



Speakers & Contents



Kevin Lyon
Chairman
NextEnergy Solar Fund

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Michael Bonte-Friedheim
Founding Partner & Group CEO
NextEnergy Capital



Ross Grier
Managing Director, UK
NextEnergy Capital

Chairman introduction

- NESF in 2020/21 - demonstrating resilience in face of global pandemic
- The need to act now to tackle climate change
- Corporate governance structure and processes working well
- Solar investment opportunity in UK and internationally is very large
- NESF well-positioned and focused on growth

Climate change effects are being felt around the world



Solar is integral to the solution



Positioned to generate income, grow and tackle climate change

NEXTENERGY
SOLAR FUND

NAV
£581m

GAV
£1,025m

NAV/share
98.9p

As at 31 March 2021



A UK solar infrastructure-focused investment company



94 individual operating solar plants⁽¹⁾



814MW capacity installed⁽¹⁾



7.1% dividend yield⁽²⁾ & 7.05p 2020/21 dividend achieved⁽³⁾



1.1x pre-scrip cash dividend cover



Consistent operational outperformance

Footnote:

(1) As of 31 March 2021

(2) Based on dividends paid out during last 12 months and closing share price on 8 June 2021

(3) FY20/21

NEXTENERGY
SOLAR FUND



Stalbridge solar farm: 5MW
Dorset

Key highlights

Value Add of NextEnergy Capital Group

- NextEnergy Capital Group is focused exclusively on the solar sector
- NESF is its flagship investment fund
- Active in Investment Management, Asset Management and Project Development
- Some 190 team members
- Presence and solar assets on four continents
- Specialist solar expertise developed over 15 years in the sector

NEXTENERGY
CAPITAL



WISE
ENERGY



NextPOWER Development

Investment Management

- Four institutional funds launched, including NESF
- Over \$2.6bn AUM as at 31 March 2021
- Over 240 solar assets acquired
- 1,200MW+ operating portfolio across UK, Italy, US, Portugal, Chile and India
- Technical and operational performance across portfolios above underwriting case
- Offices in UK, Italy, India, Chile, Spain, Portugal and USA

Asset Management

- 1,300+ solar assets managed and/or monitored
- 2.1 GW+ installed capacity under management
- 110 team members
- Proprietary hard- and software systems developed and implemented
- Global presence

Development

- Green and brownfield project development across geographies
- Over 100 utility-scale projects developed internationally
- Current pipeline c.2.5GW under development

Key highlights



FY21/22 Target dividend per ordinary share

 **7.16p**

Total Group Revenue FY20/21 ⁽¹⁾

£101m

(FY19/20: £108m)

EBITDA FY20/21 ⁽¹⁾

£78m

(FY19/20: £86m)

Cash income FY20/21

£59.5m

(FY19/20: £61.2m)

Consistently generating more electricity than acquisition budget since IPO

+5.2%

(FY19/20: +5.0%)

Added new high quality assets to portfolio ⁽³⁾

+4

(FY19/20: +3)

Hedging strategy delivered additional revenues

+£7m

(FY19/20: +£9m)

Powering households for a year ⁽²⁾

195,000

(FY19/20: 189,000)

Tonnes of CO2e emissions avoided ⁽²⁾

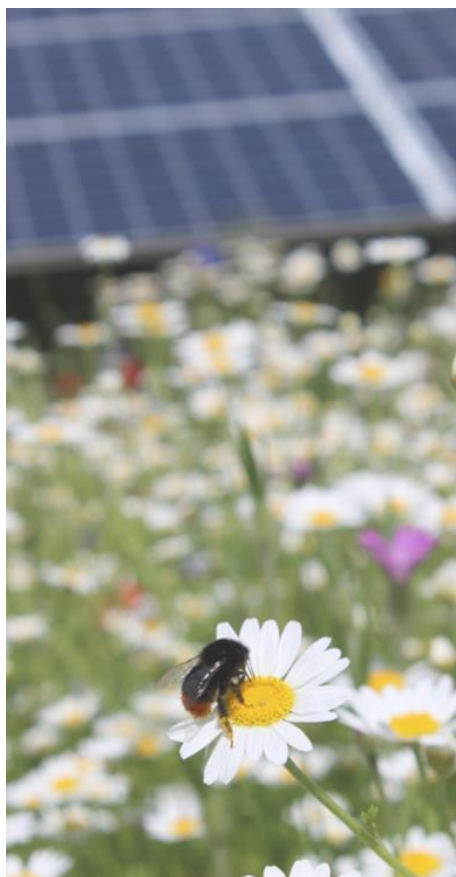
317,600

(FY19/20: 307,700)

Clean electricity generated

738 GWh

(FY19/20: 712GWh)



(1) Unaudited figures - NESF portfolio level

(2) greeninvestmentgroup.com/green-impact/green-investment-handbook

(3) Includes The Grange (50MW), High Garret (8.5MW), AWS - Marham (1MW) and AWS - Sutterton (0.4MW)

New acquisitions in year

+2

New high quality assets acquired⁽¹⁾

100MW

Increase in portfolio capacity⁽¹⁾

15-year

Long-term corporate PPA with



+3

Existing assets fully energised⁽²⁾



Asset	Location	Installed Capacity	Site size	Status	Acquisition cost
Grange	Yorkshire, UK	50MW	214-acres	Energised	£33.4m
South Lowfield	Nottinghamshire, UK	50 MW	200-acres	Expected Q3 2021	£30.9m



- Latest acquisition: **Camden Portfolio**, Two projects totalling 100MWp has a **15-year** power purchase agreement (“PPA”) in place covering c.75% of the electricity to be generated over the life of the PPA.
- The PPA counterparty is **AB InBev**, the world’s largest brewer. One project is already energised and the second is expected to be energised during the third quarter of 2021.
- We continue to seek and identify attractive future acquisitions internationally in OECD countries which will add value to the NESF portfolio, maximise shareholder returns and increase geographical diversification

(1) Includes The Grange (50MW) & South Lowfield (50MW)

(2) Includes High Garret (8.5MW) and the Anglian Water assets (1.4MW)

Track record of operating outperformance

Power Generation
Outperformance

+6.2%

Solar Irradiation
Outperformance

+5.5%

Asset Management
Alpha

+0.7%

Equating to additional
revenue

£4.8m

- The portfolio has consistently generated more electricity than its acquisition budget (+5.2% since IPO)
- The portfolio outperformance is partially due to higher solar irradiation than forecasts (+2.9% since IPO) but is also due to the effective Asset Management by WiseEnergy of the portfolio (Asset Management Alpha) delivering performance (+2.3% since IPO)
- The Asset Management Alpha for 2020/21 would have been +1.3% if DNO outages (over which we have no control) were excluded
- The sustained portfolio outperformance demonstrates the robustness of NEC's investment and portfolio management processes

Period	Assets Reported	Solar Irradiation (delta vs budget)	Power Generation (delta vs. budget)	Asset Management Alpha ⁽¹⁾
Full Year 2014/15	6	-0.4 %	+4.8 %	+5.2 %
Full Year 2015/16	23	+0.4 %	+4.1 %	+3.7 %
Full Year 2016/17	31	-0.3 %	+3.3 %	+3.6 %
Full Year 2017/18	55	-0.9 %	+0.9 %	+1.8 %
Full Year 2018/19	84	+9.0 %	+9.1 %	+0.1 %
Full Year 2019/20	85	+4.0 %	+4.7 %	+0.7 %
Full Year 2020/21	88 ⁽²⁾	+5.5 %	+6.2 %	+0.7 %
Cumulative from IPO to 31 March 2021		+2.9 %	+5.2 %	+2.3 %

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

(2) Three rooftop portfolios are not monitored for irradiation and three assets which have yet to pass PAC are not reported



Bay Farm: 8.1MW
Suffolk

Strategy Update

Strategic focus 2021/22

1

Unlock growth - Expand NESF portfolio into international assets, battery storage and solar PE structures

- Investment policy amended to allow up to 10% of GAV into energy storage solutions, 30% of GAV into international OECD solar assets and 15% of GAV into Private Equity Structures
- Selectively expand portfolio to maintain progressive dividend policy and support dividend cover whilst adding revenue diversification

2

Manage risk - Continue to hedge further forward and enhance our electricity sales strategy

- NESF does not take any merchant power price risk instead it actively hedges the future price of the power it will sell in the short and medium term, reducing power price volatility and supporting NESF's dividend cover position

3

Asset performance - Continue NESF operational outperformance

- On-going focus on technical, financial and operational outperformance

Strategic focus 2021/22

1

Unlock growth - Expand NESF portfolio into international solar assets, in-line with investment policy



Investment policy:
Up to 30% GAV in
international
OECD countries

Expand internationally

- Identify and pursue attractive solar asset investment opportunities in non-UK OECD countries
- Add geographical diversification
- Manage FX exposure suitably through appropriate hedging strategies and target long-term PPA coverage
- Utilise NEC track record and experience of investing successfully in OECD countries producing above average returns
- Potential non-UK OECD solar asset locations:

North America



Portugal



Spain



Italy



400MW

International Pipeline

Strategic focus 2021/22

1

Unlock growth - Introduce energy storage assets to NESF portfolio, in-line with investment policy



Investment policy:
Up to 10% GAV in
energy storage

Introduce further energy storage assets following its acquisition of a small portfolio of utility scale storage assets in 2017

- Complements NESF portfolio of solar assets including revenue diversification
- Increased penetration of renewable energy generation alongside the decommissioning of historic baseload generating equipment has already, and continues to, create a sustainable market for revenue generation from battery storage assets
- Adds stability to the renewable energy component of the energy mix continuing to tackle climate change and aligning with NESF's ESG goals



500MW

Domestic Pipeline

Strategic focus 2021/22

1

Unlock value - Invest into private equity structures to complement NESF portfolio, in-line with investment policy



Investment policy:
Up to 15% GAV in
solar private
equity structures

Invest into solar private equity structures

- Identify attractive investment opportunities into private equity structures, utilise NEC experience and track record in this space
- Add indirect international diversification and co-investment opportunities without need for direct construction and development risk in international jurisdictions
- Offers the potential for superior returns

**Higher
returns**

**Revenue
diversification**

**Co-investment
opportunities**

**Access to new
assets**

**Geographical
diversification**

Strategic focus 2021/22

2

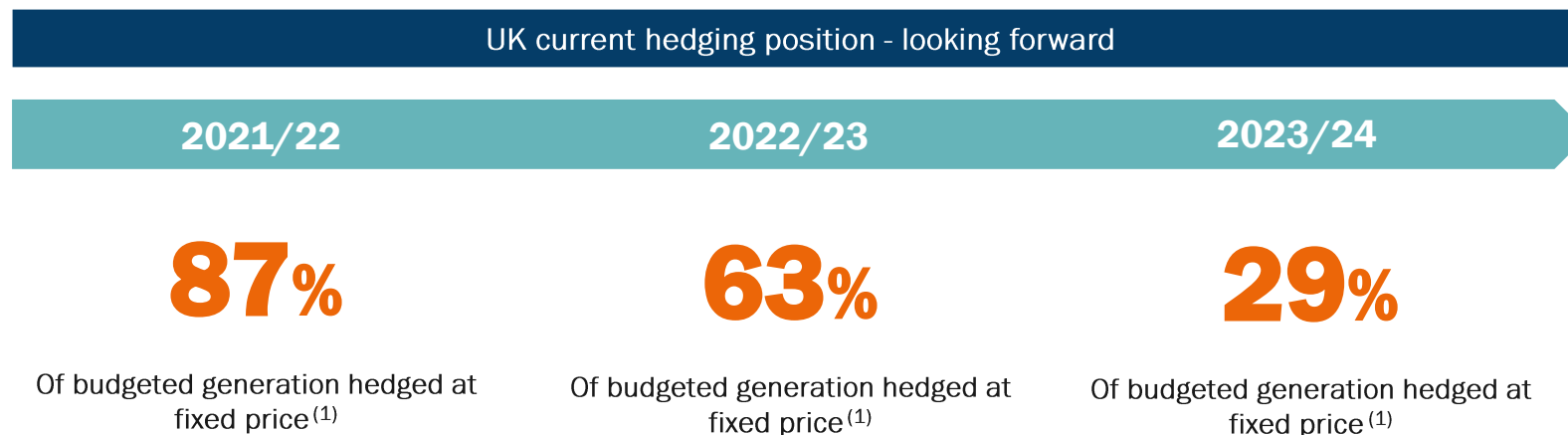
Manage risk - Focus on progressing our electricity sales strategy

Continue to implement electricity sales strategy

- NESF has access to NEC's specialist in-house energy sales team with direct access to energy market trading
- Power price hedging forms part of its conservative risk management approach
- Continue to secure attractive pricing in the short and mid term whilst exploring longer term revenue hedging solutions
- NEC's energy sales team is constantly monitoring the power price market and forward curve, giving NESF the ability to adapt quickly, and utilise changing market environments

+£7m

Hedging strategy
additional revenue in
FY20/21



(1) As at 16 June 2021, covers c.95% of total portfolio (775MW)

Strategic focus 2021/22

3

Maximise income generation - Continue NESF operational outperformance

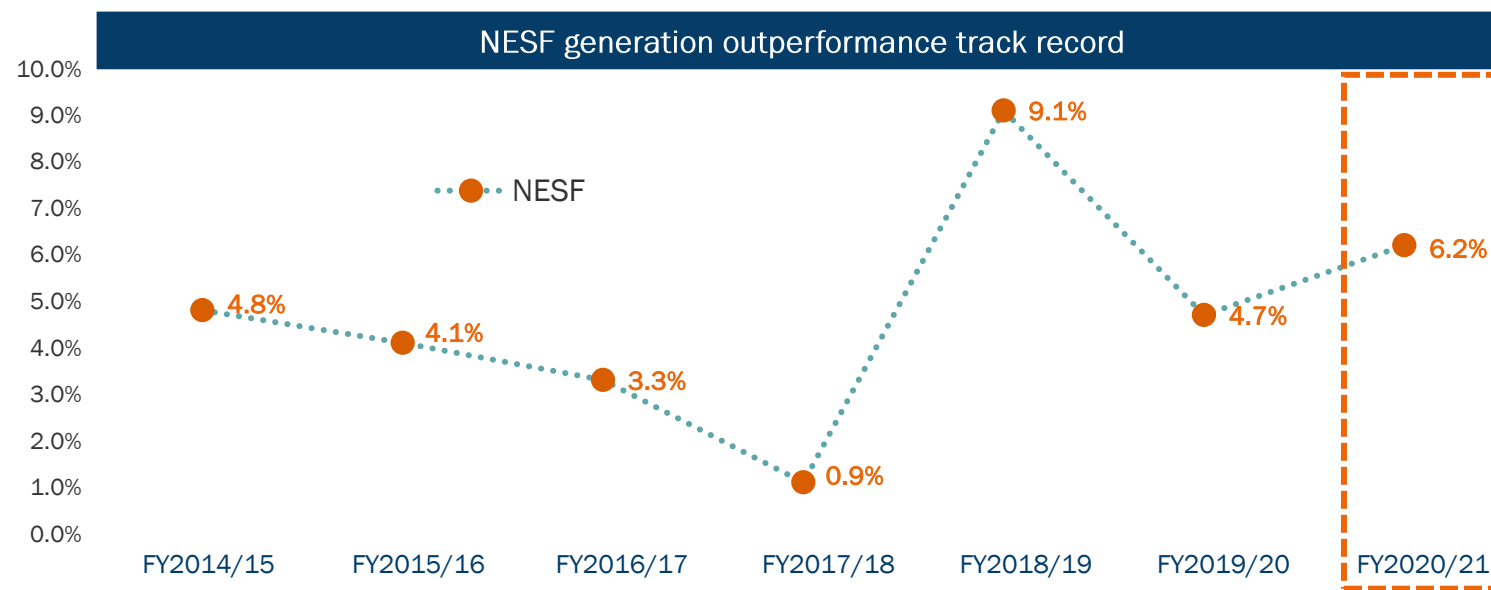
Best placed to deliver this strategy through our operating asset Manager

- Wise Energy's expertise in solar asset management delivers operating optimisation and outperformance
- NESF benefits from the NEC groups leading in-house technical and asset management team
- Wise Energy's focus drives the generation outperformance vs. budget



+6.2%

Power Generation
Outperformance in
FY20/21



Strategic focus end goals

Target dividend per ordinary share for year ending 31 March 2022

 **7.16p**



Increase portfolio diversification



Achieve target dividend of 7.16p



Maintain positive dividend cover



Maximise income generation



Increase Net Asset Value



Bowden: 5MW
Somerset

Financial highlights

Financial highlights

- During the year, the uncertainty surrounding the COVID-19 pandemic resulted in global equity markets suffering an unprecedented decline

- For the year ended 31 March 2021, the ordinary shareholder total return was 5.1% and the NAV total return was 7.0%

- As at 31 March 2021, NESF has achieved an ordinary shareholder total return since IPO of 42.6% and a NAV total return since IPO of 41.9%

- The annualised ordinary shareholder total return since IPO was 6.1% and annualised NAV total return since IPO was 6.0%.

Dividends declared per ordinary share for year ended 31 March 2021

7.05p

(31 March 2020: 6.87p)

Cash dividend cover (pre-script dividends) for the year ended 31 March 2021

1.1x

(31 March 2020: 1.2x)

NAV per ordinary share as at 31 March 2021

98.9p

(31 March 2020: 99.0p)

Financial debt gearing as at 31 March 2021 ⁽¹⁾

24%

(31 March 2020: 22%)

Total gearing as at 31 March 2021 ⁽²⁾

43%

(31 March 2020: 42%)

Ordinary Shareholders' NAV as at 31 March 2021

£581m

(31 March 2020: £579m)

NAV total return per ordinary share for the year ended 31 March 2021

7.0%

(31 March 2020: -4.5%)

Ordinary shareholder annualised total return since IPO

6.1%

(31 March 2020: 6.3%)

Ordinary shareholder return for the year ended 31 March 2021

5.1%

(31 March 2020: -7.8%)

(1) Financial debt gearing excludes the £200m preference shares

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

Summary statement of comprehensive income

Income

£59.9m

(FY19/20: £61.2m)

Earnings per ordinary share

6.87p

(FY19/20: (5.09p))

Income Statement for the Year Ended 31 March 2021	2021 £m	2020 £m
Income	59.9	61.2
Movement in Investment Portfolio value	(3.4)	(75.7)
Total net Income	56.6	(14.5)
Total expenses	(16.4)	(15.1)
Profit/(loss) and comprehensive income/(loss)	40.2	(29.7)
Earnings per ordinary share - basic	6.87p	(5.09p)

Revenue generation

+6.6%

Revenue above budget



(6.2%)

OPEX below acquisition budget



+10.5%

EBITDA above budget



Year Ended 31 March 2021			Actual per MW ⁽¹⁾		Budget per MW ⁽¹⁾		Delta vs Budget	Comments
Solar Irradiation	[A]	{kWh/m2}	1,269		1,203		+5.5%	Actual irradiation for the year
Conversion Factor ⁽²⁾	[B]	(%)	80.3%		79.8%		+0.7%	Positive delta represents Asset Management Alpha for the year
Metered Generation	[C] = [A x B]	(kWh)	1020		960		+6.2%	Actual generation measured at the meter for the year
			Power Price	Subsidies	Power Price	Subsidies		
Released Prices	[D]	(£/MWh)	47.2	90.6	48.4	88.9	+2.0%	Implied average power price and subsidies across entire portfolio
Revenues (Merchant & Subsidies)	[E] = [C x D]	(£ '000)	48.1	92.4	46.5	85.3	+8.3%	(including ROC recycle and embedded benefits)
Total Revenues	[E]	(£ '000)	140.5		131.8		+6.6%	Actual revenues at portfolio level for the year (unaudited figures per MW)
Operating Expenses	[F]	(£ '000)	(28.9)		(30.8) ⁽⁴⁾		(6.2%)	Actual costs at portfolio level for the year (unaudited figures per MW)
EBITDA ⁽³⁾	[G] = [E - F]	(£ '000)	111.6		101.0		+10.5%	Actual EBTDA for the year (unaudited figures per MW)
EBITDA Margin ⁽³⁾			79.5%		76.7%			

(1) Based on the average installed capacity over the financial year (721MW). Given the different composition of the growing portfolio, this information is not directly comparable with what was provided in the previous Annual Report.

(2) Ratio captures the solar plant performance ratio as well as the availability (which reflects all system shut-downs for maintenance or one-off events such as DNO outages).

(3) EBITDA is a reference to EBITDA at the SPV levels.

(4) Budgeted operating expenses are based on the acquisition case of the assets.

Ordinary share dividends

7.05p

FY 20/21 target
dividend achieved

1.1x

Pre-scrip dividend
cover

7 years

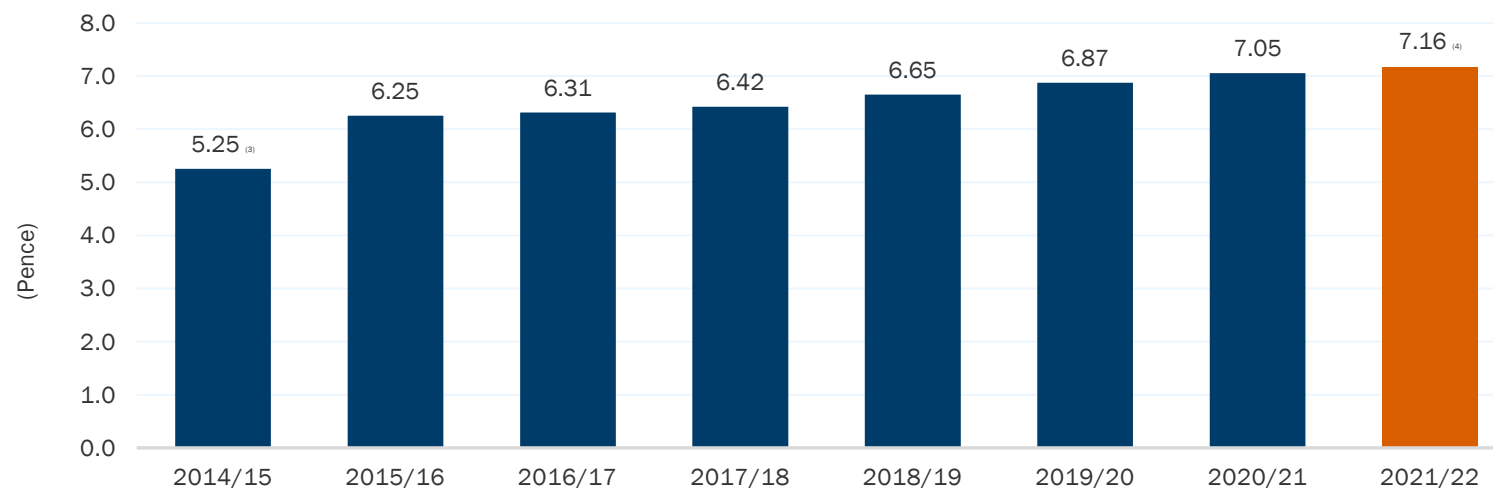
Dividend target achieved
& Dividend covered



7.16p

FY 21/22 target
dividend

Year ended 31 March 2021	£'000	Pre-scrip dividends £'000
Cash income for year ^{1,2}	59,490	
Net operating expenses for period	(6,825)	
Preference shares dividend	(9,526)	
Net cash income available for distribution	43,139	
Ordinary shares dividend paid during year		41,011
Cash dividend cover ²		1.1x



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

(2) Alternative Performance Measure - see page 109 of the 31 March 2021 Annual Report

(3) The period 2014/2015 was the first financial year following the Company's IPO

(4) Target dividends for the financial year ending 31 March 2022

Valuation of investment portfolio

NAV per ordinary share as at
31 March 2021

98.9p

(31 March 2020: 99.0p)

Ordinary shareholders' NAV as
at 31 March 2021

£581m

(31 March 2020: £579m)

GAV as at 31 March 2021

£1,025m

(31 March 2020: £991m)

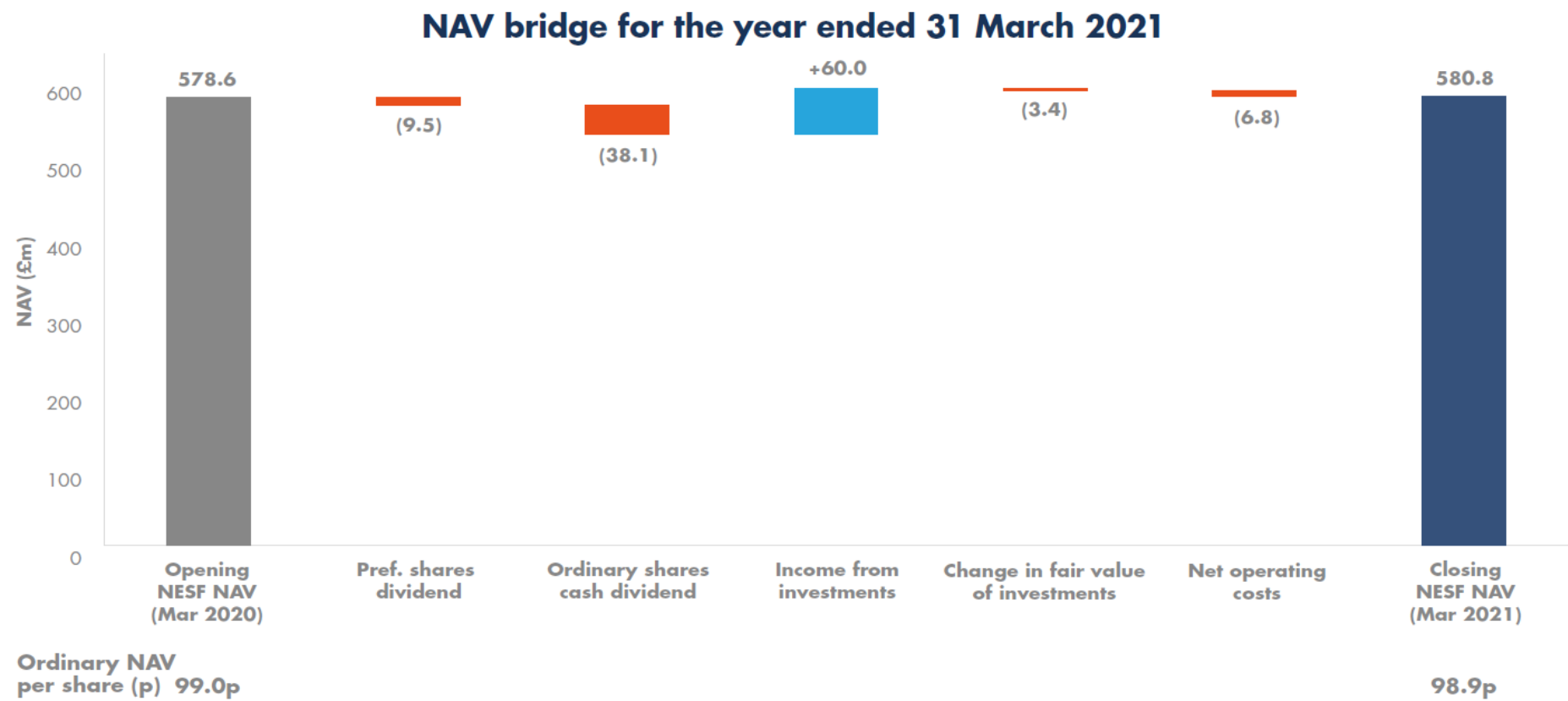
Discount rates (as at 31 March 2021)

- Weighted average discount rate of **6.3%**
- **5.75%** unlevered discount rate for UK operating assets
- Levered discount rates of up to **6.75%** (up to 1.0% risk premium)
- **7.25%** unlevered discount rate for Italian operating assets (implying 1.5% country risk premium)
- **6.75%** unlevered discount rate for subsidy-free operating assets (implying 1.0% risk premium)
- **1.0%** risk premium applied for cash flows after 30 years where leases have been extended

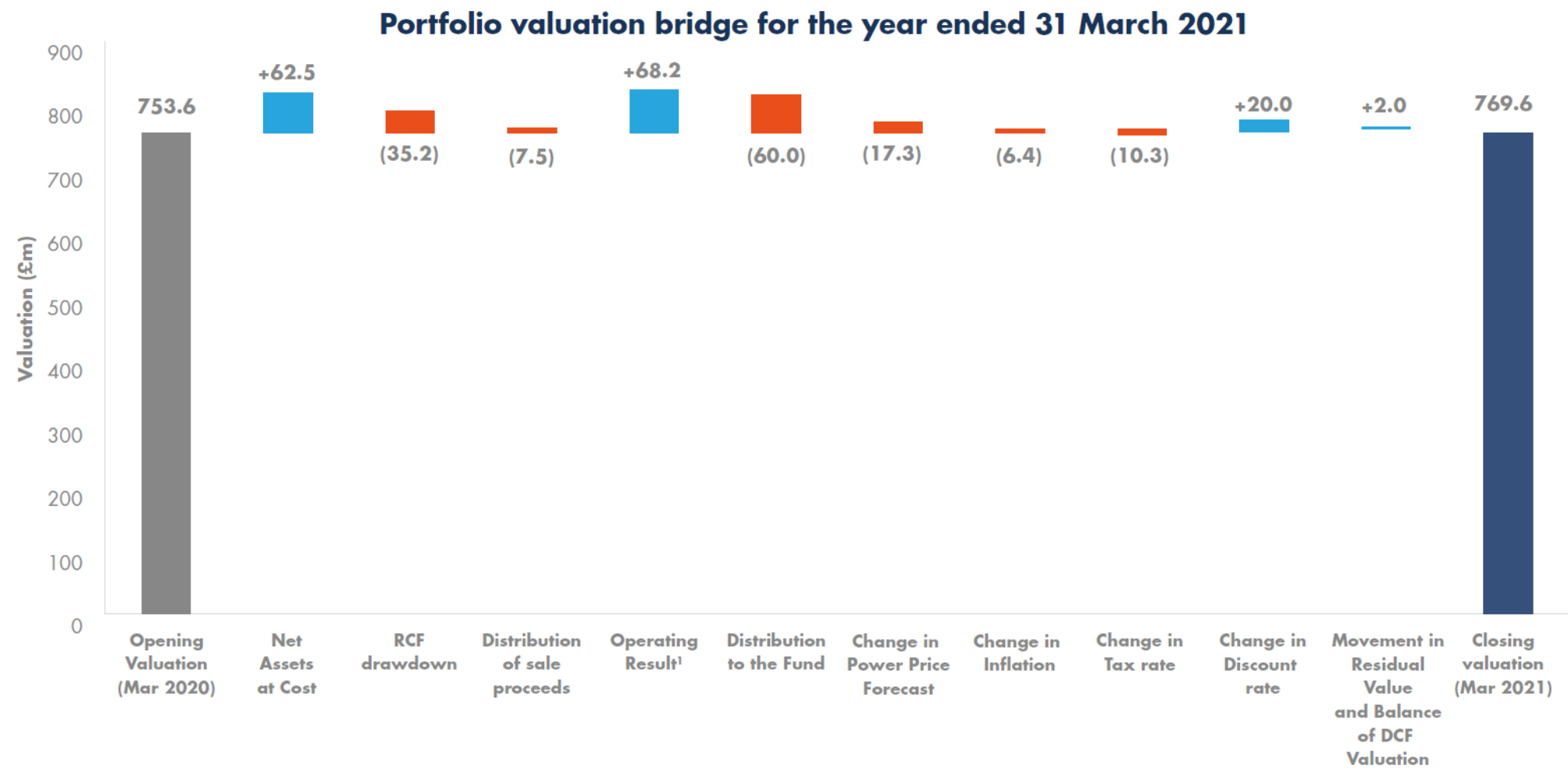
Valuation movements were driven by the following factors:

- The main contributors during the year were a decrease in the unlevered discount rate (+3.4p per ordinary share) and the Company's operating outperformance (+1.4p per ordinary share)
- The main detractors during the year were a decrease in long-term power price forecasts (-3.0p per ordinary share), a downward revision in short-term inflation forecasts (-1.1p per ordinary share) and increased corporate tax rate from 2023 onwards (-1.8p per ordinary share)

NAV Bridge

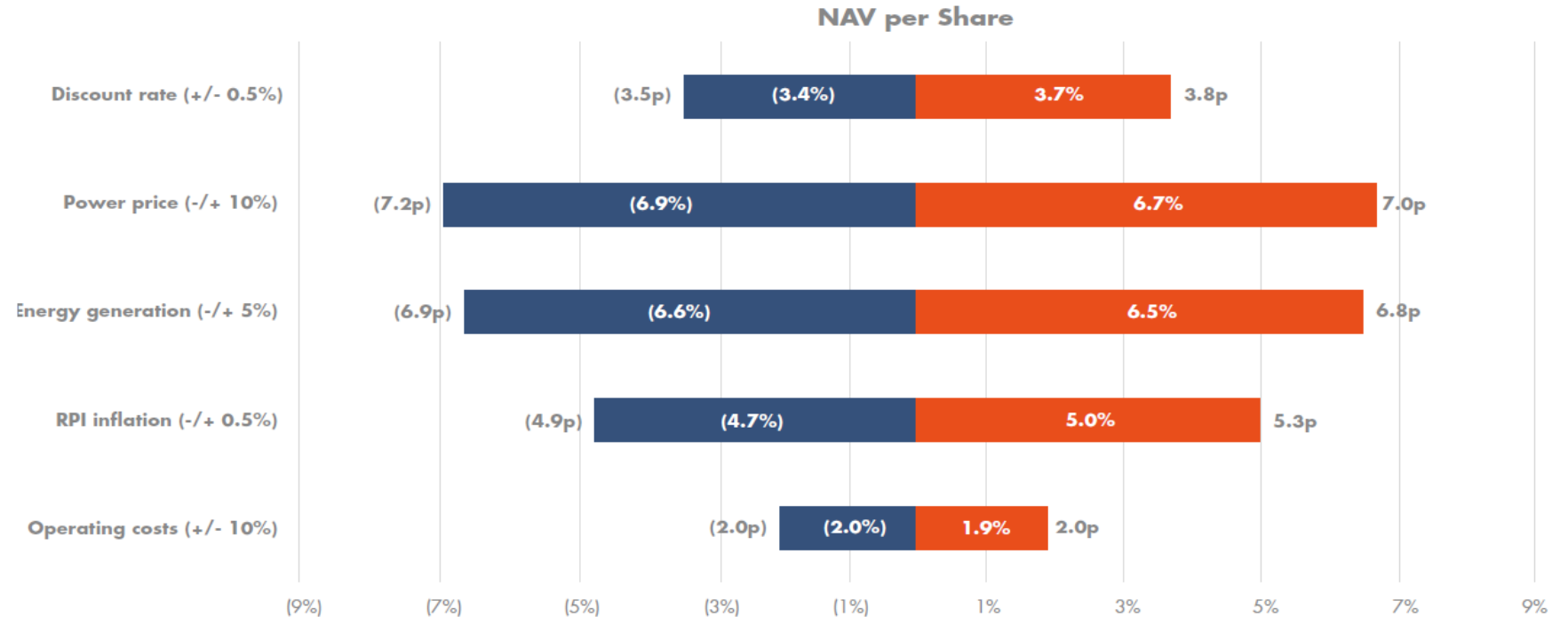


Portfolio Bridge



NAV sensitivities (31 March 2021)

- 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



Optimised capital structure

£246m

Financial debt
outstanding

£192m

Long-term fully
amortising debt

£54m

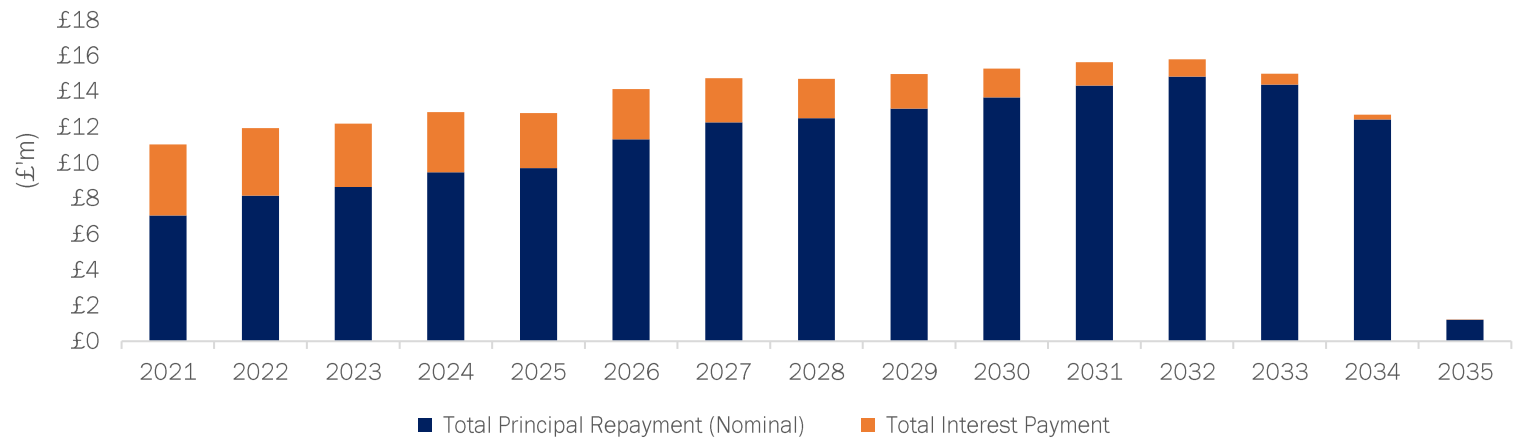
Revolving Credit Facility
(of which £36m unused)

Equity	<p>Ordinary Shareholders</p>  <ul style="list-style-type: none"> 586.9m Ordinary Shares in issue, targeting a total dividend of 7.16p per ordinary share for the financial year ending 31 March 2022
Preference shares	<div>    </div> <ul style="list-style-type: none"> Two £100m tranches issued in November 2018 and August 2019 Non-redeemable and non-voting shares entitled to a fixed preferred dividend of 4.75% p.a. with conversion rights from 1 April 2036 at nominal value Option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company
Financial debt facilities	<div>     </div> <ul style="list-style-type: none"> Fully amortising facility (£146.4m outstanding) expiring in 2035 drawn to finance the Apollo portfolio Unique NAV-enhancing features (grace period, DSRF, flexible PPA) <div> <p>Macquarie Infrastructure Debt Investment Solutions ("MIDIS")</p>  </div> <ul style="list-style-type: none"> Fully amortising facility (£45.8m outstanding) expiring in 2034 Debt in place at completion of Radius portfolio in April 2016 Replacement of DSRA with LoC in March 2018 <div>    </div> <ul style="list-style-type: none"> NIBC RCF of £20m, undrawn and available until February 2022 Santander RCF of £70m, partially drawn (£54.1m) and available until July 2022

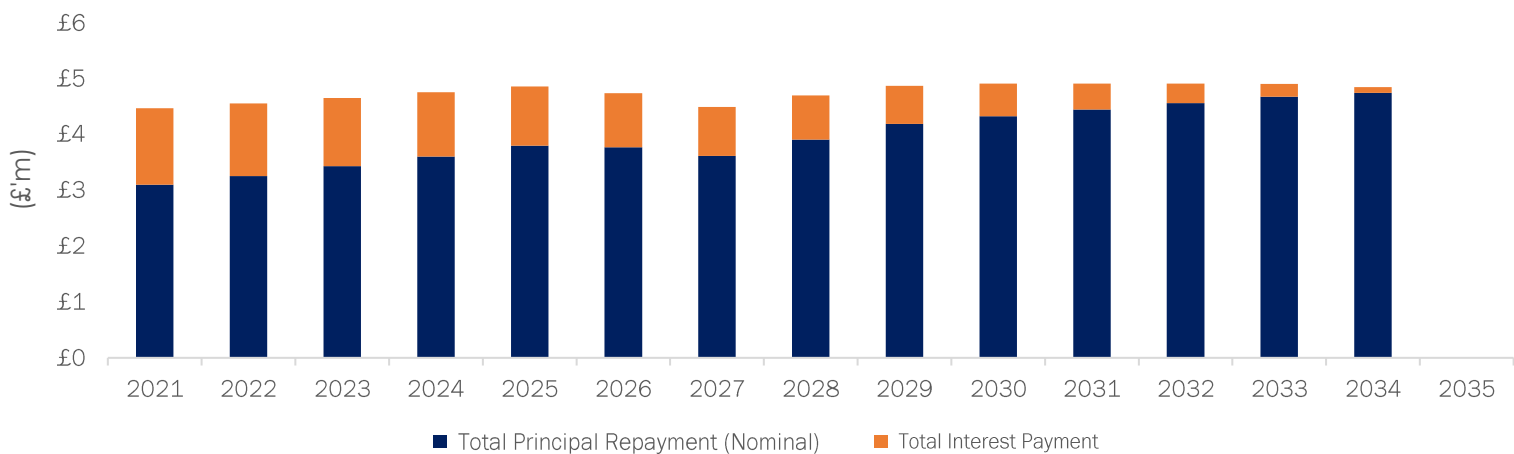
Long term debt repayment profile

- As at 31 March 2021, £192m 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

Apollo Repayment Profile



MIDIS Repayment Profile

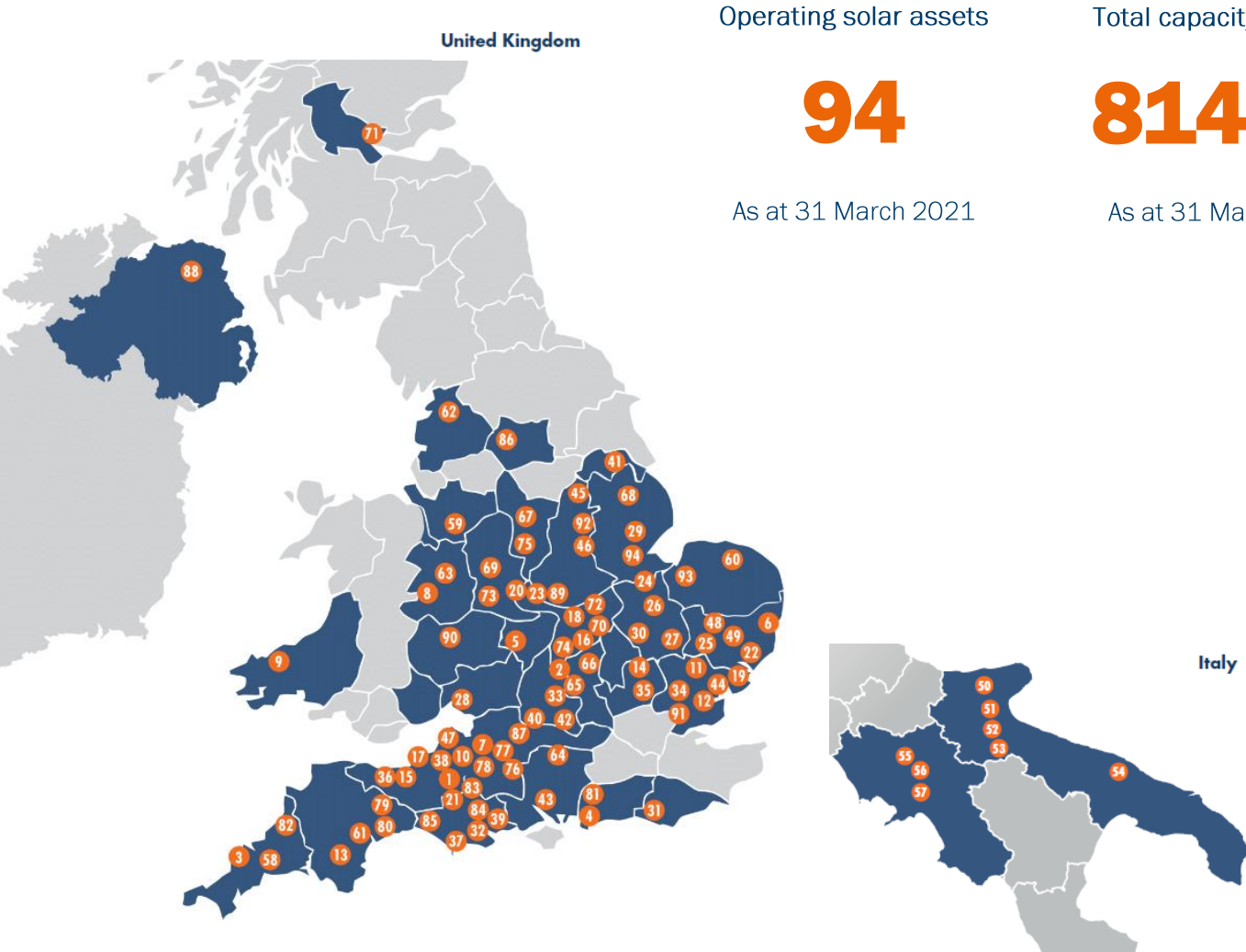




Forest Farm: 3MW
Hampshire

Operating Update

Operating portfolio



Operating solar assets

94

As at 31 March 2021

Total capacity installed

814MW

As at 31 March 2021

Total electricity generation

738GWh

For the year ended 31 March 2021

Generation above budget

6.2%

For the year ended 31 March 2021

By Revenue Type



% of total revenue for the year ended 31 March 2021

- 16.0% FiTs
- 46.6% ROCs/NIROCs
- 3.1% Embedded benefits
- 1.4% Merchant – wholesale
- 32.4% Merchant – fixed PPA
- 0.5% Other

By Location

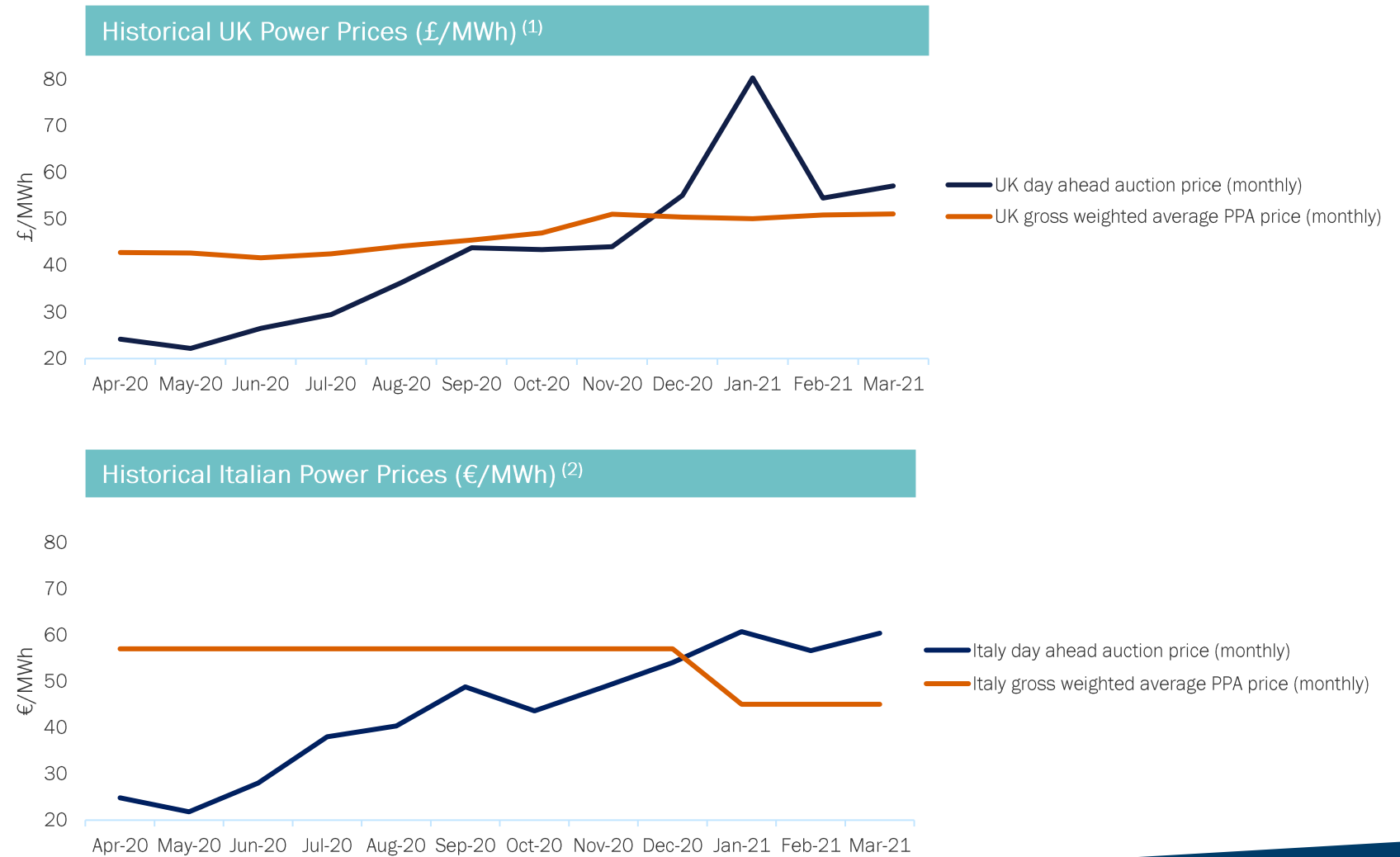


% of invested capital

- 88.4% UK
- 11.6% Italy

Historical power prices (12 months)

- The Company's flexible PPA framework locked in additional revenues of **£7.0m from power price** contract fixes vs baseload prices during the year
- UK power prices were declining into March 2020 as a result of lower gas prices and milder weather patterns
- In March 2020, the “oil price war” between the USA, Saudi Arabia and Russia and the first effects of the COVID-19 pandemic further impacted prices
- Power prices for the three forward seasons have picked up significantly from their lows in May 2020
- Low wind generation combined with falling temperatures drove prices up in Q1 2021



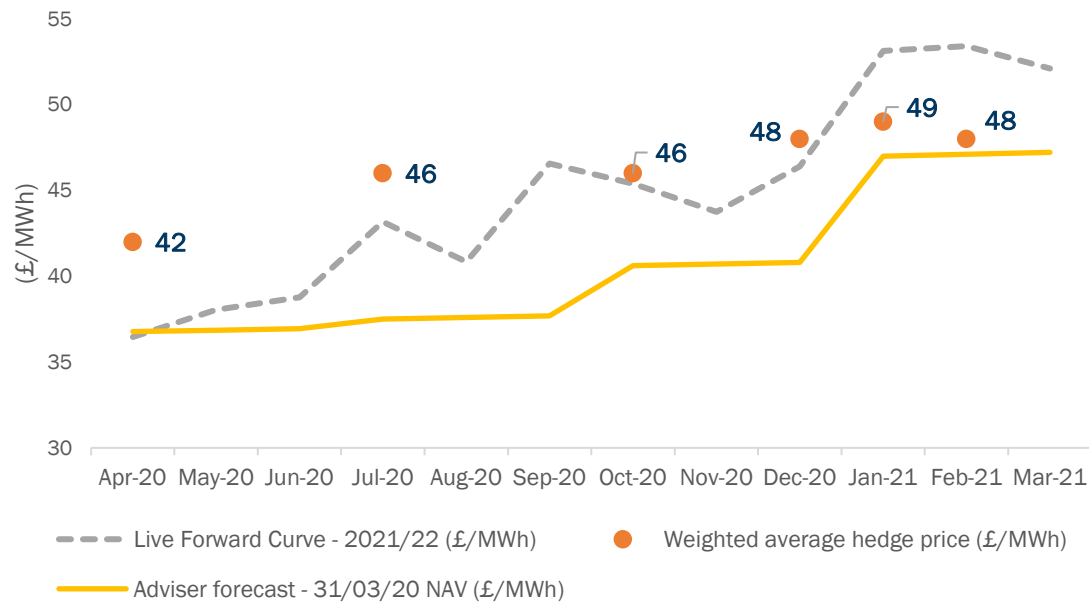
(1) Source: N2EX – UK Baseload – day ahead
 (2) Source: Gestore del Mercato Elettrico S.p.A

UK hedging activity during the year

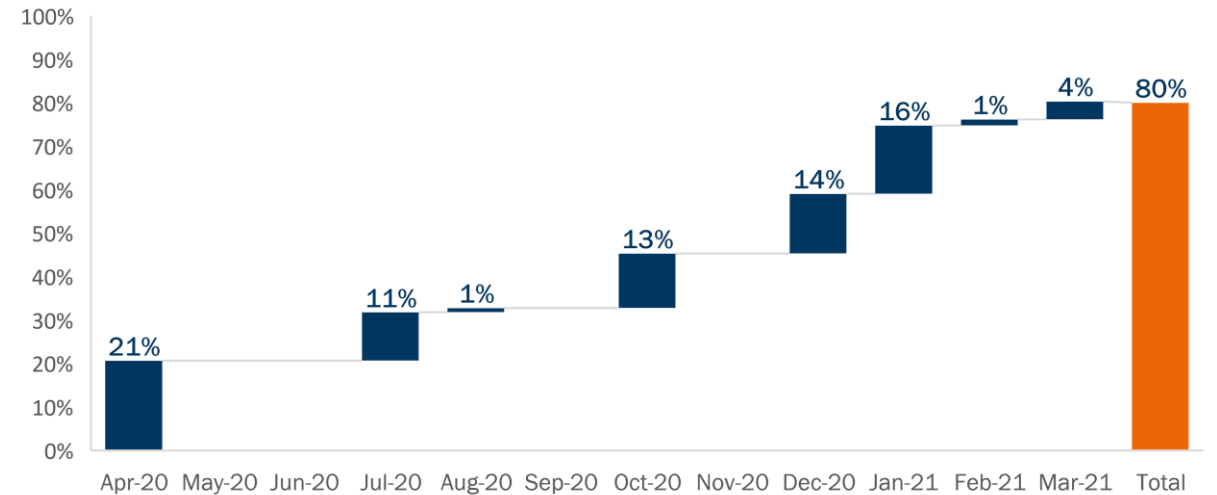
1 April 2020 - 31 March 2021

- Proactive hedging was undertaken throughout the year locking in **80%** of FY2021/22 UK budgeted generation as at 31 March 2021 (Increasing to 87% at 16 June 2021)
- All hedges transacted were in line with the live market at the time and **above** the 31 March 2020 advisor forecast (see below)
- NESF's active hedging strategy takes into account the current macro environment at the time each hedge is placed. Using a phased approach, NESF reduces its risk whilst ensuring the ability to lock-in favourable movements in the power price

UK hedging timeline : FY2021-22 weighted average hedge vs forecast

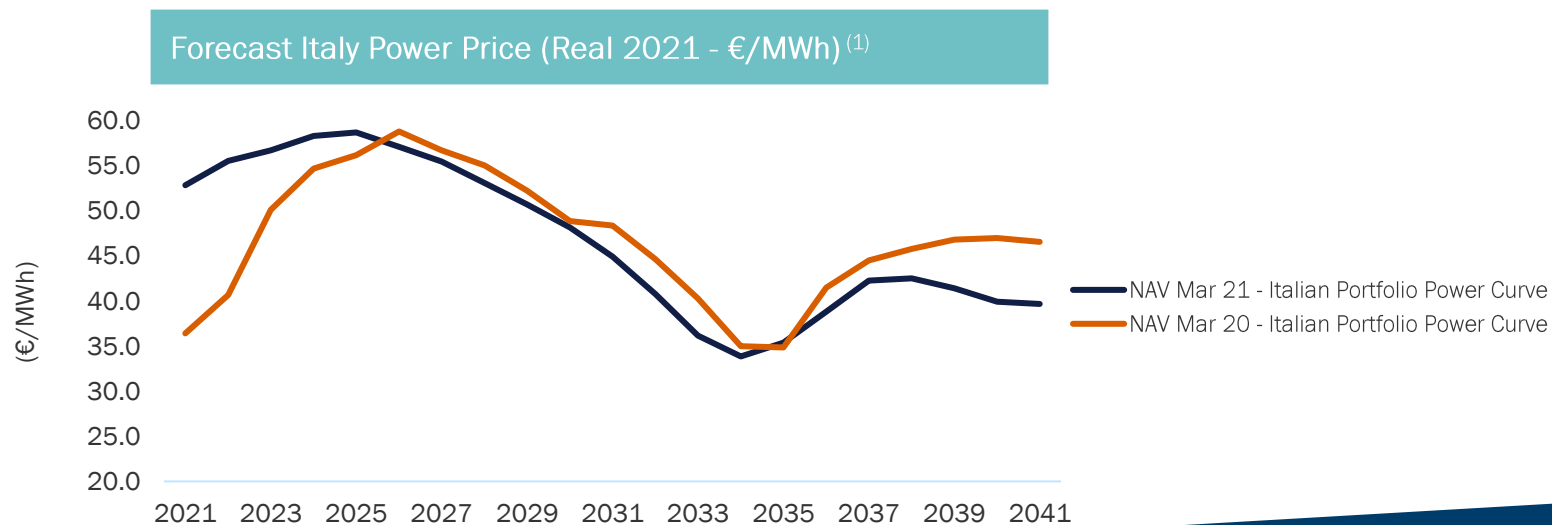
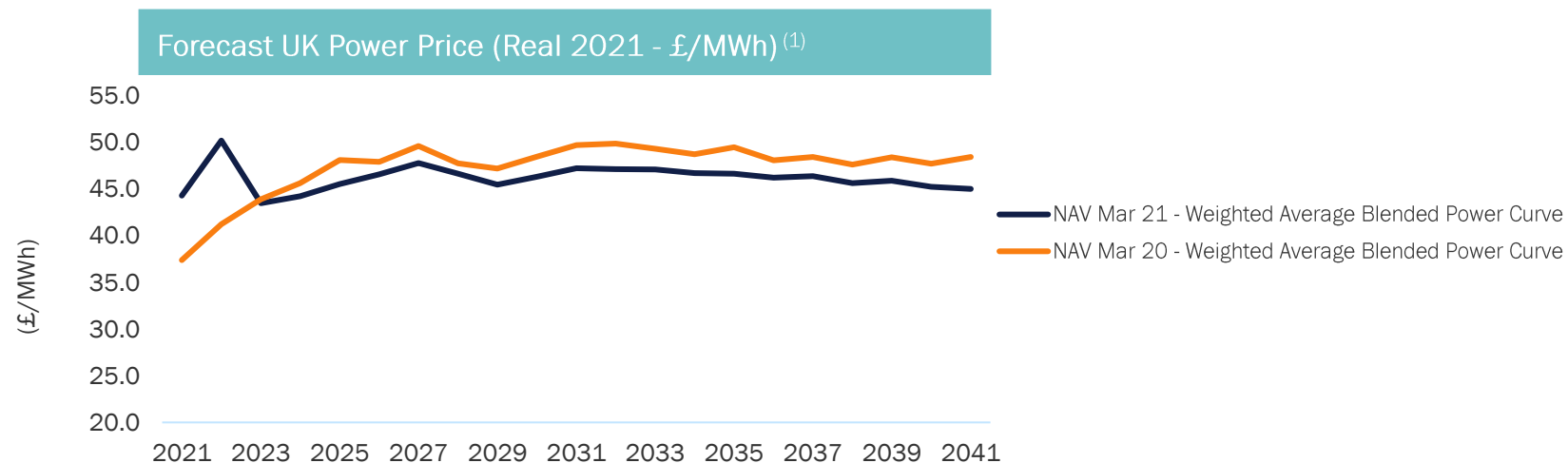


UK budgeted generation hedged for FY2021/22: transaction timeline (%)



Forecast power prices (real 2021)

- At the year end, the UK blended average power curve corresponded to an average solar capture price of approximately £45.6/MWh (2020: £43.3/MWh) for the period 2021-2025 and £46.4/MWh (2020: £48.6/MWh) for the period 2026-2041 (at 2021 prices)
- The drivers for power prices are different in the UK and Italy, resulting in power price risk diversification
- In the UK, at the short end where PPAs are in place we use the PPA prices and, for periods where there are no PPAs in place, we use the short-term market forward prices
- After this, we use a simple average of three leading independent energy market consultants' long-term projections
- The current 20-year UK average power price forecast is 49% below the assumptions employed at IPO (real 2021)

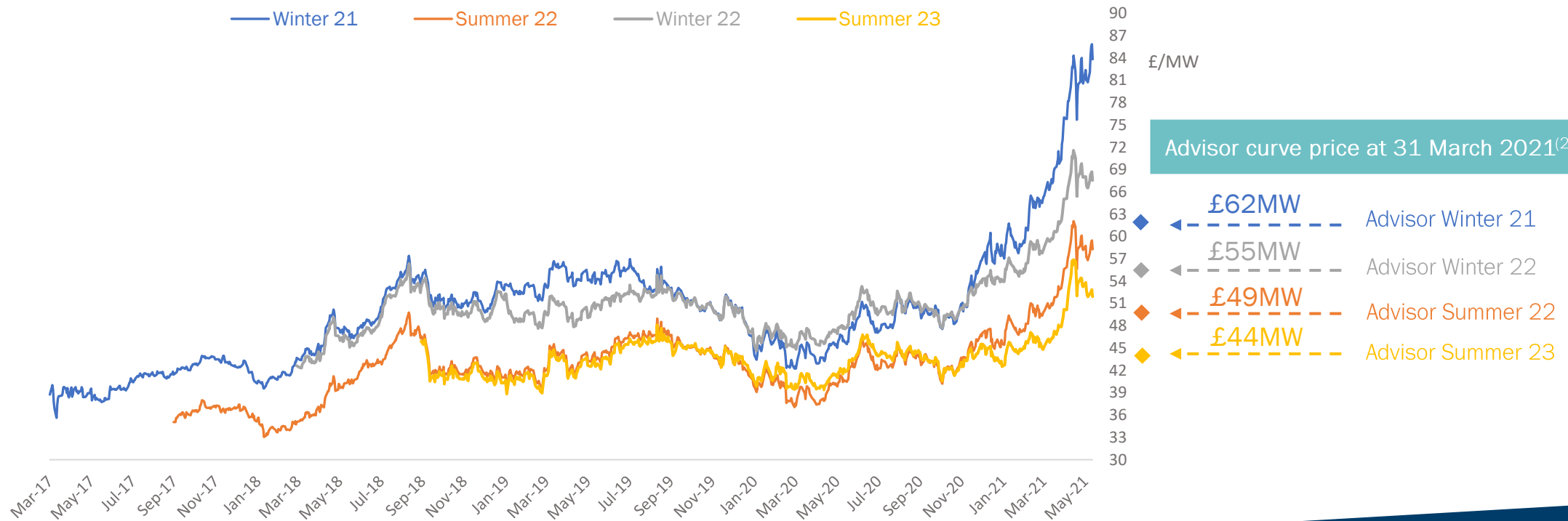


(1) Source: Independent Energy Market Consultants

Power price recovery

- Forward looking UK power prices have increased significantly
- Clear upward trend
- Continue to lock in future hedges at attractive prices

Forward looking baseload prices – Front 4 Seasons⁽¹⁾



(1) Source: Inenco – UK Baseload

(2) Source: Advisor curve price at 31 March 2021, weighted average of three independent energy consultants

Emberton: 9MW
Buckinghamshire



ESG

Environment, Social and Governance

- NESF considers the three pillars of Climate Change, Biodiversity and Human Rights as an integral part of the investment process
- NESF is committed to supporting the UK Government in its ambitious objective of bringing all greenhouse gas emissions to net zero by 2050
- NESF has contracted the Green Investment Group (“GIG”) to independently verify our positive impact on mitigating climate change
- NextEnergy Capital, the Fund’s Investment Manager, has pledged at least 5% of its own profits to NextEnergy Foundation
- NESF is committed to making disclosures in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. These disclosures can be accessed on the [NESF website](#)
- NESF achieved compliance with the **European Union Sustainable Finance Disclosure Regulation** this year and will endeavor to remain compliant going forward



Powering households for a year ⁽¹⁾

195,000

(FY19/20: 189,000)

Tonnes of CO2e emissions avoided ⁽¹⁾

317,600

(FY19/20: 307,700)

Clean electricity generated

738 GWh

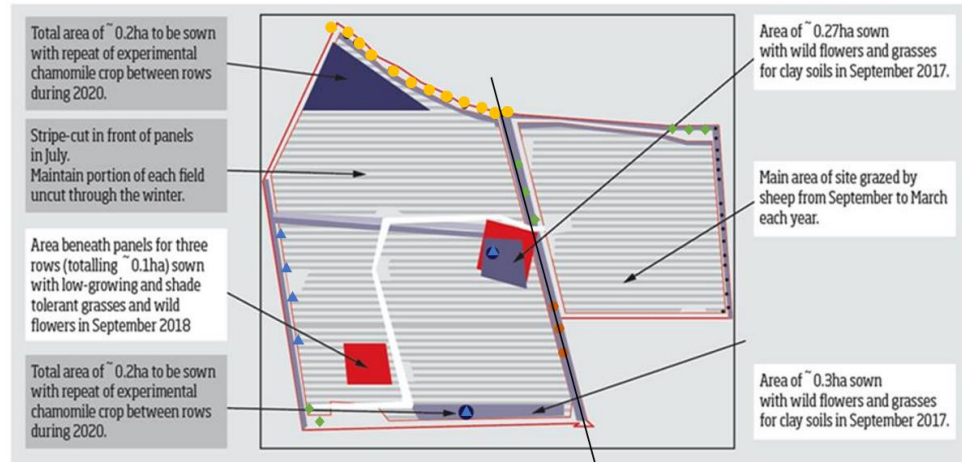
(FY19/20: 712GWh)

(1) greeninvestmentgroup.com/green-impact/green-investment-handbook

Biodiversity overview

- Biodiversity is key to the survival of life. It is also very interconnected with climate change as its preservation and enhancement support climate change mitigation and climate resilience
- **NESF leads the way in biodiversity.** We have a unique opportunity to make a real difference, and have taken it
- Exemplar sites continue to be monitored to gauge the ecological improvements to the sites (Berwick, Boxted, Emberton, Burrowton and Langenhoe)
- Overall, for 2020/21, the Biodiversity Team have **14 sites completed to full Universal Biodiversity Management Plan (UBMP) level** as per the Wychwood guidance maps. A total of 1 site is outstanding for Autumn 2021

Example of NextEnergy Solar Farm biodiversity management plan



Boxted Airfield - Exemplar case study

- By creating wildflower meadow areas with a range of flowering herbs, since 2017 we have seen an increase of:

500%

Bumblebee observations

300%

Butterfly observations

85%

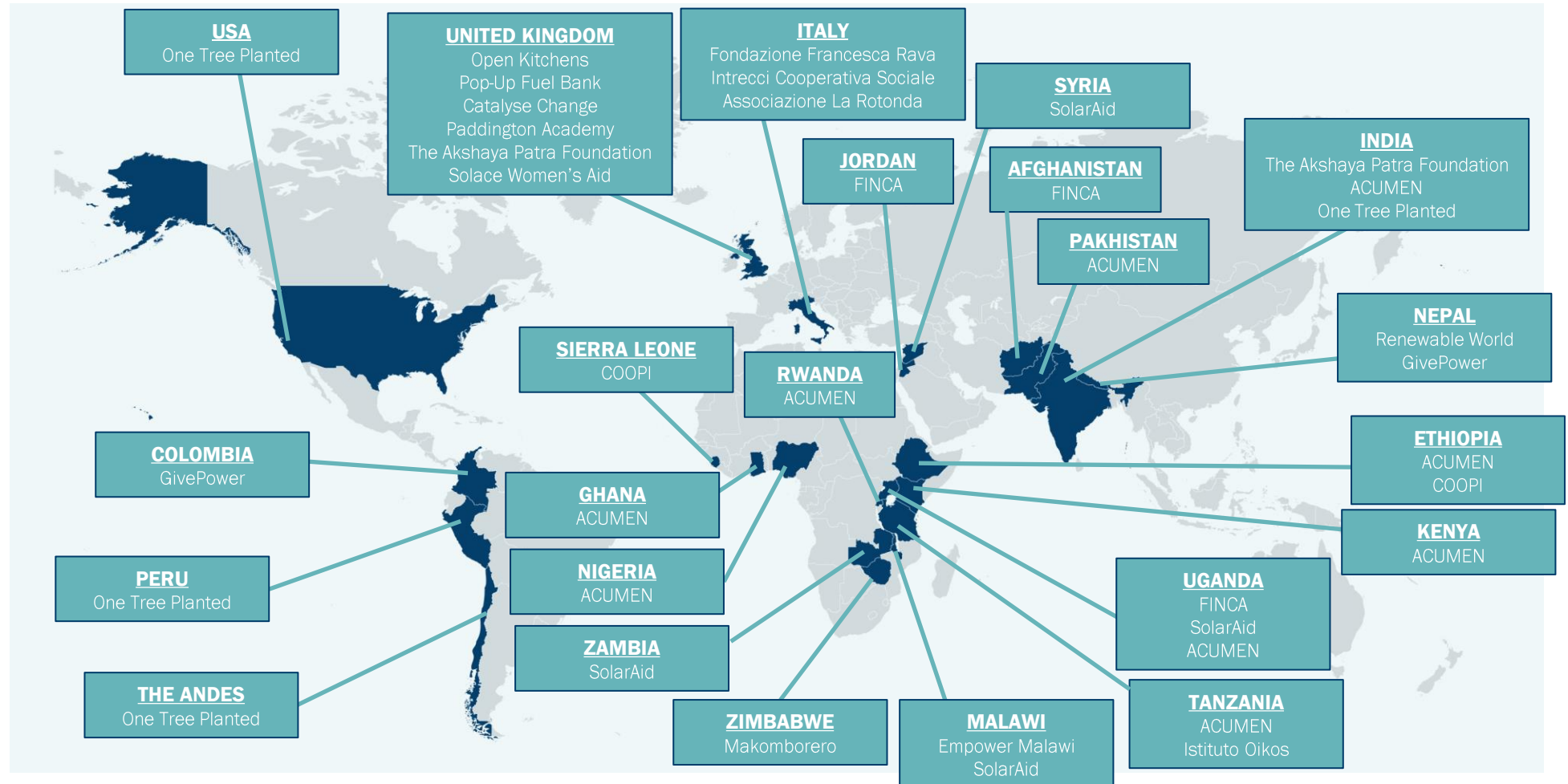
Plant species



The NextEnergy Foundation and Selected Projects



- Founded in 2016, the Foundation's mission is to alleviate poverty through the nexus with clean energy access and emissions reductions
- NESF's investment manager, NextEnergy Capital donates at least 5% of its net annual profits to the NextEnergy Foundation
- To date, the Foundation has contributed over £413,287 in donations to projects supporting renewable energy and sustainable development initiatives
- The projects included in these slides are only a select example of the projects the Foundation has contributed towards





Wasing: 5MW
Berkshire

In summary

NESF going forward



Positioned for growth



Large diversified portfolio



Attractive dividend



Focused on shareholder returns & NAV optimisation



Continuous asset management and portfolio outperformance



Efficient balance sheet financing structure



Revenue optimisation



Great Wilbraham: 38MW
Cambridgeshire



Kentishes: 5MW
Essex

Appendix

NESF Board of Directors



KEVIN LYON

Kevin has over 30 years of experience in fund management, investment banking and private equity and is Chairman of NextEnergy Solar Fund.



PATRICK FIRTH

Patrick has almost 30 years' experience advising management companies, general partners and investment companies and is Chairman of the Audit Committee.



JO PEACEGOOD

Jo has over 20 years of experience in the investment management sector with a specific focus on listed funds, private equity and third-party service providers.



VIC HOLMES

Vic has been involved in the financial services industry for over 30 years. He is a FCCA, a Senior Independent Director and Chairman of the Nomination Committee.

NextEnergy Capital Group – NESF Investment Committee



Michael is Founding Partner and Group CEO of NextEnergy Capital.



Giulia is the Head of Environmental, Social and Governance (ESG) at NextEnergy Capital with 15+ years' experience in the financial sector.



Ross is the UK Managing Director of NextEnergy Capital.



Aldo is Managing Partner and Chief Investment Officer of the NextEnergy Capital Group.

Ongoing Covid-19 response



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



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

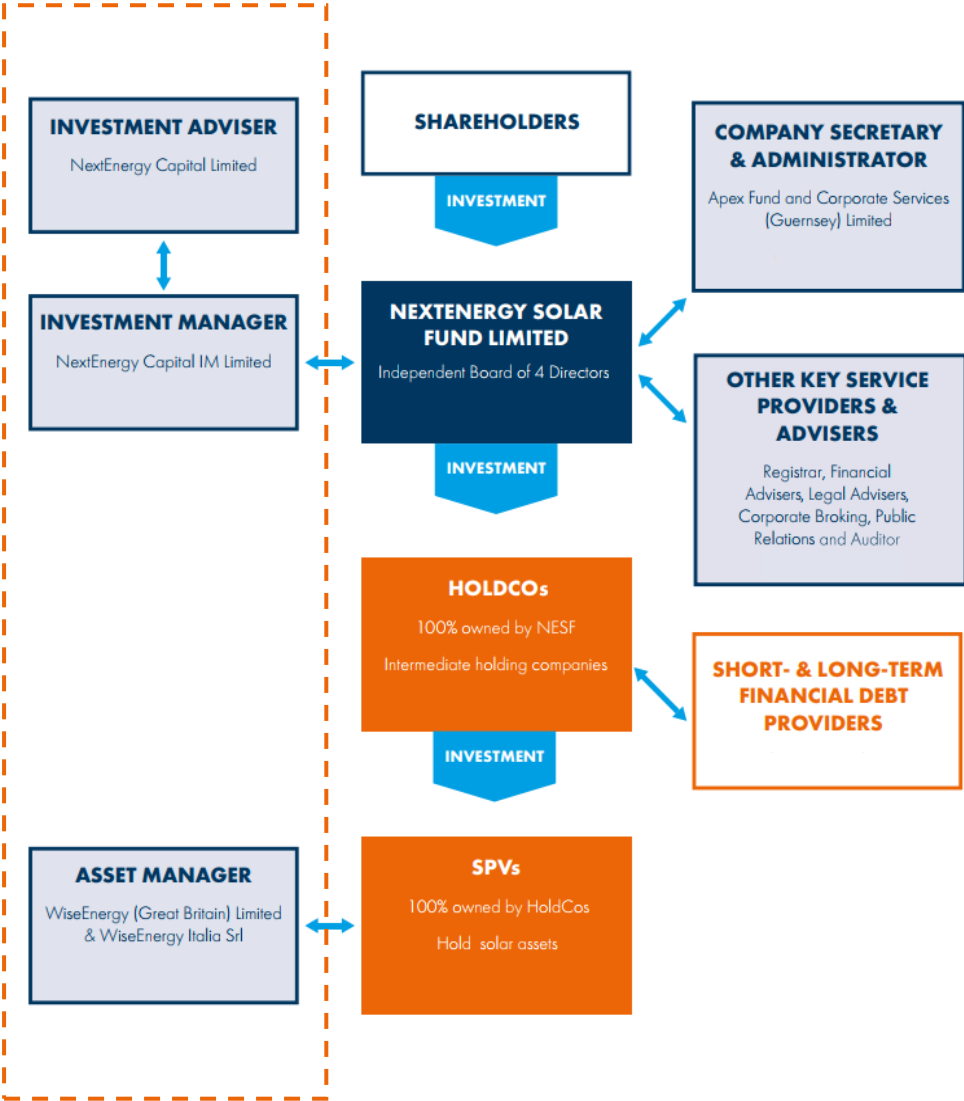
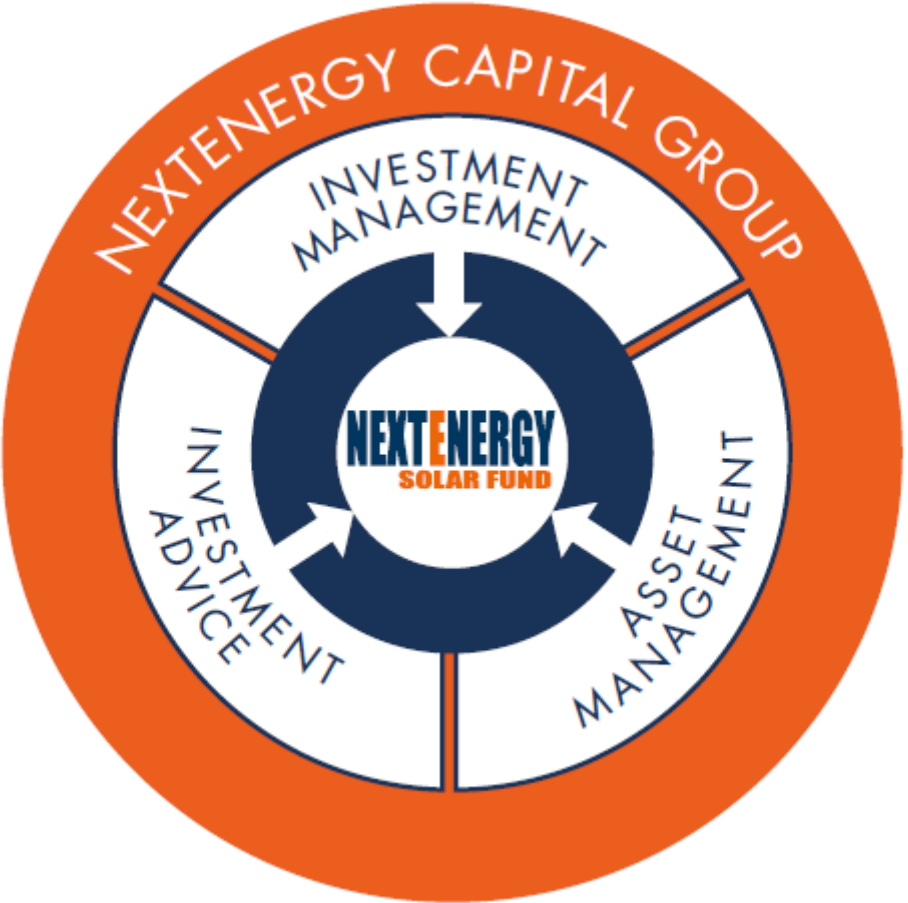


- The Asset Manager engaged with key portfolio operational counterparties to assess operational, financial and health and safety risks
- Plans put in place to minimise the risk of operational disruption due to O&M response capabilities or supply-chain problems
- Power price impact mitigated by short-term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

KEY SERVICE PROVIDERS and SUPPLIERS

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

NESF Group Structure



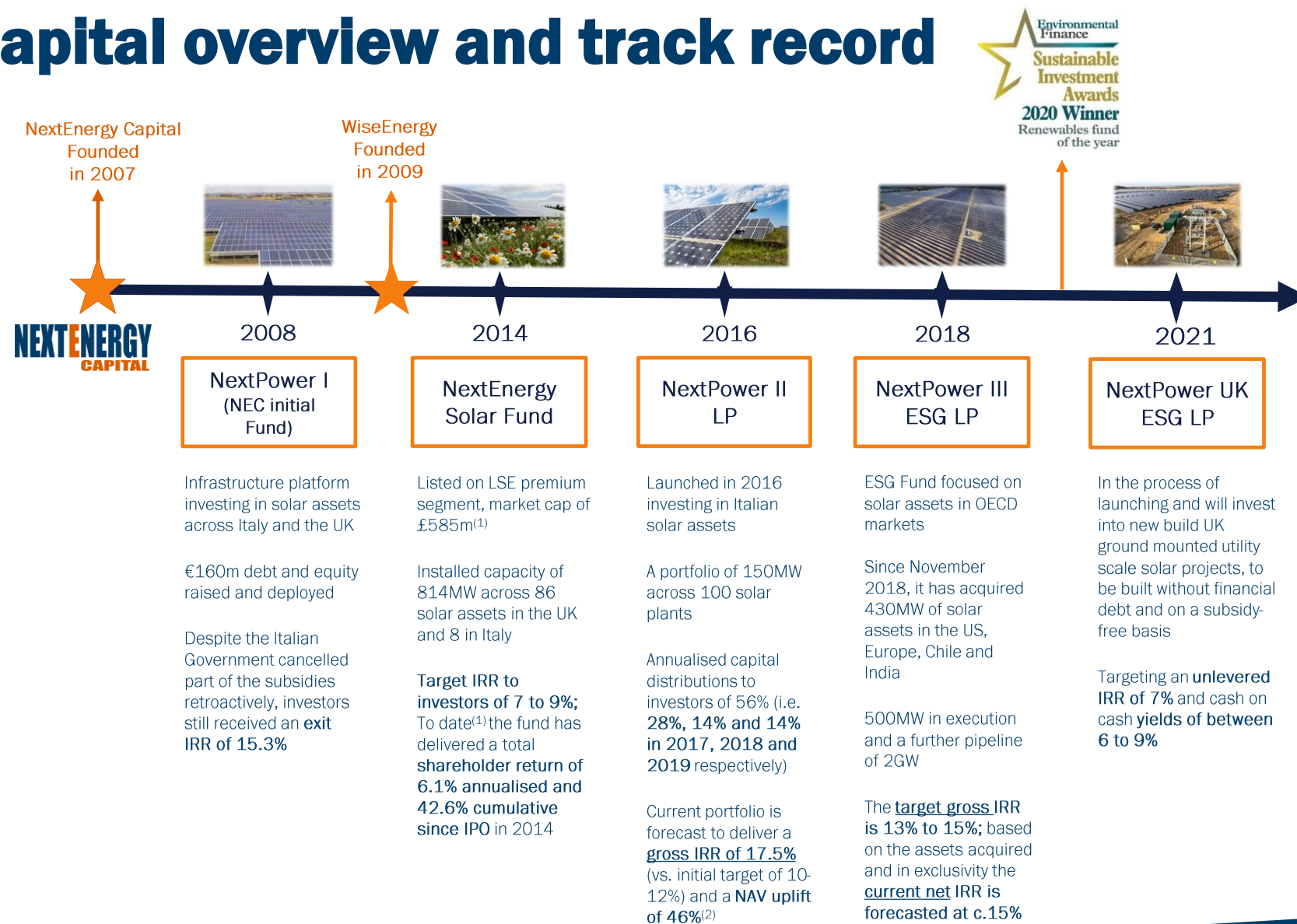
NextEnergy Capital overview and track record

NEC was founded in 2007 and is now a leading player in the global renewable energy sector

NEC has extensive experience in identifying attractive investment strategies, structure market-friendly vehicles and launching competitive private funds

Key highlights:

- Four institutional funds launched, of which one listed entity
- Over **\$2.6bn** AUM raised
- Value-creation track record across time, geographies and vehicles
- 190 team members
- Offices in UK, Italy, India and USA



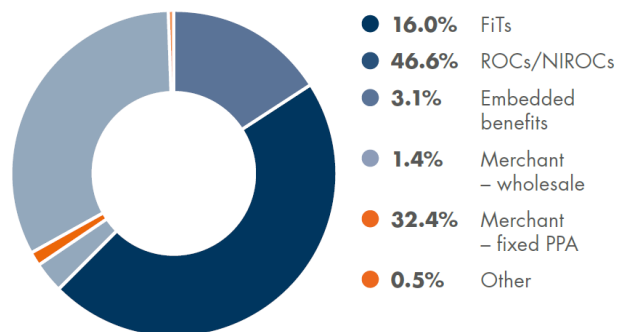
Notes:

(1) As of 31 March 2021.

(2) Based on latest audited NAV vs. drawn capital (both as of 31/12/19)

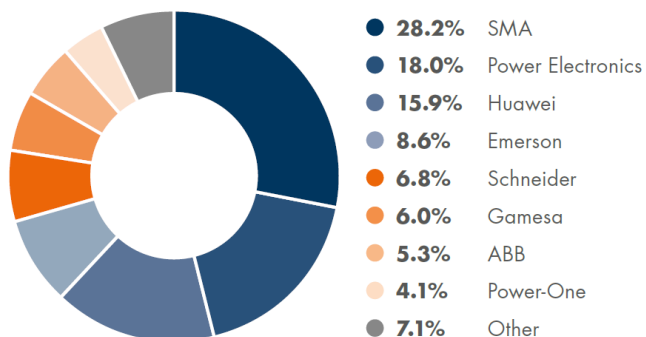
Investment portfolio diversification (31 March 2021)

By Revenue Type



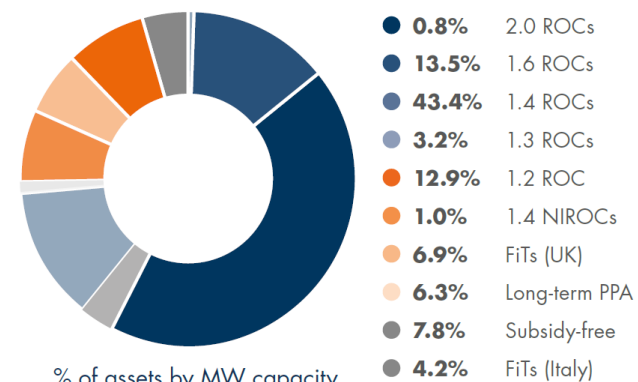
% of total revenue for the year ended 31 March 2021

By Inverter Manufacturer



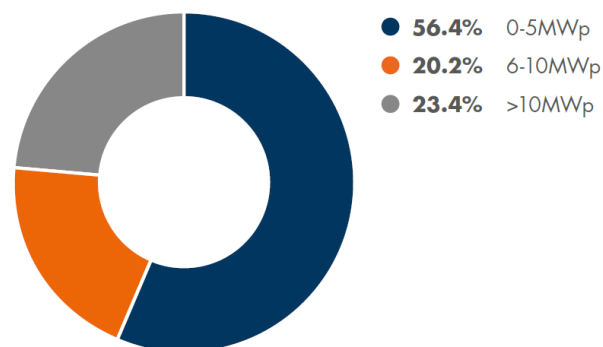
% of assets by MW capacity

By Subsidy



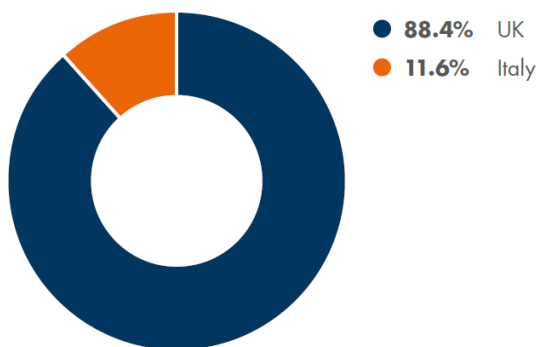
% of assets by MW capacity

By Installed Capacity



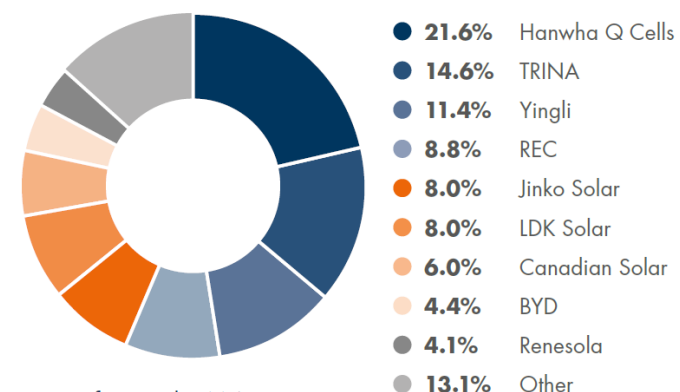
% of assets

By Location



% of invested capital

By Solar Module Manufacturer



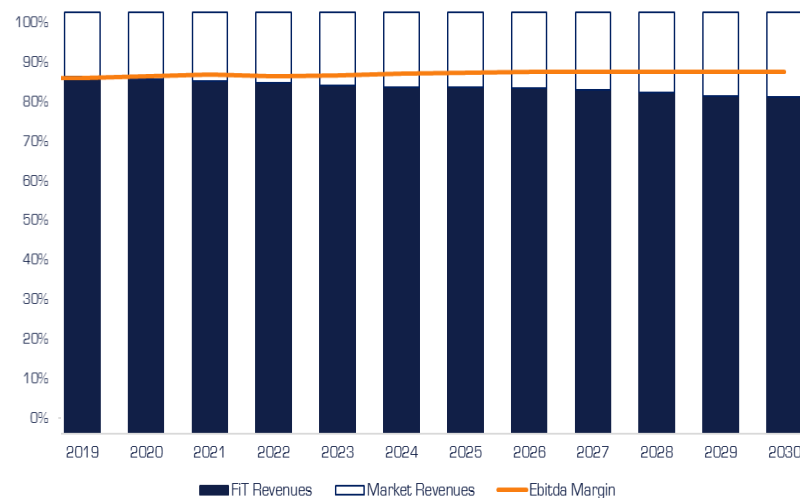
% of assets by MW capacity

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 7.25% (31 March 2020: 7.75%) 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 Asset Management Alpha of 0.2% for the year ending 31 March 2021



Asset Monitored	Since Acquisition		
	Irradiation Delta %	Generation Delta %	Generation Alpha %
Macchia Rotonda	5.8%	4.6%	(1.2%)
Iacovangelo	4.2%	6.5%	2.3%
Armiento	5.0%	7.4%	2.4%
Inicorbaf	5.4%	6.7%	1.4%
Gioia del Colle	4.3%	3.8%	(0.5%)
Carinola	2.4%	5.4%	3.1%
Marcianise	2.8%	4.0%	1.2%
Riardo	2.3%	1.5%	(0.8%)
Solis Portfolio	3.2%	4.5%	1.3%

Financial debt outstanding (31 March 2021)

24%

Financial debt gearing

43%

Total gearing ⁽⁵⁾

- During the year, the Santander RCF of £70m has been extended from July 2020 to July 2022
- The weighted average cost of financial debt as at 31 March 2021 is 3.0%
- NESH V entered into a 15 year FX hedging arrangement with Intesa over the expected dividends from the Solis portfolio. In March 2019, the hedging was increased to an additional c.€89m with an average forward exchange rate of 0.89 EUR/GBP including costs

Provider / arranger	Type	Borrower	No. of power plants secured ⁽¹⁾	Loan to Value ⁽²⁾ (%)	Tranches	Facility Amount (£m)	Amount Outstanding (£m)	Termination (inc. options to extend)	Applicable rate
MIDIS / CBA / NAB	Fully-amortising long-term debt ⁽³⁾	NESH	21 (241MW)	51.4%	Medium-term	48.4	48.4	Dec-26	2.91% ⁴
					Floating long-term	24.2	24.2	Jun-35	3.68% ⁴
					Index-linked long-term	38.7	35.1	Jun-35	RPI + 0.36%
					Fixed long-term	38.7	38.7	Jun-35	3.82%
					Debt service reserve facility	7.5	-	Jun-26	1.50%
MIDIS	Fully-amortising long-term debt ⁽³⁾	NESH IV	5 (84MW)	47.5%	Inflation-linked	27.5	21.5	Sep-34	RPI + 1.44%
					Fixed long-term	27.5	24.3	Sep-34	4.11%
Total long-term debt						192.2			
NIBC	Revolving credit facility	NESH II	2 (28MW)		N/a	20.0	-	Feb-22	LIBOR + 2.20%
Banco Santander	Revolving credit facility	NESH VI	13 (100MW)		N/a	70.0	54.1	Jul-22	LIBOR + 1.90%
Total short-term debt						54.1			
Total debt							246.3		

(1) NESF has 325MW under long-term debt financing, 128MW under short-term debt financing and 359MW without debt financing

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

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

(4) Applicable rate represents the swap rate

(5) (Financial debt + preference shares)/GAV

Preference shares

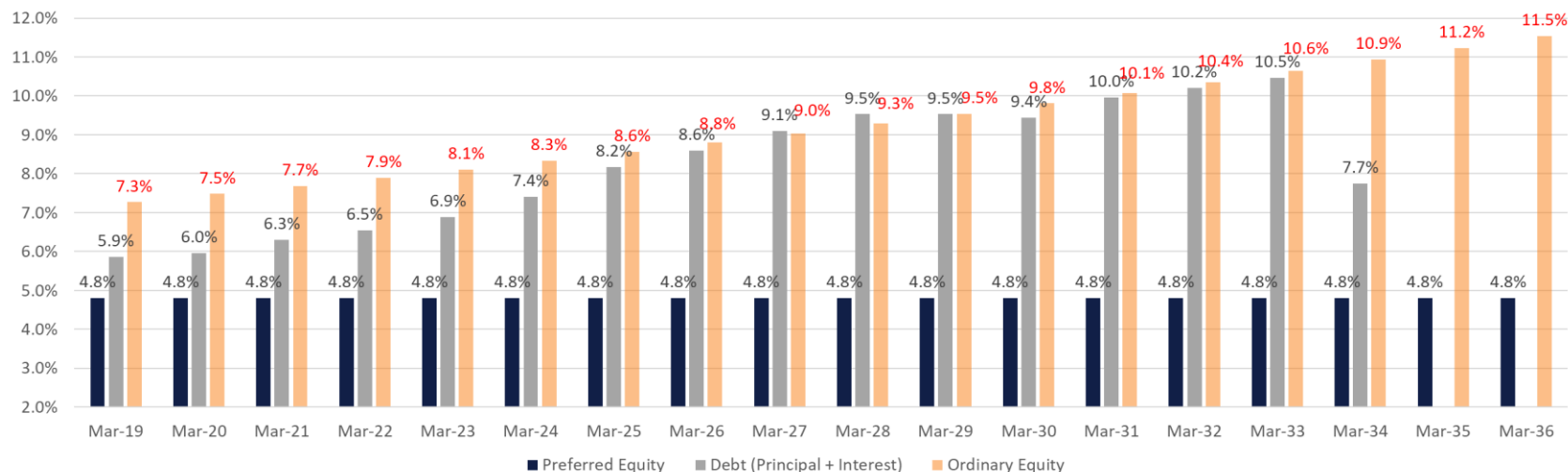
- An issuance of £200m is expected to increase dividend cover by 0.15x and returns by 1.09% for ordinary shareholders⁽²⁾
- Preference shares simplify the capital structure by reducing the exposure to secured debt financing
- Preference shares provide protection against diminishing power prices compared to traditional debt financing used by peers and have no refinancing risk
- Issuance of £200m preference estimated to have increased cashflows by £6.0m during the financial year 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⁽¹⁾ with holder's conversion right starting from 1 April 2036 at nominal value (plus unpaid dividend if any) relative to NAV per Ordinary Share at the date of conversion (thus no refinancing risk)

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



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

Investment policy limits

Investment Objective

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

Technological Limit

- 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).

- 0% of GAV currently invested

Private Equity Limit

- 15% of the Gross Asset Value may be invested in solar assets through private equity structures (calculated at the time of investment).

- 0% of GAV currently invested

Geographical Limit

- The Company is permitted to invest up to 30% of GAV (at the time of investment) in OECD countries outside the UK
- 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

- 11.3% of GAV currently invested in Italy

Development Limit

- The Company mostly acquires operating solar assets, but it may also invest in solar assets that are under development (that is, at the stage of origination, project planning or construction) when acquired.
- Such assets in aggregate will not constitute (at the time of investment) more than 10% of GAV

- Currently constitutes 2.7% of GAV

Single Asset Limit

- No single investment by the Company in any one solar asset will constitute (at the time of investment) more than 30% of GAV.
- In addition, the four largest solar assets will not constitute (at the time of investment) more than 75% of GAV.

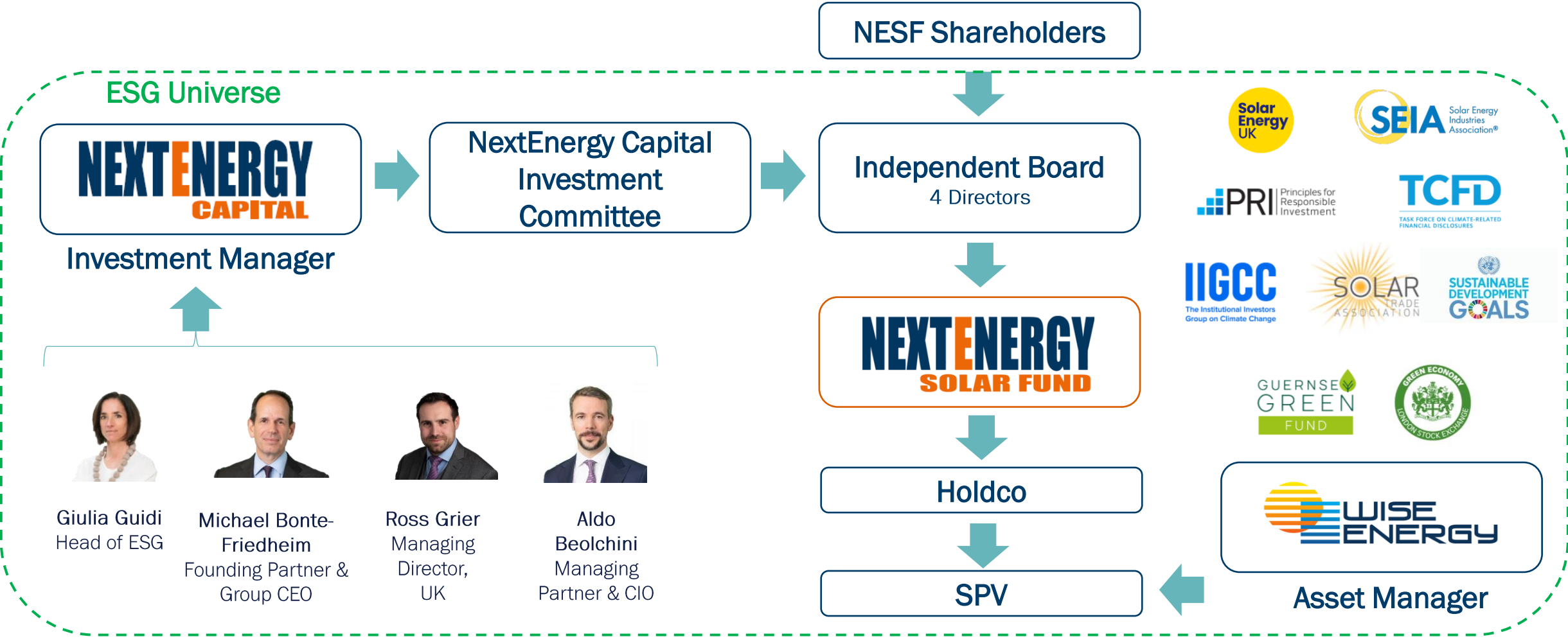
- The largest investment in one solar asset currently constitutes 4.3% of GAV

Gearing Level

- Leverage of up to 50% of GAV

- Gearing (including preference shares) stands at 43.3%

NEC ESG approach to NextEnergy Solar Fund

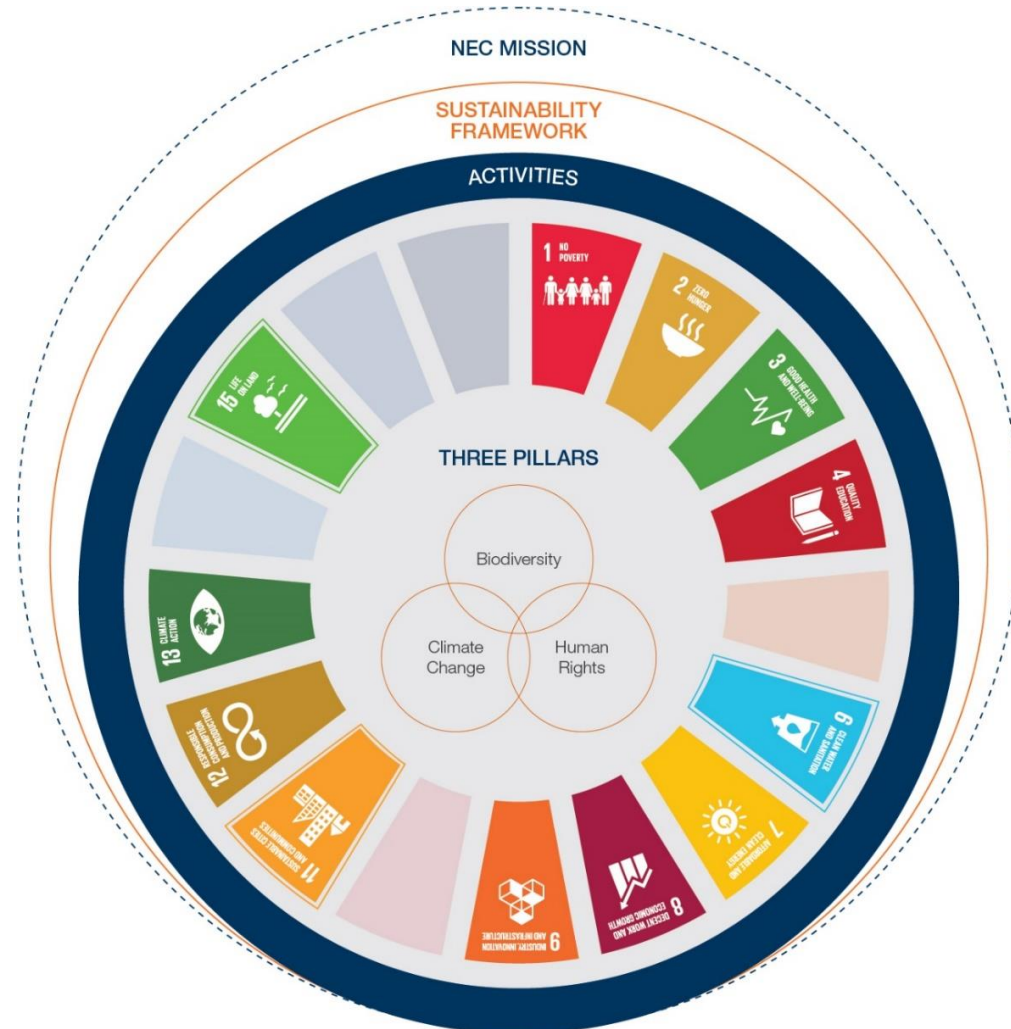


NEC's mission and sustainability framework

- NEC's Mission: to generate a more sustainable future by leading the transition to clean energy
- NEC also aims to make a broader positive impact to society and has developed a Sustainability Framework based on three pillars, aligned with the UN Sustainable Development Goals ("SDGs")
- SDGs and targets have been selected as the underlying framework to identify, manage, and report on NEC's sustainability performance
- NEC is committed to implementing its Sustainability Framework both in its own operations (CSR) and in investments (ESG)
- In 2021/22, additional Key Performance Indicators are being considered to be able to report on the new EU Sustainable Finance Disclosure Directive in 2022



PRI ANNUAL REPORT



NEC sustainable investment: policy & commitments

- Integrating ESG principles in the investment process is critical to maximise the positive impact of the investment strategy
- NEC has a comprehensive Sustainable Investment Policy, which is publicly available, and continues to commit to evolve its processes
- Our Policy and commitments reflect our effort to address societal issues through collective action. To this extent we regularly engage with key leading industry partners and actively contribute to investor-led initiatives that address these issues

Sustainable Investment Policy

- **Publicly available** and signed off by the CEO, in line with the EU Sustainable Finance Disclosure Regulation (“**SDFR**”)
- Outlines NEC’s **Principles and Commitments**
- SDG alignment and Mission to address global challenges
- Focus on Three Pillars:
 - 1) Combating **climate change** is at the core of what we do; we are official supporters of the Task Force on Climate-Related Financial Disclosures (“**TCFD**”), increasing transparency to investors on climate-related risks and opportunities
 - 2) Enhancing **biodiversity** at our sites through dedicated Biodiversity Management Plans, to support ecosystems and climate-resilient infrastructures
 - 3) Respecting **human rights** throughout our value chain remains a key focus and challenge
- **Integration** - Based on the UN PRI’s Six Principles, the Policy now expands on excluded activities, screening and due diligence, reference standards, monitoring and reporting and engagement

Leadership and Engagement

- We regularly engage with industry associations and **leadership groups** to address societal issues collectively and to implement **best practice**
- We expect all our stakeholders to be aware of our policies, standards, and requirements, and to **abide by them**

Supporter of:



Member of:



Signatory of:



Founder of:



In partnership with:



Preparing for alignment with:



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/

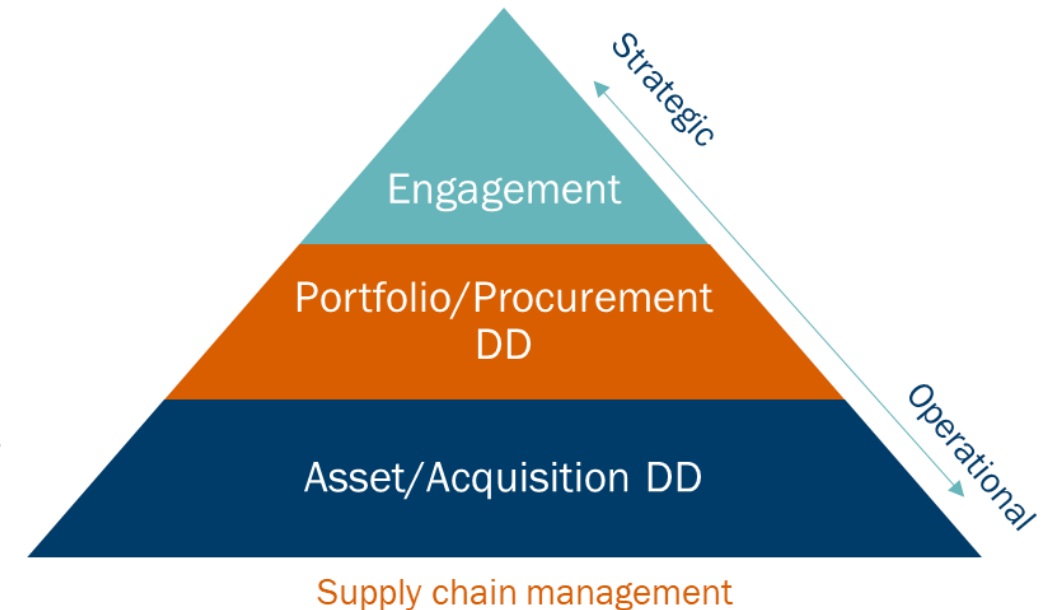


Supply Chain DDQ

NEXT ENERGY CAPITAL				
Company Name				
Country where the Company is headquartered				
Country/countries where the manufacturing facilities are located				
Topic	Subject	Date	Question	Supporting Documentation Request
Supply Chain	Supply Chain		Please provide the names of the mining companies from which the Company sources its materials.	No
			Does the Company have a process or Code of Conduct to select its suppliers that takes into account their ESG (sustainability, human rights, business integrity etc.) performance and is based on international frameworks and standards? If so, please provide evidence of the same. If not, please explain why not.	Yes
			Does the Company have any public statement with regard to the supply of conflict minerals? Please also advise whether the Company follows the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.	Yes
			In case of external sourcing of minerals such as: silica/aluminium/nickel/lead/silver/zinc/tin/copper/cesium/gallium/indium/tellurium, please explain how the BHS track-record of the main suppliers is evaluated, including whether ISO 14001 or ISO 18001 certifications are required.	
Human Rights	Human Rights		Does the Company have a Human Rights Policy or Statements which is approved by the Board? If applicable, please provide evidence of the same. Please also explain how the Policy is applied to the Company's suppliers.	Yes
			Does the Company subscribe to the 1948 Universal Declaration of Human Rights (UDHR) and the UN Guiding Principles on Business and Human Rights (2011)?	No
Indigenous People	Indigenous People		Please explain how the Company ensures the principles of Free, Prior and Informed Consent (FPIC) and consultation.	No

Supply Chain and Human Rights

- NEC and NESF approach the subject of human rights abuse with the utmost importance and are committed to preventing modern slavery in their own activities and those related to their business relationships, including supply chain. This is supported by our public Policy and Statement
- NEC and NESF, in line with the principles set out in the Group's Human Rights Position Statement, strongly believe that this issue must be tackled **collectively** and through a **long-term engagement** process aimed to eradicate human rights abuses and raise labour practices and standard globally. To this extent, we recently sign the [Solar Energy UK \(SEUK\) pledge](#), as well as the [US Solar Energy Industry Association pledge](#), against slave labour and human right abuses
- NEC approach to supply chain management is consistent with the broader approach to ESG: we continue to monitor this issue through two parallel processes: **ongoing ESG due diligence** and an extensive **stakeholder engagement process**.
- A robust approach to risk management drives our investment decision, ensuring we identify and manage potential risks, including those related to our supply chain. The due diligence of suppliers is implemented both for secondary market acquisition and new developments and it is supported by a regular review of the suppliers with whom we have signed (or plan to have) a master framework agreement
- The objective of the due diligence is to allow us to **act upon findings** and **take informed decisions**. Acting upon findings can include engagement to seek improvement, potential re-negotiation of future contracts, or disengagement.



The NextEnergy Foundation: COVID-19 response

Open Kitchens

The NEC London office Christmas grant is being utilised to distribute food parcels to children and marginalised elderly across the UK. Together with NEF's additional support, approximately 1,535 food parcels are being delivered.

The Akshaya Patra Foundation (UK)

The Akshaya Patra Foundation is an NGO originally established to eliminate classroom hunger in India. Since March 2020, it has cooked and distributed over 100,000 hot meals for those in need across Greater London. With NEF's support, an additional 6,600 meals were distributed.



Intrecci Cooperativa Sociale

Intrecci has set up several Solidarity Emporiums across Milan. These are food shops where vulnerable individuals and families can shop using pre-paid cards. From January 2021, NEF will top-up a number of pre-paid cards every month for 6 months. The recipients are currently being identified by local community help centres.

Associazione La Rotonda

La Rotonda works to promote social initiatives across the most marginalised communities in Milan. The NEC Milan office Christmas grant was utilised to distribute over 80 food parcels to individuals and families in the Municipality of Baranzate over the holiday season.



Fondazione Francesca Rava

NEF has reignited its partnership with Fondazione Francesca Rava to support their SOScuola project, which aims to ensure that all children across Italy can continue their studies effectively from home. A grant has been made to donate 20 laptops to this extent.



The Akshaya Patra Foundation (India)

The Akshaya Patra Foundation's Midday Meal Scheme serves hot, vegetarian meals to 1.8m children across India every school day. With the closure of schools, Happiness Boxes are now being provided instead, with dry rations for one month for the entire family, plus school and hygiene supplies. With NEC India office's Christmas grant and additional support from NEF, 1,666 Happiness Boxes will be distributed in the coming months.

Visit our new website for more information on all the projects which the Foundation has supported to date:
<https://www.nextenergyfoundation.org/>

5-year track record

Year Ended 31 March

Financial Key Performance Indicators	2017	2018	2019	2020	2021
Ordinary shares in issue	456.4m	575.7m	581.7m	584.2m	586.9m
Ordinary share price	110.5p	111.0p	117.5p	101.5p	99.6p
Market capitalisation of ordinary shares	£504m	\$639m	£683m	£593m	£585m
NAV per ordinary share*	104.9p	105.1p	110.9p	99.0p	98.9p
Total ordinary NAV*	£479m	£605m	£645m	£579m	£581m
Premium/(discount) to NAV*	5.3%	5.6%	6.0%	2.5%	0.7%
Earnings per ordinary share	13.81p	5.88p	12.37p	(5.09p)	6.87p
Dividend per ordinary share	6.31p	6.42p	6.65p	6.87p	7.05p
Dividend yield*	5.7%	5.8%	5.7%	6.8%	7.1%
Cash dividend cover - pre scrip dividends*	1.1x	1.1x	1.3x	1.2x	1.1x
Preference shares in issue	-	-	100m	200m	200m
Financial debt outstanding at subsidiaries level	£270m	£270m	£269m	£214m	£246m
Financial debt (financial debt/GAV)*	36%	31%	27%	22%	24%
Gearing (financial debt + preference shares/GAV)*	36%	31%	36%	42%	43%
GAV	£749m	£875m	£1,014m	£991m	£1,025m
Weighted average cost of capital	5.9%	5.8%	5.4%	5.5%	5.4%
Ordinary shareholder total return - cumulative since IPO	26.7%	33.6%	46.7%	37.5%	42.6%
Ordinary shareholder total return - annualised since IPO	9.1%	8.5%	9.5%	6.3%	6.1%
Ordinary shareholder total return	21.1%	6.2%	11.8%	-7.8%	5.1%
Ordinary NAV total return*	14.4%	6.3%	11.8%	-4.5%	7.0%
Ordinary NAV total return - annualised since IPO*	4.9%	7.0%	8.1%	5.9%	6.0%
Ongoing charges ratio*	1.2%	1.1%	1.1%	1.1%	1.1%
Weighted average discount rate	7.9%	7.3%	7.0%	6.8%	6.3%

*Alternative performance measures – see page 108 of the 31 March 2021 Annual Report

Solar growth potential

Predicted global solar capacity growth, 2019 and 2050

832_{GW}

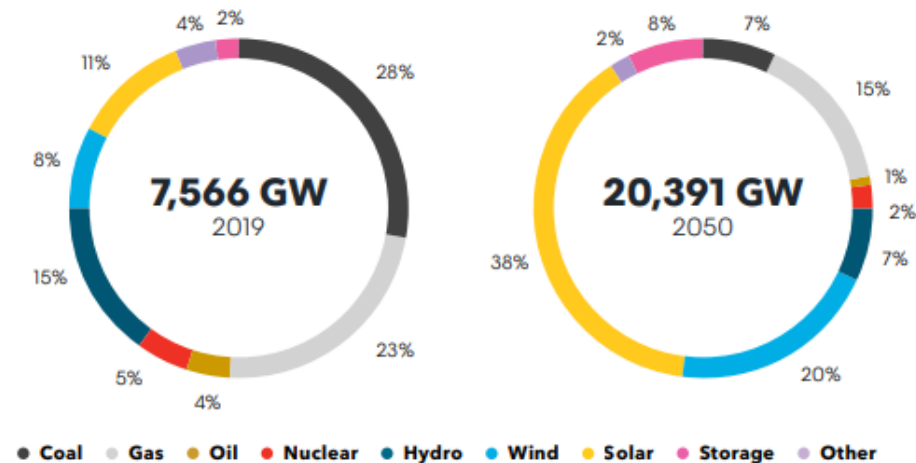
2019

7,749_{GW}

2050

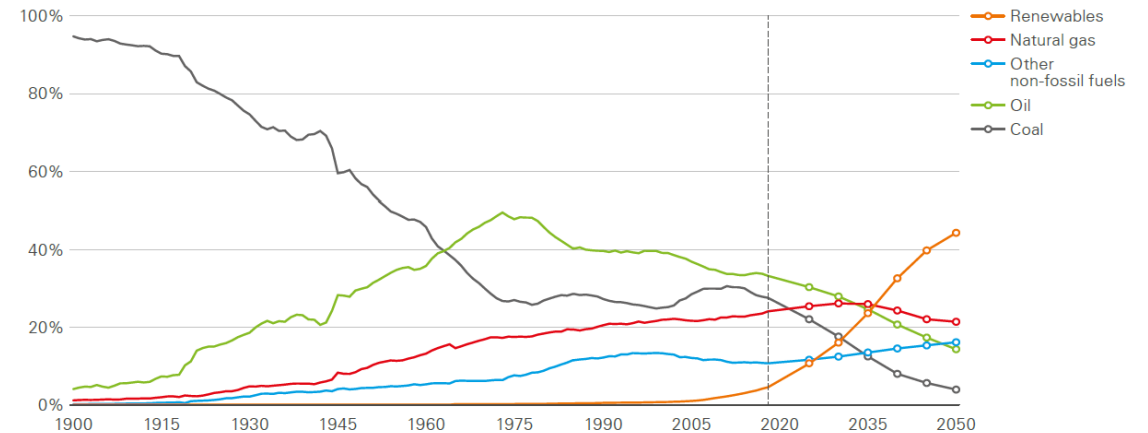
Source: BloombergNEF

Global installed capacity mix, 2019 and 2050



Source: BloombergNEF

Renewables predicted to be main energy source in future



Source: BP energy outlook – central case

What will drive this demand?



- Immediate need to address global climate change
- Increase in global electrification, powered by clean energy
- Reduction in cost of renewable technologies
- Global government policy shift towards Net Zero
- Reduction in carbon emitting energy sources

Notes:

- (1) Source: BloombergNEF
- (2) Source: BP energy outlook – central case

NESF investment case - detail



Mandate for growth

Investment mandate allows investments up to 30% GAV internationally, 10% GAV into energy storage & 15% GAV into private structures



Large diversified portfolio

Year-on-year portfolio growth providing diversification across key components, locations, subsidies, asset size and revenue streams



Attractive dividend

Delivered inflation-linked, quarterly dividends to shareholders since IPO, irrespective of any volatility in the energy power price market



NAV optimisation

NESF has undertaken several successful initiatives such as: asset life extensions, OPEX reduction and holding structure optimisation



Shareholder returns

To date the fund has delivered a total ordinary shareholder return of 6.1% annualised and 42.6% cumulative since IPO



Effective asset management and portfolio outperformance

Achieved continuous operating outperformance vs budget each year since IPO attributable to effective asset management by the NEC Group



Efficient balance sheet financing structure

De-risked balance sheet, with preference shares being lower cash cost to NESF and providing downside protection to lower power prices



Revenue optimisation

NESF proactively hedges its forward generation profile via NEC's electricity sales team to eliminate power price exposure

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