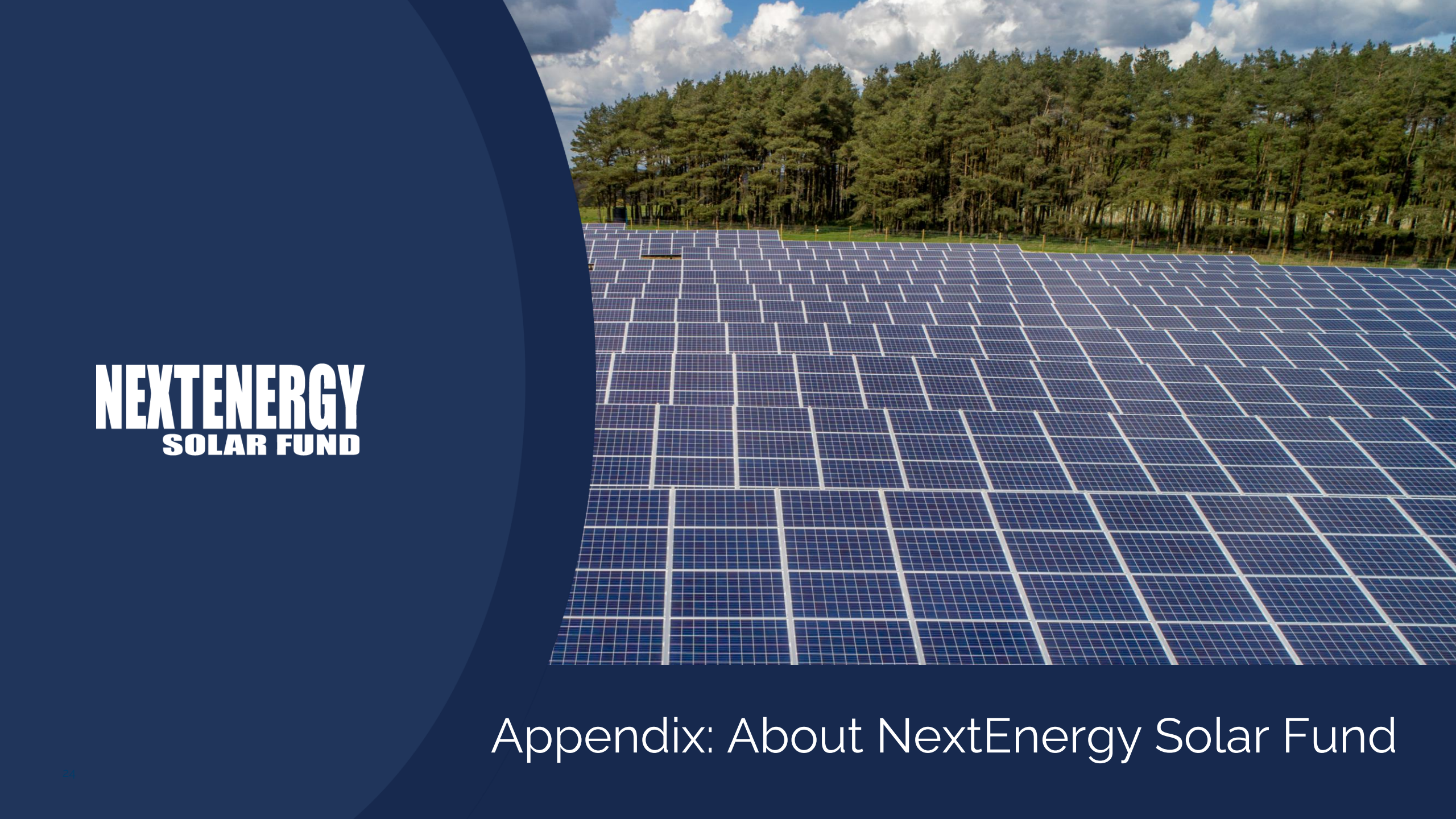
Provide an ongoing attractive dividend to shareholders



A photograph of a field of tall, green grasses with brown seed heads in the foreground. In the background, a row of blue solar panels is visible, set against a clear blue sky and some green trees. The image is partially framed by a dark blue curved shape on the left side.

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Q&A

A large field of solar panels is shown in a rural setting. The panels are arranged in neat rows and extend towards a dense forest of tall, thin trees in the background. The sky is blue with scattered white clouds. The entire scene is framed by a dark blue circular graphic on the left side.

**NEXTENERGY**  
**SOLAR FUND**

Appendix: About NextEnergy Solar Fund



# Key facts

## Fund Structure

- Guernsey-domiciled closed-end investment

## Issue / Listing

- Launched in 2014
- Premium listing of ordinary shares on the London Stock Exchange
- Stock ticker code: NESF

## Governance / Management

- Board of Directors: 6 Independent Board Members
- Investment Manager: NextEnergy Capital IM Limited
- Investment Adviser: NextEnergy Capital Limited
- Operational Asset Manager: WiseEnergy Limited

## Ongoing charge

- 1.1% as calculated by the AIC: <https://www.theaic.co.uk/companydata/0P00012KIL/charges>

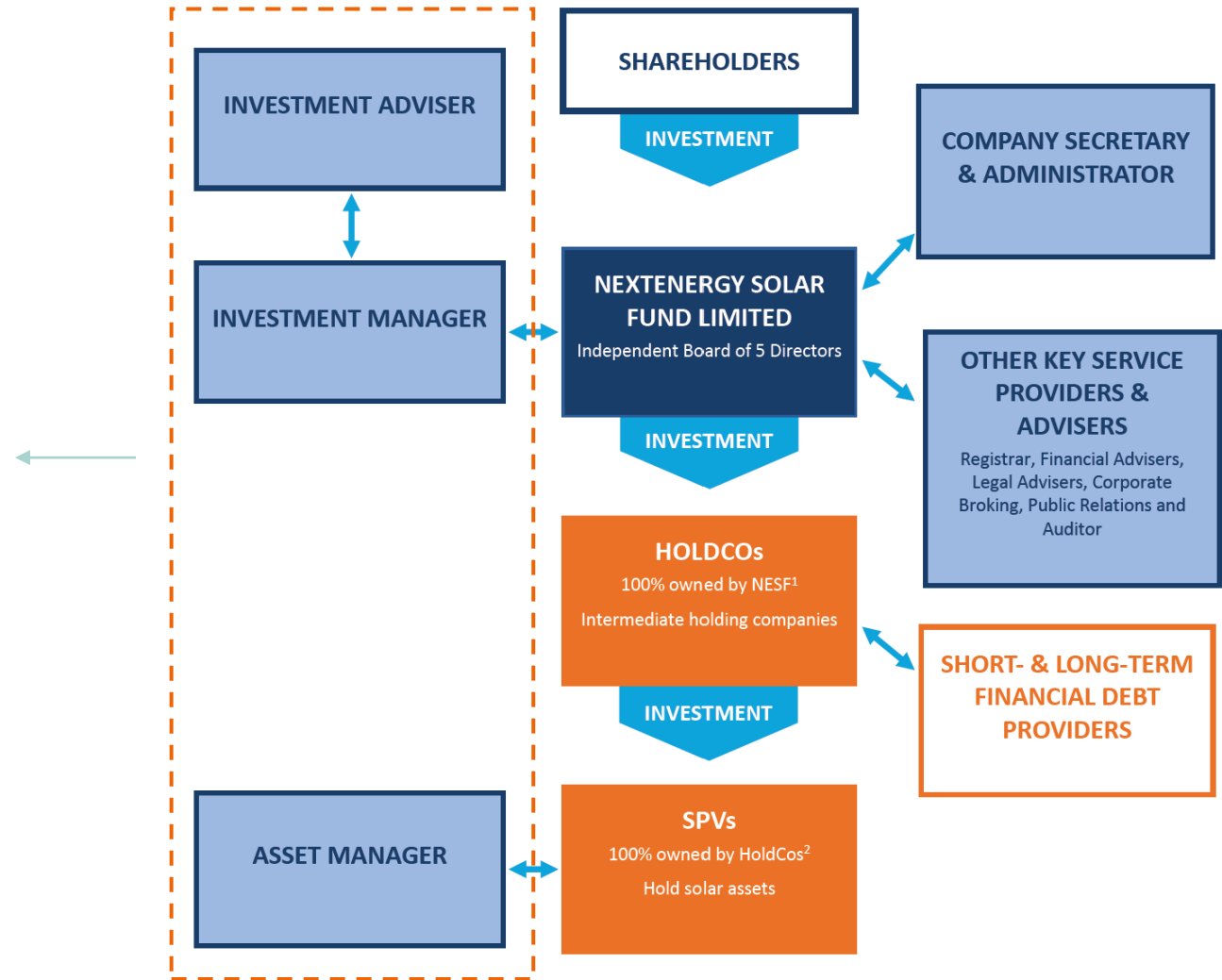
## Investment Policy

- 10% of GAV may be invested in standalone energy storage systems
- 15% of GAV may be invested in solar assets through private equity structures
- 30% of GAV may be invested in OECD countries outside the UK
- 3% of GAV may be invested in non-OECD countries
- 10% of GAV may constitute assets that are under development
- No single investment in any one asset will constitute more than 30% of GAV
- The four largest solar assets will not constitute more than 75% of GAV
- Leverage may not exceed 50% of GAV

## Contact

- Investor Relations: [peter.hamid@nextenergycapital.com](mailto:peter.hamid@nextenergycapital.com)
- Website: [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com)

# NextEnergy Solar Fund structure



# Evolution since IPO

## IPO

- **£85.6m** raised at IPO in April 2014 and 100% deployed within five months
- Focused on subsidised UK solar

## 2014

- **£99.6m** raised November/December 2014, 100% deployed six weeks later
- **127MW** total installed capacity

## 2015

- **£100.2m** raised, 100% deployed six weeks later
- **276MW** total installed capacity

## 2016

- **£180m** raised (£64.7m used to repay debt facility and £115.3m 100% deployed within ten months)
- **424MW** total installed capacity

## 2017

- **£126.5m** raised, 100% deployed within 14 months
- **569MW** total installed capacity
- Government stops solar subsidies
- First international subsidised solar assets added in Italy (**34.5MW**)

## 2018

- **£100m** raised, used to partially repay debt facility, remaining funds deployed in two months
- **£100m** preference share issues
- **691MW** total installed capacity
- First sub-free asset energised

## 2019

- **755MW** total installed capacity
- Awarded LSE's Green Economy Mark
- Largest UK sub-free solar asset energised in UK
- First co-located battery assets
- **£100m** preference share issues

## 2020

- **763MW** total installed capacity
- Promoted to FTSE 250
- **Investment policy change: unlocking**
- ✓ **10% energy storage,**
- ✓ **15% solar PE funds,**
- ✓ **30% international solar**
- Sells first dev sub-free assets (**115MW**)

## 2021

- **865MW** total installed capacity
- New corporate broker
- **£100m** JV with EelPower
- First **50MW** standalone battery
- First **\$50m** commitment to NPIII ESG
- **150MW** Sub-free target reached

## 2022

- **£200m** JV with EelPower
- **250MW** standalone battery
- Succession to Chairman
- First standalone sustainability report
- **Article 9** status
- First co-located battery
- First solar co-investments (Spain & Portugal)

## 2023

- **Capital Recycling Programme ("CRP")** introduced
- Helen Mahy appointed Chair
- **Phase 1** of CRP complete
- **Paul Le Page** joins Board of Directors
- Energy storage strategy details released

## 2024

- **1015MW** total installed capacity
- **Camilla** (BESS) energised **Q1 2024**
- **Phase 2 & 3** of CRP completed
- **Caroline Chan** joins Board of Directors
- **NESF co-investments** into NextPower III ESG to be energized in H1
- **>94%** support for continuation

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# Your Board of Directors

Interim Results 2024

A highly experienced independent Board of Directors with over 120 years of combined expertise



**Helen Mahy**

Chairwoman



**Jo Peacegood**

Non-executive Director



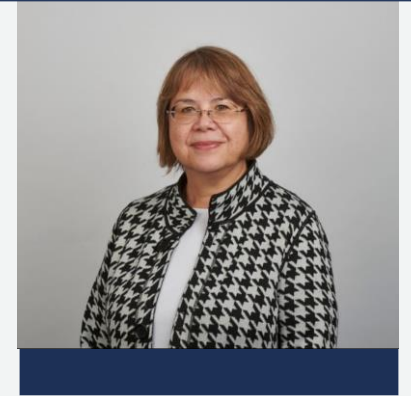
**Paul Le Page**

Senior Independent Director



**Josephine Bush**

Non-executive Director



**Caroline Chan**

Non-executive Director

# NextEnergy Capital investment committee

Interim Results 2024



**Michael Bonte-Friedheim**

Founding Partner and Group  
CEO of NextEnergy Group



**Giulia Guidi**

Head of Environmental, Social  
and Governance (ESG) at  
NextEnergy Capital



**Ross Grier**

COO, Head of UK Investment  
NextEnergy Capital



**Aldo Beolchini**

Managing Partner and Chief  
Investment Officer of  
NextEnergy Group

# NextEnergy Capital investment management Board of Directors



**Joseph D'Mello**



**Jeremy Thompson**



**Charlotte Denton**

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Appendix: NextEnergy Group Value Add

# NextEnergy Group progress

Interim Results 2024

## NextEnergy Group



### Investment Management

- Grown AUM to c.**\$4.3bn**
- Acquired / Developed **over 450** solar assets across various funds
- Capacity of **over 3GW** across UK, Italy, US, Portugal, Spain, Chile, Poland, Greece, and India
- Increased to **123** team members

### Asset Management

- **Over 1,500** solar and battery assets managed and/or monitored
- **Over 3.2GW** installed capacity under management
- Increased to **196** team members
- A global presence

### Development

- Green and brownfield project development across geographies
- Over **100** utility-scale projects developed internationally
- Current pipeline **c.10GW** under development
- **43** team members

### Incubator

- Targeting startups focused on sustainability and environmental technologies
- In partnership with the leading sustainability accelerator programme VeniSIA
- NextEnergy Group to provide initial **€6m** funding

### Foundation

- International charity founded in 2016
- Participate proactively to reduce carbon emissions, provide clean power, and contribute to poverty alleviation
- NextEnergy Group donates **5%** of its yearly profits to NEF



# Benefits to NextEnergy Solar Fund

Interim Results 2024

Over **17 years** of experience focused exclusively on solar providing expertise across the entire solar value chain



## Size & Scale



- Access to the **world's largest specialist solar investment manager**.



- Advantage of **economies of scale** due to manager size and **increased visibility** across the solar market.



- NESF is NextEnergy Capital's **flagship listed fund**.



## Operational Expertise



- Access to **proprietary technology** to manage day to day asset operations.



- Strong **track record** of operational outperformance across all funds.



- A trusted partner that provides operational asset services to **third-parties** outside of the Group.



## STARLIGHT

## Unique Access



- Provides **new development opportunities** outside of NESF's pipeline.



- Access to **full life cycle of solar** through development arm.



- NESF has the **right of first offer** on suitable assets in Starlight pipeline.

# NextEnergy Solar Fund specialist team

Interim Results 2024

## NEC SENIOR MANAGEMENT



**Michael Bonte-Friedheim (IC)**

Founding Partner & Group CEO



**Aldo Beolchini (IC)**

Managing Partner & Group CIO



**Ross Grier (IC)**

COO & Head of UK Investments



**Giulia Guidi (IC)**

Head of ESG



**Gianluca Boccanera**

Managing Director, Starlight



**Tracy Diamond**

Chief Compliance & Legal Officer



**Rebecca Carter**

Managing Director, WiseEnergy



**Stephen Rosser**

Investment Director & UK Counsel,



**Edward Caley**

Group Finance and Operations Director

## NEC ESG

**Giulia Guidi (IC)**

Head of ESG

**Kevin McCann**

Senior ESG Associate

**Flavia Galdiolo**

ESG Research and Engagement Associate

**Joshua Marshall**

ESG Analyst

**David Hawkins**

ESG Vice President

**Hing Kin Lee**

Environmental Impact Manager

**Kristina Vucic**

GIS Data Analyst

**Valeria Ramos**

ESG Analyst

## NEC INVESTMENT TEAM

**Ross Grier (IC)**

COO and Head of UK Investments

**Stephen Rosser**

Investment Director

**Trang Tran**

Vice President

**Nathalie Kolasa**

Vice President

**Ed Payne**

Development Manager

**Joseph Holland**

Investment Analyst

**Dimitri Van Wellen**

Vice President

**Dario Hernandez**

Head of Energy Storage, UK

**Constance Hauet**

Senior Investment Associate

**Charles Hadley**

Investment Associate

**Gregory Askew**

Senior Investment Analyst

## NEC PORTFOLIO MANAGEMENT

**Felice Basile**

Global Head of Portfolio Management

**Nicolo Paschetto**

Senior Portfolio Manager

**Ed Muriel**

Senior Portfolio Manager

**Sulwen Vaughan**

SPV Director

**Chiara Guiducci**

Portfolio Manager

**Tanya Cavanagh**

Junior Portfolio Manager

## NEC INVESTOR RELATIONS

**Peter Hamid**

Senior Vice President

**Peter Walsh**

Junior Analyst

## NEC FUND MANAGEMENT

**Ben Adams**

Head of Fund Management

**Carrie Hay**

Head of Tax

**Christopher Thompson**

Fund Accountant

**Katrina Murdoch**

Analyst

**Ben Behrens**

Deputy Director

**James Rothwell**

Associate

**Henry Ewbank**

Senior Analyst

**Yuuki Larriue**

Junior Analyst

## NEC PPA TEAM

**Paul Barwell**

Head of Energy Sales

**Stephen Rosser**

Investment Director & UK Legal Counsel

## NEC CONSTRUCTION & PROCUREMENT

**Kevin Mclelland**

Global Head of Construction & Procurement

**Bhagyashri Joshi**

Global Commercial & Construction Manager

**Cristina Campo**

Global Construction Manager

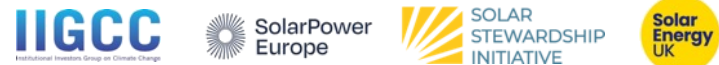
**Chris McKaig**

Head of Grid Connections

# NextEnergy Group membership and recent awards

WINNER	WINNER	WINNER	WINNER	SHORTLISTED
<p><i>AJ Bell Awards:</i> <b>Award For Best Shareholder communication 2024</b></p>  	<p><i>Environmental Finance; Impact Awards:</i> <b>Award For Impact Research 2023</b></p>  	<p><i>CFI.co; Responsible Investing Awards 2022:</i> <b>Best Clean Energy Transformation Leader – UK 2022</b></p>  	<p><i>Environmental Finance; Impact Awards:</i> <b>Impact Initiative of the Year 2022</b></p>  	<p><i>Investment Week; Sustainable Investment Awards:</i> <b>Best Sustainable Specialist Fund 2022</b></p>  
WINNER	WINNER	SHORTLISTED	SHORTLISTED	RECOGNISED
<p><i>CFI.co; Responsible Investing Awards 2022:</i> <b>Best Solar Asset Manager – UK 2021</b></p>  	<p><i>Environmental Finance; Sustainable Investment Awards:</i> <b>Renewables Fund of the Year 2020</b></p>  	<p><i>The AIC; Shareholder Comms Awards:</i> <b>Best ESG Communication / Social Media 2022</b></p>  	<p><i>IR Society; Best Practice Awards:</i> <b>Best Communication of Sustainability</b></p>  	<p><i>Financial News; Fifty Leaders Sustainable Finance</i> <b>Michael Bonte-Friedheim</b></p>  

Member of:



Early adopter of:



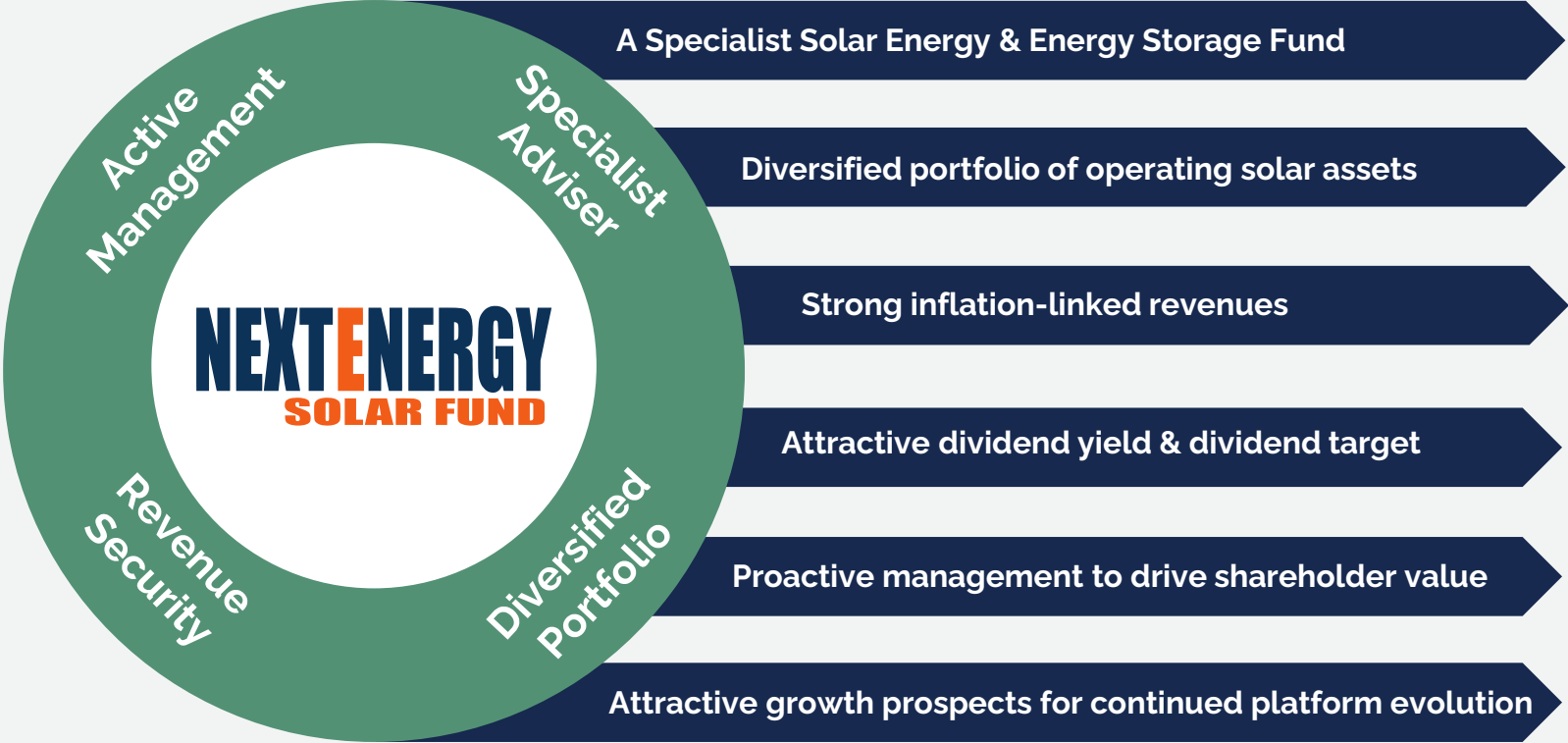
Supporter of:



Signatory of:



# Why NextEnergy Solar Fund (“NESF”)



**NEXTENERGY**  
**SOLAR FUND**



Appendix: NAV

# Discount rate assumptions (30 September 2024)

Weighted average discount rate

Interim Results 2024

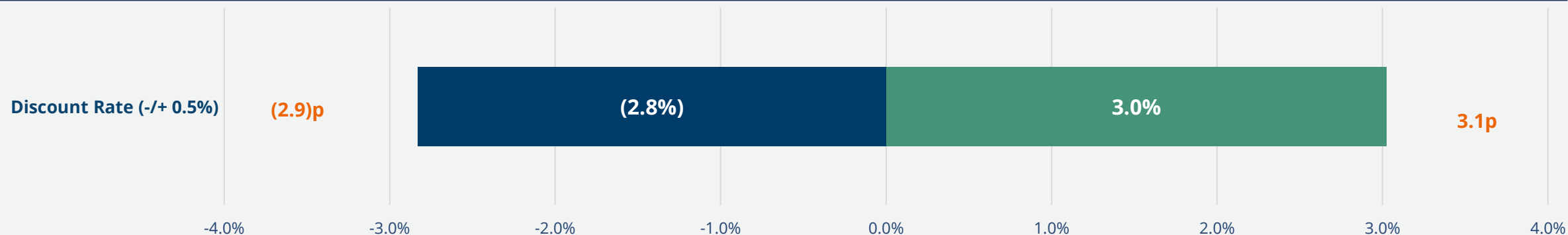
**8.0%**

(31 March 2024: 8.1%)

- No change to discount rates from 31 December 2023

Discount Rates		
Discount rate assumptions	As at 30 September 2024	As at 30 September 2023
UK unlevered	7.50%	7.50%
UK levered	8.20 – 8.50%	8.20 – 8.50%
Italy unlevered <sup>1</sup>	9.00%	9.00%
Subsidy-free (uncontracted) <sup>2</sup>	8.50%	8.50%
Life extensions <sup>3</sup>	8.50%	8.50%
<b>Energy Storage</b>		
Uncontracted	10.00%	10.00%
Contracted	7.00%	7.00%

## Discount Rates Sensitivities as at 30 September 2024 (+/- 0.5%)



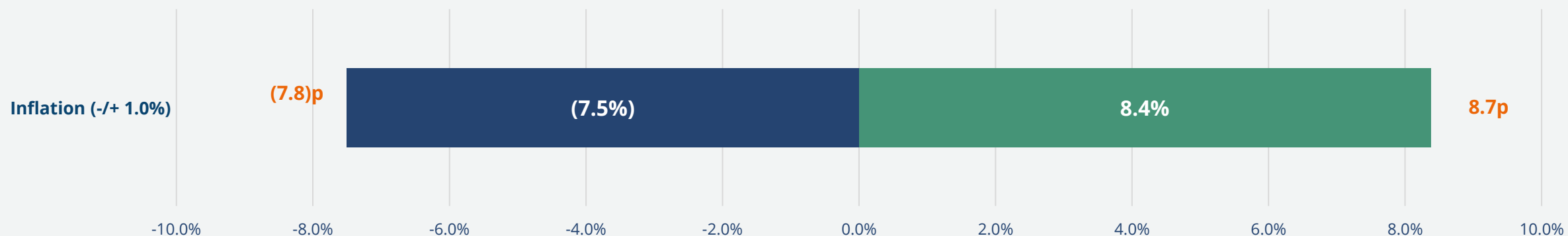
# Inflation assumptions (30 September 2024)

Interim Results 2024

- The Company continues to take a consistent approach to its inflation assumptions, using external third-party, independent inflation data from HM Treasury Forecasts and long-term implied rates from the Bank of England for its UK assets. For international assets, IMF forecasts are used

Inflation update breakdown							
Calendar Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030 onwards
31 Dec 2022	4.20%	3.90%	3.80%	3.00%	3.00%	3.00%	2.25%
31 Mar 2023	3.40%	3.30%	3.20%	3.70%	unchanged	unchanged	unchanged
30 June 2023	3.50%	2.60%	3.00%	3.40%	unchanged	unchanged	unchanged
30 Sept 2023	3.90%	2.80%	2.70%	3.30%	unchanged	unchanged	unchanged
31 Dec 2023	3.90%	2.20%	2.60%	3.30%	unchanged	unchanged	unchanged
31 Mar 2024	3.10%	2.90%	2.90%	3.50%	3.60%	unchanged	unchanged
30 June 2024	3.40%	unchanged	3.10%	unchanged	3.50%	unchanged	unchanged
<b>30 Sept 2024</b>	<b>3.60%</b>	<b>unchanged</b>	<b>2.80%</b>	<b>3.20%</b>	<b>3.10%</b>	<b>unchanged</b>	<b>unchanged</b>

## RPI Inflation NAV Sensitivities<sup>1</sup> as at 30 September 2024 (-/+ 1%)

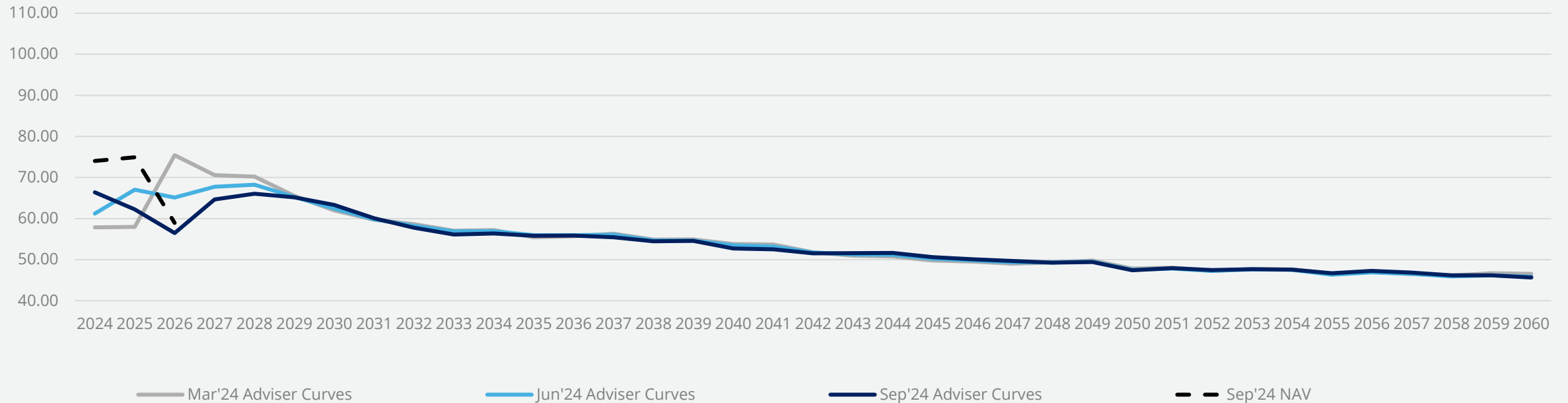


# Forecast power prices (real 2024)

- Forward power prices significantly above previous forecasts
- The Company's current UK 20-year average power price forecast represents a decrease of 1.9% compared to that used at the end of the previous financial period (and 50.6% below the average price used at IPO).

	31 March 2024	30 September 2024
UK short-term power price average (2024-28) <sup>1</sup>	£65.4/MWh (real 2024)	<b>£62.0/MWh (real 2024)</b>
UK long-term power price average (2029-43) <sup>1</sup>	£56.6/MWh (real 2024)	<b>£56.4/MWh (real 2024)</b>

## Blended power curves (capture price)

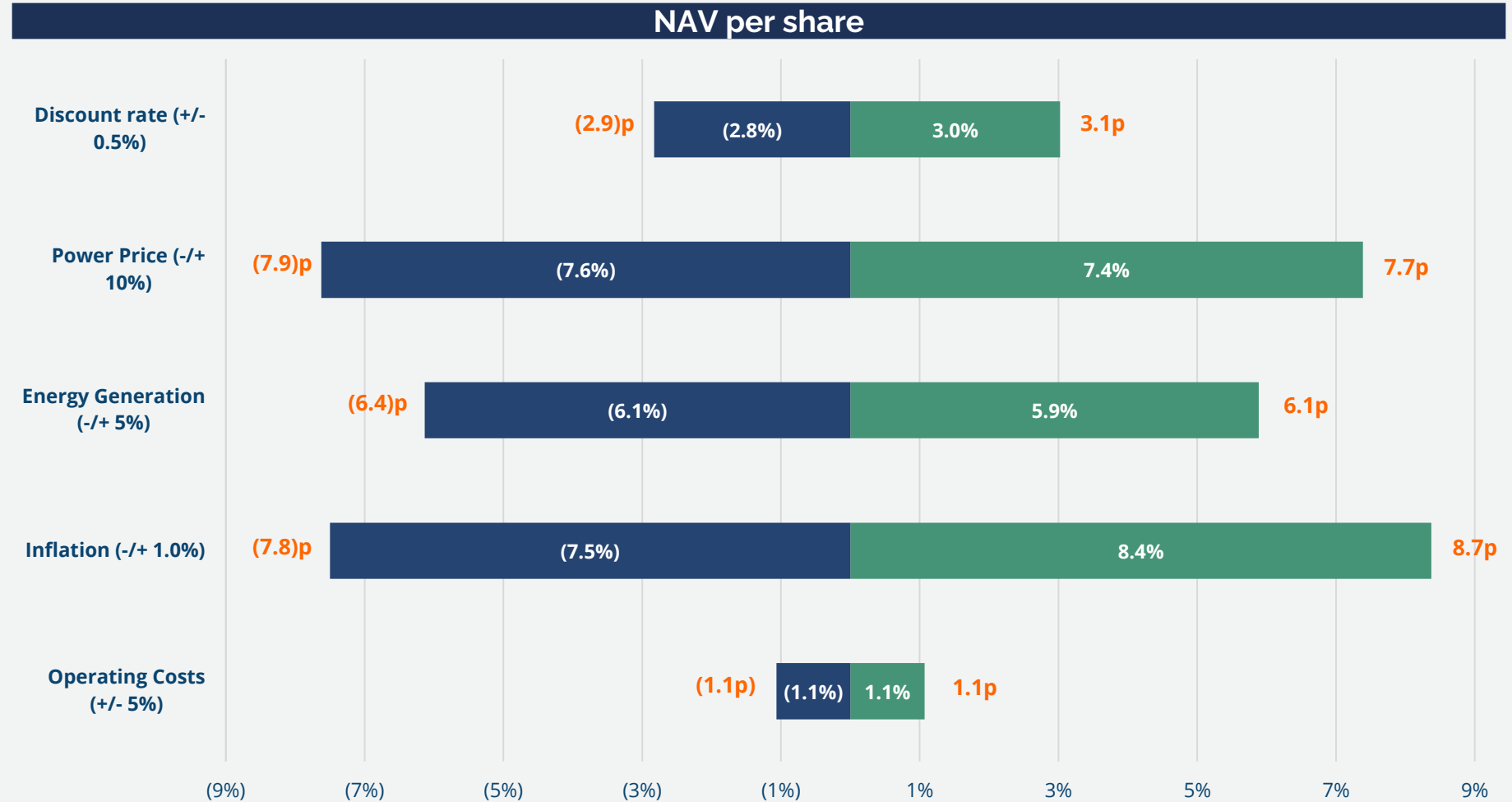


1) Applied to the Company's solar portfolio where PPAs are not in place.



# NAV sensitivities (30 September 2024)

- NAV sensitivities updated every six months at interim and full-year results
- The sensitivity highlights the percentage change in the portfolio valuation resulting from a change in the underlying variables
- It also shows the impact on the NAV per share
- The total operational fair value to which the sensitivity analysis has been applied is £606.5m (31 March 2024: £657.4m).



# NEXTENERGY SOLAR FUND



Appendix: Portfolio

# Portfolio optimisation & enhancement activity

Interim Results 2024

Focused on implementing technical improvements across the portfolio, reducing operating costs through effective procurement and targeted re-negotiation of contractual terms with suppliers

## Asset Repowering

- Inverters were replaced at **two sites** to address systemic defects, restoring availability and improving generation performance.
- In total the Company currently anticipates replacing inverters for up to **13 assets** (with a combined capacity of up to 135MW) over the next three years.

## Targeted Improvements

- A total of **21 improvement plans** were completed over the year, consisting of asset improvements to deal with identified defects (such as restringing parts of some plant to improve generation), full system installations and upgrades on inverter station cooling systems, as well as CCTV upgrades to improve security.

## Strategic spare parts management

- **Implemented a strategic spare parts management plan** to minimise the impact of component failures across the portfolio through pro-active management and maintenance of the Company's stock of key spare parts, particularly those with extended lead-times or declining availability.

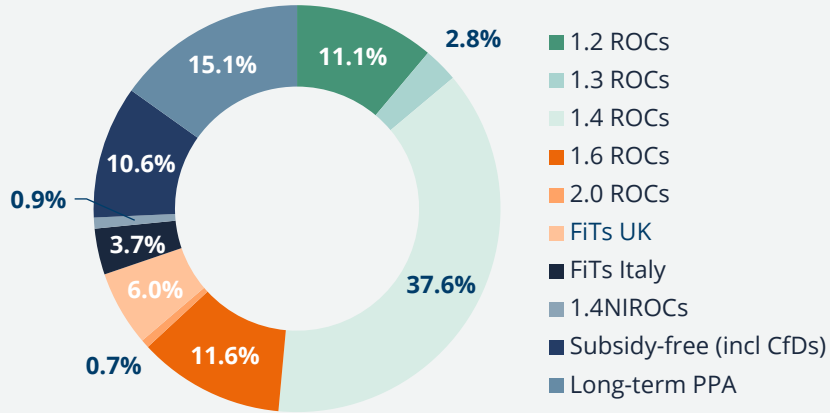
# Investment policy limits (30 September 2024)

Investment Policy		30 September 2024 (GAV = £1,104m)	Limit (%)	RAG
Technology	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).	5.78% of GAV invested in standalone energy storage systems	25% limit	✓
Geographical	The Company is permitted to invest up to 30% of GAV (at the time of investment) in OECD countries outside the UK.	19.72% of GAV currently invested in OECD countries outside the UK	30% limit	✓
	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.	0.18% of GAV currently invested outside the OECD	3% limit	✓
Development	Assets that are under development (that is, at the stage of origination, project planning or construction) when acquired will not constitute (at the time of investment) more than 10% of GAV.	Asset development funding constitutes 4.31% of GAV	10% limit	✓
Private equity	The Company 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 GAV may be invested in private equity structures (calculated at the time of investment).	4.06% of GAV	15% limit	✓
Single Asset	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 GAV.	The largest investment by the Company in any one solar asset currently constitutes c.4.06% of GAV	30% limit	✓
Asset Concentration	The four largest solar assets will not constitute (at the time of investment) more than 75% of GAV.	The four largest solar assets currently constitute c.14.86% of GAV	75% limit	✓
Gearing Level	Leverage of up to 50% of GAV.	Gearing (including preference shares) stands at 48.15%	50% limit	✓

# Portfolio breakdown (30 September 2024)

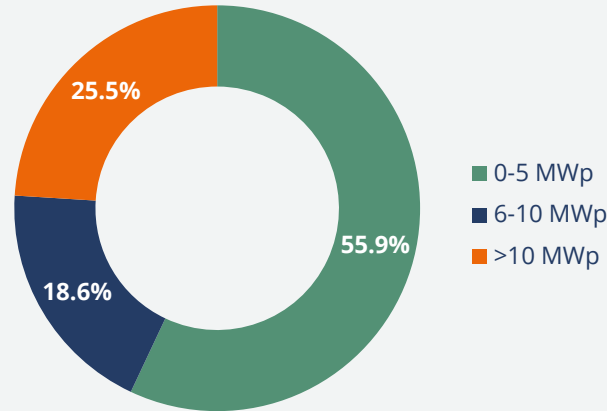
Interim Results 2024

## By Subsidy/PPA<sup>1</sup>



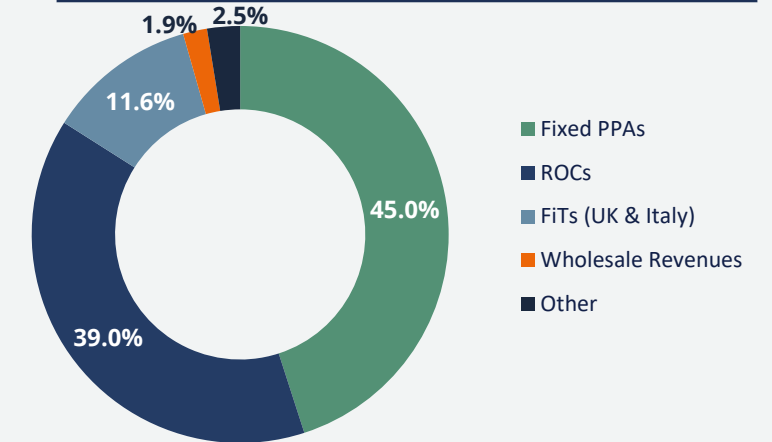
% of assets by MW capacity

## By Installed Capacity<sup>1</sup>



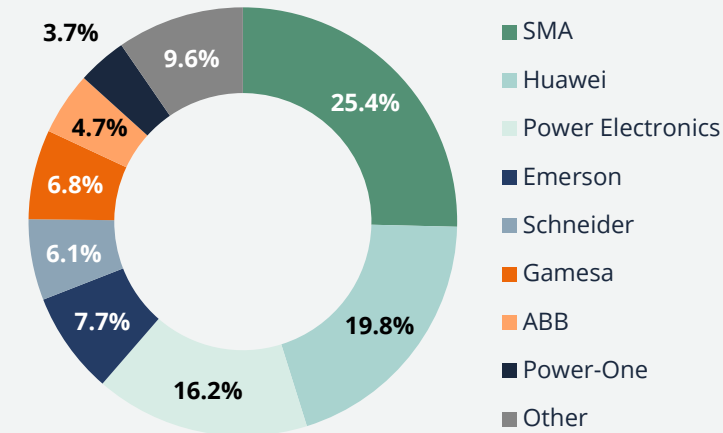
% of assets

## By Revenue Type<sup>1</sup>



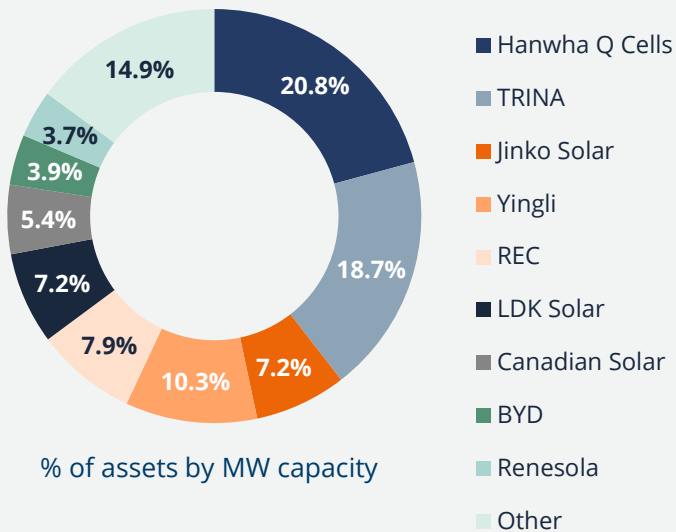
% of total revenue for the period ended 30 September 2024

## By Inverter Manufacturer<sup>1</sup>



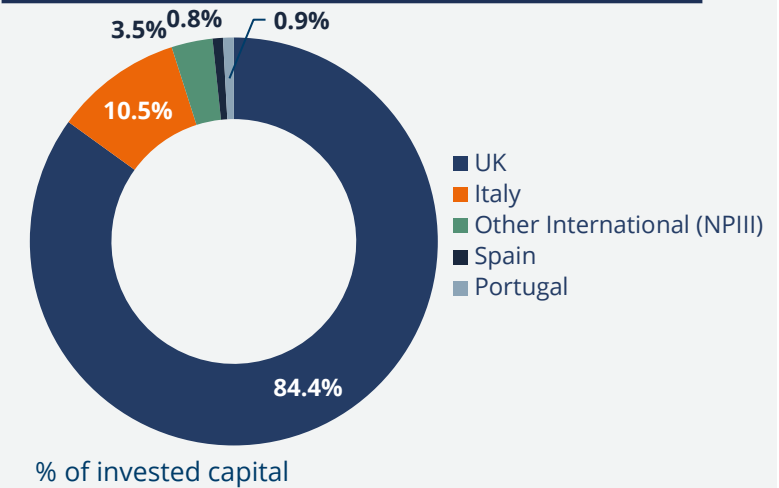
% of assets by MW capacity

## By Solar Module Manufacturer<sup>1</sup>



% of assets by MW capacity

## By Location<sup>1</sup>



% of invested capital

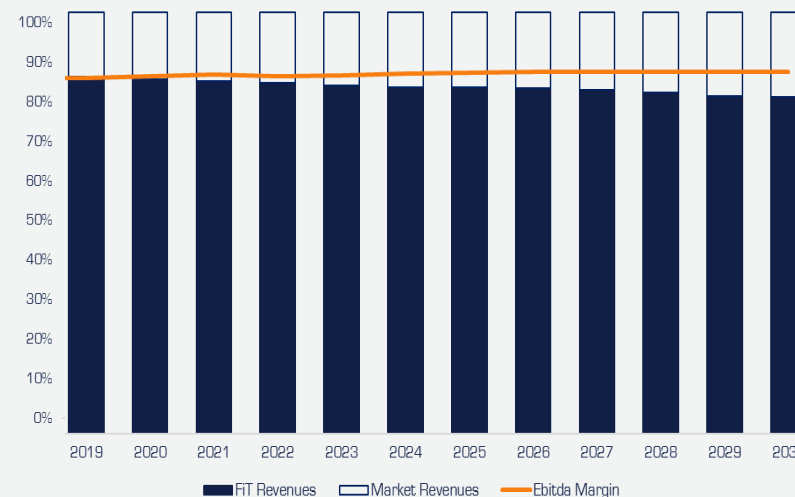
(1) Figures are stated to the nearest 0.1% which may lead to rounding differences

# The Italian 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% (31 March 2022: 7.25%) 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 one of the ten largest solar markets globally

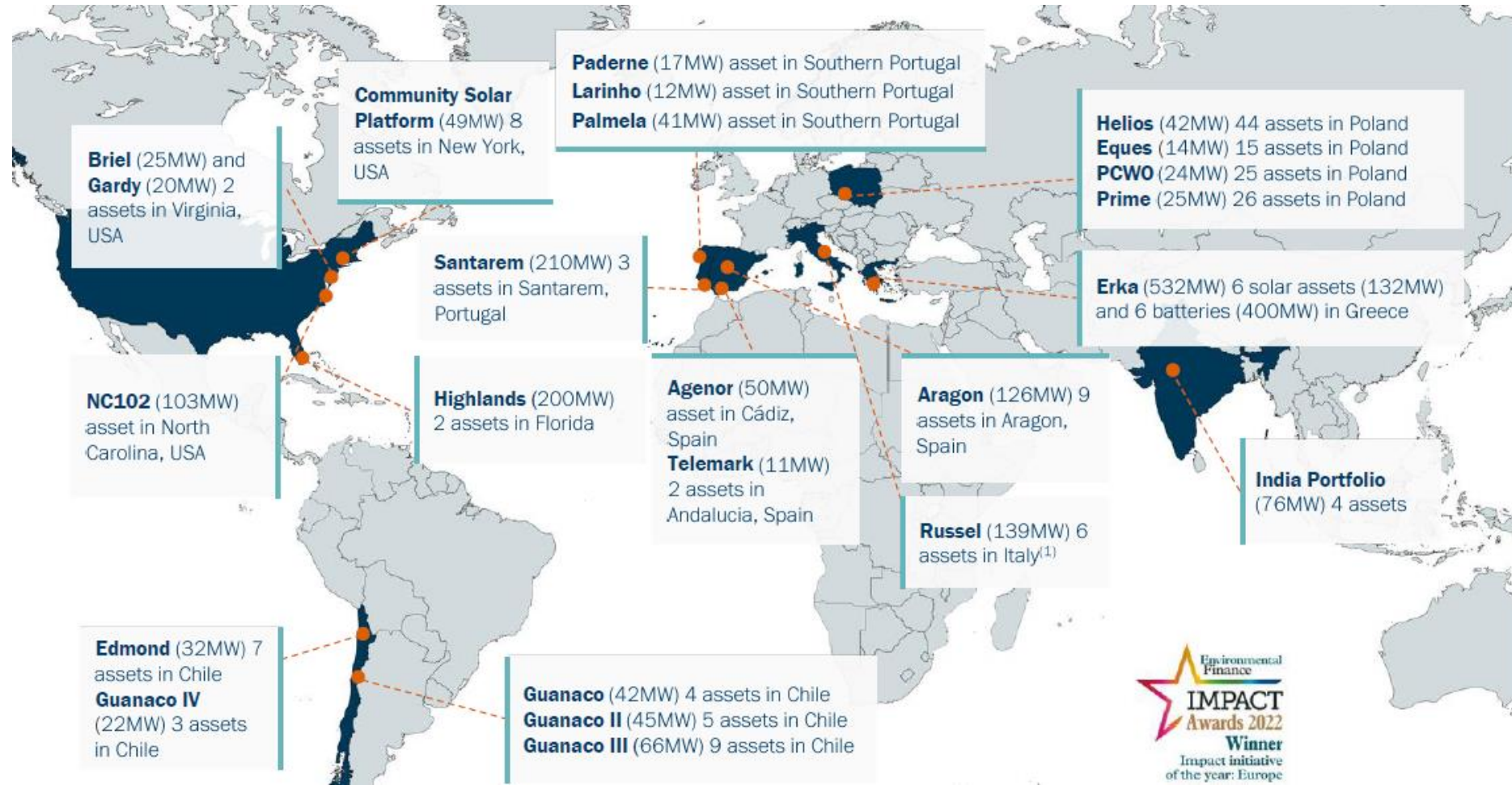
## Business Case: Solis Acquisition and Performance

- Acquisition of eight solar plants in Italy in December 2017 for a total installed capacity of 34.5MW 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 generation outperformance of 1.6% for the period ending 30 September 2022



# Private Solar Fund Investment: NextPower III ESG

- NextPower III ESG (“NPIII”) was launched by NextEnergy Capital in 2018 to target utility-scale solar in OECD countries
- NESF made a **\$50m** commitment to NPIII in June 2021
- NPIII is targeting a gross investor IRR of between **13%** and **15%**
- The Fund has acquired **1.8GW with 172 individual assets** across the USA, India, Chile, Portugal, Spain, Greece, and Poland



Notes, as 01/09/23

(1) Under Binding Agreement

(2) Including a majority stake held in the storage portfolio in Greece

Please note that NextPower III ESG is closed.



**NEXTENERGY**  
**SOLAR FUND**



Appendix: Capital Structure



# Optimised capital structure – details (31 March 2024)

Equity	<p>Ordinary Shareholders</p>	<ul style="list-style-type: none"> <li>590m Ordinary Shares in issue, targeting a total dividend of 8.43p per ordinary share for the financial period ending 31 March 2025</li> </ul>
Preference shares		<ul style="list-style-type: none"> <li>Two £100m tranches issued in November 2018 and August 2019</li> <li>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 the nominal value</li> <li>Option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company</li> </ul>
Financial debt facilities	 <p>Macquarie Infrastructure Debt Investment Solutions (“MIDIS”)</p>	<ul style="list-style-type: none"> <li>Fully amortising facility (£131.4m outstanding) expiring in 2035 drawn to finance the Apollo portfolio</li> <li>Unique NAV-enhancing features (grace period, DSRF, flexible PPA)</li> <li>Fully amortising facility (£39.9m outstanding) expiring in 2034</li> <li>Debt in place at completion of Radius portfolio in April 2016</li> <li>Replacement of DSRA with LoC in November 2018</li> <li>Santander RCF of £70m, partially drawn (£39m), recently extended (5 July 2022) until June 2024 with an option of a 12-month extension. The Company is on track to exercise this option to extend this RCF until June 2025</li> <li>AIB and Lloyds RCF of £135m, fully drawn (£135m) and available until June 2026 and provides two additional 12-month extension options at NESF's sole discretion</li> </ul>

# Financial debt outstanding (30 September 2024) <sup>8</sup>

Interim Results 2024

Financial debt gearing

**30.2%**

Total gearing

**48.2%**

- In April 2024, the NESF Group signed an extension on its primary £135m RCF to June 2026 with two additional 12-month extension options at NESF's sole discretion.
- The weighted average cost of financial debt as at 30 September 2024 is 4.0% excluding preference shares, 4.92% including preference shares
- Following the \$50m commitment to NPIII during the period, NESF accounts for the debt at NPIII on a look through equivalent basis

Provider/Arranger	Type	Borrower	Tranches	Number of plants secured <sup>(1)</sup>	Loan to Value (LTV) <sup>(3)</sup>	Facility amount £m	Amount outstanding £m	Termination (including options to extend)	Applicable rate
MIDIS/CBA/NAB (Apollo)	Fully-amortising long-term debt <sup>(2)</sup>	NESH	Medium-term	21 (241MW)	45.4%	48.4	26.5	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 <sup>(5)</sup>			38.7	32.2	Jun-35	RPI index + 0.36%
			Fixed long term Debt Service reserve facility			38.7	38.7	Jun-35	3.82%
MIDIS (Alom)	Fully-amortising long-term debt <sup>(2)</sup>	Radius	Inflation linked (5)	5 (84MW)	40.5%	27.5	15.6	Sep-34	RPI index + 1.44%
			Fixed Long-term			27.5	19.3	Sep-34	4.11%
<b>Total long-term debt</b>							<b>156.4</b>		
Santander	Revolving credit facility	NESH VI	n/a	13 (100MW)	-	70.0	44.1	Jun-26	SONIA + 1.50%
AIB/Natwest/Lloyds	Revolving credit facility	RRAM	n/a	22 (240MW)	-	135.0	109.3	Jun-28	SONIA + 1.20%
<b>Total short-term debt</b>							<b>153.4</b>		
<b>NPIII look through debt (6)</b>		n/a	n/a	n/a	n/a	n/a	10.9		
<b>Co-investment look through debt (7)</b>		n/a	n/a	n/a	n/a	n/a	12.6		
<b>Total look through debt</b>							<b>23.4</b>		
<b>Total debt</b>							<b>333.3</b>		

Footnote:

1) NESF has 325MW under long-term debt financing, 340MW under short-term debt financing and 214MW without debt financing

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

3) Loan to Value (LTV) defined as 'Debt outstanding / GAV'

4) Applicable rate represents the swap rate

5) Represents the "real" outstanding debt balance. The "nominal" outstanding debt balances are included in the debt balances provided in Note 23 b) to the financial statements

6) The total combined short and long-term debt in relation to NESF's commitment into NPIII (on a look through equivalent basis)

7) The total combined short and long-term debt in relation to NESF's commitment into Agenor & Santarem (on a look through equivalent basis)

8) Table provided semi-annually at Interim and Annual results

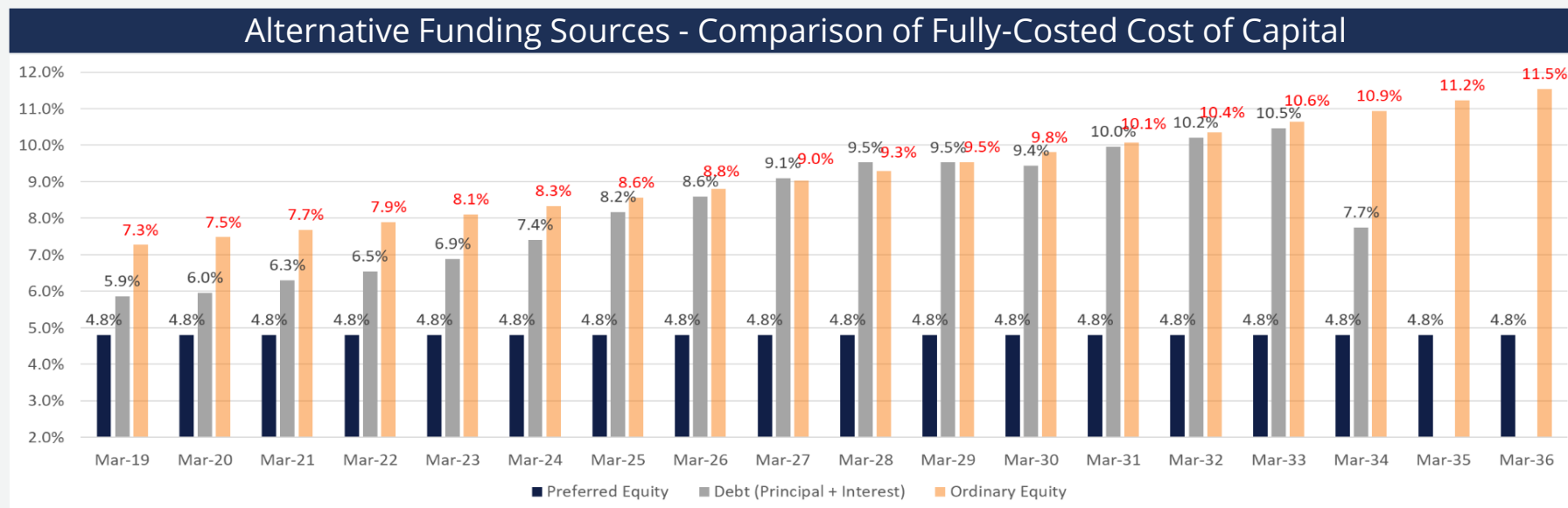
# Preference shares

- The issuance of £200m preference shares is expected to increase dividend cover by 0.15x and returns by 1.09% for ordinary shareholders (2)
- Preference shares simplify the capital structure by reducing the exposure to secured debt financing
- Preference shares provide protection against diminishing power prices compared to traditional debt financing used by peers and have no refinancing risk
- Issuance of £200m preference estimated to have increased cashflows by c.£3.0m during the period compared to a proforma 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.

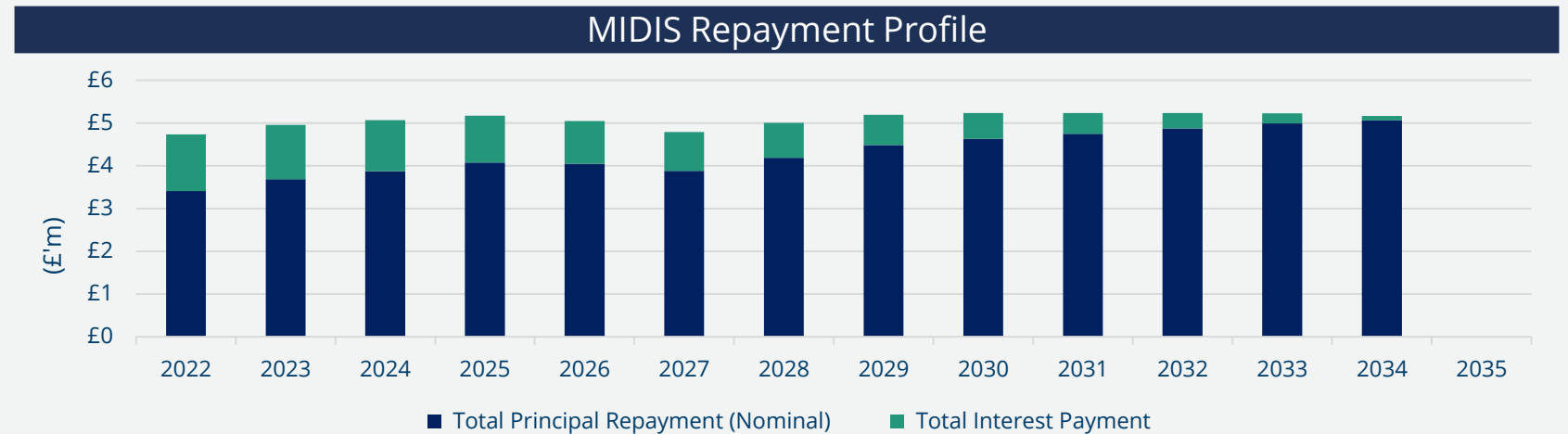
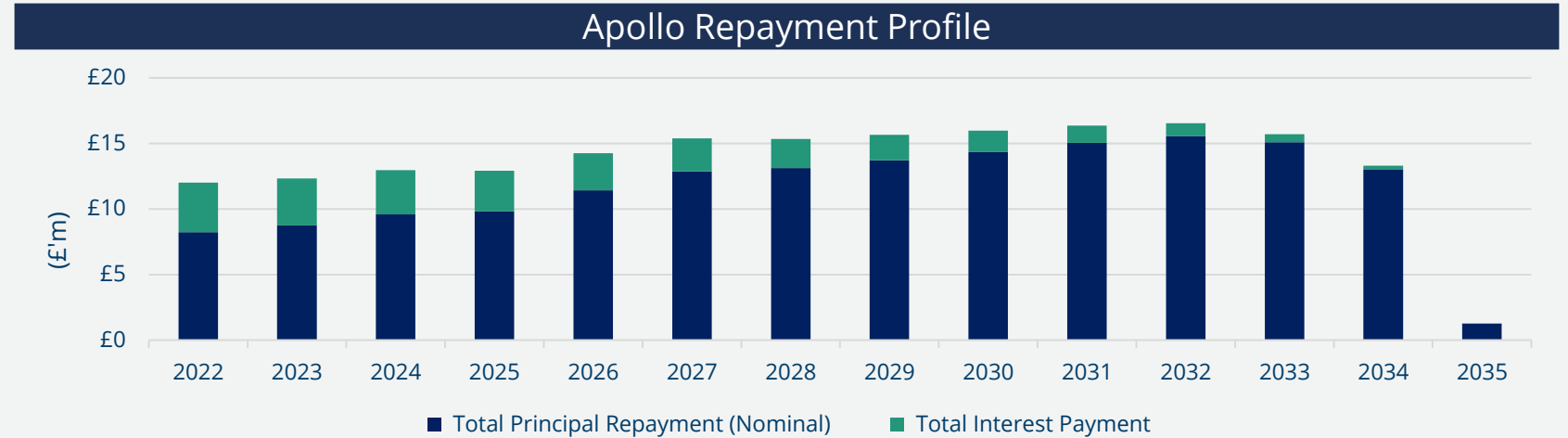
Value accretive features:

- 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)



# Long term debt repayment profile

- As at 30 September 2024, c.£156m of the financial debt was long-term fully amortising
- The charts show the precise yearly repayment profile for both long-term debt facilities (interest plus principal) until maturity in 2035
- The Apollo facility has 21 solar assets secured comprising 241MW
- The MIDIS facility has 5 solar assets secured comprising 84MW

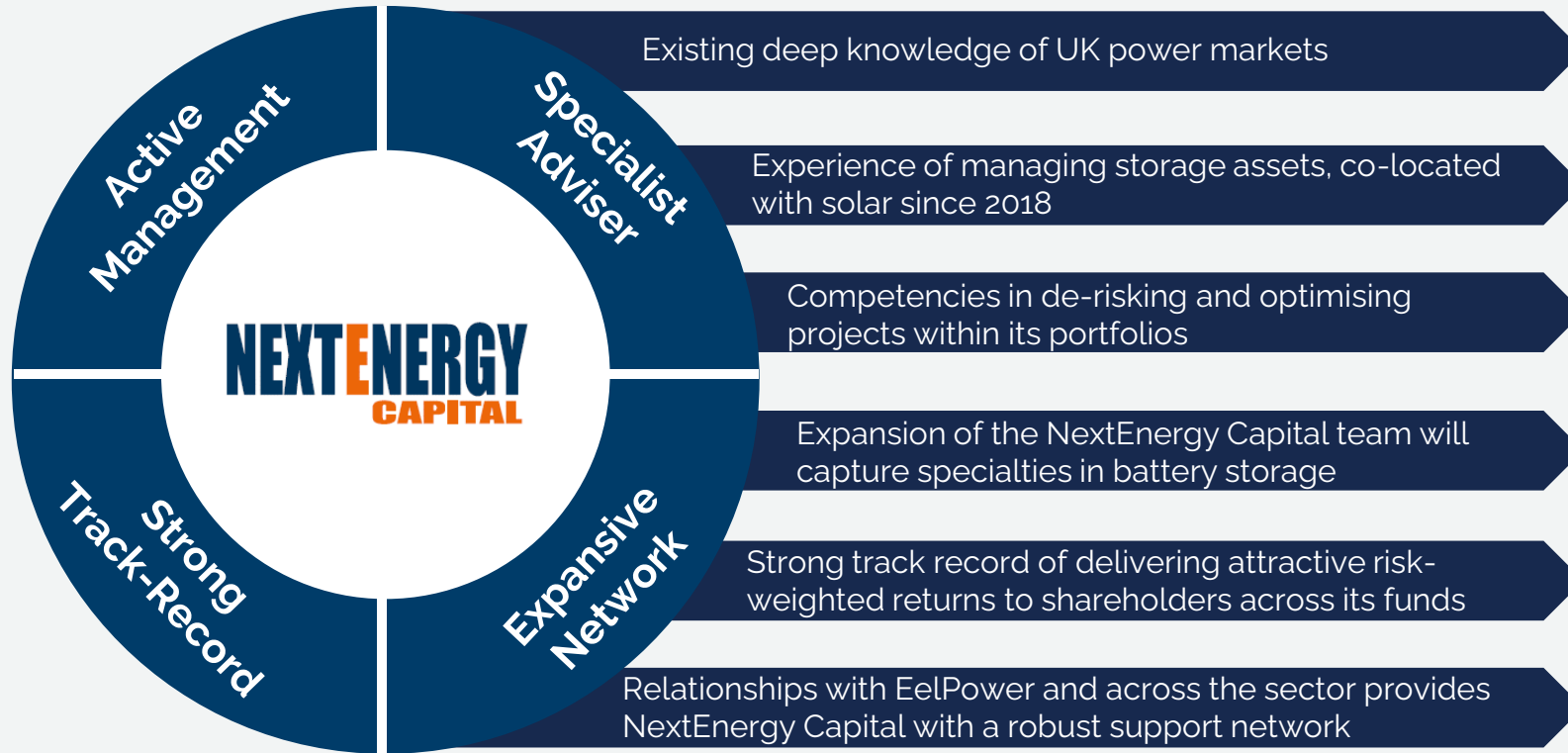


# NEXTENERGY SOLAR FUND

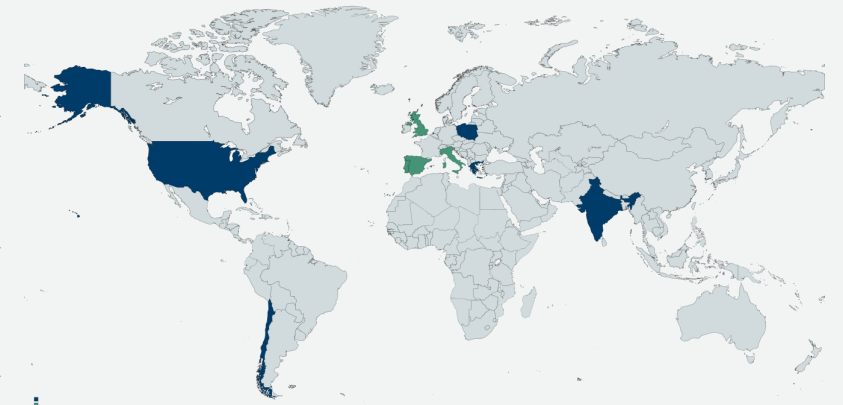


## Appendix: Energy Storage

# The right platform to deploy energy storage



- **17 years** experience as a Manager
- **C.\$4.3bn** Solar AUM
- Over **450** solar assets acquired
- **3GW+** across UK, Italy, US, Portugal, Spain, Chile, Poland, and India



# Five key reasons to add energy storage

## 1 Battery storage benefits from intermittency of renewables

- As the UK decarbonises, renewables are expected to provide the backbone of the future energy mix. However, renewables are a cause of strain on the grid due to their intermittency and nonsynchronous generation, increasing wholesale price volatility in all future energy scenarios. Battery storage provides essential flexibility, ensures that supply of electricity across the grid matches demand fluctuations and realizes value from increased price volatility and vital grid services

## 2 Battery storage is highly complimentary to NESF's solar portfolio due to non-correlated revenues

- Solar exhibits a predictable generation profile during a single day
- Batteries capitalize on wholesale market price fluctuations by charging when renewable output is high (and prices are low/negative) before dispatching at peak demand (when prices are highest)

## 3 Co-location of batteries with solar assets multiplies benefits and cost savings

- One of the largest hurdles to deployment of new projects is associated with grid connection availability, timeline and cost. Co-location streamlines battery deployment by using the same grid connection for both assets. OPEX is also optimised through sharing site infrastructure and maintenance (e.g. inverters)

## 4 NESF is well positioned to capitalise on the UK battery storage space

- NESF's has a strong portfolio of solar assets that provide a robust base revenue generation, inclusion of accretive return assets is sensible to continue the platforms' continued growth and evolution
- The joint venture partnership with EelPower allows NESF to leverage expertise as well as access to pipeline projects

## 5 Batteries generate revenues through multiple pathways

- Revenues driven by volatility (potential to arbitrage and financially settle without cycling battery) and provision of ancillary stability/flexibility services to grid
- Multiple revenue streams allows batteries to adapt easily to market changes, revenue stacking supported by the grid's adoption of battery storage as part of its plans for managing the future of the grid, valuing the stability that batteries can bring to grid infrastructure alongside their ability to arbitrage volatility.

**NEXTENERGY**  
**SOLAR FUND**



Appendix: ESG, Sustainability & Outlook



# An impact ESG investment

- An **Article 9 fund** under EU SFDR and Taxonomy
- Overseen by **ESG Board Committee**, chaired by Josephine Bush, Non-Executive Director
- Released third dedicated **standalone ESG report** in June 2024 (first in November 2022)
- Early adopter of the **International Sustainability Standard Board** (“ISSB”) standards S1 and S2
- Benefits from a **leading biodiversity team** that includes a specialist environmental impact manager

Emission Data Track Record											
Metric	Units	FY2015 <sup>1</sup>	FY2016 <sup>1</sup>	FY2017 <sup>1</sup>	FY2018 <sup>1</sup>	FY2019 <sup>1</sup>	FY2020 <sup>1</sup>	FY2021 <sup>1</sup>	FY2022 <sup>1</sup>	FY2023 <sup>1</sup>	FY2024 <sup>2</sup>
<b>GHG avoided</b>	ktCO <sub>2</sub> e	30.6	110	191.4	211.2	299.4	307.7	317.6	328.7	363	279.3
<b>NOx avoided</b>	tonnes	41.3	108.3	176.3	193.1	276.5	274.4	283.4	296.3	331.1	254.8
<b>Sox avoided</b>	tonnes	94.1	214.4	335.8	365.9	499.2	511.9	527.5	549.7	612.4	471.2
<b>PM2,5</b>	tonnes	2.4	8.4	14.5	15.9	22.6	23.2	24	25.2	28.3	21.8
<b>PM10</b>	tonnes	0.9	2.3	3.7	4	5.6	5.8	5.9	6.2	56.9	5.3
<b>Fossil Fuels avoided</b>	ktonnes oil equivalent	13	46.9	81.6	90	127.7	131.2	135.9	142.8	160.3	88.6
	million barrels	0.1	0.34	0.6	0.66	0.94	0.96	1	1.05	1.2	0.7

NESF ktCO<sub>2</sub>e avoided since IPO <sup>2</sup>

**2,653**

Estimated cars off road

**46,167**

(30 September 2023: 47,179)

Tonnes of CO<sub>2</sub>e emissions avoided

**193,900**

(30 September 2023: 198,151)

Clean electricity generated <sup>5</sup>

**595GWh**

(30 September 2023: 599GWh)



(1) GHG emissions data provided by Green Investment Group calculated using their Green Impact methodology based on information provided by NextEnergy Capital for the period ending 31 September 2023  
 (2) NextEnergy has now started using “Terra Instinct” who utilize a different calculation methodology  
 (3) Estimations provided by Green Investment Group using an annual average figure of the entire portfolio’s (operational and pre-operational projects) GHG emissions of NESF based on the portfolio’s forecast renewable electricity generation  
 (5) Including share in private equity vehicle (NextPower III ESG ESG) and co-investments (Agenor and Santarem)

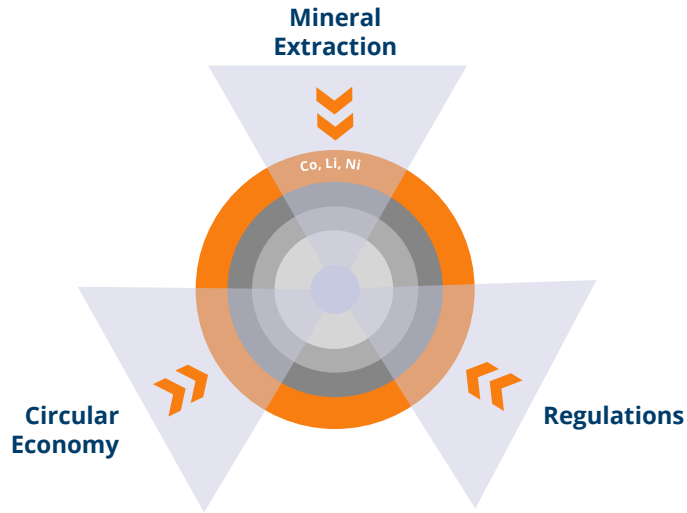


# ESG integration into the NESF investment process

- ESG factors are considered throughout the investment process, from potential excluded activities during the project selection phase, to initial screening and full due diligence during the pre-acquisition phase
- ESG clauses are included in key contracts with our counterparties, including EPC and O&M contractors, and an action Plan to fill in any gaps between a project, its contractors and the standards which NEC seeks to uphold is agreed during the negotiation phase
- NEC ensure that the action plan is implemented, and that NESF report on its ESG performance
- Please see the NEC sustainable investment policy on the website for more details: [nextenergycapital.com/sustainability/sustainable-investing/](https://nextenergycapital.com/sustainability/sustainable-investing/)



# ESG considerations for energy storage



## Mineral Extraction

- **COBALT:** most of global supply originates from the DRC, of which c. 30% derives from small-scale miners working in poor labour and H&A conditions.
- **LITHIUM:** mining is affecting indigenous people in the Lithium Triangle (Argentina, Bolivia and Chile) which currently holds over 60% of known global lithium reserves. This region uses a unique method of extracting lithium from saltwater brines, a technique with potentially dangerous environmental consequences.
- **NICKEL:** demand is expected to increase 6-fold by 2030, with the world's largest producer, Indonesia, already upping production to meet this. Indonesia is currently dumping mine waste (tailings) into the ocean.

## Due diligence

- NextEnergy Capital ("NEC") carries out due diligence process of batteries suppliers to ensure that human rights risks, including those of labour, H&S, or impact on environment and ecosystem services fundamental to the livelihood of communities and Indigenous People. NEC also require them to sign our Supplier Code of Conduct and ensure suppliers abide by it when working with us.

## Audits

- NEC plans to adopt the third party audit and chain of custody approach that is being considered with SEUK for modules and will be the standard to promote industry-wide traceability.

## Compliance

- NEC seeks to ensure compliance with applicable regulations such as the OECD due diligence guidance for responsible mineral supply chains (3rd edition), as well as voluntary principles such as the UN Guiding Principles on Business and Human Rights
- NEC carries out supplier reviews to ensure circular economy elements are considered as per the EU taxonomy; the WEEE directive on recycling and disposal; and/or the EC Batteries Directive (2006), by embedding alignment with these frameworks in the original procurement contracts.

## Green inputs

- NEC is investigating how we can obtain green inputs to our battery facilities from suppliers that are also both economically viable and large enough to meet demand.
- This is a challenging goal, but we are committed to improving our input supply transparency, with the aim of having the greenest possible input. Not only does this reinforce the delivery of NEC's mission with the smallest footprint feasible, but it will direct investment to green suppliers, pushing the demand for better solutions and increasing the appetite for storage in the UK in a virtuous cycle.

## Circular Economy

- **DURABILITY:** of the batteries lifespan and their capacity to be recycled should be considered. Suppliers selection to consider product lifecycle and aspects relating to the circular economy. Participation in industry initiatives such as the [Global Battery Alliance](#) is a way NEC can foster stewardship and uphold company standards.
- **METAL RECYCLING:** such as cobalt, lithium and nickel are key battery components will enter a shortfall of supply before 2025. A domestic recycling programme would minimise the volumes of mineral extraction (hence the labour and water conflict risk associated with it).

## Regulations

- The European Commission ("EC") has released a strategic battery action plan which identifies ways in which responsible sourcing can be upheld and solve supply chain issues. For example, some refining companies in China have been found to sell certified processed cobalt to Europe that is in fact mixed with material sourced from unregulated mines.
- In Feb 2022, the EU issued a new Directive on Corporate Sustainability Due Diligence which will require DD on ESG aspects throughout business's supply chain.

# Biodiversity & social enhancement

- NESF benefits from a dedicated **Biodiversity team** to ensure that land management and native fauna and flora are being considered throughout the investment and ownership phases.

## Biodiversity looking forward

- ✓ Continue to **implement best practice biodiversity measures** across the NESF portfolio
- ✓ The total habitat net gain achieved from the pre-solar baseline to post-exemplar measures averaged **82%**
- ✓ **Enhance local biodiversity** for the surrounding areas where we operate
- ✓ Roll out extension of exemplar site programme to cover over **50%** of portfolio before year end
- ✓ Target positive biodiversity net gain at our solar sites

## Enhanced community engagement

- ✓ **20 solar sites** are **promoting educational visits** alongside Earth Energy Education, in 2023. Aiming to improve links with the local communities and supporting students with their curriculum studies
- ✓ NESF provides direct community funding through its SPVs: **£106, 668**.
- ✓ In 2022-2023, community engagement and investments included a wide range of activities, including outreach work with local schools
- ✓ **14** community groups were successful in their bids to receive a donation from the BizGive trials, supporting a range of local initiatives.

Total acres of wildflowers across portfolio

40

Portfolio with enhanced biodiversity measures

81%

32

Average plant species across portfolio

50%

Portfolio grazed by sheep



# EU Taxonomy & SFDR

- The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants
- **NESF complies with the requirements of the EU Taxonomy and Sustainable Finance Disclosure Regulation ("SFDR")**
- The Company's legal adviser has confirmed that **NESF is classified under Art. 9 of the SFDR**, as the Company is marketed in the EU and has sustainable investment as its objective
- The Company's sustainable investment objectives arise from its focus on investments in solar PV and battery storage assets and its investment decision making processes
- In light of this classification, NextEnergy Group has made the relevant disclosures for NESF in its annual report for the year ended 31 March 2024

# The NextEnergy Foundation

- Established in 2016, the Foundation's mission is to alleviate poverty through the nexus with clean energy access and emissions reductions
- NextEnergy Group donates **at least 5%** of its net annual profits to the NextEnergy Foundation ("NEF"). In May 2024, the Foundation surpassed £1.3m in donations made
- Total Members of local community benefited: **485,000+**
- The highlighted projects were identified by team members across the Group to effect positive changes in the communities near our offices
- NextEnergy Foundation also expanded its remit during the COVID-19 pandemic and following the outbreak of the war between Russia and Ukraine to respond to these crises

ITALY	
Partner	Etifor
Years	2022-2024
Project	Restoring forest area and recreating the habitat for an endangered bat species in the <a href="#">Campo dei Fiori National Park</a>
Impact	All interventions will be certified by the Forest Stewardship Council as part of the largest public-private biodiversity and climate change adaptation <a href="#">project in the EU</a>



**Etifor:** Forest area being restored as part of BioClima project



INDIA	
Partner	Bala Vikasa
Years	2023
Project	Installing solar-powered community owned and managed water purification systems in two rural villages in Telangana State
Impact	Clean water generated for 1,900 community members for 25 years



**Bala Vikasa:** First jug of clean water generated by solar-powered water purification system in Pamena Village

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