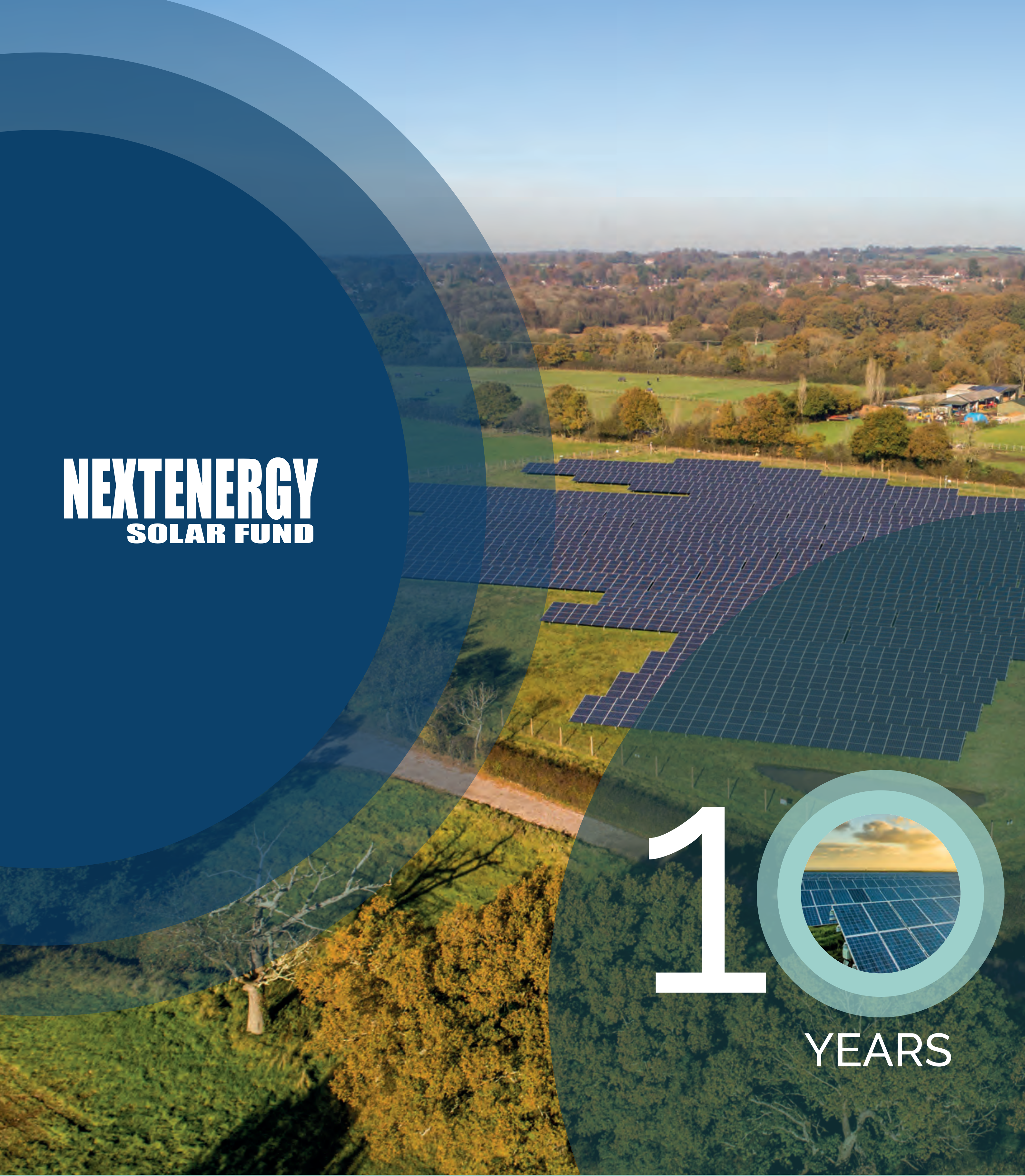


Generating a more sustainable future

Annual Report

for the year ended 31 March 2024

Our Objectives

Investment Objective

To provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, through a diversified portfolio of solar energy infrastructure assets with the addition of complementary technologies, such as energy storage.

Strategic Objectives

Investment
Expand and strengthen the portfolio in line with the Company's Investment Policy and deliver a disciplined capital allocation approach.

Enhance growth and diversification through the introduction of energy storage and international solar assets.

Operational
Consistently maximise operational performance of the portfolio through active asset management.

Pursue continuous improvement in the management of operating costs associated with the portfolio.

Environmental
Contribute towards a net zero sustainable future and help mitigate climate change.

Enhance local biodiversity for the surrounding areas where we operate.

Social
Contribute to energy security in the UK and other markets where we operate by increasing energy supplied to the domestic market.

Continue to actively engage with and support the communities located close to our solar and energy storage assets.

Governance
Act in a manner consistent with our values of integrity, fairness and transparency.

Maintain strong and constructive relationships with our shareholders and other key stakeholders.

Fully compliant with the principles and recommendations of the AIC Code.

GUERNSEY GREEN FUND

GREEN ECONOMY MARK
LONDON STOCK EXCHANGE

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

Hill Farm
Oxfordshire
5MW
1.2 ROC

Barnby
Nottinghamshire
5.0MW
1.2 ROC

Contents

NextEnergy Solar Fund Overview

A specialist solar energy and energy storage fund listed on the London Stock Exchange as a FTSE 250 investment company

Provides ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of utility-scale solar energy assets with the addition of complementary technologies such as energy storage

Managed by solar and energy storage specialists:

- NextEnergy Capital, Investment Adviser
- NextEnergy Capital IM, Investment Manager
- WiseEnergy, Asset Manager

Diversified portfolio:

- 100 operating UK and Italian solar assets
- 1 International private equity solar fund investment
- 2 operating European solar co-investments
- 1 operating UK standalone energy storage asset

Powering the equivalent of 301,000 homes with renewable energy for the year

Cumulative asset outperformance since IPO

Performance Highlights

Financial Highlights[1]

NAV per ordinary share as at 31 March 2024

104.7p

(31 March 2023: 114.3p)

Ordinary shareholders' NAV as at 31 March 2024

£618.6m

(31 March 2023: £674.4m)

Financial debt gearing as at 31 March 2024[2]

29%

(31 March 2023: 28%)

Dividends per ordinary share for the year ended 31 March 2024

8.35p

(31 March 2023: 7.52p)

Cash dividend cover (pre-scrip dividends) for the year ended 31 March 2024[4]

1.3x

(31 March 2023: 1.4x)

Total gearing as at 31 March 2024[3]

46%

(31 March 2023: 45%)

NAV total return per ordinary share for the year ended 31 March 2024

-1.1%

(31 March 2023: 7.3%)

Ordinary shareholder total return for the year ended 31 March 2024

-23.8%

(31 March 2023: 8.6%)

Annualised total NAV return since IPO

7.1%

(31 March 2023: 8.0%)

Operational Highlights

Total capacity installed as at 31 March 2024[5]

1015MW

(31 March 2023: 889MW)

Total electricity generation for the year ended 31 March 2024[5]

852GWh

(31 March 2023: 899GWh)

Operating assets as at 31 March 2024[6]

103

(31 March 2023: 99)

Generation against budget for the year ended 31 March 2024[8]

+0.3%

(31 March 2023: +5.5%)

ESG Highlights

Tonnes of CO_2e emissions avoided p.a.[7]

279,300

(31 March 2023: 363,000)

Equivalent homes powered for one year[7]

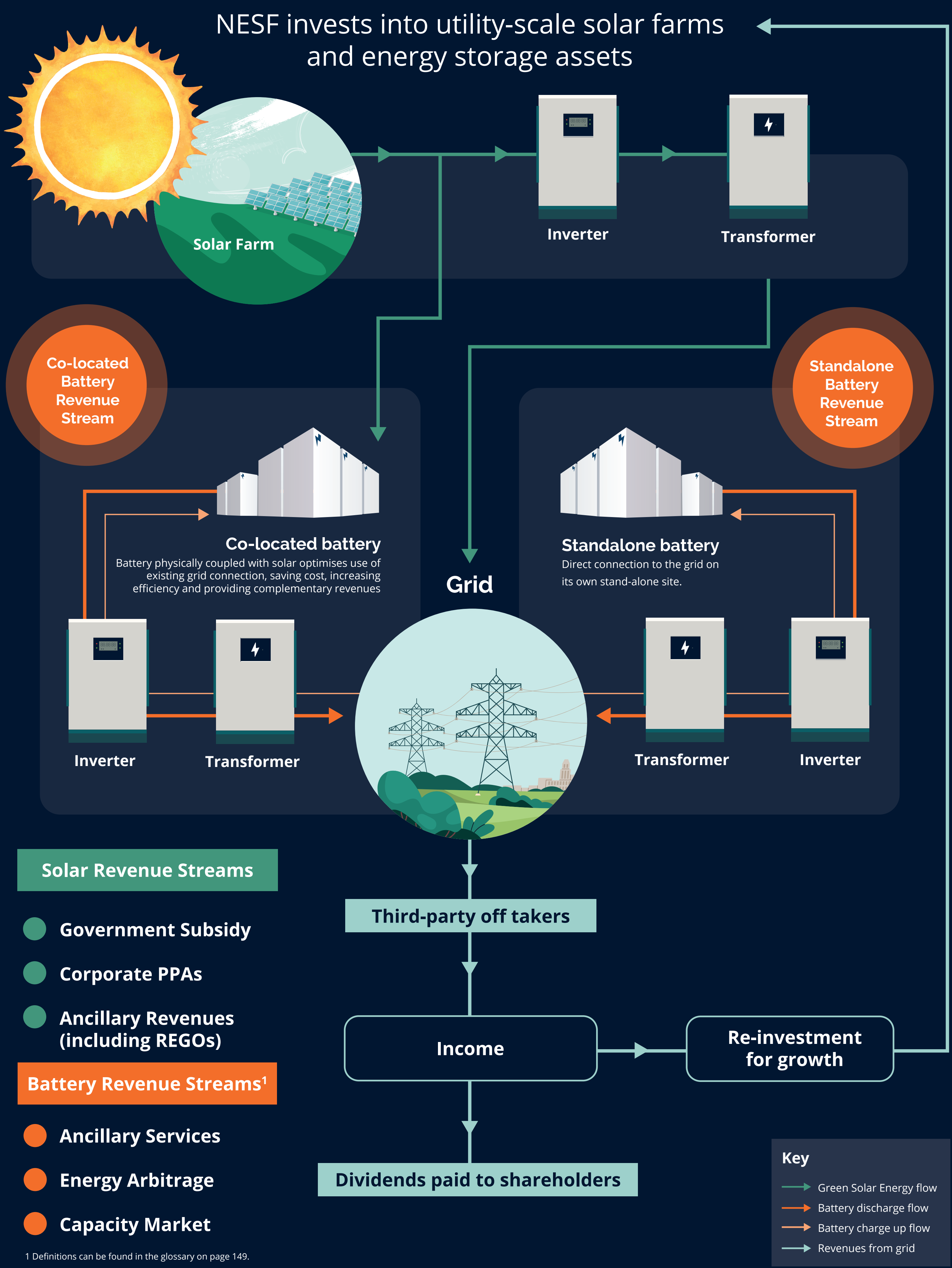
301,000

(31 March 2023: 242,000)

Click here to access the NESF Sustainability & ESG Report

1 Refer to the Alternative Performance Measures for calculation basis.
2 Financial debt gearing excludes the £200m preference shares on a look through basis.
3 Total gearing is the aggregate of financial debt, look through debt and £200m of preference shares. The preference shares are equivalent to non-amortising debt with repayment in shares.
4 In October 2023, the Board decided to cancel the Company's Scrip Dividend Alternative until further notice in accordance with the terms and conditions in the Scrip Dividend Circular dated 19 July 2023 due to low take up and the costs associated with continuing to offer it.
5 Including share in private equity vehicle (NextPower III LP "NPIII") and co-investments (Agenor and Santarem). Inclusion of NESF's 6.21% share of NPIII on a look through equivalent basis increases total capacity by 40MW (2023: 24MW) and increases generation by 41GWh (2023: 29GWh). Inclusion of NESF's 24.5% share of Agenor and 13.6% share of Santarem increases total capacity by 41MW (2023: nil MW).
6 Excluding the $50m investment into private equity vehicle (NPIII).
7 For more information, please see pages 61-64.
8 Excludes performance of private equity vehicle (NPIII) and co-investments. 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.

How does NEXTENERGY SOLAR FUND make its revenue?

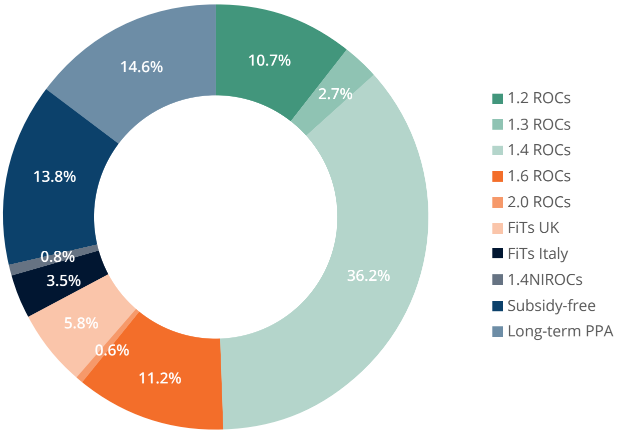


1 Definitions can be found in the glossary on page 149.

Snapshot of Our Diversified Portfolio

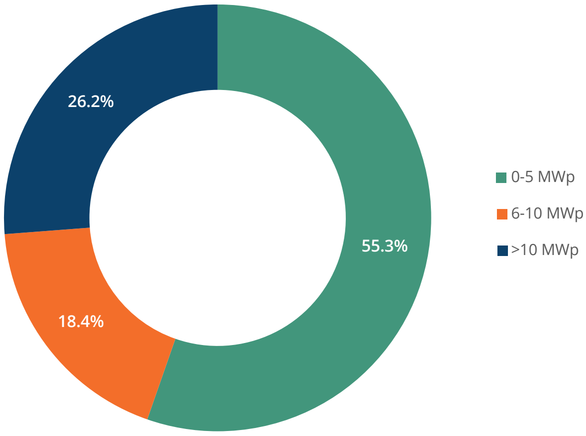
as at 31 March 2024[1,3]

By Subsidy/Regulatory Regime



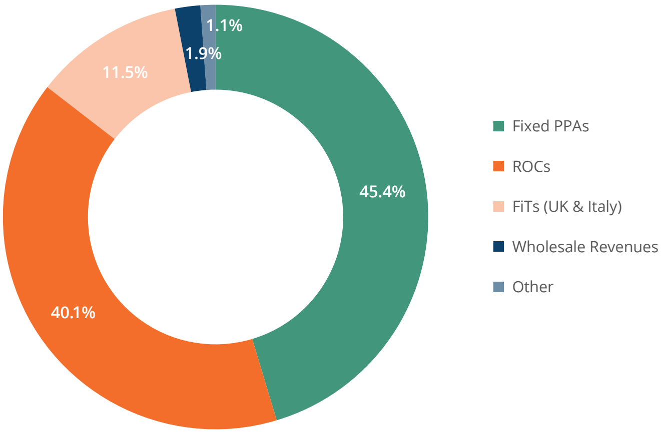
% of assets by MW capacity

By Installed Capacity



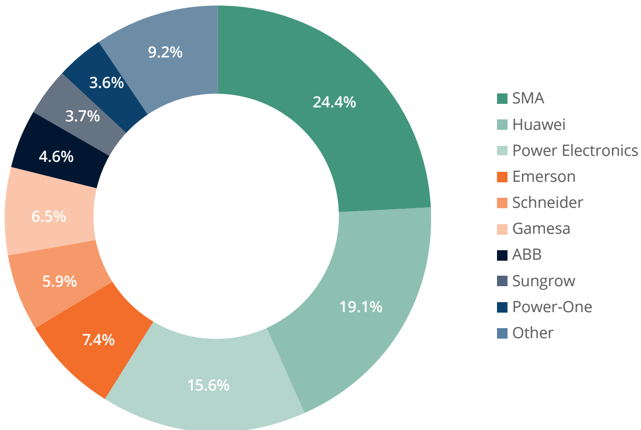
% of assets

By Revenue Type



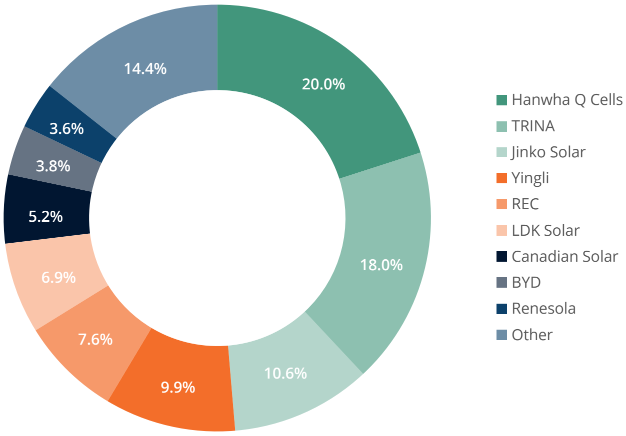
% of total revenue for the year ended 31 March 2024

By Inverter Manufacturer[2]



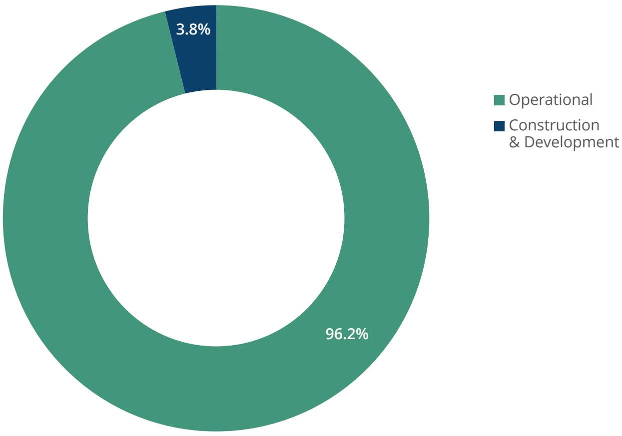
% of assets by MW capacity

By Solar Module Manufacturer[2]



% of assets by MW capacity

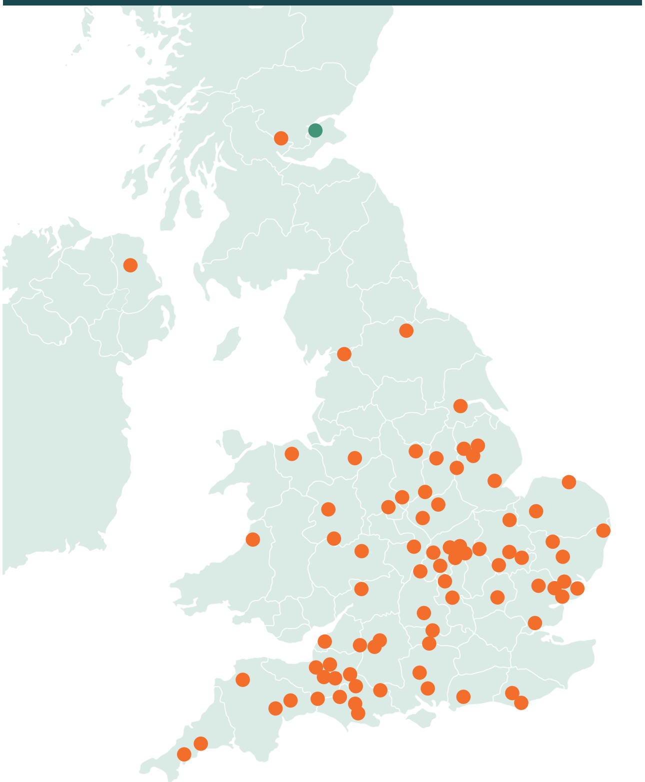
By Project Status



% of invested capital

1 Figures are stated to the nearest 0.1% which may lead to rounding differences.
2 Excluding energy storage assets.
3 Excluding the $50m investment into private equity vehicle (NPIII).

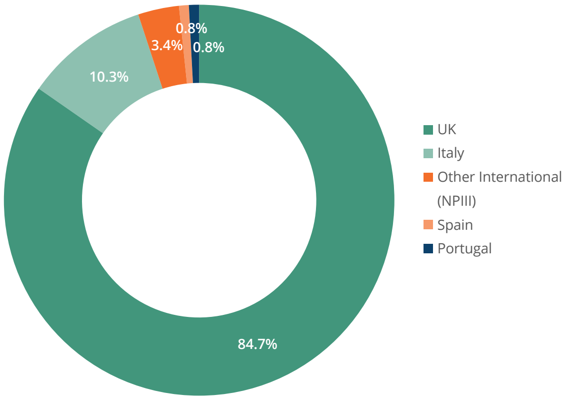
UK - c. 950MW of solar PV & energy storage assets operational



Assets locations

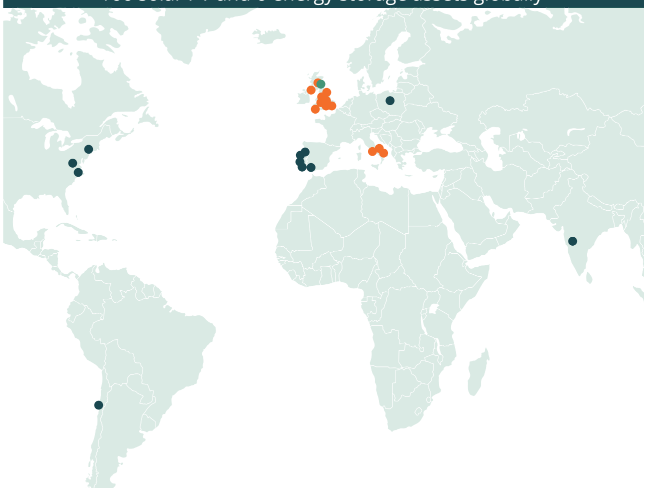
- **Operating Solar Assets (for more information see pages 57 and 58)**
- **Operating Energy Storage Assets**
- **Private Solar Infrastructure Fund**

Breakdown of NESF portfolio by location

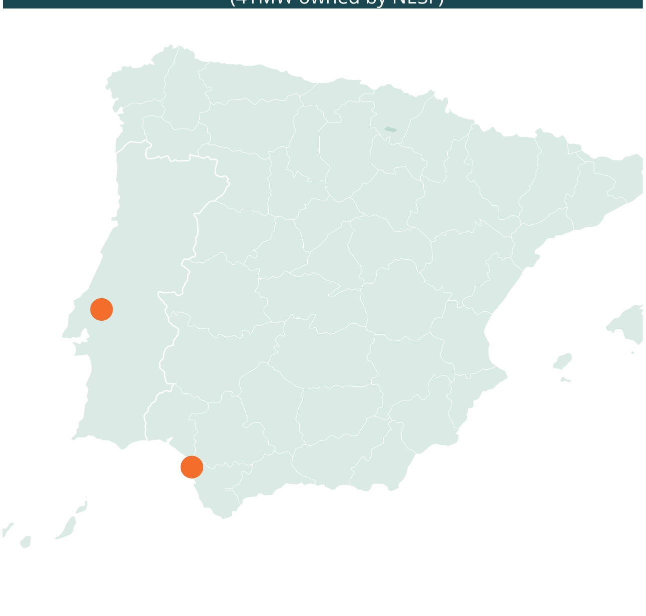


% of invested capital

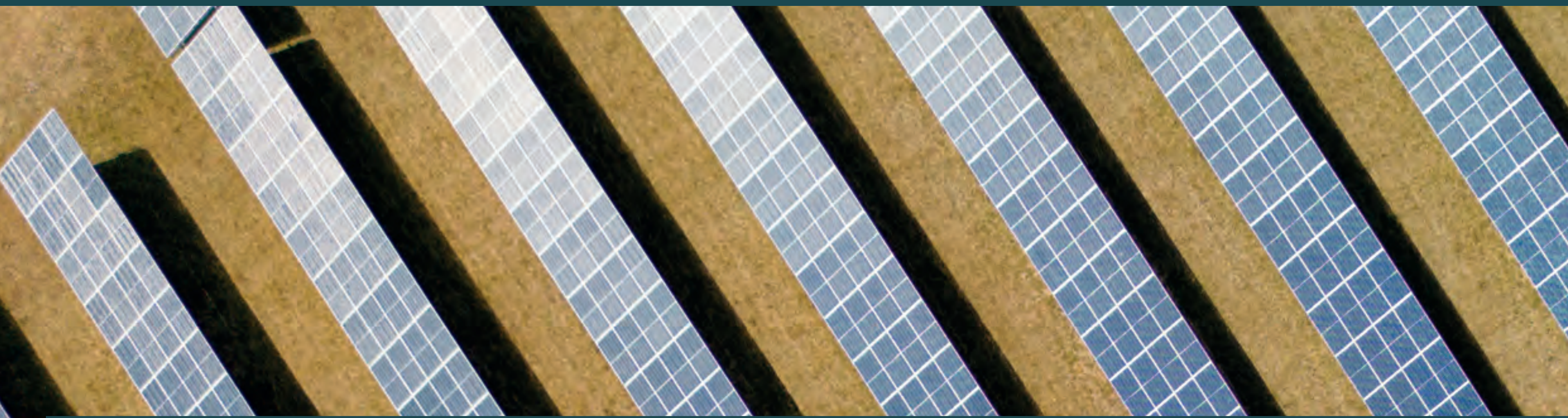
The World - including $50m investment into NPIII, which holds 166 solar PV and 6 energy storage assets globally



Spain and Portugal - c. 260MW of solar PV assets operational (41MW owned by NESF)



Italy - c. 35MW of solar PV assets operational



Why Invest in NextEnergy Solar Fund?

RELIABLE INVESTMENT WITH ATTRACTIVE GROWTH PROSPECTS

- Provides a regular attractive dividend for income seeking investors.
- Current share price discount to NAV provides an opportunity for future capital appreciation, alongside a high dividend yield of 11.7% as at 31 March 2024.
- Offers a natural hedge against inflation with a high proportion of regulated revenues linked to RPI.
- Cashflows derived from a diverse portfolio of over 1GW operational capacity with incremental growth prospects through the introduction of complementary technologies, such as energy storage.

PROVEN AND STABLE TECHNOLOGY

- Solar PV provides a reliable and predictable source of electricity due to high consistency in average yearly irradiation and minimal moving parts.
- Long useful life (25-40 years) with high proportion of contracted cash flows from operating solar assets.

ABUNDANT CLEAN ENERGY SOURCE

- Enough solar energy hits the Earth in a single hour to power the energy needs of the entire human population for a year.
- Provides increased energy independence and security.

COST-EFFECTIVE ELECTRICITY GENERATION

- Active portfolio management provides prudent cost of operation, maintenance and replacement of assets.
- Solar is one of the cheapest forms of renewable energy generation and quickest to construct.

CLIMATE CHANGE SOLUTION

- Fundamental to achieving a more sustainable future by contributing to the UK's targets of 70GW solar capacity by 2035 and net zero by 2050.
- Meaningful contribution to reducing CO_2e emissions through the generation and storage of clean electricity, reducing reliance on fossil fuels across the grid.
- Investment in solar provides significant biodiversity benefits to the communities that surround our assets.
- Through NextEnergy Solar Fund's portfolio, international co-investments and direct investment in NPIII, the Company is supporting de-carbonisation globally.

SPECIALIST MANAGEMENT

- NextEnergy Solar Fund benefits from the expertise of its Investment Manager, NextEnergy Capital IM Limited, and its Investment Adviser, NextEnergy Capital Limited.
- NextEnergy Capital Limited is one of the world's largest specialist solar investors, managing over $4bn worldwide.

Helen Mahy CBE,
Chairwoman

Chairwoman's Statement

"I am pleased to present the tenth Annual Report for NextEnergy Solar Fund (the "Company" or "NESF") and my first Annual Report as Chairwoman. The macroeconomic backdrop throughout the year has presented its challenges to the sector and the Company's share price, but I am encouraged that the Company has continued to show resilience having achieved multiple key milestones throughout this financial year.

The Company has made significant progress with the Capital Recycling Programme, which started with the sale of Hatherden, a 60MW ready to build solar project, in November 2023. Since year end, NESF has successfully delivered the second phase through the sale of Whitecross, a 35MW operational subsidy-free solar asset. At the same time, we have remained disciplined across our capital structure and approved a meaningful share buyback programme of up to £20m to narrow the discount in the share price compared to the Company's Net Asset Value.

The Company recently celebrated its ten-year anniversary since listing on the London Stock Exchange back in April 2014, a significant milestone that demonstrates the value of the Company's long-term growth and vision. In recognition of this, I would like to highlight a few of the Company's achievements as at 31 March 2024 since its inception:

- *Consistently delivered on its target dividends and has declared over £345m (67.8pps) dividend income to shareholders;*
- *Grown the portfolio to 103 operating assets;*
- *Achieved over 1GW of installed net capacity;*
- *Increased Gross Asset Value to £1,155m;*
- *Avoided 2.5 megatonnes of carbon dioxide;*
- *Developed one of the first subsidy-free solar assets in the UK;*
- *Achieved classification under Article 9 of the EU Sustainable Finance Disclosure Regulation and EU Taxonomy;*
- *Energised the Company's first standalone energy storage asset; and*
- *Pioneered a market leading approach to supply chain transparency and biodiversity enhancement as well as delivered broader impact through the NextEnergy Foundation.*

NESF is now one of the largest specialist solar energy and energy storage investment companies on the London Stock Exchange, driven by a consistent focus on its mission to deliver robust returns to shareholders through the production of clean energy from its large, diversified portfolio of operating assets.

The Company's ordinary shares, alongside peers in the investment company space, continue to trade at a discount to Net Asset Value due to market conditions. This is frustrating; however, I am pleased by the proactive nature of both the Investment Adviser and members of the Board in providing tangible solutions that are within our control, such as the Capital Recycling Programme. We continue to ensure the Company is doing everything it can to manage its discount and are fully focussed on delivering shareholder value now and long into the future.

NESF currently presents an attractive entry point for new and existing investors due to its discount to Net Asset Value. As at 31 March 2024, it had a 31.7% discount to its Net Asset Value which offered investors a covered dividend yield of 11.7%.

From a growth perspective, this year has marked the addition of four new operational assets to the NESF portfolio, totalling 345MW in capacity:

1. *Whitecross, a 35MW solar asset;*
2. *Camilla, our first 50MW standalone energy storage asset (70% owned);*
3. *Santarem, a 210MW solar asset co-investment (13.6% owned); and*
4. *Agenor, a 50MW solar asset co-investment (24.5% owned).*

During the year, these assets increased the portfolio's installed net capacity to over 1GW, making NESF the first solar investment company in the UK-listed peer group to achieve this milestone. Couple this with being the first renewable investment company to bring online an operating standalone energy storage asset to the portfolio, the Company has solidified the leading role it plays in delivering a clean energy future for the United Kingdom and internationally."

Performance

Throughout the year under review NESF has delivered consistent performance in the face of both difficult macroeconomic conditions and a lower-than-anticipated solar generation environment. The Company's portfolio continued to perform as expected and delivered a 1.3x cash-covered dividend for the reporting year, its tenth consecutive year delivering a healthy cash-covered dividend. As at 31 March 2024, the Company's Net Asset Value ("NAV") was £618.6m, equivalent to 104.7p per ordinary share (31 March 2023: £674.4m, 114.3p per ordinary share). Ordinary Shareholder Total Return was -23.8% (31 March 2023: 8.6%) and the NAV total return per ordinary share was -1.1% (31 March 2023: 7.3%). The reduction in NAV was largely attributable to falling power price forecasts and an increase in the valuation discount rate during the year.

Since its inception, NESF has made a substantial impact on the UK energy landscape by delivering a portfolio of c.1GW capacity of solar and energy storage assets against a total of c.16GW of solar currently deployed across the whole of the country. These assets have generated a total of 5.8TWh of clean energy, supporting UK and global net zero goals whilst returning significant value to shareholders. During the reporting year, energy generated was 852GWh (31 March 2023: 899GWh) and the portfolio achieved a generation performance of +0.3% against budget (31 March 2023: +5.5%).

Share Price Discount

Conditions in the UK equity market have been challenging in the past two years; the combined impact of interest rate increases and the economic slowdown have driven capital away from small and mid-cap listed investment companies towards the UK gilt market. The equity market has also witnessed steady institutional investor outflows due to client redemptions. Taken together these have put pressure on the Company's share price and it has traded at a sizeable discount to Net Asset Value for a sustained period. NESF continues to work hard on diversifying its shareholder base, aiming to mitigate these factors and help increase liquidity. Notably, retail ownership has increased by 31 million shares during the year.

Despite these challenges, the Company's portfolio continues to provide resilience by offering a strongly covered and competitive dividend that is underpinned by inflation-linked revenue streams. The Board and I are confident that the share price of the Company will recover over time.

Post year end, the Board announced a share buyback programme of up to £20m. Based on the historical and projected financial and operational performance of the Company's portfolio, and the recent data points from the Company's asset sales, the Company's NAV remains robust and the Board believes the level of share price discount to NAV is unjustified. The Board will continue to review the Company's share price discount to NAV alongside the Company's level of gearing and maintain full discretion and flexibility over future increases to the size of the share buyback programme.

Active Portfolio Management

NESF prides itself on the active management of its portfolio whilst continuing to observe a disciplined allocation of capital. In April 2023, the Company announced its phased Capital Recycling Programme involving the divestment of five subsidy-free UK solar assets totalling 246MW. These assets were carefully selected due to observed buyer demand in the sector and where the Company could ensure a competitive sales process to maximise shareholder value. The Programme, which was the first in the sector, was announced after multiple months of shareholder engagement in the face of a changing macroeconomic environment, to provide a clear path for the Company to realise true value from its assets and reduce gearing.

During the year, the Company completed the first phase of its Capital Recycling Programme with the successful sale of Hatherden, a 60MW ready to build solar project, for £15.2m. The transaction was NAV accretive to shareholders and generated an uplift of 1.27p in the Company's 31 December 2023 valuation. The transaction represents a 2.0x multiple on invested capital and an attractive 57% IRR. The accretive value of the transaction demonstrates the maximisation of value throughout the development of Hatherden, including various initiatives ranging from securing an import connection and associated rights for installation of the 7MW co-located energy storage project, increasing the installed capacity of the project from 50MW to 60MW through technical optimisation, and securing a Contract for Difference ("CfD") under Auction Round 4 for 100% of its generation capacity. Hatherden is one of many examples where the Company has brought sound decision-making and portfolio management to its shareholders over the last ten years.

Post year end, the Company announced the sale of Whitecross, which is the second phase of its Capital Recycling Programme. Whitecross is a 35MW subsidy-free solar asset in Lincolnshire and was developed as part of the Company's self-developed project pipeline.

The transaction is NAV accretive to shareholders and will generate an estimated uplift of 0.57p, which will be reflected in the Company's NAV per ordinary share as at 30 June 2024. The transaction represents a 1.3x multiple on invested capital and an attractive 14% IRR. The proceeds of the sale will be used to reduce the Company's short-term debt via its revolving credit facilities ("RCFs" and each an "RCF").

A summary of the Company's Capital Recycling Programme to date is outlined on page 34.

Further updates on the remainder of the Company's Capital Recycling Programme will be made to the market in due course.

Capital Structure

NESF has a well-structured and disciplined capital structure, which includes £200m of fixed-rate preference shares that significantly reduce the Company's variable interest rate exposure. The Company's weighted average cost of debt (including preference shares) is 4.5% as at 31 March 2024. Of the NESF Group's outstanding debt and preference shares totaling £536m, 68% remains fixed-rate and is not exposed to changes in interest rates. Where the Company does have exposure to floating-rate debt at the HoldCo and SPV levels, it has focused on prioritising the reduction of this debt.

Capital Recycling Programme table:

Assets Sold	Installed Capacity Recycled	Phases Delivered	Total Capital Raised	NAV Uplift Produced[1]
Two	95MW	Two	£42.2m	1.84p

Subsidy-free solar asset	Installed Capacity	Project Status	Location	Status	Price	NAV uplift	Sale IRR
Hatherden	60MW	Ready to Build	Hampshire, UK	Sold in Phase I	£15.2m	1.27p[1]	57%
Whitecross	35MW[2]	Operational	Lincolnshire, UK	Sold in Phase II	£27.0m[3]	0.57p[4]	14%[3]
The Grange	50MW	Operational	Nottinghamshire, UK	Third party competitive sales process	n/a	n/a	n/a
South Lowfield	50MW	Operational	Yorkshire, UK	Third party competitive sales process	n/a	n/a	n/a
Staughton	50MW	Operational	Bedfordshire, UK	Third party competitive sales process	n/a	n/a	n/a

1 Realised in NAV as at 31 December 2023.
2 Originally included in the Capital Recycling Programme with a 36MW design capacity, 35.22MW is the final installed capacity.
3 Excluding deferred consideration. Including deferred consideration: Price would be £28m and IRR would be 15%.
4 Estimated uplift which will be reflected in the Company's NAV as at 30 June 2024 excluding deferred consideration. Including deferred consideration, it would generate an estimated uplift of 0.70p if reflected in the Company's NAV per share as at 30 June 2024.

Discontinuation Vote

As a result of the market-driven weakness in the ordinary share price, the Company will face an automatic discontinuation vote at our AGM in August. The Board reiterates its complete confidence that the Company can continue to deliver on its objectives and especially that it can and will deliver significant shareholder value over the medium and long term given the steps we are taking. Therefore, we are **unanimous in recommending that shareholders vote against the resolution to discontinue**. The Company will remain in operation unless 75% or more of votes are cast in favour of discontinuation.

In accordance with the Company's articles of incorporation, the Board is required to propose a special resolution at the AGM to consider discontinuation of the Company. The requirement for the discontinuation resolution arises as the Company's ordinary shares traded at an average discount of over 10% to the Company's NAV over the financial year.

The Company continues to deliver on its initial prospectus commitments producing robust risk-adjusted investment returns for shareholders, principally in the form of a regular, attractive dividend. It is well-placed to continue delivering value for investors over the long term, benefiting from a resilient, diverse portfolio of operational assets, a secure investment pipeline and market-leading ESG and sustainability practices. Through the Company's Capital Recycling Programme and a reduction in short-term debt, the Board has been proactive in taking prudent steps to close the discount to NAV over time.

In the event that Shareholders do vote in favour of a discontinuation of the Company, the Board will be required to put forward proposals to wind up or otherwise reconstruct the Company. Bearing in mind the illiquid nature of the Company's underlying assets and the macroeconomic factors that have contributed to the discontinuation vote being triggered, the Board expects that the Company would continue in existence for at least 12 months from the date of signing of this Annual Report notwithstanding the initiation of any such process.

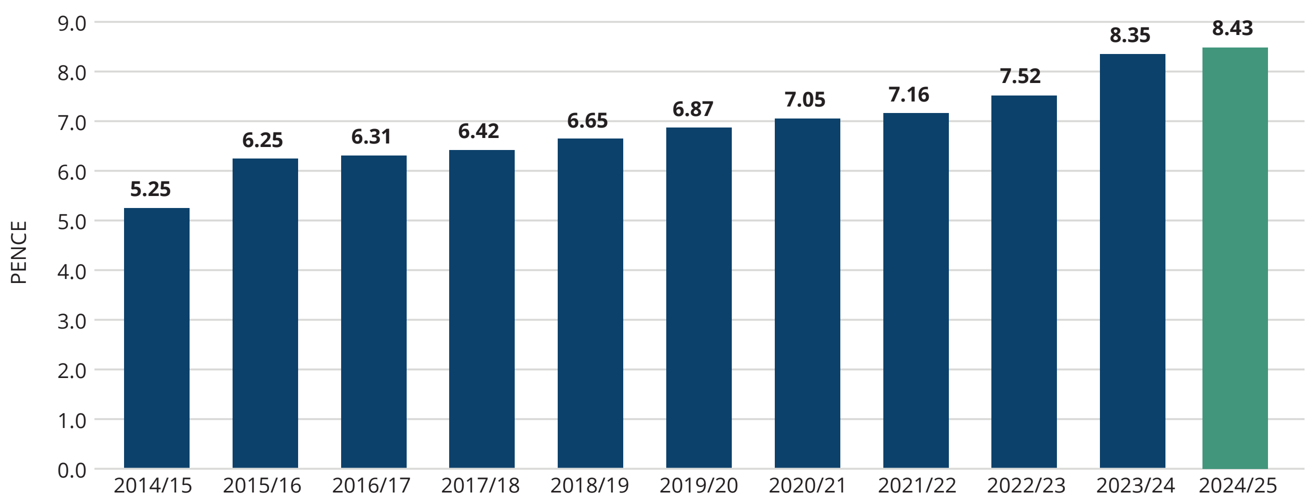
The Company's Annual General Meeting will be held in August 2024. Further details will be announced shortly in the Notice of AGM.

Energy Storage

On 19 March 2024, the Company announced the commercial launch of its first standalone 50MW energy storage asset in Scotland, named Camilla, of which NESF has a 70% holding. However, NESF remains focussed on utility-scale solar assets and, as of 31 March 2024, its portfolio comprised 102 operating solar assets and 1 operating energy storage asset.

The Company regards UK energy storage as a highly complementary asset class to the existing large solar portfolio that will provide multiple diversification benefits for shareholders over the medium term from a revenue, technical, and geographical perspective. The IEA finds that energy storage is critical in achieving net zero and estimates that installed grid-scale energy storage capacity needs to expand 35x by 2030.The Company notes that energy storage will have an important part to play in its future evolution and has an existing investment policy limit allowing it to invest up to 10% of the Company's Gross Asset Value in standalone energy storage. However, after consultation with some shareholders the Board and Investment Adviser have decided to pause any

Dividends per share (p)[1]



1 NESF has met all of its declared target dividends in full.

increase in this limit at this current time as NESF focusses on maximising the value of its existing energy storage assets. The Company continues to build an attractive pipeline of long-term renewable investment opportunities in both the UK and internationally, whilst maintaining its disciplined approach to capital allocation to ensure accretive investment activity consistent with the Company's investment objective of providing ordinary shareholders with attractive risk-adjusted returns.

Dividends

Over the last ten years the Company has declared total dividends of £345m and achieved a healthy dividend cover of between 1.1x-1.8x. The Company's current ordinary share price discount offers an attractive entry point and opportunity for both new and existing investors, with a dividend yield of 11.7% as at 31 March 2024, as well as the potential for capital appreciation as the discount narrows. In May 2024, the Board approved a target dividend of 8.43 pence per ordinary share for the year ending 31 March 2025, an increase of 1% from the previous year's dividend of 8.35 pence per ordinary share. The Company continues to maintain a progressive annual dividend policy where the Board considers the percentage increase each year. Throughout the ten years since IPO, the Company has continually increased and achieved its annual target dividend, whilst maintaining a strong dividend cover. The Company continues to target a covered dividend both in the coming financial year and beyond.

The Board has approved a fourth interim dividend payment of 2.09p per ordinary share, which will be payable on 28 June 2024 to ordinary shareholders on the register as at the close of business on 24 May 2024. Following the payment of the fourth interim dividend, the Company would have paid total dividends of 8.35p per ordinary share for the year ended 31 March 2024 (2023: 7.52p).

Sustainability and ESG

NESF's commitment to sustainability and ESG remains at the forefront of its strategy and purpose. The Board's ESG committee, chaired by Josephine Bush, continues to oversee the progression of the Company's Sustainability and ESG strategy. Complementing this, I am pleased to highlight that Giulia Guidi, Head of ESG at NextEnergy Group, was appointed to the Board of the Solar Stewardship Initiative earlier this year. Giulia will continue to provide specialist knowledge to the Company's Sustainability and ESG strategy.

For the year ended 31 March 2024, NESF's portfolio generated 852GWh of clean electricity (31 March 2023: 899GWh), which contributed to the avoidance of 297,300 tonnes of CO_2e emissions (31 March 2023: 363,000 tonnes CO_2e). This is equivalent to powering 301,000 homes for 12 months (31 March 2023: 242,000 UK homes). NESF prides itself on its transparent approach to sustainability disclosures, including meeting the requirements of Article 9 of the European Union Sustainable Finance Disclosure Regulation and being fully aligned with the EU Taxonomy.

NESF implements market-leading standards on sustainability, including transparency and disclosure and, in tandem with this Annual Report, has also published its third standalone Annual Sustainability and ESG Report. As noted, the Company is classified as an Article 9 Fund under the EU's Sustainable Finance Disclosure Regulation and, for the year ended 31 March 2024, has also chosen to report, voluntarily and early, against the climate and general disclosure requirements of the International Sustainability Standards Board ("ISSB") standards in its dedicated Annual Sustainability and ESG Report.

Full details of the Company's approach towards climate change, biodiversity, community engagement, supply chain management, and other environmental and social topics can be found in the third standalone Annual Sustainability and ESG Report.

NESF continues to contribute positively to net zero with its 103 operational assets, as at 31 March 2024, providing a fantastic opportunity to deliver biodiversity enhancements. The Company continues to expand its work in this area, through its Universal Biodiversity Management Plan and Exemplar programmes, which also contribute to growth and development where assets are located. The Company remains dedicated to ensuring that the highest labour and other standards are applied by all its contractors, and has a zero-tolerance towards human rights abuses, as per the Company's Modern Slavery Act Statement.

The Board is proud that NESF continues to support the NextEnergy Foundation, which included donations totalling £339k for the year ended 31 March 2024, in addition to local community contributions of £106k. The NextEnergy Foundation is an international charity founded in 2016 with the mission to participate proactively in the global effort to reduce carbon emissions, provide clean power sources in regions where they are not available and contribute to poverty alleviation.

Health and Safety

Robust health and safety practices are essential to the Company's policies and procedures. The practice of strong health and safety measures is integral to the Company at both the SPV and fund level (further detail about our SPVs is in Our Business Model section). I am pleased that the Investment Adviser has hired a dedicated Head of Health & Safety and recently expanded its team to ensure best practices remain implemented. NESF benefits from this as certain management services are provided by NextEnergy Capital (the Investment Adviser) and WiseEnergy (the Operating Asset Manager) which are part of the NextEnergy Group. The NextEnergy Group employs over 300 individuals worldwide and has experts across numerous fields, with a focus on solar power and energy storage. The Board and I are proud that the Company can utilise such expert knowledge when addressing health and safety matters which are of top priority on the Board's agenda. Further details on the Company's health and safety practices can be found on pages 55-56.

Corporate Governance

The Board continues to ensure the highest standards of corporate governance are practised to provide shareholders and other key stakeholders with confidence in the Company's trustworthiness, fairness and transparency. During the year, the Board separated the Company's Remuneration and Nomination Committee into two separate and newly formed Committees (the Nomination Committee and the Remuneration Committee). The formation of these new Committees is intended to increase the time devoted to the respective Committee matters in line with best practice corporate governance.

As part of the Board succession plan, I am very pleased that Paul Le Page joined the Board in October 2023, succeeding Vic Holmes, who retired as Senior Independent Director of the Company in December 2023 having served his full nine-year tenure. Patrick Firth, who currently serves as Chairman of the Audit Committee, will be stepping down later this year having served his full nine-year tenure. I was delighted to welcome Caroline Chan, who joined the Board in April 2024.

The Board and I would personally like to thank both Vic Holmes and Patrick Firth for their dedicated service and contribution to NESF's reputation as a leading specialist investor in solar energy and energy storage. We welcome both Paul Le Page and Caroline Chan who between them both bring a wealth of experience including from the infrastructure sectors.

Principal Risks & Uncertainties

The Company recognises that effective risk management is important to its long-term sustainable success. The Board is responsible for defining the level and type of risk that the Company considers appropriate, ensuring it remains in line with the Company's Investment Objective and Investment Policy that set out the key components of its risk appetite. NESF's principal risks remain unchanged from those stated in the 31 March 2023 Annual Report. In no particular order, these continue to include the following:

- **Electricity generation falling below expectations:** the volume of solar irradiation available on a given day is out of the Company's control and this is a risk on the performance of the assets.

- **A decline in the price of electricity:** exposure to the wholesale energy market impacts the prices received for energy generated by, and revenues forecast for, the operating assets of the Company.

- **Adverse changes in government policy and political uncertainty:** with the UK General Election this year, changes to UK government policy and net zero strategies may have material effects on domestic deployment forecasts for solar and ancillary technologies. The US Election, international conflicts and geopolitical tensions may impact trade of commodities, such as oil and gas, which have subsequent downstream impacts on power price volatility and supply chain stability for solar equipment.

- **Financial market volatility:** contractionary monetary policy and subsequent cost of living considerations can drive risk-averse investment away from investment trusts into short term gilts, increase investor concerns about cost of debt and cause households to liquidate excess savings. These factors may lead to volatility in the Company's ordinary share price.

- **Uncertainty in long-term energy storage revenue forecasts:** energy storage assets generate revenues by trading power price volatility and providing services to the networks. Power price volatility forecasts use assumptions that may require refinement as the energy markets evolve, to provide greater confidence as to revenue potential.

- **Supply chain disruptions:** Equipment shortages in solar and other renewable technologies may hinder the development of new projects and contribute to rising acquisition prices for existing assets. These challenges stem from factors such as protectionist policies, geopolitical tensions, and heightened cost pressures.

A more detailed analysis of the Company's risks and uncertainties can be found on page 67 of this Annual Report.

Outlook and Conclusion

The past year has presented challenges, yet the Board and I maintain an optimistic and positive outlook, confident that the Company will begin to show signs of share price recovery. The Company has an excellent operational portfolio which continues to generate predictable cash flows to support the Company's attractive dividend. We are confident that our planned strategic initiatives and the Investment Adviser's active portfolio management will continue to provide shareholder value alongside narrowing the current ordinary share price discount. The Board reiterates its confidence in the Company continuing to deliver on its objectives and is therefore **unanimous in recommending that shareholders vote against the upcoming discontinuation vote at the August AGM**.

I would like to thank the Investment Adviser, NextEnergy Capital, for their hard work in continuing to deliver value in support of the Company's ambitions to deliver sustained high performance and significant positive impact. NESF's future remains in the safe hands of the NextEnergy Capital senior leadership team and the NESF Investment Committee under the stewardship of Ross Grier, Chief Operating Officer and Head of UK Investments, and Stephen Rosser, Investment Director & UK Counsel. NextEnergy Capital remains at the forefront of the industry and continues to grow its expertise in renewable investment, sustainability and ESG, such as with the appointment of a Head of Health and Safety.

Over the course of the year, I have appreciated the chance to engage with shareholders, actively listen to their feedback, and gain insights into their perspectives on the Company. Moving forward, I eagerly anticipate maintaining an open dialogue with investors, as I believe it is key to the future of the Company.

I look forward to the Company continuing to deliver meaningful shareholder value over the coming years whilst also making a significant beneficial impact to the UK's economy, its energy security and independence, playing our role in helping the UK achieve its net zero target, and driving global impact through the NextEnergy Foundation.

Helen Mahy CBE,
Chairwoman
18 June 2024

Our Business Model

Structure

The Company is regulated by the Guernsey Financial Services Commission as a registered closed-ended investment company with an indefinite life.

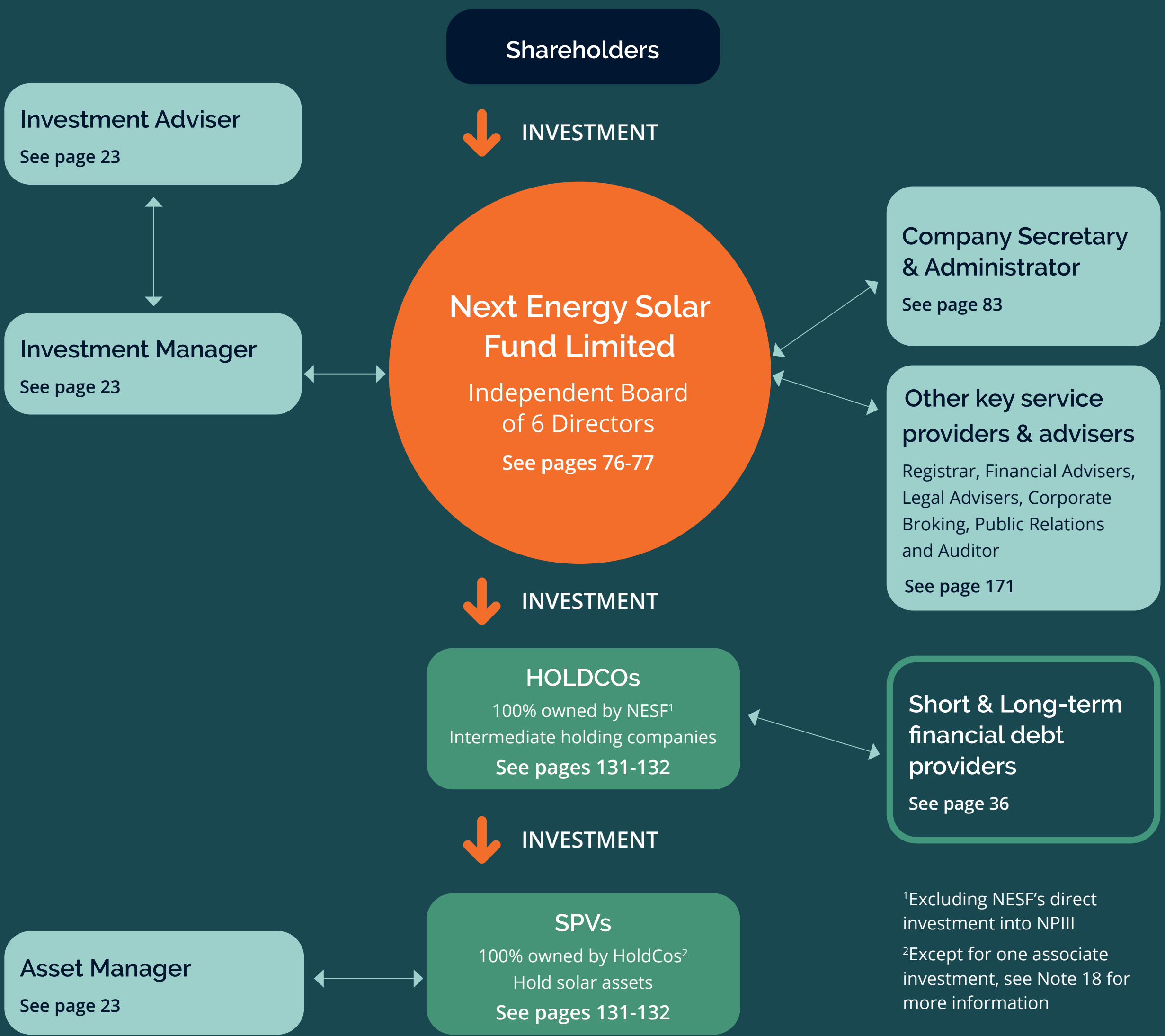
The Company's capital structure comprises ordinary shares and preference shares. The ordinary shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market as a FTSE 250 investment company. The preference shares provide a fixed return of 4.75% and are not listed or traded on any public market. The rights attaching to each class of shares are summarised in note 13 to the Financial Statements on page 127.

The Company makes its investments through holding companies ("HoldCos") which, in turn, hold underlying special purpose vehicles ("SPVs"). The Company also has a singular direct investment that holds a portfolio of international solar assets. The NESF Group comprises the Company, the HoldCos, the SPVs and the direct investment. As explained in note 2(d) to the Financial Statements, as the Company is an investment entity as described by International Financial Reporting Standards ("IFRS") 10, the Company does not prepare consolidated Financial Statements and, instead, holds its investments at fair value.

The Company has the ability to use short- and long-term debt at the Company, HoldCo and SPV levels. Debt at the HoldCo and SPV levels is non-recourse.

Operating Model

The Company's business model follows that of an externally managed investment company. Therefore, the Company does not have any employees and outsources its activities to third party service providers, including the Investment Manager, the Asset Manager and the Administrator, which are the principal service providers. The Investment Manager outsources specific services to the Investment Adviser. These services include active portfolio management and disciplined capital allocation for the Company, in addition to management, due diligence and advisory activities. The Asset Manager provides technical, financial and administrative services to the Company's SPVs.



[1]Excluding NESF's direct investment into NPIII

[2]Except for one associate investment, see Note 18 for more information

Management of the Company

The independent Board is responsible to shareholders for the overall management of the Company, including strategy and strategic aims, corporate governance, risk management and financial reporting.

The Company has outsourced the management of its day-to-day activities to the Investment Manager and the Administrator, which operate within clearly defined terms of agreements that set out their roles, responsibilities and authorities. The Investment Manager, operating under guidelines determined by the Board, has direct responsibility for certain decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment and operating performance of the Company. The Administrator provides the Company with company secretarial, fund accounting and administration services.

Further information on the division of responsibilities for the management of the Company can be found in the Corporate Governance Statement.

Administration of the Company

The Board has delegated administration, fund accounting and company secretarial services to the Administrator. Ocorian Administration (Guernsey) Limited is part of the Ocorian Group which was established in Jersey in 1971 as Bedell Trust, and is a global financial services provider. It operates in 20 key locations globally and has 4,000+ employees.

Further details on the Administrator's responsibilities can be found in the Corporate Governance Report.

Investment Adviser's Investment Committee

The Investment Adviser to NESF has a dedicated Investment Committee with over 75 years of combined industry experience. This Investment Committee is a crucial governance function within the NESF structure that is responsible for assessing all matters related to the NESF's investment activities. Once reviewed by the Investment Committee, recommendations are made to the Investment Manager for its consideration and approval, unless the final decision is a matter reserved to NESF's Board of Directors.

The Investment Adviser's Investment Committee comprises Michael Bonte-Friedheim, Aldo Beolchini, Giulia Guidi and Ross Grier.

Michael Bonte-Friedheim is Founding Partner and CEO of the NextEnergy Group.

Michael has over 25 years' specialist experience in the power and energy sector.

Aldo Beolchini is Managing Partner and CIO of the NextEnergy Group.

Aldo has over 21 years' experience in investment banking and renewable energy. Prior to joining the NextEnergy Group in 2008, he was Vice President at Morgan Stanley Investment Banking.

Giulia Guidi is Head of ESG of the NextEnergy Group.

Giulia has over 20 years' experience in ESG and risk management in the financial sector.

Ross Grier is Chief Operating Officer and Head of UK Investments.

Ross oversees all NESF activity. Over the last 10 years he has deployed over £1.5bn of capital into UK solar and energy storage, including c.1GW of transactions for NESF.

Dividend Policy and Dividend Target for Financial Year Ending 31 March 2025

The Company's principal purpose is to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of dividends with a progressive annual dividend policy in place. In respect of each financial year, the Company pays quarterly interim dividends of equal amount, with dividends declared in August, November, February and May and paid in or around September, December, March and June respectively.

The target dividend for the financial year ending 31 March 2025 is 8.43 pence per ordinary share, an increase of 1% compared to the financial year ended 31 March 2024.

Management of the Company's Investment Activities and Assets

The Investment Manager, the Investment Adviser and the Asset Manager are shown in the diagram below and their key roles are described in the table on page 23. They are all members of the NextEnergy Group.

The NextEnergy Group, which is privately owned, was founded in 2007 and has evolved into a leading specialist Investment and Asset Manager in the renewable energy infrastructure and energy storage sectors. Since its inception, it has been active in the development, construction and ownership of solar power and energy storage assets.

As at 31 March 2024 the NextEnergy Group had funds under management of c.$4 billion with its development and operational capacity across multiple strategies totaling over 10GW. In addition to the Company, it manages three private equity funds:

1. NextPower III ESG Fund ("NPIII") invests in solar assets globally. The fund achieved a total capital raise of $896m including a Separately Managed Account ("SMA") which exceeded its target of $750m. NPIII currently has an operating capacity of c.636MW. NESF has a fully drawn $50m commitment in NPIII.
2. NextPower UK ESG Fund ("NPUK") is a subsidy-free UK solar fund. The fund has currently secured £625m in committed capital, which exceeds its target of £500m, and will continue to fundraise up to the hard cap of £1bn.
3. NextPower V ESG Fund ("NPV") is a global solar fund targeting capital commitments of $1.5 billion with a $2 billion ceiling. In 2023, the fund raised $480m with its first close. In 2024, the fund completed its second close securing an additional $265m and bringing total commitments to date to $745m, including co-investment allocations. NPV primarily invests in OECD solar assets and adjacent technologies.

All NextEnergy Capital's private funds are classified as Article 9 under EU SFDR.

The NextEnergy Group's team of over 300 individuals has significant experience in energy and infrastructure transactions across international jurisdictions. Since it was founded, the NextEnergy Group's asset management division, WiseEnergy, has provided asset management and other services to over 3,000 solar and energy storage assets, totalling more than 5.6GW. WiseEnergy's clients include listed solar funds (in addition to the Company), banks, private equity funds and other specialist investors. The Asset Manager has created a proprietary asset management platform which integrates technical, financial and commercial data to generate specialist insights for clients, all of which help to protect and enhance the long-term quality and performance. This software, its systems and processes, together with specialist staff with extensive renewables experience, allows the Asset Manager to deliver long-term exceptional results.

The collective experience of the NextEnergy Group of investing in and managing renewables assets enables NESF to implement efficiencies at both the investment and operating asset levels. The technical and operating outperformance of the Company's portfolio against budget underlines the benefits of this comprehensive strategic relationship.

Investment Manager Management Agreement with the Company see note 1 in the Financial Statements on page 120	• Acting as the Company's Alternative Investment Fund Manager ("AIFM") • Discretion to make investments in accordance with the Company's Investment Policy, subject to investment recommendations by the Investment Adviser • Portfolio and risk management services as required by the EU's AIFM Directive • Reporting to the Board on all operational, financial and technical issues and the valuation of the investments
Investment Adviser Advisory Agreement with the Investment Manager	• Provide investment and other advice and recommendations to the Investment Manager in respect of the Company's existing and potential investments • Identify investment opportunities for the Company • Evaluate investment opportunities and co-ordinate external due diligence activities • Negotiate all project contracts with counterparties • Prepare investment proposals and provide general advice and recommendations to the Investment Manager concerning the Company's portfolio, financing, strategy, market developments, etc • Review performance of the Company's portfolio together with the Asset Manager • Manage Investor Relations for the Company
Asset Manager Asset Management Agreements with the HoldCos and SPVs	• Asset management of solar power assets • Technical and financial analysis of each site to assess performance and identify potential improvements. Periodic site visits on each plant • Ensure each SPV's suppliers perform in accordance with contracts • Managing unexpected occurrences at assets and ensures prompt response to any asset management requirements of the Company • Manage each SPV's administrative and financial functions and requirements • Periodic financial, technical and administrative reports to the Investment Adviser

Five Year Record

Financial Key Performance Indicators	Year Ended 31 March 2020	2021	2022	2023	2024
Ordinary shares in issue	584.2m	586.9m	589.1m	590.3m	590.8m
Ordinary share price	101.5p	99.6p	103.4p	104.8p	71.5p
Market capitalisation of ordinary shares	£593m	£585m	£609m	£618m	£422.4m
NAV per ordinary share [1]	99.0p	98.9p	113.5p	114.3p	104.7p
Total ordinary NAV [1]	£579m	£581m	£668m	£674m	£618.6m
Premium/(discount) to NAV [1]	2.5%	0.7%	(8.9%)	(8.3%)	(31.7%)
Earnings per ordinary share	(5.09p)	6.87p	21.69p	8.20p	(1.42p)
Dividend per ordinary share	6.87p	7.05p	7.16p	7.52p	8.35p
Dividend yield [1]	6.8%	7.1%	6.9%	7.2%	11.7%
Cash dividend cover – pre scrip dividends [1]	1.2x	1.1x	1.2x	1.4x	1.3x
Preference shares in issue	200m	200m	200m	200m	200m
Financial debt outstanding at subsidiaries level	£214m	£246m	£283m	£345m	£338m
Financial debt (financial debt/GAV)[1]	22%	24%	25%	28%	29%
Gearing (financial debt + preference shares/GAV) [1]	42%	43%	42%	45%	46%
GAV	£991m	£1,025m	£1,150m	£1,225m	£1,155m
Weighted average cost of capital	5.5%	5.4%	5.3%	5.7%	6.4%
Ordinary shareholder total return – cumulative since IPO [2]	37.5%	42.6%	53.6%	62.4%	37.2%
Ordinary shareholder total return – annualised since IPO [2]	6.3%	6.1%	6.7%	7.0%	3.7%
Ordinary shareholder total return	-7.8%	5.1%	11.0%	8.6%	(23.8%)
Ordinary NAV total return [1]	-4.5%	7.0%	22.0%	7.3%	(1.1%)
Ordinary NAV total return – annualised since IPO [2]	5.9%	6.0%	8.0%	8.0%	7.1%
Ongoing charges figure [1]	1.1%	1.1%	1.1%	1.1%	1.1%
Weighted average discount rate	6.8%	6.3%	6.3%	7.3%	8.1%

Operational Key Performance Indicators	2020	2021	2022	2023	2024
Invested capital [1]	£950m	£999m	£1,039m	£1,134m	£1,157m
Number of operating assets	90	94	99	99	103
Total installed capacity	755MW	814MW	884MW [3]	889MW [3]	1015MW [3]
Annual generation [3]	715GWh	735GWh	773GWh	899GWh	852GWh
% increase (year-on-year)	3%	3%	4%	12.5%	(6.8%)
Generation since IPO [4]	2.5TWh	3.2TWh	4.0TWh	4.9TWh	5.8TWh
Solar irradiation (delta vs. budget)	4.0%	5.6%	3.5%	7.4%	2.6%
Generation (delta vs. budget) [4]	6.2%	6.9%	4.1%	5.5%	0.3%
Remaining weighted average useful life	26.9 years	27.5 years	27.3 years	26.3 years	26.6 years

1 Alternative performance measures. More information can be found on p.143.
2 Return figures since IPO calculated based on dividends paid.

3 Includes share in private equity vehicle (NPIII) and co-investments. Inclusion of NESF's 6.21% share of NPIII on a look through equivalent basis increases total capacity by 40MW (2023: 24MW) and increases generation by 41GWh (2023: 29GWh). Inclusion of NESF's 24.5% share of Agenor and 13.6% share of Santarem increases total capacity by 41MW (2023: nil MW).
4 Excludes performance of private equity vehicle (NPIII) and co-investments. 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.

Our Investment Strategy and Track Record

Investment Strategy

Our strategy is straightforward:

Investment Focus: We seek to own a broad range of large-scale solar energy infrastructure assets, but may invest up to 10% of GAV in standalone energy storage systems. We target assets that we expect to generate reliable cash flows over their useful lives (typically, at least 25-40 years from energisation).

Geographic Focus: Our assets are primarily located in the UK but NESF can invest up to 30% of GAV in other OECD countries and 3% of GAV in non-OECD countries.

Asset management: We seek to enhance the returns from our assets through pro-active effective asset management, including rigorously controlling costs, delivering operational efficiencies, extending their useful lives and executing short and medium-term electricity sales hedges to mitigate power price risk.

Financing: We seek to optimise the risk-adjusted returns to our ordinary shareholders by funding our activities through an appropriate mix of shareholder equity and debt, subject to debt being capped at 50% of GAV.

Risk management: We seek to actively manage potential risks, including maintaining a diversified exposure by location, third-party suppliers, service providers and other commercial counterparties to improve the resilience of the Company's portfolio and contributing to its long-term sustainable success.

Further details of our investment strategy are included in the Investment Adviser's Report.

Investment Policy

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

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

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

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

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

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

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

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

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

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

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

The Company invests with a view to holding its solar PV assets until the end of their useful life. However, assets may be disposed of or otherwise realised where the Investment Manager determines, in its discretion, that such realisation is in the best interests of the Company. Such circumstances may include (without limitation) disposals for the purposes of realising or preserving value, or of realising cash resources for reinvestment or otherwise.

The Company will seek to optimise and extend the lifespan of its assets and may invest in their repowering and/or integration of ancillary technologies (e.g. energy storage) on its solar PV assets to fully utilise grid connections and balance the electricity grid with a view to generating greater revenues. The Company may also invest in standalone energy storage systems (not ancillary to or co-located with solar PV assets owned by the Company) up to an aggregate limit of 10% of the GAV (calculated at the time of investment). The Company expects to re-invest any cash surplus (in excess of that required to meet the Company's dividend target and ongoing operating expenses) in further investments, thereby supporting its long-term net asset value.

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

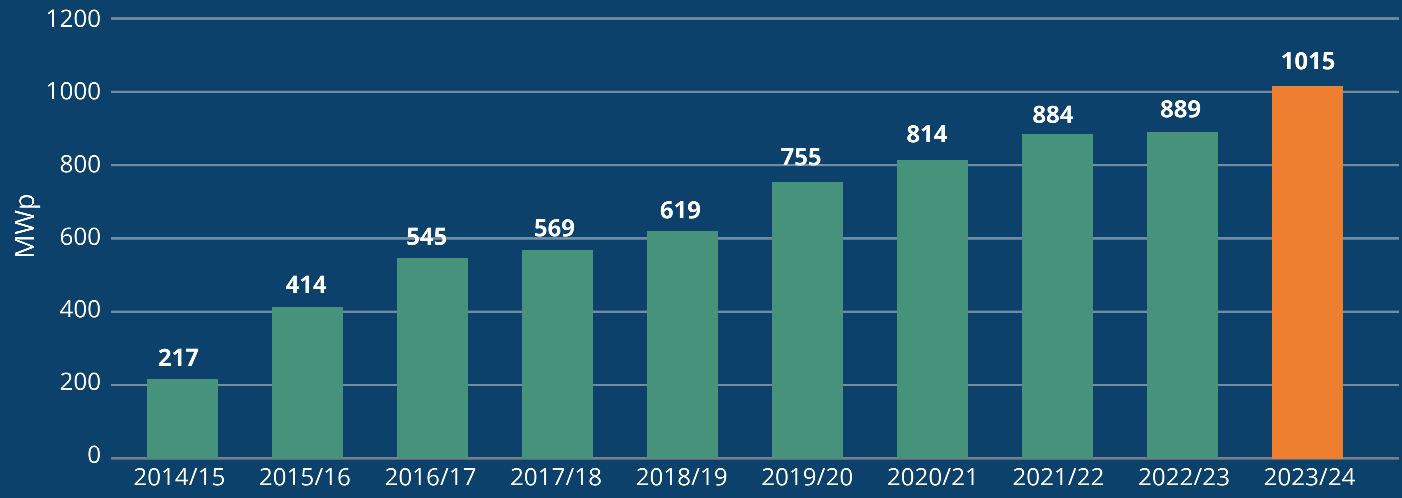
The Company may (but is not obliged to) enter into hedging arrangements in relation to interest rates and/or power prices.

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

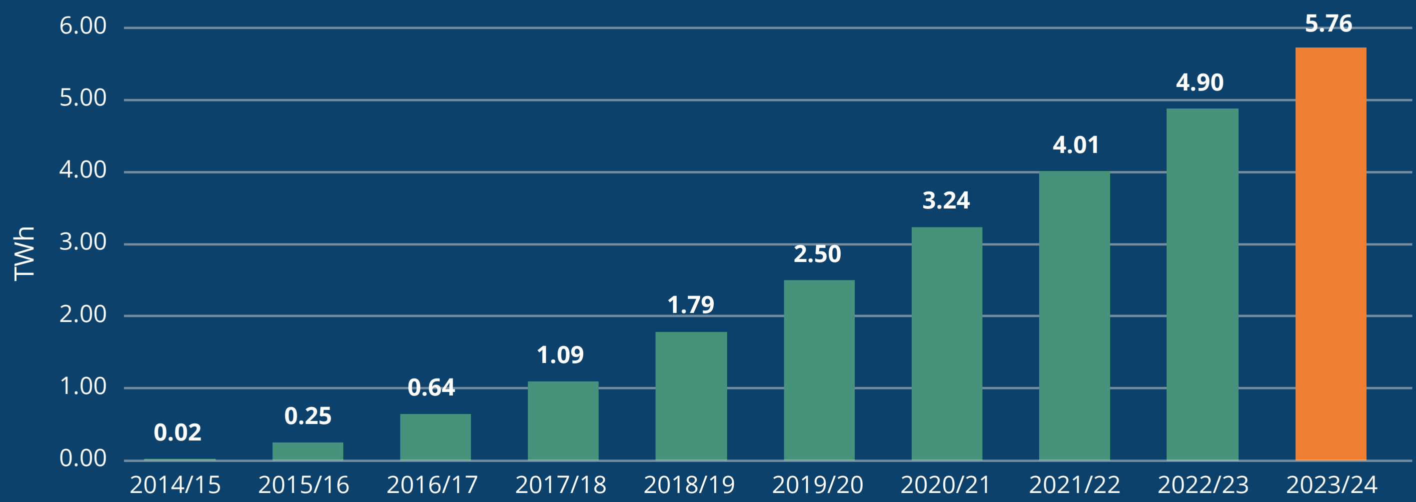
Hedging transactions (if carried out) will only be undertaken for the purpose of efficient portfolio management to protect or enhance returns from the Company's portfolio and will not be carried out for speculative purposes.
As required by the Listing Rules, any material change to the Investment Policy of the Company will be made only with the approval of the Financial Conduct Authority ("FCA") and of the Company's Ordinary Shareholders by ordinary resolution.

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

Installed Capacity since IPO (MWp)[1]



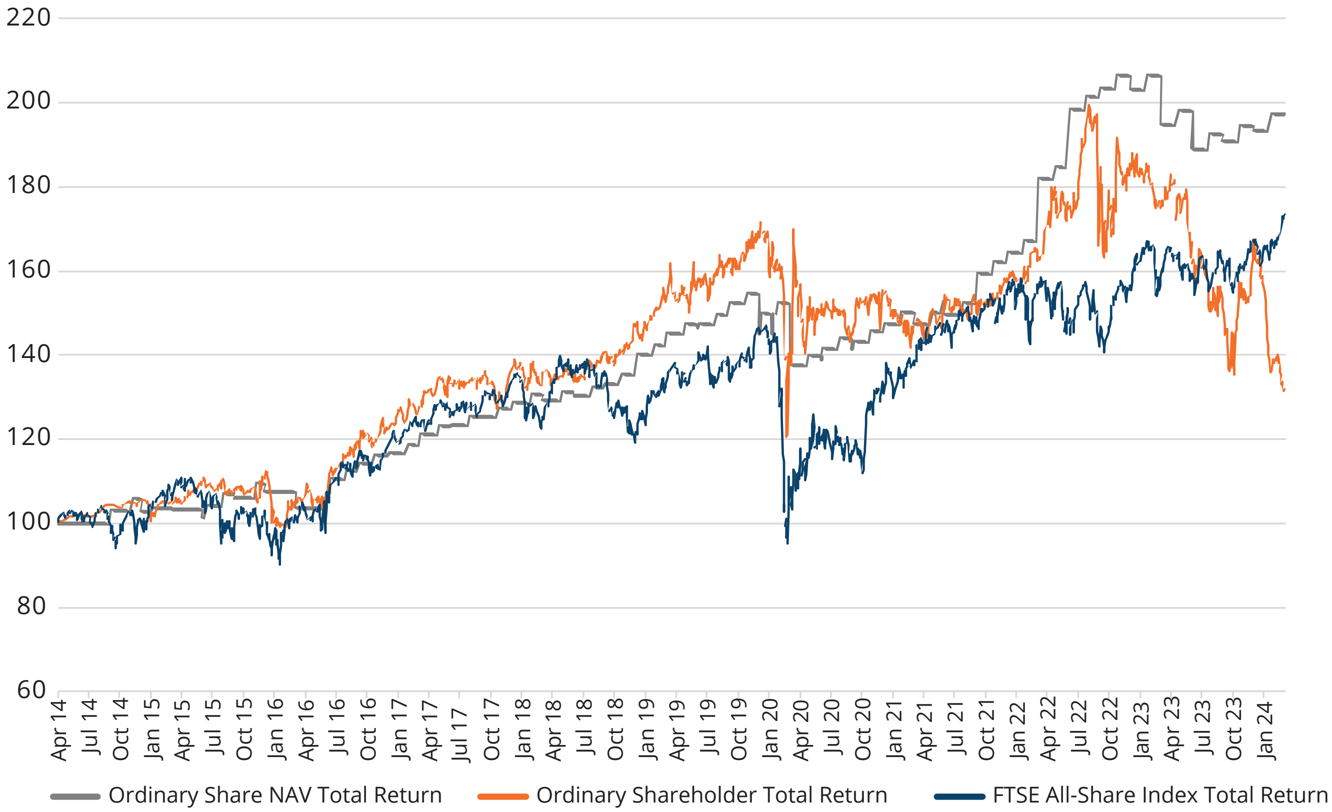
Total Cumulative Generation since IPO (TWh)[1]



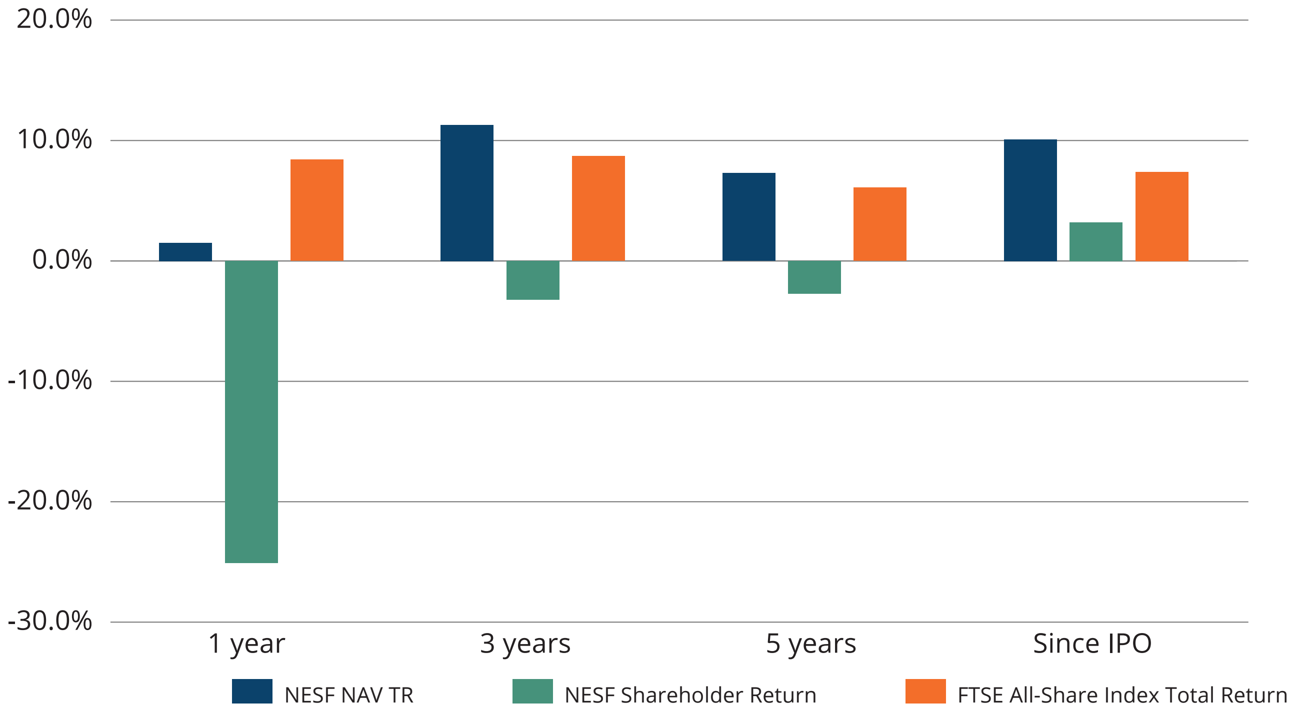
1 Including share in private equity vehicle (NPIII) and co-investments. Inclusion of NESF's 6.21% share of NPIII on a look through equivalent basis increases total capacity by 40MW (2023: 24MW). Inclusion of NESF's 24.5% share of Agenor and 13.6% share of Santarem increases total capacity by 41MW (2023: nil MW).

Performance since IPO[1]

NESF total return vs FTSE all-share index total return

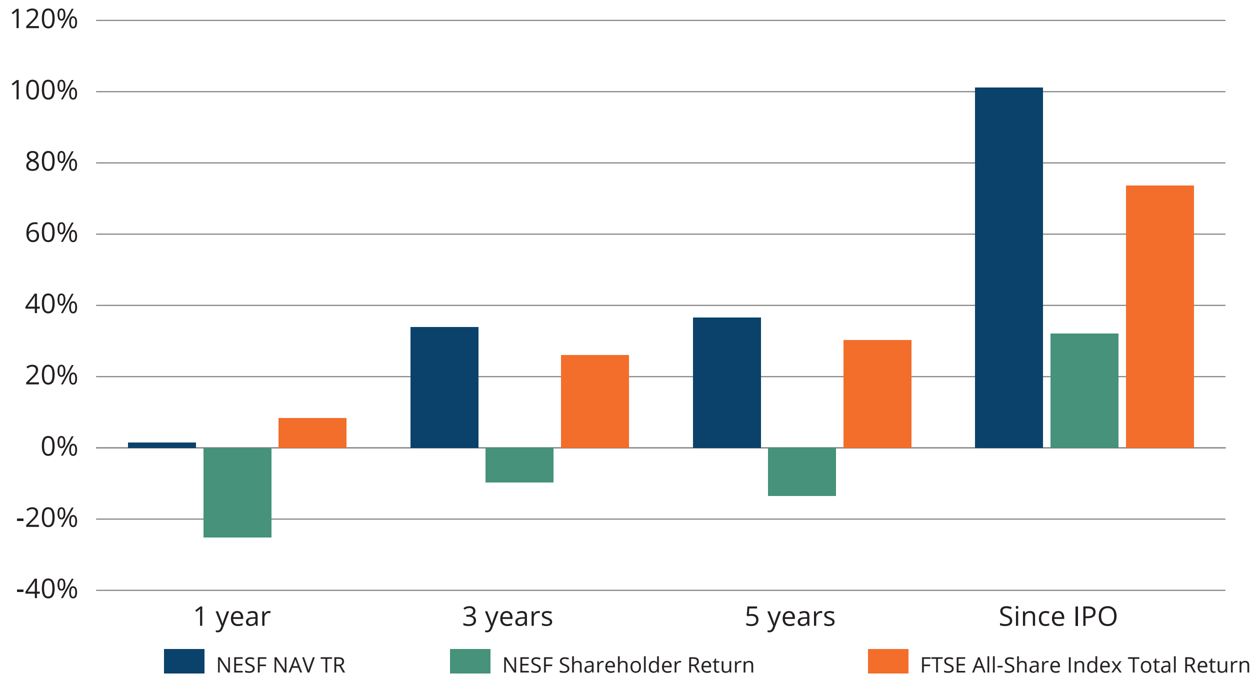


Compound annual return (%)



1 To ensure like-for-like comparisons, all the total returns in the charts assume dividends have been reinvested | Source: Morningstar

Cumulative performance (%)



1 To ensure like-for-like comparisons, all the total returns in the charts assume dividends have been reinvested | Source: Morningstar

Investment Adviser's Report

Ten years of NESF success, a celebration from Chief Executive Officer and Founding Partner of the NextEnergy Group, Michael Bonte-Friedheim:

"The NextEnergy Group, established in 2007, is a leading solar specialist with over 300 employees globally. Since its inception, the NextEnergy Group has been active in the development, construction, and ownership of solar assets around the globe. The Group continues to grow its impressive track record with over $4bn of funds under management, having increased its development and operational capacity across multiple strategies to over 10GW.

NESF is the NextEnergy Group's flagship listed strategy that launched on the London Stock Exchange in April 2014, having raised £85.6m of equity. Since 2014, NESF has grown substantially, with a total of £591.9m in equity raised and a Gross Asset Value of £1,155m as at 31 March 2024. NextEnergy Solar Fund has become a FTSE 250 constituent, increased its high-quality portfolio to 103 operating assets, achieved its first 1GW installed capacity milestone, and delivered a total shareholder return of 37% and a total Net Asset Value ("NAV") return of 70% since launch, inclusive of dividends and the current share price discount to NAV. To celebrate NESF's ten-year anniversary, I wanted to touch on some of the key drivers that have led to the Company's successes over the last decade:

1. **Active management from a team that is focussed on delivering shareholder value**
   NextEnergy Capital is an active Investment Adviser that continues to seek and deliver value for NESF shareholders. This is crucial in reassuring shareholders that the Investment Adviser will only pursue new opportunities that are positive for the Company's investment objective and deliver a strong, reliable dividend, whilst ensuring that the dividend remains covered from the proactive and efficient management of the portfolio of assets.

2. **Disciplined balance sheet structuring**
   NextEnergy Capital prides itself on its disciplined approach to capital management to ensure NESF maintains a solid foundation in any market environment. It is the only renewable investment company that benefits from non-voting, non-amortising preference shares, providing long term funding at an attractive fixed rate coupon in the current interest environment. This reduces financing risk relative to any similar platform carrying higher levels of traditional debt.

3. **Secure revenue visibility**
   NESF has an impressive 10-year track record of paying a well-covered dividend that has increased year on year. NextEnergy Capital carefully manages NESF's revenue visibility, with c.50% of revenues coming from government backed subsidies, and the remaining c.50% of revenues being carefully managed through an active energy sales strategy.

4. **Attractive proprietary pipeline of opportunities**
   NESF has an exclusive pipeline of solar power and energy storage opportunities that provides potential for future accretive growth in the NAV and enhanced revenue returns. Furthermore, the Investment Adviser continues to monitor opportunities to reinvest capital into the Company's existing portfolio of assets to optimise its performance and sustain long-term asset health. The Investment Adviser's unique ability to deliver value across the full life-cycle of a project, from development to operation, through access to expertise across the NextEnergy Group, sets it apart and supports long-term returns for investors. These are key components of NESF's evolution and vital for society's drive towards a decarbonised grid.

It seems ironic that, in a year when NESF is celebrating multiple successes on a portfolio level and turning 10 years old, macroeconomic conditions have not been favourable, with sustained high interest rates and cost of living considerations having a material impact on the Company's share price, a theme mirrored across the UK equity markets and, in particular, the listed investment company sector. Despite recent challenges, publicly listed investment companies remain pivotal in directing funds toward infrastructure projects and present investors with attractive investment opportunities.

NESF continues to trade at a discount which has been greater than 10% across a 12-month period and, in line with the Company's Articles, this will trigger the presentation of a special resolution for discontinuation at the upcoming Annual General Meeting in August. Having delivered a successful 10 years of growth and returns for NESF shareholders to date, I would personally like to share how excited I am for the future growth of this Company over the next decade and would encourage all shareholders to **vote against** discontinuation at the upcoming AGM in due course."

A note from Ross Grier, Chief Operating Officer & Head of UK Investments at NextEnergy Capital

“Over the year, NESF accomplished several impressive milestones. These included the energisation of four new assets totalling 345MW, reaching over 1GW of net operating capacity, paying a fully covered full-year dividend of 8.35p per ordinary share, and achieving excellent returns for shareholders from the phased Capital Recycling Programme which has delivered significant value. With the recent announcement of an increase in the dividend target to 8.43p, NESF is currently offering a dividend yield of 11.7% as at 31 March 2024, which stands as one of the highest in the sector.

NESF has been a key contributor to the UK's progress towards its Net Zero targets to date and is poised to continue to be in the future. 93 of the portfolio’s 103 operating assets are located across the UK and have been impactful in increasing domestic renewable energy generation and helping strengthen the UK’s energy security and independence.

NESF paid a robust dividend in the face of continued macroeconomic pressures and volatility across the UK equity markets. The Company's ordinary share price continues to trade at a material discount to its Net Asset Value per share. With oversight from the Board, the team has taken action to narrow this discount through strategic activities, such as the sale of some carefully selected assets, and the approval of a share buyback programme of up to £20m.

NextEnergy Capital continues to explore future value-accretive investment opportunities for NESF as it looks at the long-term evolution of the portfolio to provide value, stability, and growth for its shareholders.

Having been part of the NESF journey since day one, I am extremely proud of its achievements since its listing on the London Stock Exchange ten years ago, and we will continue to deliver outstanding dividend returns to shareholders through the Company’s high-quality portfolio of assets, whilst leading the clean energy transition.”

NextEnergy Capital’s key team and skill set responsible for the daily running of NESF

Michael Bonte-Friedheim, Founding Partner and CEO

Aldo Beolchini, Managing Partner and Chief Investment Officer

Ross Grier, Chief Operating Officer & Head of UK Investment

Stephen Rosser, Investment Director & UK Legal Counsel

Giulia Guidi, Head of ESG

Paul Barwell, Head of Energy Sales

Kevin Mclelland, Global Construction & Procurement Director

Christopher McKaig, Head of Grid Connections

Dario Hernandez, Head of Energy Storage

Ben Adams, Head of Fund Management

Hing Kin Lee, Environmental Impact Manager

Tracy Diamond, Chief Compliance & Legal Officer

Peter Hamid, Investor Relations

Camilla
Fife
50MW

Introduction

Over the financial year ended 31 March 2024, NESF's underlying portfolio delivered robust performance in line with expectations and the Company paid its full-year target dividend, whilst ensuring it remained well covered throughout the year. The Company continued to manage its disciplined capital structure throughout and remains comfortable with its current levels of total gearing during the period. The Company actively managed its gearing level down across its limited number of facilities with interest rate exposure.

During the reporting year, the Company achieved several NAV accretive objectives for shareholders, some of which are set out below, resulting in an increase in NAV of 3.0p per ordinary share. This is reflected in the Company's NAV per share of 104.7p as at 31 March 2024 (2023: 114.3p):

- Energisation of Whitecross, a 35MW solar asset;
- Energisation of the Company's two international solar asset co-investments, Santarem (210MW) and Agenor (50MW)[1];
- Energisation of Camilla, the Company's first 50MW standalone energy storage asset[1]; and
- Completion of Phase I of the Company's Capital Recycling Programme through the sale of an asset delivering 2x multiple on invested capital (MOIC).

The challenging macroeconomic backdrop resulted in a wide ordinary share price discount to the Company's NAV, a phenomenon which was outside the Company's control, impacting the entire investment company peer group. NextEnergy Capital continues to closely monitor this discount, alongside political and economic developments, particularly in advance of the UK General Election on 4 July 2024. NextEnergy Capital remains optimistic about the continued support for clean energy from the UK Government. Improvements in macroeconomic conditions will help aid the recovery and narrow the NESF share price discount. The Investment Adviser has access to a global team, which remains vigilant in monitoring the political and economic landscapes across international markets where NESF holds assets.

NESF's NAV over the year decreased by 9.6p per ordinary share to 104.7p per ordinary share (31 March 2023: 114.3p), driven largely by a reduction in the external power price forecasts that the Company uses (-7.8p per ordinary share). This reduction was widely anticipated due to a combination of power prices recovering to normal levels following a prolonged period of extreme power price volatility caused by international conflict, and a flattening of inflation across the UK economy.

Other drivers of NAV over the period included a slight increase in discount rates to reflect the higher interest rate environment (-4.6p per ordinary share), and lower generation performance over the period. This lower generation is attributable directly to increased rainfall and humidity (which can affect the performance of certain components) during the year (-1.5p per ordinary share). However, generation performance was mitigated and improved due to NESF's large geographically diversified portfolio of assets across the UK and abroad. A bridge of the Company's NAV over the year can be found on page 50.

NESF's Sustainability and ESG activity continues to lead the market. The Company provides comprehensive disclosures on this activity in its standalone Annual Sustainability and ESG Report, and is proud to publish this in line with the inaugural standards of the International Sustainability Standards Board, of which NESF is an early and voluntary adopter. The NESF Annual Sustainability and ESG Report to 31 March 2024, can be found on the Company's website **(nextenergysolarfund.com)**.

The year-end marked a significant celebration in NESF's journey, having reached over 1GW of installed net operating capacity coinciding with its ten-year anniversary since listing on the London Stock Exchange in 2014. Over the ten years, the Company has maximised the investment opportunities presented by the global clean energy transition, to deliver robust financial returns for shareholders, maintained its strong dividend cover, and added diversification via energy storage and international co-investments to the Company's portfolio; all whilst continuing to push boundaries in sustainability and ESG standards.

Post year end, NESF completed Phase II of the Company's Capital Recycling Programme. The transaction is NAV accretive to shareholders and will generate an estimated uplift of 0.57p, which will be reflected in the Company's NAV per ordinary share as at 30 June 2024. The transaction represents a 14% premium to its holding value (1.3x Multiple on Invested Capital) and an attractive 14% IRR.

1 NESF's ownership stake is 13.6% in Santarem (29MW), 24.5% in Agenor (12MW) and 70.0% in Camilla (35MW).

Capital Recycling Programme

Background

Having assessed changes in the wider macroeconomic environment, the Company proactively announced its Capital Recycling Programme (the "Programme") in April 2023. The Programme involved the phased divestment of a 246MW portfolio of UK subsidy-free solar consisting of five high-quality assets.

When considering the Programme, the Investment Adviser looked across NESF's entire portfolio to identify where it could maximise shareholder value. The five assets selected for the Programme were the most suitable due to the market environment at the time, by noting that buyers for these types of assets and, therefore, demand were far greater than those for UK subsidised assets, and by being aware of other large subsided solar portfolios for sale in the market at the time. The buying environment was an important aspect to consider when running a competitive sales process to drive maximum value for shareholders. The Investment Adviser has also helped pioneer subsidy-free solar assets in the UK, including in the NESF portfolio. The assets in the Programme are therefore unique in the market given their size and age, which has added value and been attractive to potential third-party buyers.

The proceeds of the Programme will be used to:

- **Reduce Short-Term Debt:** Pay down the NESF Group's £166m of short-term debt levels through the RCFs, which are the only debt product in NESF's capital structure that are not interest rate hedged. The reduction in gearing reduces the debt service burden, strengthens free cash flows, and further increases dividend cover;

- **Consider a Share Buyback Programme of up to £20m:** Provide flexibility for the Board to commit to an ordinary share buyback programme if the share price continues to trade at a material discount to the Company's NAV per ordinary share; and

- **Secure Future Value Accretive Investments:** Continue to progress its attractive pipeline of solar PV and energy storage projects, a key component of NESF's evolution and a vital part of society's drive towards a decarbonised grid.

Progress Update

During the period the first phase of the Programme was completed through the divestment of Hatherden, a 60MW ready to build UK subsidy-free solar asset in Hampshire for £15.2m (NAV accretive of +1.27p per ordinary share). The accretive value of the transaction demonstrates how the Company maximised value throughout the development of Hatherden, including various initiatives ranging from securing an import connection and associated rights for installation of the 7MW co-located energy storage project, increasing the installed capacity of the project from 50MW to 60MW through technical optimisation, and securing a CfD under Auction Round 4 for 100% of its generation capacity.

Post year end, the Company completed Phase II of the Company's Capital Recycling Programme through the divestment of Whitecross, a 35MW operational solar asset in Lincolnshire for £27m. The transaction is NAV accretive to shareholders and will generate an estimated NAV uplift of 0.57p, which will be reflected in the Company's NAV per ordinary share as at 30 June 2024. The transaction represents a 14% premium to its holding value (1.3x Multiple on Invested Capital) and an attractive 14% IRR.

The Company continues to explore the possibility of additional capital recycling opportunities whilst it conducts a thorough analysis of each sub-section of its portfolio and how it could contribute to optimising shareholder return.

Further updates on the Programme will be made to the market in due course.

Hook Valley
Somerset
15.3MW
1.6 ROC

Disciplined Capital Structure

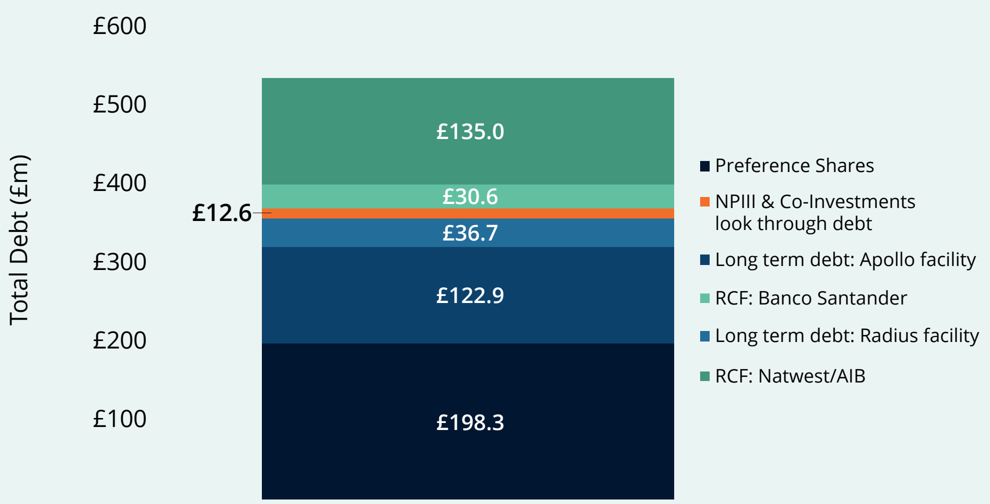
NESF has a disciplined balance sheet structure. The Company's outstanding debt is split across three layers:

1. Short-term RCFs at the NESF Group level: Short-term RCFs are financial arrangements that allow the Company's subsidiaries to borrow funds up to a predetermined credit limit. They do not have fixed repayment schedules, instead they have flexible repayment and borrowing terms. The aggregate drawn balance on NESF's RCFs with Santander and AIB/Natwest was £165.6m as at 31 March 2024.

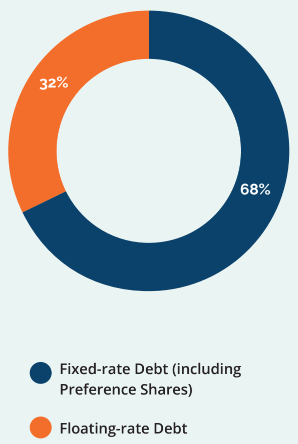
2. Amortising debt at the NESF Group level: Amortising debt is a type of debt which is gradually reduced over time through regular payments that pay off both the interest and principal amount owned. NESF's subsidiaries held £159.7m of amortising debt as at 31 March 2024.

3. Non-amortising debt (preference shares): NESF holds non-amortising debt via its preference shares. Non-amortising debt in the context of preference shares refers to shares that are not considered equity of the issuer. The holder of the preference shares receives predetermined quarterly fixed dividends. NESF has issued 200,000,000 preference shares at a fixed rate of 4.75%.

NextEnergy Solar Fund: Debt Structure Chart[1,2]



Interest Rate Risk



Financial Debt

As at 31 March 2024, the Company's subsidiaries, alongside look-through debt via the Company's investment in NPIII and its co-investments, had financial debt outstanding of c.£338m (2023: £345m), on a look-through basis, as shown in the table on page 38.

The Company has a protective financial debt structure due to its low debt levels and RPI linked subsidies. Even in a sustained low power price environment, the Company would still be able to service its ongoing debt commitments. No covenant breaches occurred during the financial year.

Post the year end, the NESF Group successfully refinanced its existing £135m short-term RCF with AIB Group and NatWest, which was due to expire in June 2024. The new facility is available for four years in total, with the initial loan available until June 2026 and two additional 12-month extension options at NESF's sole discretion, to bring the maturity date up to June 2028. This RCF continues to benefit from attractive terms with a margin of 120bps over SONIA (the Sterling Overnight Index Average). The banking consortium consists of the Company's existing counterparties AIB Group and NatWest, in addition to Lloyds as a new counterparty. The additional counterparty enhances the financing structure and reduces future re-financing risk. The Company also exercised its option to extend its current £70m RCF with Santander for another 12 months, achieving a reduction in margin to 150bps over SONIA. The facility will mature in June 2025.

1 The preference shares are held at amortised cost using the effective interest method and are measured at gross proceeds net of transaction costs incurred. As at 31 March 2024 they are held at £198.3m.
2 Figures are stated to the nearest 0.1% which may lead to rounding differences.

Preference Shares

At 31 March 2024, the Company had £200m of preference shares outstanding (2023: £200m). The preference shares are non-redeemable (except in limited exceptional circumstances), non-voting and convertible into ordinary shares from 1 April 2036 at their issue price (£200m in aggregate) plus any unpaid preference share dividends at the date of conversion. For financial accounting purposes, and in line with IFRS, the preference shares are classified as long-term liabilities.

The preference shares are equivalent to non-amortising debt with repayment in shares; and the Company is not required to use cash flow, or raise funds, to repay them at the end of their life. The absence of amortisation enhances the ability to pay the ordinary share dividend, and repayment in ordinary shares removes refinancing risk.

From 1 April 2030, the Company may elect to redeem all or some of the preference shares. Redemption of the preference shares by the Company would provide an attractive uplift if the share price were trading at a healthy premium.

Benefits of the preference shares for NESF include:

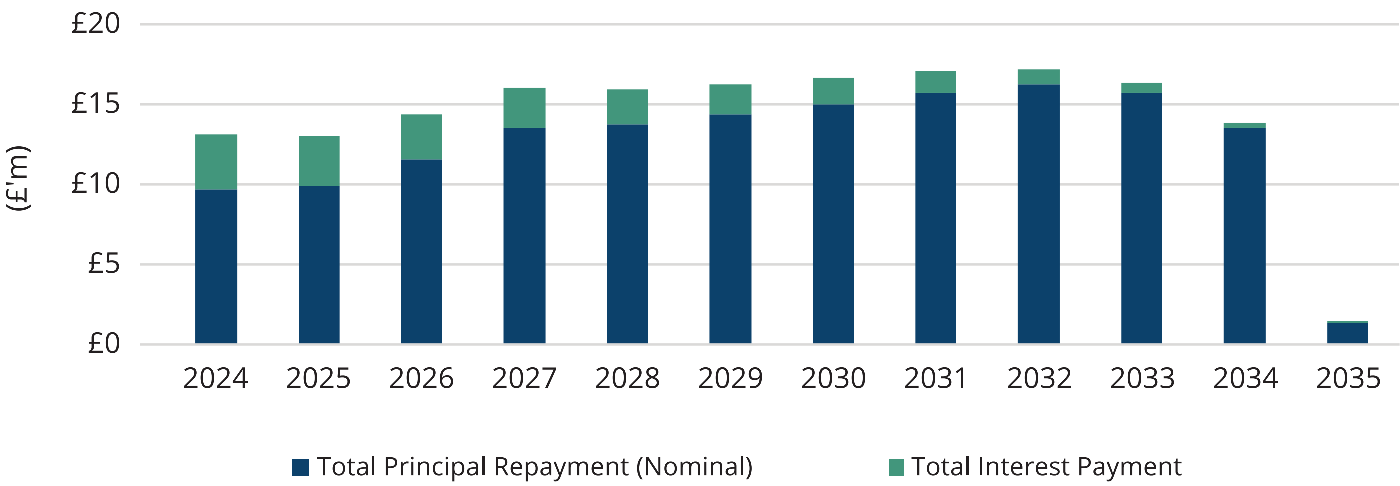
- **Reduced Risk:** The preference shares simplify the capital structure by reducing the exposure to secured debt financing;
- **Attractive Financial Terms:** The preference shares pay a fixed preferred dividend of 4.75p per preference share, which is a significantly lower all-in annual cash cost to the Company compared to issuing ordinary shares;
- **Improved Cash Flows and Cover:** The further optimisation of the Company's capital structure and, over the long term, increase in cash flows available to fund ordinary share dividends or for reinvestment, compared to refinancing with conventional long-term amortising financial debt, thereby increasing the cash dividend cover;
- **Protection Against Falling Power prices:** The preference shares provide protection against diminishing power prices, as compared to traditional debt financing used by peers, and have no refinancing risk; and
- **Future Optionality:** NESF holds the option to redeem the preference shares at nominal value starting from 1 April 2030 for a period of six years, at the sole discretion of the Company.

The Investment Management fee is calculated based on the ordinary share NAV and, accordingly, no fee is payable in respect of the preference shares. The terms of the preference shares can be found in note 23 to the Financial Statements.

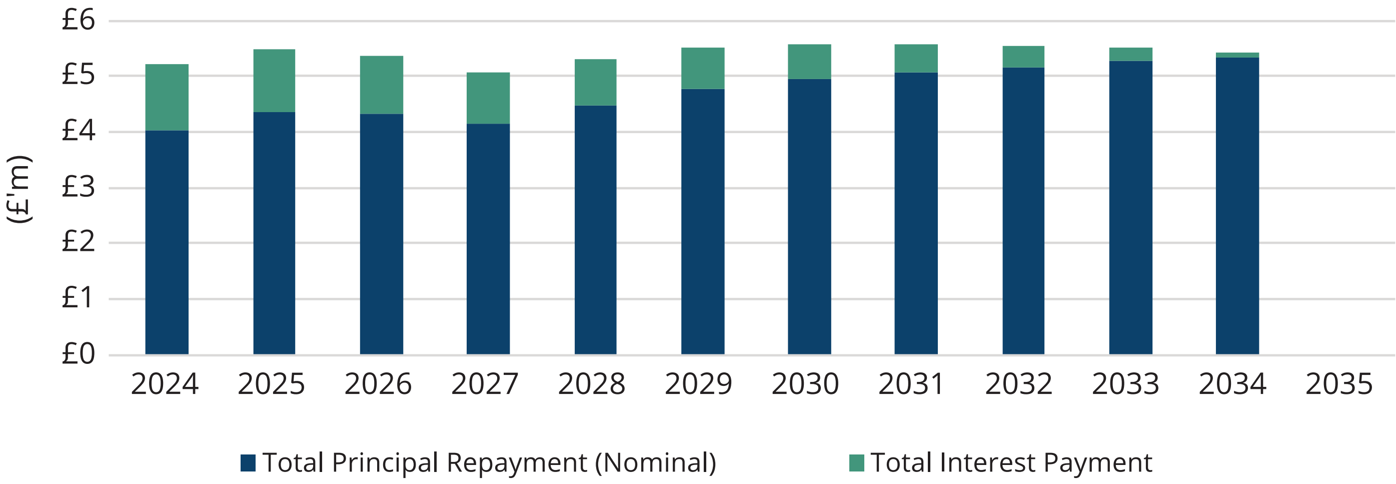
Total Gearing

As at 31 March 2024, the Company's financial debt gearing, measured by the aggregate of the NESF Group's financial debt relative to GAV is 29% (2023: 28%). Together with the preference shares, the Company's total debt represented a gearing level of 46% (2023: 45%), which is below the maximum limit of 50% in the Company's Investment Policy.

Apollo Repayment Profile



Radius Repayment Profile



NESF Group's debt structure as at 31 March 2024[10]

Provider / arranger	Type	Borrower	No. of power assets secured[1]	Loan to Value[3] (%)	Tranches	Facility Amount (£m)	Amount Outstanding (£m)	Termination (including options to extend)	Applicable rate
MIDIS / CBA / NAB	Fully-amortising long-term debt[2]	NESH (Apollo)	21 (241MW)	45.2%	Medium-term	48.4	27.5	Dec-26	2.91%[4]
					Floating long-term	24.2	24.2	Jun-35	3.68%[4]
					Index-linked long-term[5]	38.7	32.6	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[2]	NextPower Radius	5 (84MW)	42.0%	Inflation-linked[5]	27.5	16.6[5]	Sep-34	RPI + 1.44%
					Fixed long-term	27.5	20.2	Sep-34	4.11%
Total long-term debt						**212.5**	**159.8**		
Banco Santander	Revolving credit facility	NESH VI	13 (100MW)	n/a	n/a	70.0	30.6	Jun-24[8]	SONIA + 1.60%[8]
Natwest/ AIB	Revolving credit facility	RRAM Energy	19 (226MW)	n/a	n/a	135.0	135.0	Jun-24[9]	SONIA + 1.20%
Total short-term debt						**205.0**	**165.6**		
NPIII look through debt[6]	n/a		n/a	n/a	n/a	n/a	8.1[6]		
Co-investment look through debt[7]	n/a		n/a	n/a	n/a	n/a	4.6[7]		
Total debt							**338.0**		

1 NESF Group has 325MW under long-term debt financing, 326MW 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 Group's commitment into NPIII (on a look through equivalent basis).
7 The total combined short and long-term debt in relation to NESF Group's commitment into Agenor and Santarem (on a look through equivalent basis).
8 Post period end, the Santander RCF was extended to June 2025 with the applicable rate being improved to SONIA + 1.5%.
9 Post period end, the AIB/Natwest RCF was refinanced and is available until June 2026 with two additional 12-month extension options at NESF's sole discretion. The banking consortium consists of NESF Group's existing counterparties AIB Group and NatWest in addition to a new counterparty Lloyds.
10 Figures are stated to the nearest 0.1% which may lead to rounding differences.

Future Market Outlook

Solar

Solar is one of the cheapest and most sustainable forms of energy generation which can be deployed at speed. As outlined in the Electricity Generation Costs 2023 report published by the UK Department for Energy Security and Net Zero, ground mount solar PV has one of the lowest levelized costs of electricity ("LCOE") of all renewable generation technologies.

The UK has one of the most mature solar markets in the world with c.16GW currently deployed across its shores. The UK Government continues to drive forward its ambitions to achieve its solar deployment target of 70GW by 2035, illustrating strong support for solar alongside the recently established UK Solar Taskforce to advise on this strategy. A select number of market-leading companies were invited to participate in the UK Solar Taskforce, including NextEnergy Group represented by Ross Grier.

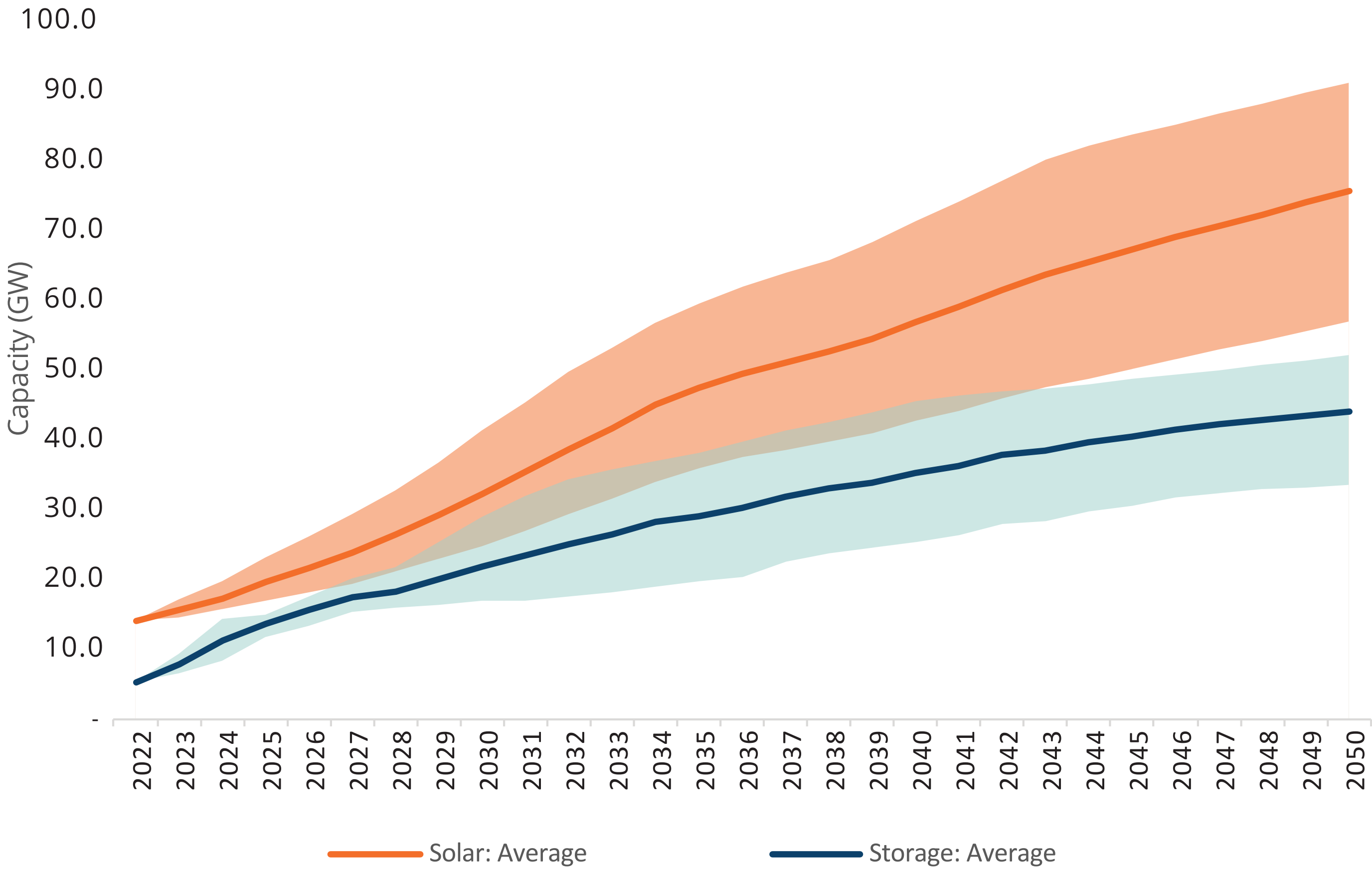
The UK National Grid's Future Energy Scenarios' ("FES") recent 2023 report also illustrates the need for, and importance of, solar generation across all four of its scenarios in achieving net zero by 2050. At a global scale, the IEA World Energy Outlook 2023 found, and continues to predict, that solar PV will be the leading renewable energy source in the clean energy transition with more than USD1 billion currently being spent on solar deployment per day.

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. It 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.

It is evident that energy storage will play a critical role in achieving the UK's legal commitment to meet net zero by 2050. NextEnergy Group, alongside others across the industry, continues to work with the Government, regulators and network operators to bring forward new connections.

Solar and energy storage UK deployment forecast



Data: NG ESO Future energy systems scenarios

The Company is strategically placed and prepared to take advantage of energy storage opportunities in its next phase of growth, particularly under the guidance of Dario Hernandez, Head of Energy Storage, and Christopher McKaig, Head of Grid Connections, both of whom have a combined total of 30 years' experience.

Energy storage is crucial to meet the UK Government's decarbonisation targets for the electricity grid by 2035, and to provide support to a grid that is predicted to have a high proportion of renewables. The FES's 2023 report highlights that co-located solar farms with grid-scale battery storage are needed to aid in mitigating connection issues and in achieving net zero by 2050, in its leading the way scenario.

The Company is encouraged by the recent progress made by the UK National Grid as it continues to make improvements in the dispatching capability of batteries in the Balancing Mechanism and the introduction of additional reserve products.

Power Price

The past few years have seen unprecedented volatility in energy markets, including widespread declines caused by the COVID-19 pandemic followed by unprecedented peaks driven by Russia's invasion of Ukraine. The energy market sector has started to witness a normalisation in short-term power prices. Lower commodity prices have been influenced by above-average gas storage levels, milder weather across the 2023 winter season and sustained reductions in demand. Power prices in the medium and long term are expected to fall due to the increased deployment of renewables to reach the UK Government's net zero targets, and the assumed CAPEX costs. This expectation is consistent with the Company's predicted forecasts. The Company is prepared for this by continuing to strike a balance for longer term price risk mitigation, through its power price hedging strategy (more information on the Company's hedging strategy can be found on page 45).

UK Macroeconomic environment

The market landscape over the past six months has been characterised by stability in the Bank of England Base Rate, which has remained relatively high at 5.25%. This stability has influenced interest rates to follow a similar trajectory. Meanwhile the UK Gilt market continues to attract capital in the context of the elevated interest rates, limiting the availability of capital for investment companies in the renewables sector. With interest rates being relatively high, the last year has presented challenging equity market conditions, with the combined impact of interest rate increases and cost of living considerations presenting challenging equity market conditions, and where investor redemptions across the renewables sector have led to an oversupply of shares, in comparison to demand, leading to discounts to NAV across the renewables industry.

Staughton
Bedfordshire
50.0MW
Long-term PPA

Operating Portfolio Overview

NESF has a well-diversified and high-quality portfolio of operating assets. As at 31 March 2024, NESF had a portfolio with an installed capacity of 1,015MW, on a look-through basis, from 103 operating assets and a $50m investment into a private international solar vehicle.

Portfolio Breakdown:

1. **Solar Assets:**
   Direct solar assets:
   - 92 UK solar assets totalling 866MW (100% owned by NESF)
   - 8 Italian solar assets totalling 34MW (100% owned by NESF)

   Co-investment solar asset:
   - 1 Spanish solar co-investment totalling 50MW (24.5% owned by NESF)
   - 1 Portuguese solar co-investment totalling 210MW (13.6% owned by NESF)

2. **Energy Storage Assets:**
   Standalone energy storage asset:
   - 1 standalone energy storage assets totalling 50MW (70% owned by NESF)

3. **Private International Solar Infrastructure Investment:**
   $50m investment into NPIII (6.21% owned by NESF)
   - Portfolio is fully invested with a total capacity of 1.6GW (636MW operational) across USA, Chile, Italy, Portugal, Spain, India, Poland and Greece.

Portfolio Highlights

During the year, the Company achieved several NAV-accretive achievements for shareholders which are reflected in the Company's NAV per ordinary share of 104.7p as at 31 March 2024 (2023: 114.3p):

1. **UK Solar Investments:**
   Earlier in the reporting year, the Company successfully energised Whitecross, a 35MW subsidy-free utility scale solar asset in Lincolnshire. Post the year end, the asset was sold as part of the Capital Recycling Programme Phase II. Completion of the project at energisation reflects the accretive value that the Company has delivered through the holding period of the project, demonstrated by the sale IRR of 14%.

2. **International Solar Investments:**
   During the year, NESF announced the energisation of its first two international solar co-investments which it holds alongside its 6.21% direct interest in NPIII. These two assets consist of a 210MW solar project located in Santarém, Portugal, known as Santarém, and a 50MW solar asset located in Cadiz, Spain, known as Agenor.

   These combined assets brought an additional 260MW online in Europe and are expected to produce 445GWh of renewable electricity every year, the equivalent of powering approximately 126,700 homes. NESF directly owns 13.6% of Santarém and 24.5% of Agenor.

   Both Santarém and Agenor benefit from long-term contracted revenues through PPAs with Statkraft, a high-quality corporate off-taker in Europe's energy market. The PPA covering Santarém is notable by being the largest PPA in the history of Portugal to date, showing the continued demand for high-quality corporate PPAs across the European market. Under this PPA, Statkraft will acquire the electricity production from Santarém for eight years.

   NESF also has a $50m direct investment into NPIII (announced in June 2021), a NextEnergy Capital managed private solar infrastructure fund that invests in OECD markets globally with a target gross IRR of between 13-15%. As of 31 March 2024, NESF's commitment has been fully drawn down.

   As of 31 March 2024, NPIII had acquired 1.6GW of solar and energy storage assets with 172 individual assets across USA, India, Chile, Portugal, Spain, Greece, Poland and Italy. As a result of this holding, NESF benefits from international diversification in addition to unique co-investment opportunities.

   Co-investments alongside NPIII allow NESF to invest in international solar assets alongside large international institutional investors on a no fee, no carry basis. This is particularly beneficial as it provides the Company with access to an attractive pipeline of potential international assets that are not available to other market participants or investors. These investments benefit NESF in the following ways:

   - Low revenue risk through entering PPAs with high-credit counterparties; and
   - Additional geographical diversification.

3. **Energy Storage Investments:**
NESF has been investing in energy storage projects since 2018. The Investment Adviser has built up considerable expertise in managing energy storage assets whilst also running them in conjunction with solar assets.

Standalone UK Energy Storage

In March 2024, the Company announced the energisation and commercial operations of Camilla, its first standalone 50MW energy storage asset in Scotland. Camilla connected to the National Grid in December 2023 and progressed successfully through to its final phases of commissioning in early 2024. Camilla is a 50MW 1 hour lithium-ion energy storage asset located in Fife, Scotland, which has been pre-configured for augmentation to 2 hours.

Camilla was acquired as part of the first joint venture partnership ("JVP1") with Eelpower ("Eelpower") worth up to £100m and owned 70% by NESF and 30% by Eelpower. Camilla was selected to provide energy storage capacity in the UK Government's latest Capacity Market Auction. On 20 February 2024, National Grid ESO published the provisional results of its T-1 Capacity Market Auction for delivery in 2024/25. Camilla successfully bid and secured a contract with a clearing price of £35.79/kW. The contract was secured with a derated capacity of 5.659MW and is expected to generate £202k (£4k/MW on a total capacity basis) of additional contracted revenue for the period from 1 October 2024 through to the end of September 2025.

The Company also has a second joint venture partnership ("JVP2") worth up to £200m with Eelpower. JVP2 offers enhanced terms by increasing NESF's ownership to 75%, with Eelpower holding the remaining 25%, reflecting the successful relationship built with Eelpower. The Company's first investment through JVP2 is called "Lion", a high-quality 250MW energy storage project in the East of England, and one of the largest energy storage projects announced in the UK to date. Once constructed, the project will provide vital grid balancing services whilst harnessing excess electricity generation from offshore wind at low import prices, before exporting electricity at times of low generation and high prices.

Co-located Energy Storage

Co-located energy storage systems present an attractive growth opportunity across the portfolio as these assets offer multiple benefits, such as reduced costs from shared grid connection and the ability to store excess solar energy during periods of low demand. In April 2022, NESF announced a new co-located energy storage retrofit programme across the Company's UK operating solar farms. As part of this programme the first site for a co-located energy project was identified: an extension to the existing 11MW North Norfolk solar farm to include a 6MW/12MWh energy storage system. Planning permission for the co-located energy storage system has been secured and the Company is in discussions with the local Distribution Network Operator ("DNO") to confirm an energisation date. An additional four potential locations for co-located energy storage systems have been identified to date and are being progressed through their development stage.

Portfolio Performance

The Company's operating assets are actively managed by WiseEnergy which oversees the technical, commercial and financial operations across the portfolio's assets. WiseEnergy provides value to shareholders by optimising operating asset performance through maximising revenue, minimising risk, and reducing operating expenses where possible.

During the period, generation performance was impacted due to adverse weather conditions and higher than anticipated distribution network operator outages, both of which are outside of the Company's control.

Generation was affected by two principal factors:

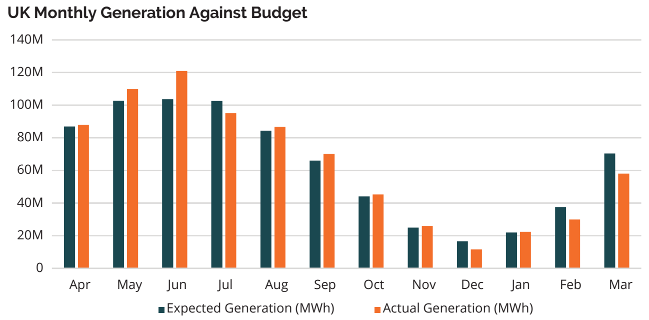
1. **Adverse Weather**
Although solar irradiation across the NESF portfolio was 2.6% above acquisition forecasts, the UK recorded one of its wettest seasons on record during the financial period. The Met Office reported that in England and Wales, where the vast majority of NESF assets are located, rainfall was 32% above the 1991-2020 average. This created operational challenges for parts of the portfolio, including temporary flooding in isolated parts of assets, increased humidity (which can affect the performance of certain components) and component failure necessitating repair or replacement.

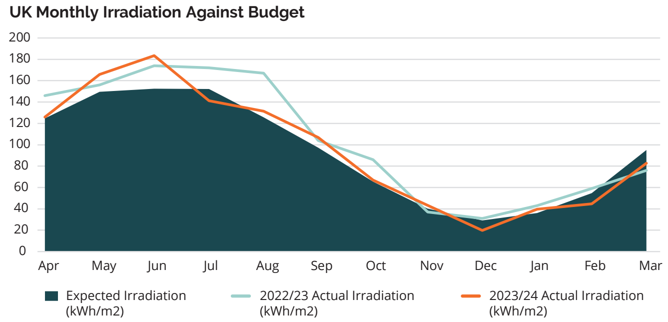
2. **Grid /Distribution Network Operator ("DNO") Outages**
   DNOs are regionally based licensed companies (there are seven across the UK) with each responsible for a specific region of the GB electricity network. To ensure safety of their engineers and others, DNOs periodically take parts of the electricity network offline to enable completion of a rolling programme of preventative maintenance, upgrade and associated works. Adverse weather conditions can also result in unplanned outages on the DNO networks. During these periods of outage, electricity cannot be exported onto the network.

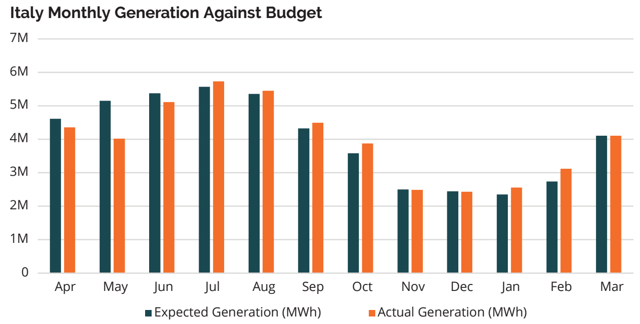
Despite these adverse operating conditions, full-year generation was 0.3% above budget (2023: 5.5% above budget), due to the proactive management of the operating portfolio over the year. The Company continued to generate cash flows in line with its target range, providing a healthy dividend cash-coverage of 1.3x for the period demonstrating the resilience of the Company's portfolio (1.4x for 31 March 2023).

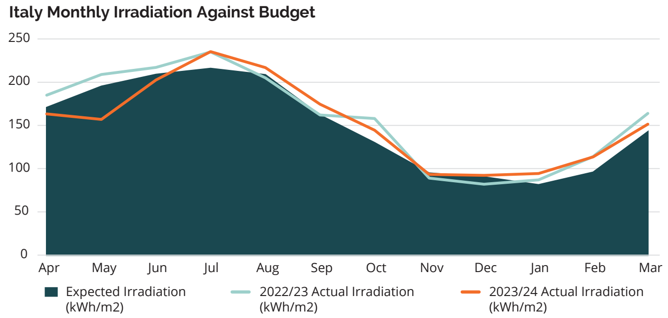
To further enhance the Company's portfolio performance the Investment Adviser and the Asset Manager have a rolling strategic re-investment programme which regularly reviews the Company's portfolio's performance to identify opportunities to support and enhance long-term asset health[1]. Further details of this can be found in the portfolio and cost optimisation sections on page 44.

FY2024	Total Generation (GWh)	Irradiation vs forecast[2]	Generation vs forecast[2]
UK portfolio[3]	763	2.6%	0.3%
Italy portfolio	48	2.4%	(0.8%)
NPIII and Co-investments	41	n/a	n/a
Total	**852**	**2.6%**	**0.3%**









1 The Asset Manager continues to deliver dynamic monitoring and active performance management for assets that have successfully passed Preliminary Acceptance Certificate ("PAC") in accordance with the Engineering, Procurement and Construction ("EPC") contract. Similarly, the generation performance of assets that are yet to pass PAC are not reported by the Asset Manager.
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.

12 months ended 31 March	No. of assets monitored[1]	Irradiation vs forecast[2]	Generation vs forecast[2]
2020	85	4.0%	6.2%
2021	88	5.6%	6.9%
2022	90	3.5%	4.1%
2023	90	7.4%	5.5%
2024	100	2.6%	0.3%
5 Year Track Record	**100**	**4.7%**	**4.5%**

Portfolio Optimisation & Enhancement Activity

The Asset Manager focusses on implementing technical improvements across the portfolio, reducing operating costs through effective procurement and targeted re-negotiation of contractual terms with suppliers, as well as recovering sums insured where possible.

Throughout the year, the Asset Manager has leveraged its experience and understanding of renewables to deliver high levels of performance across NESF's operating portfolio despite sub-optimal operating conditions. Key initiatives included:

- Asset repowering: inverters were replaced at two sites to address systemic defects, restoring availability and improving generation performance. In March 2024, replacement of inverters at a third site was initiated and is expected to be completed before the summer generating season. 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: minimising 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.

Cost Optimisation

In August 2022, NESF conducted a market leading tender aiming to drive down costs of Operating and Maintenance ("O&M") contracts. The approach facilitates cost reductions by focusing on key activities where needed, whilst helping to further drive the performance of the assets by implementing robust contractual response times. Six leading O&M contractors were selected, providing:

- economies of scale whilst simultaneously not exposing the portfolio to concentration risk with any individual provider;

- coverage of all technologies across the portfolio in order to drive performance; and

- appropriate geographical coverage for the Company.

Since implementation, 43 contracts have been renewed covering 428MWp, leading to an overall cost saving of 23.3%. This is equivalent to a total of £678k per year, or c.£3.4m over the lifetime of the 5-year contracts. During the 12 months ended 31 March 2024, 28 contracts covering 268MWp transitioned to this new approach.

During the period, insurance claims were successfully closed out for storm damage and inverter outages in relation to five solar assets across UK. The Company received a combined total settlement of £288k.

1 The Asset Manager continues to deliver dynamic monitoring and active performance management for assets that have successfully passed Preliminary Acceptance Certificate ("PAC") in accordance with the Engineering, Procurement and Construction ("EPC") contract. Similarly, the generation performance of assets that are yet to pass PAC are not reported by the Asset Manager.
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.

Power Purchase Agreements Programme

NESF runs a PPAs programme where it locks in short-term PPAs over a rolling 36-month period with varying contract lengths, alongside securing longer-term PPAs with high-quality corporate off-takers. This increases the Company's visibility of future cash flows and ensures the Company has certainty of revenue streams whilst mitigating the negative impact of short-term fluctuations in the power markets. Secured pricing comprises fixed price contracts and hedging under trading frameworks. This proactive strategy to risk mitigation helps secure and underpin both dividend commitments and dividend cover, whilst reducing volatility and increasing visibility of cash flows.

A portfolio of key offtake agreements representing over one third of the portfolio was re-negotiated in the second half of 2023. This not only contributed positively to portfolio valuation but also increased access to market liquidity and improved hedging opportunities.

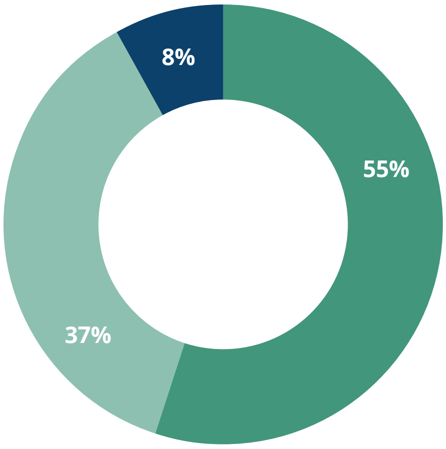
For the year ended 31 March 2024, the Italian portfolio (34.5MW) derived c.70.4% of revenues from FiTs and c.29.6% of revenues from the sale of electricity to traders under PPAs and the sale of green certificates to traders under fixed price agreements. The weighted average power price achieved by the Italian portfolio over the year was €120/MWh. PPAs at a weighted average price of €116/MWh were in place until March 2024.

Hook Valley
Somerset
15.3MW
1.6 ROC

Forecasted Total Revenue Breakdown[1,2,3]

NESF's PPA programme locks in short term PPAs over a rolling 36 month period. This proactive strategy helps secure and underpin both dividend commitments and dividend cover, whilst reducing volatility and increasing visibility of cash flow.

2024/2025
c.92% fixed

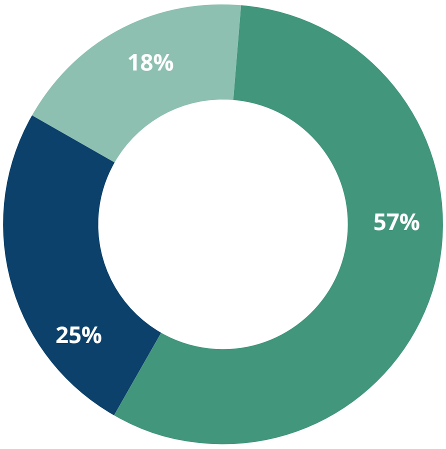


Contracted Revenue (Subsidy)
Contracted Revenue (PPA)
Available for PPA Programme [4]

Hedged PPA Price: £77.2MWh[5]

% Hedged (by capacity): 86%[5]

2025/2026
c.75% fixed

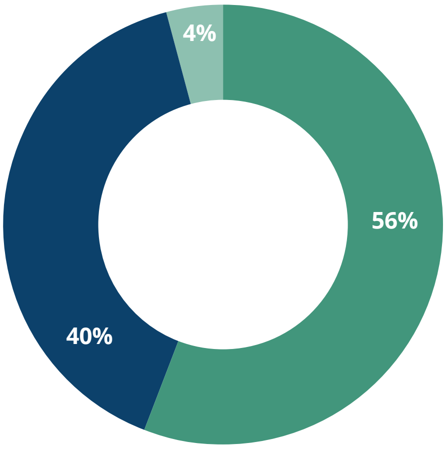


Contracted Revenue (Subsidy)
Contracted Revenue (PPA)
Available for PPA Programme [4]

Hedged PPA Price: £83.9MWh[5]

% Hedged (by capacity): 41%[5]

2026/2027
c.60% fixed

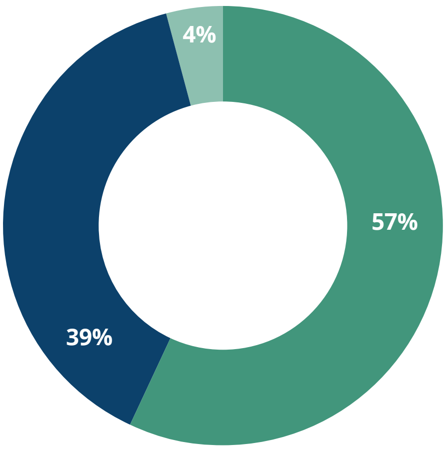


Contracted Revenue (Subsidy)
Contracted Revenue (PPA)
Available for PPA Programme [4]

Hedged PPA Price: £48.6MWh[5]

% Hedged (by capacity): 9%[5]

2027/2028
c.61% fixed

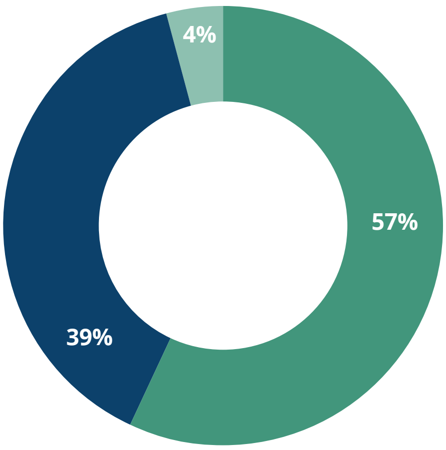


Contracted Revenue (Subsidy)
Contracted Revenue (PPA)
Available for PPA Programme [4]

Hedged PPA Price: £50.1MWh[5]

% Hedged (by capacity): 9%[5]

2028/2029
c.60% fixed



Contracted Revenue (Subsidy)
Contracted Revenue (PPA)
Available for PPA Programme [4]

Hedged PPA Price: £51.8MWh[5]

% Hedged (by capacity): 9%[5]

1 As at 31 March 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 85% (861MW) of the total portfolio as at 6 June 2024.

Larinho (NPIII)
Portugal
12.0MW
Long-term PPA

Pipeline and Opportunity

While there is a near-term focus on advancing the Company's Capital Recycling Programme, reducing outstanding NESF Group's RCF balances, and having approved options for share buybacks, NESF remains committed to maintaining and advancing its existing pipeline to ensure the long-term health of the Company. The Company has identified an exclusive pipeline of solar power and energy storage opportunities that offer potential for future accretive growth in the NAV and enhanced revenue returns.
NESF currently has access to an exciting pipeline of energy storage opportunities through two joint venture partnership vehicles with Eelpower. The Company continues to make progress on Project Lion, a 250MW energy storage project, via its JVP2 with Eelpower, though it will not engage in its construction until such time as this becomes appropriate under NESF's disciplined capital allocation policy.

Additionally, the Company has initiated a programme to replace ageing inverters across its portfolio, prioritising those that have experienced increased failure rates, such as Emerson inverters. In total, the Company anticipates replacing inverters for up to 13 assets (with a combined capacity of up to 135MW) over the next three years. The Investment Adviser and the Asset Manager regularly review portfolio performance to identify opportunities for long-term asset support and enhancement, as part of a rolling strategic reinvestment programme.

Furthermore, where appropriate, the Company continues to seek opportunities to expand its portfolio through strategic investments in solar power and energy storage assets within the UK, subject to the Company's disciplined capital allocation policy. Additionally, NESF benefits from international opportunities through its $50 million fully drawn commitment to NPIII and co-investments. Co-investments allow NESF to participate directly in international solar assets alongside large institutional investors, without fees or carry. This unique advantage provides the Company with access to an attractive pipeline of potential international assets not available to other market participants or investors.

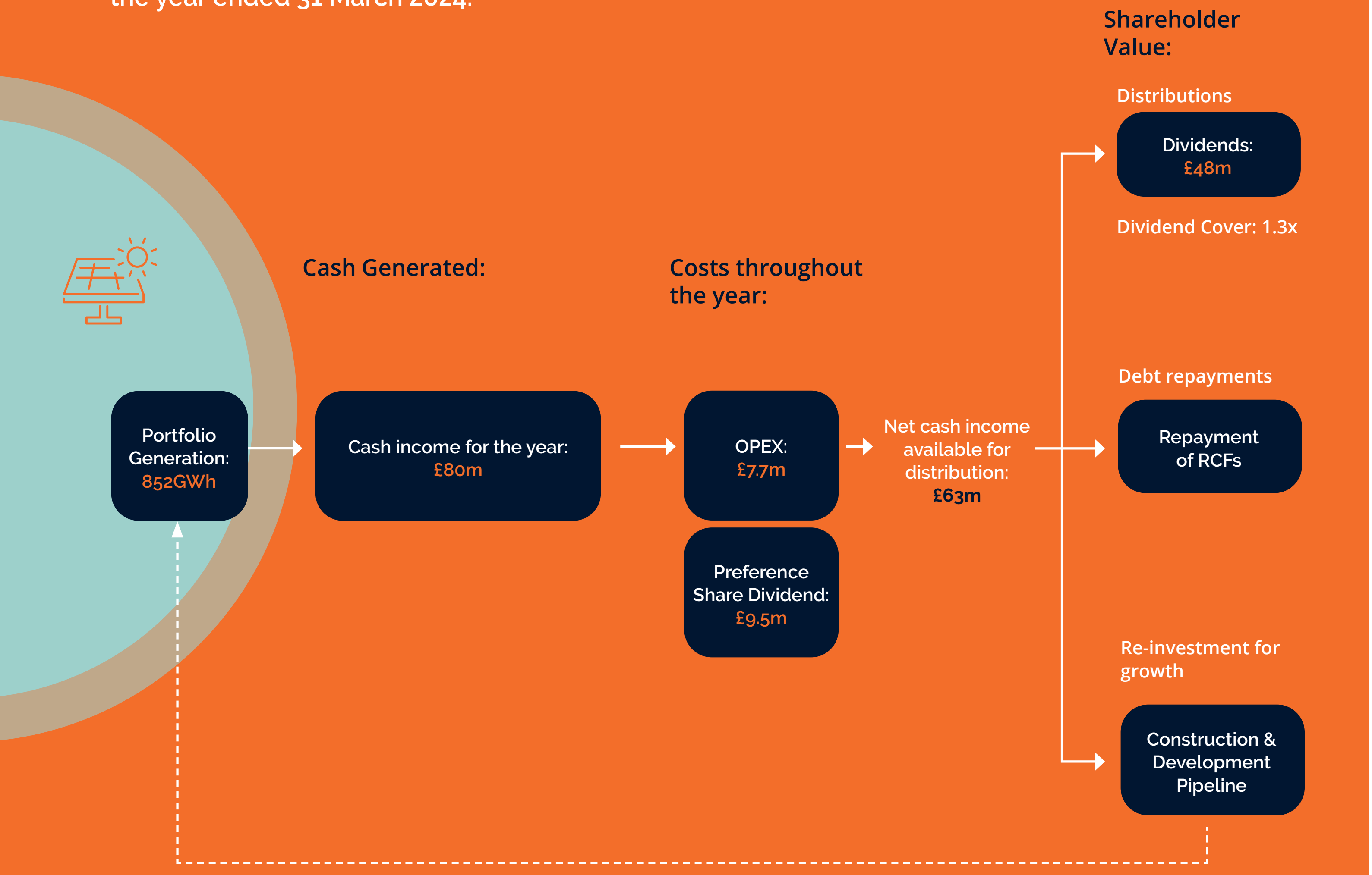
Cash Flow Generation

The NESF Group generates revenues through the sale of electricity to the markets and the subsidies provided under various subsidy regimes (ROC, NIROC and FiT). Both revenue streams are underpinned by two main factors:

- The actual energy generated (measured as the amount of GWh of energy generated), which is mainly driven by the solar irradiation, technical performance and availability of the plant; and
- The actual price at which the energy generated is sold to the markets, as well as the subsidies received for the same generation.

The performance of a plant in terms of revenues is therefore a product of both the operational performance and the commercial terms of the PPAs in place. Before taking into account tax payments and financing considerations, the cash flow generation of solar assets is also influenced by operating expenses, which are usually governed by long-term contracts and characterised by low volatility over the long-term.

How NESF converted solar irradiance to shareholder value for the year ended 31 March 2024:



Operating Results

Loss before tax was £8.4m (2023: profit of £48.3m) with negative earnings per ordinary share of -1.42p (2023: +8.20p).

Operating Expenses and Ongoing Charges

The operating expenses, excluding preference share dividends paid by the Company, for the year amounted to £7.7m (2023: £8.2m). The Company's ongoing charges figure was 1.1% (2023: 1.1%). The budgeted ongoing charges figure for the financial year ending 31 March 2025 is 1.1%. The ongoing charges figure has been calculated in accordance with the Association of Investment Companies' recommended methodology and is an Alternative Performance Measure.

Cash Flow Analysis

As at 31 March 2024, the Company held cash of £8.9m at an A+ credit rated financial institution (2023: £14.4m). Cash received from assets in the year covered the operating expenses, the preference share dividends, dividends declared to ordinary shareholders in respect of the year ended 31 March 2024 and part of the investment into HoldCos.

Cash flows of the Company	Year end 31 March 2024 £'000	Year end 31 March 2023 £'000
Company cash balance at 1 April	**14,354**	**19,608**
Investment in HoldCos and NPIII	(43,718)	(26,920)
Received from HoldCos	102,645	81,460
Directors' fees	(253)	(293)
Investment Manager fees	(5,234)	(5,875)
Administrative and other expenses	(1,990)	(1,730)
Dividends paid in cash to ordinary shareholders	(47,444)	(42,396)
Preference share dividends	(9,500)	(9,500)
Company cash balance at 31 March	**8,860**	**14,354**

NESF Group Operating SPVs
The below table represents the unaudited consolidated financial results of the Company's SPVs.

	Year end 31 March 2024 (unaudited) £'000	Year end 31 March 2023 (unaudited) £'000
Total NESF Group revenue	131,983	141,205
EBITDA	99,572	111,332
EBIT	40,956	52,819
Cash income for the year	**79,809**	**78,519**

Cash Dividend Cover

Year ended 31 March 2024	£'000	Pre-scrip dividends £'000
Cash income for year[1]	79,809	
Net operating expenses for year	(7,672)	
Preference shares dividend	(9,500)	
Net cash income available for distribution	62,637	
Ordinary shares dividend paid during year		48,075
Cash dividend cover[2]		**1.3x**

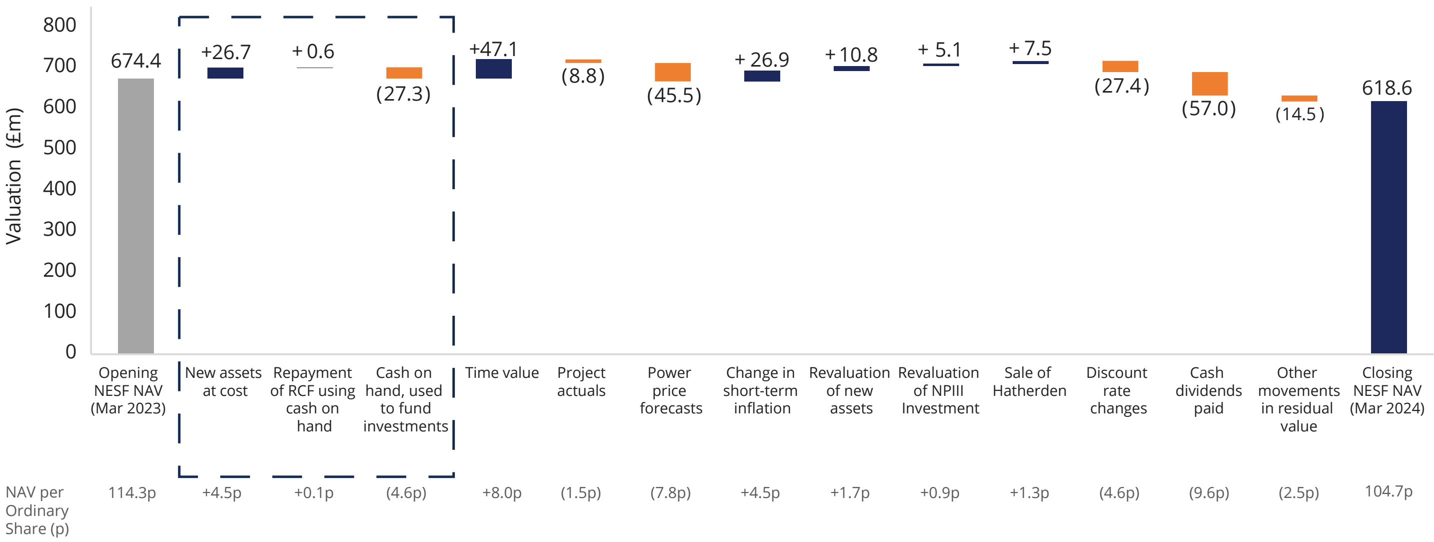
1 Cash income differs from the Income in the Statement of Comprehensive Income as the latter is prepared on an accruals basis. See below for further information.
2 Alternative Performance Measures.

Net Asset Value

The Company's NAV is calculated quarterly and based on the valuation of the investment portfolio as provided by the Investment Adviser, and the other assets and liabilities of the Company calculated by the Administrator. The NAV is reviewed and approved by the Investment Manager and the Board. All variables relating to the performance of the underlying assets are reviewed and incorporated in the process of identifying relevant drivers of the discounted cash flow ("DCF") valuation. NESF uses third-party external data points where possible in its Net Asset Value valuation and therefore avoids using internal management assumptions.

In accordance with IFRS 10, the Company reports its financial results as an investment entity and on a non-consolidated basis (see note 2d to the Financial Statements). The change in fair value of its assets during the financial year is taken through the Statement of Comprehensive Income.

NAV Bridge March 2023 - March 2024

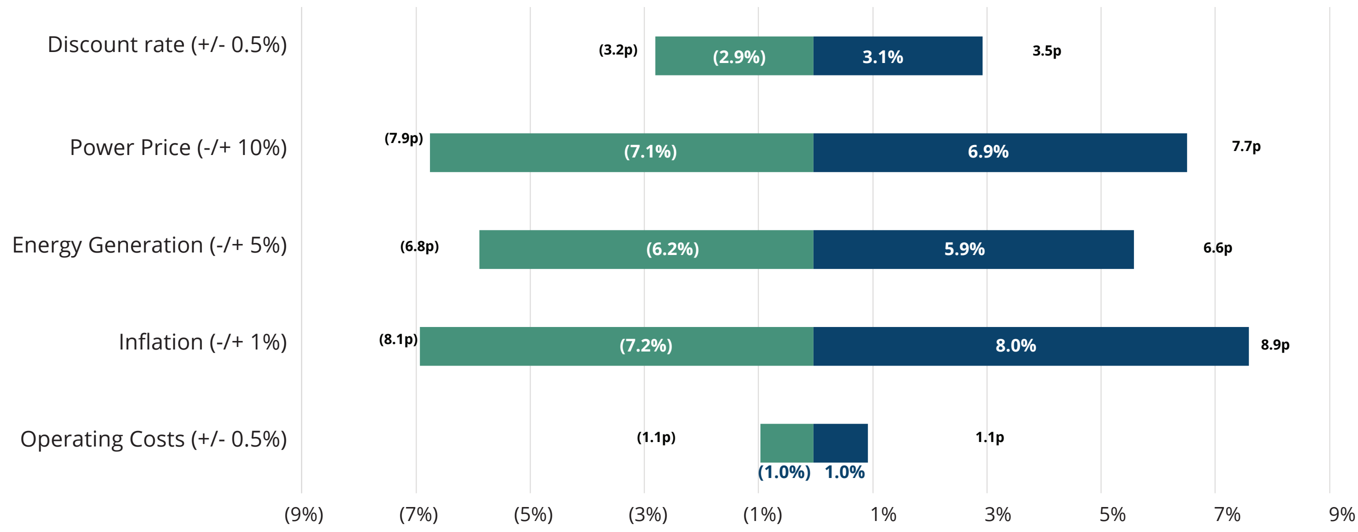


Summary of NAV movements over the year

Item	31 Mar 2023 - 31 Mar 2024	Description
Time value	£47.1m	This movement reflects the change in the valuation as a result of changing the valuation date, prior to adjusting for any outflows of the Company. The increase in value is attributable to the unwinding of the discount applied to cash flows for the period when calculating the DCF.
Power price forecasts	(£45.5m)	A decrease in short-term (2024-2029) UK power price forecasts provided by Consultants, mainly as a result of lower commodity prices (particularly gas, which is down c.30-40%), influenced by above-average gas storage levels, milder weather across winter 2023/24 and sustained reductions in demand.
Change in short-term inflation	£26.9m	The valuation incorporates revisions to short-term inflation forecasts from external third parties.
Revaluation of new assets	£10.8m	The revaluation of new assets accounts for assets as they become operational and moved from holding them at cost to fair value. This includes the standalone energy storage asset, Whitecross and the two international solar co-investments.
Revaluation of NPIII	£5.1m	The revaluation of NPIII.
Cash dividends paid	(£57.0m)	The dividends paid during the year, this includes both ordinary and preference share dividend payments.
Other movements in residual value	(£14.5m)	Other movements in residual value include changes in FX rates, fund operating expenses, and other non-material movements.

The chart below shows the impact of the key sensitivities on the Company's assets held at fair value. The total operational fair value to which the sensitivity analysis has been applied is £657.4m (2023: £707.5m). Additional information can be found in note 19b to the Financial Statements.

NAV per Ordinary Share



Net Asset Value Valuation

Third-Party Verification

The Investment Adviser works closely with a leading, independent third-party financial modelling company to carry out the fair market valuation of the Company's underlying investment portfolio in line with the Company's accounting policies. The valuation is carried out quarterly (ad hoc valuations may also be undertaken from time to time, for example, in conjunction with an equity fund raising).

Valuation Principles

The Company's valuation principles are based on a discounted cash flow methodology, except for NPIII and the Company's co-investments which are valued using the estimated attributable NAV. Assets which are not yet operational, or where the completion of the acquisition is not imminent at the time of valuation, use cost as a proxy for fair value.

Audit

A review is arranged with the auditors on a semi-annual basis. The auditors conduct an independent review of the interim financial statements and an audit of the annual report and financial statements. On a periodic basis, a specialist third-party model audit company conducts a detailed review and validates the Company's financial model. The Board reviews the operating and financial assumptions used in the valuation of the Company's underlying portfolio.

Portfolio valuation – key assumptions	As at 31 March 2024	As at 31 March 2023
UK long-term inflation	2.25%	2.25%
UK short-term inflation (1 year horizon)	3.1%	4.9%
Weighted average discount rate	8.1%	7.3%
Remaining weighted average useful life	26.6 years	26.3 years
UK short-term power price average (2024-2028, real 2024)[1]	£65.4/MWh	£101.8/MWh
UK long-term power price average (2029-2043, real 2024)[1]	£56.6/MWh	£56.6/MWh
Italy power price average (20 years)[1]	€74.3/MWh	€84.4/MWh
UK corporation tax rate	25%	25%

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

Processes and Controls

Corporate governance of the Company is critical to the valuation process and involves many stakeholders. On a quarterly basis, the fund model is used to produce a valuation of the investments, which involves an extensive internal review performed by the Investment Adviser. This review process includes:

- Inputs and assumptions, which are updated to correctly reflect the project documents and the acquisition case. For new assets acquired since the previous valuation, the main input source is the acquisition documents used to build the acquisition model created by the Investment Adviser. The Investment Adviser is therefore responsible for ensuring that the inputs of their acquisition model have been correctly transferred to the fund model and the acquisition contracts are cross-checked against one another;
- Changes to inputs for existing assets, which must be explained by project documents. These changes might include:
    - Project Life: Planning and lease extensions secured since the acquisition of the asset;
    - Project Yield: Remediation performed after acquisition;
    - Project Operating Expenses: New or amended contracts for O&M, Asset Management, Insurance and general and administrative expenses secured during the period; and
    - Project Capital expenditures (actual costs incurred and changes to expected milestone dates).
- Updates to data provided by third party advisers and sources. The Company continues to capitalise on the expertise of third parties and ensure fairness in the process through the independence of assumptions.

Following the production of the NAV, multiple reviewers are responsible for ensuring that all changes to the Company's portfolio are reflected in the NAV and explained appropriately. The Investment Adviser arranges a committee meeting to scrutinise movements in the valuation during the period and consider long-term assumptions, such as the discount rate. The Investment Adviser subsequently presents the valuation to the Board of Directors of the Investment Manager, explaining the movements in the portfolio valuation and the NAV during the period. Following approval, the Investment Adviser presents to the NESF Board of Directors. The presentation shows the valuation of the portfolio, split by asset and includes the NAV bridge. If satisfied with the responses to queries, the NAV is approved for public dissemination. All board and committee meetings are minuted and documented.

NESF's Energy Market Management

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

Forecast Power Price Methodology

For the UK solar portfolio, the Company uses multiple sources for UK power price forecasts. Where PPAs are in place, contracted PPA prices are used. For periods where there are no PPAs in place, short-term market forward prices are used. After two years, the Company integrates a rolling blended average of three leading independent energy market consultants' long-term central case projections. This approach allows mitigation of any delay in response from the three independent market forecasters ("Consultants") used by the Company in publishing quarterly or ad hoc updates following any significant market development.

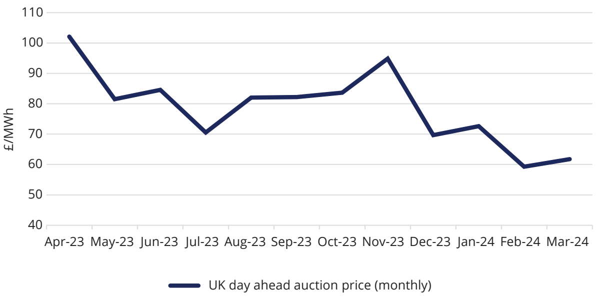
For the Italian solar portfolio, a leading independent energy market consultant's long-term projections are used to derive the power curve adopted in the valuation. Where PPAs are in place, contracted PPA prices are used.

The power price forecasts used also include a 'solar capture' discount which reflects the difference between the prices available in the market in the daylight hours of operation of a solar asset versus the baseload prices included in the power price estimates. This solar capture discount is provided by the Consultants on the basis of a typical load profile of a solar asset and is reviewed as frequently as the baseload power price forecasts. The application of such a discount results in a lower long-term price being assumed for the energy generated by NESF's portfolio.

For the Company's energy storage asset, Camilla, the Company uses a market leading advisor to forecast the energy storage's revenue streams. Where revenues are contracted through the capacity market, live contracts are used.

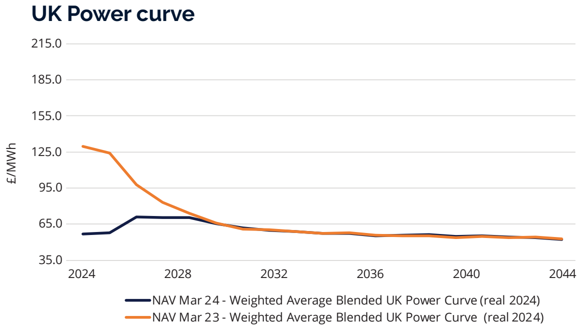
Historic – UK power prices

UK electricity day ahead prices decreased from £102.1/MWh in April 2023 to £61.8/MWh in March 2024. (Source: N2EX - UK baseload – day ahead).



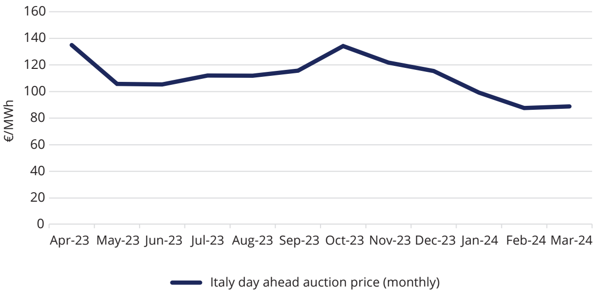
Forecast UK power prices (real 2024)

The Company's current UK 20 year average power price forecast represents a decrease of 13.4% compared to that used at the end of the previous financial year (and 50.1% below the average price used at IPO).



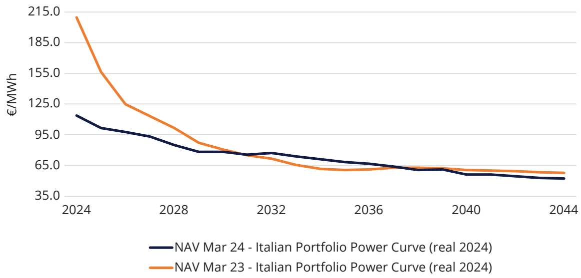
Italian power prices

Italian electricity day ahead prices decreased from €135/MWh in April 2023 to €88.9/MWh in March 2024. (Source: Gestore Marcati Energetici – purchasing price).

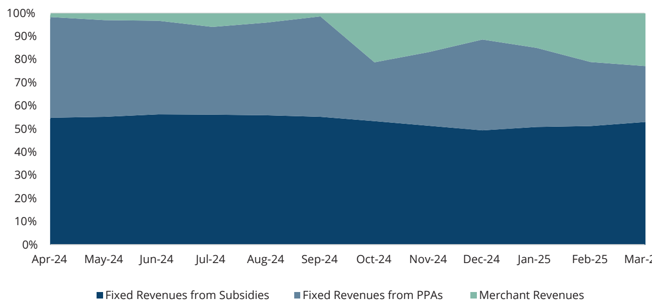


Forecast Italian power prices (real 2024)

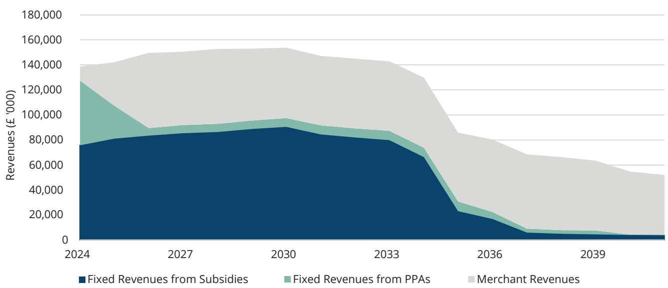
On average, the Company's current Italian long-term power price represents a decrease of 12.3% compared to that used at the end of the previous year.



NESF fixed revenues until 31 March 2025



NESF long-term forecast revenue breakdown[1]



1 When the subsidised revenue streams expire, the Apollo and Radius debt facilities will have been repaid and the revenues will transition to NESF's short-term power purchase agreements programme. This programme will secure predictable revenues over a rolling 36-month period and provide visibility into NESF's dividend cover.

Discount Rate

During the year, the UK rate of inflation fell sharply as the Bank of England ("BoE") Base Rate increased to a peak of 5.25% in August 2023. The BoE Monetary Policy Committee announced on 22 March 2024 that it will maintain the Base Rate at 5.25%, an increase of 1% since the 24 March 2023 Base Rate of 4.25%. Therefore, during the year, the Company increased the discount rate for unlevered operating UK solar assets by 0.75% to 7.5% (31 March 2023: 6.75%). This change is in line with the increases in discount rates observed by the Investment Adviser in the sector in which the Company operates and continues its robust approach to valuing the portfolio.

Discount rate assumptions	Premium	As at 31 March 2024	As at 31 March 2023
UK unlevered	-	7.50%	6.75%
UK levered	0.70-1.00%	8.20-8.50%	7.45-7.75%
Italy unlevered[1]	1.50%	9.00%	8.25%
Subsidy-free (uncontracted)[2]	1.00%	8.50%	7.75%
Life extensions[3]	1.00%	8.50-9.50%	7.75-8.75%

1 Unlevered discount rate for Italian operating assets implying 1.5% country risk premium.
2 Unlevered discount rate for subsidy-free uncontracted operating assets implying 1.0% risk premium.
3 1.0% risk premium for assets' cash flows after 30 years where leases have been extended.

The resulting weighted average discount rate for the Company's solar portfolio was 8.1% (31 March 2023: 7.3%). For the Company's operational energy storage assets, the discount rates applied for uncontracted battery revenues are 10% and for contracted battery revenues are 7%.

The Company's pre-tax weighted average cost of capital ("WACC") as at 31 March 2024 was 6.4% (31 March 2023: 5.7%). As it is an independent fund, NPIII has not been included in the calculation for the weighted average discount rate and the WACC.

Asset Life and Technologies

The discounted cash flow methodology implemented in the portfolio valuation assumes a valuation time horizon capped to the current terms of the lease and planning permission on the properties where each individual solar asset is located. These leases have been typically entered into for a 25-year period from commissioning of the relevant solar plants (specific terms may vary). The discounted cash flow valuation assumes a zero-terminal value at the end of the current lease term for each asset or the end of the planning permission, whichever is the earlier.

However, the useful operating life of the Company's portfolio of solar assets is expected to be longer than 25 years. This is due to many factors, including:

- The Company owns rights to supply electricity into the grid through connection agreements that do not expire;
- Some solar plants benefit from planning consents that do not expire and/or the Company has been successful in securing permissions to extend the planning permission beyond the period initially consented;
- The Company has been successful in securing extensions of lease terms for some solar plants;
- Effective management of generating equipment across the portfolio minimises degradation compared with manufacturer forecasts, maximising economic operating life; and
- Evolution of generating technology over recent years is expected to create value-accretive opportunities to repower assets as the portfolio matures.

Operating Performance

The Company initially values each solar asset on the basis of the minimum performance ratio ("PR") guaranteed by the vendor, or that estimated by the appointed technical adviser during the acquisition due diligence. For projects acquired at development or construction phase, the minimum PR is approximated from an energy yield assessment conducted by the EPC. These estimates have been generally lower than the actual PR that the Company has been experiencing during subsequent operations. We therefore deem it appropriate to adopt the actual PR after two years of operating history when, typically, the plants have satisfied tests and received Final Acceptance Certification ("FAC").

As at 31 March 2024, 73 solar assets (totalling 644MW) have achieved FAC and their actual PR was used in the discounted cash flow valuation.

FAC timeline for remaining assets	Capacity (MW)
Financial quarter ending December 2024	161
2025 onwards	122
Total	**283**

Regulatory Updates

During the year, no material adjustments to the NAV were made as a result of Office of Gas and Electricity Markets ("OFGEM") audits. Since IPO, 46 OFGEM audits have been successfully concluded without adverse impact to ROC or FiT accreditations. The NextEnergy Group has staff who are experienced in dealing with the ongoing audits. Engagement with OFGEM is through professional advisers and senior NextEnergy Group staff. The Asset Manager has identified and mapped contractual recourse associated with identified risk of loss for ongoing audits.

The UK Government recently announced the next stage of its consultation on the evolution of electricity markets, through the Review of Electricity Market Arrangements ("REMA"). Initiated in 2022, REMA is intended to ensure that Great Britain develops a zero-carbon power sector by 2035, at the most affordable cost possible. As part of the latest consultation, a number of options have been ruled out of future market design. Notably, the option of transitioning to a nodal pricing system (a complex methodology for pricing electricity based on where it is generated geographically) has been removed. This is welcomed as minimising unnecessary complexity supports the investment outlook.

One option that remains under consideration is zonal pricing, whereby the electricity system is divided into zones, each with an individual price. In general, zones dominated by demand (south of England) will result in higher wholesale prices than those with low demand and high generation (such as north of Scotland). NESF's UK portfolio is spread broadly across the UK and many of its assets are well situated to potentially benefit from the expected higher prices in the south of England. This diversity will help to reduce the risk associated with the uncertainty of how these markets would work in practice.

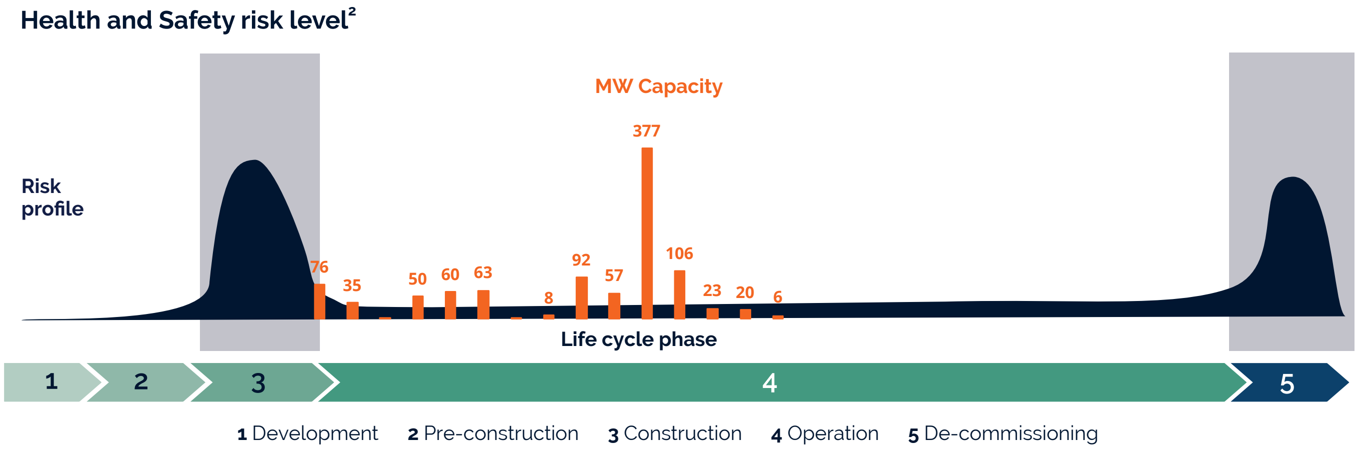
The Company has welcomed several aspects of how the REMA consultation has been delivered so far, such as its consistent engagement with the energy industry, including NextEnergy Capital. This is important to ensure that the needs of existing generators and investors are taken into account in the design of future market arrangements.

Health and Safety

Health and safety ("H&S") continues to be of the highest priority and the recent bolstering of the NextEnergy Group's H&S team through the recruitment of a H&S Business Partner focussed on operational assets and asset management has further strengthened this critical function. In practical terms, this means enhanced physical presence across the portfolio reviewing asset safety, additional rigour in contractor pre-qualification and increased oversight of contractor H&S over the lifetime of their appointment.

Over the reporting period, refinements to incident classification and reporting have been implemented which have ensured greater consistency in incident reporting and enhanced visibility of incidents and their causation. The strong investigation background of the Asset Manager's H&S team has also allowed the in-depth review of contractor investigations, to ensure that these are accurate, that they ensure the safety of those working on the Company's assets and that they reflect any commercial impacts attributable to the actions of contractors.

Key focusses for the coming year are:
- Obtaining enhanced contractor data to allow further development of standard metrics;
- Growing the culture of proactive 'near miss' reporting; and
- Aligning H&S resources and experience to asset life cycle risk.



Through the NextEnergy Group's H&S team, H&S risk at the asset level is monitored closely. Its life cycle is broken down into five key stages: development; pre-construction; construction; operation; and decommissioning. Throughout these five stages, the health and safety risks of the Company's assets vary in both quantum and magnitude according to the activities taking place.

The graph above illustrates the elevated level of H&S risk during the construction and decommissioning of solar PV assets in comparison to their operational phase. This reflects the significantly increased level of activity and the more complex nature of the works being undertaken during these phases. It considers factors such as vehicle movements, number of workers, activity and the type of plant/equipment likely to be used, but is only meant to be for illustrative purposes. Solar PV projects are by their very nature much simpler to construct, maintain and decommission than other types of power generation plant and, although risk levels are elevated during construction and decommissioning relative to normal operations, they remain extremely low in comparison to other forms of electricity generation. As demonstrated by the graph above, the Company's installed capacity, as at 31 March 2024, presents a relatively low H&S risk.

Information on the Company's H&S initiatives can be found in the Company's dedicated Annual Sustainability and ESG report.

Alignment of Interest

As at 11 June 2024, NextEnergy Group employees held 1,947,857 ordinary shares in NESF.[1]

Events After the Balance Sheet Date

On 15 May 2024, the NESF Board approved a dividend of 2.09 pence per ordinary share for the quarter ended 31 March 2024 to be paid on 28 June 2024 to ordinary shareholders on the register as at the close of business on 24 May 2024.

Post the period end, the Company extended its Santander RCF to June 2025, with the applicable rate being improved to SONIA +1.5%. The Company also refinanced its AIB/Natwest RCF which is available until June 2026 with two additional 12-month extension options at NESF's sole discretion. The banking consortium consists of NESF Group's existing counterparties AIB Group and NatWest in addition to a new counterparty Lloyds.

On 18 June 2024, the Company announced the sale of Whitecross, a 35MW utility scale solar project, to a third-party buyer for a total consideration of £27m.

NextEnergy Capital Limited
18 June 2024

1Excludes shares held by employees under automatic reinvestment schemes or monthly purchase arrangements which may exist.
2 Excluding investment in NPIII.

Operating Portfolio

Power Plant		Location	Acquisition date	Subsidy/PPA[1]	Installed capacity (MW)	Cost (£m)	Remaining life of plant (Years)
1	Higher Hatherleigh[3]	Somerset	Apr-14	1.6	6.1	7.3	14.0
2	Shacks Barn[3]	Northamptonshire	May-14	2.0	6.3	8.1	13.3
3	Gover Farm[3]	Cornwall	Jan-15	1.4	9.4	10.7	15.7
4	Bilsham[3]	West Sussex	Jan-15	1.4	15.2	18.6	20.2
5	Brick Yard[3]	Warwickshire	Jan-15	1.4	3.8	4.0	15.6
6	Ellough[3]	Suffolk	Jul-14	1.6	14.9	19.6	24.9
7	Poulshot[3]	Wiltshire	Apr-15	1.4	14.5	15.4	14.9
8	Condover[3]	Shropshire	May-15	1.4	10.2	11.7	15.6
9	Llwyndu	Ceredigion	Jul-15	1.4	8.0	8.9	25.7
10	Cock Hill Farm	Wiltshire	Jul-15	1.4	20.0	23.0	15.4
11	Boxted[3]	Essex	Apr-15	1.4	18.8	21.2	16.0
12	Langenhoe[3]	Essex	Apr-15	1.4	21.2	25.0	31.0
13	Park View[3]	Devon	Jul-15	1.4	6.5	7.5	30.8
14	Croydon[3]	Cambridgeshire	Apr-15	1.4	16.5	17.8	15.7
15	Hawkers Farm[3]	Somerset	Jun-15	1.4	11.9	14.6	16.0
16	Glebe Farm[3]	Bedfordshire	May-15	1.4	33.7	40.5	25.7
17	Bowerhouse[3]	Somerset	Jul-15	1.4	9.3	10.8	31.0
18	Wellingborough[3]	Northamptonshire	Jun-15	1.4	8.5	10.4	15.2
19	Birch[3]	Essex	Sep-15	FiTs UK	5.0	4.7	16.2
20	Thurlestone - Evo	Leicestershire	Oct-15	FiTs UK	1.8	2.3	9.1
21	North Farm[3]	Dorset	Oct-15	1.4	11.5	14.5	30.7
22	Ellough Phase 2[3]	Suffolk	Aug-16	1.3	8.0	7.8	31.6
23	Hall Farm[3]	Leicestershire	Apr-16	FiTs UK	5.0	4.8	36.4
24	Decoy Farm[3]	Lincolnshire	Mar-16	FiTs UK	5.0	5.2	32.0
25	Green Farm	Essex	Dec-16	FiTs UK	5.0	5.8	17.0
26	Fenland[2,4]	Cambridgeshire	Jan-16	1.4	20.4	24.3	16.3
27	Green End[2,4]	Cambridgeshire	Jan-16	1.4	24.8	29.4	16.4
28	Tower Hill[2,4]	Gloucestershire	Jan-16	1.4	8.1	8.8	16.0
29	Branston[2,5]	Lincolnshire	Mar-16	1.4	18.9	21.8	30.9
30	Great Wilbraham[2,5]	Cambridgeshire	Mar-16	1.4	38.1	44.2	30.9
31	Berwick[2,5]	East Sussex	Mar-16	1.4	8.2	9.5	17.5
32	Bottom Plain[2,5]	Dorset	Mar-16	1.4	10.1	11.7	31.2
33	Emberton[2,5]	Buckinghamshire	Mar-16	1.4	9.0	10.4	36.1
34	Kentishes	Essex	Jul-17	1.2	5.0	4.3	36.0
35	Mill Farm	Hertfordshire	Jul-17	1.2	5.0	4.0	32.8
36	Bowden[2,4]	Somerset	Sep-17	1.2	5.0	5.4	32.9
37	Stalbridge	Dorset	Sep-17	1.2	5.0	5.2	32.8
38	Aller Court	Somerset	Sep-17	1.2	5.0	5.3	18.0
39	Rampisham	Dorset	Sep-17	1.2	5.0	5.6	18.5
40	Wasing	Berkshire	Aug-17	1.2	5.0	5.3	22.7
41	Flixborough	South Humberside	Aug-17	1.2	5.0	5.1	23.8
42	Hill Farm	Oxfordshire	Mar-17	1.2	5.0	5.4	27.9
43	Forest Farm	Hampshire	Mar-17	FiTs UK	3.0	3.1	28.0
44	Birch CIC[4]	Essex	May-17	FiTs UK	1.7	1.6	16.2
45	Barnby Moor	Nottinghamshire	Aug-17	1.2	5.0	5.0	18.3
46	Bilsthorpe Moor	Nottinghamshire	Aug-17	1.2	5.0	5.2	18.7
47	Wickfield	Wiltshire	Mar-17	1.2	4.9	5.4	19.1
48	Bay Farm	Suffolk	Sep-17	1.6	8.1	9.3	30.9
49	Honnington	Suffolk	Sep-17	1.6	13.6	15.8	30.8
50	Macchia Rotonda[2,6]	Apulia	Dec-17	FiTs Italy	6.6	22.8	11.8
51	Lacovangelo[2,6]	Apulia	Dec-17	FiTs Italy	3.5	12.1	12.1
52	Armiento[2,6]	Apulia	Dec-17	FiTs Italy	1.9	6.6	12.1

53	Inicorbaf[2,6]	Apulia	Dec-17	FiTs Italy	3.0	10.4	11.9
54	Gioia[2,6]	Campania	Dec-17	FiTs Italy	6.5	22.4	12.6
55	Carinola[2,6]	Apulia	Dec-17	FiTs Italy	3.0	10.3	12.6
56	Marcianise[2,6]	Campania	Dec-17	FiTs Italy	5.0	17.3	12.5
57	Riardo[2,6]	Campania	Dec-17	FiTs Italy	5.0	17.2	12.5
58	Gilley's Dam	Cornwall	Nov-17	1.3	5.0	6.0	30.7
59	Pickhill[2,3]	Clwyd	Dec-17	1.2	3.6	3.6	33.5
60	North Norfolk	Norfolk	Dec-17	1.6	11.0	15.3	20.6
61	Axe View	Devon	Dec-17	1.2	5.0	5.5	23.4
62	Low Bentham	Lancashire	Dec-17	1.2	5.0	5.4	21.9
63	Henley	Shropshire	Jan-18	1.2	5.0	5.4	22.2
64	Pierces Farm	Berkshire	May-18	FiTs UK	1.7	1.8	15.1
65	Salcey Farm	Buckinghamshire	May-18	1.4	5.5	6.3	15.1
66	Thornborough	Buckinghamshire	Jul-18	1.2	5.0	5.7	17.7
67	Temple	Derbyshire	Jul-18	1.2	4.9	5.7	17.3
68	Fiskerton	Lincolnshire	Jul-18	1.3	13.0	16.6	26.0
69	Huddlesford House	Staffordshire	Jul-18	1.2	0.9	0.9	16.8
70	Little Irchester	Northamptonshire	Jul-18	1.2	4.7	5.9	17.8
71	Balhearty	Clackmannanshire	Jul-18	FiTs UK	4.8	2.7	32.0
72	Brafield	Northamptonshire	Jul-18	1.2	4.9	5.8	32.2
73	Huddlesford Park	Staffordshire	Jul-18	1.2	0.9	0.9	17.0
74	Sywell	Northamptonshire	Jul-18	1.2	5.0	5.9	17.1
75	Coton Park	Derbyshire	Jul-18	FiTs UK	2.5	1.1	17.1
76	Hook[2,4]	Somerset	Aug-18	1.6	15.3	24.0	30.0
77	Blenches[2,4]	Wiltshire	Aug-18	1.6	6.1	9.6	14.7
78	Whitley[2,4]	Somerset	Aug-18	1.6	7.6	11.9	29.8
79	Burrowton[2,4]	Devon	Aug-18	1.6	5.4	8.6	29.5
80	Saundercroft[2,4]	Devon	Aug-18	1.6	7.2	12.5	29.9
81	Raglington[2,4]	Hampshire	Aug-18	1.6	5.7	8.9	29.8
82	Knockworthy[2,4]	Cornwall	Aug-18	FiTs UK	4.6	7.6	14.0
83	Chilton Cantello[2,4]	Somerset	Aug-18	FiTs UK	5.0	8.6	28.3
84	Crossways[2,4]	Dorset	Aug-18	FiTs UK	5.0	7.7	28.3
85	Wyld Meadow[2,4]	Dorset	Aug-18	FiTs UK	4.8	8.6	28.8
86	Ermis	Rooftop Portfolio	Jul-18	FiTs UK	1.0	2.9	12.6
87	Angelia	Rooftop Portfolio	Jul-18	FiTs UK	0.2	0.6	12.5
88	Ballygarvey	County Antrim	Jul-19	1.4 NIROCs	8.2	8.7	23.8
89	Hall Farm II	Leicestershire	Aug-19	Subsidy-free	5.4	2.7	35.3
90	Staughton	Bedfordshire	Dec-19	Subsidy-free	50.0	25.9	34.9
91	High Garrett	Essex	Oct-20	Subsidy-free	8.4	4.5	36.1
92	Marham WW	Norfolk	Jan-21	Long-term PPA	1.0	0.7	21.8
93	Sutterton Reservoir	Lincolnshire	Mar-21	Long-term PPA	0.4	0.4	21.9
94	Grange	Nottinghamshire	Feb-21	Long-term PPA	50.0	32.3	36.8
95	South Lowfield	Yorkshire	Jun-21	Long-term PPA	50.0	28.2	37.2
96	JSC (NZ)	Worcestershire	Mar-19	FiTs UK	0.0	0.0	15.4
97	Karcher (NZ)	Oxfordshire	Nov-19	Subsidy-free	0.3	0.2	21.0
98	Dolphin (NZ)	East Sussex	Jul-21	Subsidy-free	0.2	0.2	22.6
99	Holiday Inn (NZ)	Northamptonshire	Apr-22	Long-term PPA	0.2	0.2	23.2
100	Whitecross[12]	Lincolnshire	Jul-23	CfD	35.2	21.9	39.1
Solar Subtotal					**900.1**	**1,028.3**	**25.9[7]**
101	Camilla[11]	Scotland	Mar-24	Subsidy-free	35.0	27.4	45.8
Energy Storage Subtotal					**35.0**	**27.4**	**45.8[7]**
102	NPIII[8]	OECD Markets	Jun-21	Multiple long-term PPAs	39.5	39.3	N/A
103	Agenor[9]	Spain	Jan-24	Long-term PPA	12.3	9.4	N/A
104	Santarem[10]	Portugal	Mar-24	Long-term PPA	28.6	9.8	N/A
International Investments Subtotal					**80.4**	**58.5**	
Total					**1,015**	**1,114**	**26.6[7]**

1 ROCs, unless otherwise stated. An explanation of the ROC subsidy is available at www.ofgem.gov.uk/environmental-programmes/renewables-obligation-ro.
2 With project level debt.
3 Part of the Apollo portfolio.
4 Part of the Thirteen Kings portfolio.
5 Part of the Radius portfolio.
6 Part of the Solis portfolio.
7 Weight average years remaining useful life of asset.
8 40MW represents the proportion of NPIII operational assets owned by NESF on a look through equivalent basis as at 31 March 2024. NPIII is a portfolio of assets at different stages of their project life cycle.
9 12.3MW represents the proportion of Agenor owned by NESF as at 31 March 2024.
10 28.6MW represents the proportion of Santarem owned by NESF as at 31 March 2024.
11 35MW represents the proportion of Camilla owned by NESF as at 31 March 2024.
12 Originally included in the Capital Recycling Programme with a 36MW design capacity before energisation.

Portfolio Generation Performance

				Year Ended 31 March 2024		5-year Track Record	
Power Plant		Operational date	Generation (GWh)	Solar irradiation delta (%)	Generation delta (%)[5]	Solar irradiation Delta (%)	Generation delta (%)[5]
1	Higher Hatherleigh	Apr-13	4.9	0.6	-12.1	3.4	0.8
2	Shacks Barn	Mar-13	5.7	1.1	3.1	3.4	7.3
3	Gover Farm	Oct-14	8.3	0.2	-6.3	5.1	1.4
4	Bilsham	Nov-14	14.2	5.2	-6.1	6.7	4.9
5	Brick Yard	Nov-14	3.1	2.5	-7.5	4.2	3.7
6	Ellough	Mar-14	14.0	0.0	-0.2	2.2	2.8
7	Poulshot	Mar-15	13.2	-0.4	1.2	2.0	6.0
8	Condover	Mar-15	9.0	-1.1	1.7	1.4	3.2
9	Llwyndu	Feb-15	7.8	-2.5	6.9	-1.0	8.0
10	Cock Hill Farm	Mar-15	19.4	-0.2	4.4	3.5	7.0
11	Boxted	Mar-15	18.4	2.9	6.8	4.3	6.9
12	Langenhoe	Mar-15	21.5	6.7	11.8	7.9	11.1
13	Park View	Mar-15	6.4	-1.1	0.6	1.2	3.7
14	Croydon	Mar-15	16.1	5.9	11.4	7.9	11.2
15	Hawkers Farm	Mar-15	11.4	-2.0	1.4	2.3	6.5
16	Glebe Farm	Mar-15	33.2	6.7	10.6	9.0	13.6
17	Bowerhouse	Mar-15	7.8	1.1	-11.3	5.1	-3.2
18	Wellingborough	Mar-14	7.9	3.4	3.0	4.6	8.9
19	Birch	Jun-15	4.9	5.4	6.3	6.2	7.8
20	Thurlestone - Evo[1]	Apr-13	1.3	-2.9	-7.5	-1.8	-2.4
21	North Farm	Mar-15	10.4	-4.4	-13.3	-1.1	-5.3
22	Ellough Phase 2	Jan-16	8.0	6.0	8.7	8.0	12.6
23	Hall Farm	Aug-16	4.3	2.4	-0.4	4.8	6.6
24	Decoy Farm	Nov-15	5.0	5.3	11.5	6.5	11.5
25	Green Farm	Mar-16	4.5	1.8	-5.0	3.6	1.8
26	Fenland	Feb-15	20.5	2.0	9.3	5.7	9.7
27	Green End	Mar-15	23.4	4.8	6.3	5.9	6.2
28	Tower Hill	Mar-15	7.7	-1.3	3.8	3.1	8.2
29	Branston	Mar-15	18.5	4.9	7.4	7.1	10.4
30	Great Wilbraham	Mar-15	35.9	4.8	1.5	6.3	5.3
31	Berwick	Mar-15	8.5	2.1	0.7	3.9	7.6
32	Bottom Plain	Dec-14	9.3	0.3	-7.3	4.3	1.3
33	Emberton	Mar-15	8.6	3.5	5.1	5.5	6.5
34	Kentishes	Dec-16	5.1	3.0	3.8	5.5	6.3
35	Mill Farm	Dec-16	4.7	7.4	2.6	8.8	10.5
36	Bowden	Mar-17	5.0	-2.6	-3.2	0.3	0.1
37	Stalbridge	Mar-17	5.1	-2.6	1.4	0.4	5.0
38	Aller Court	Mar-17	4.5	1.2	2.6	3.3	5.2
39	Rampisham	Mar-17	4.5	-8.3	-6.4	-2.8	-0.7
40	Wasing	Mar-17	5.1	2.0	5.2	4.9	7.8
41	Flixborough	Mar-17	4.8	0.7	3.8	5.0	7.8
42	Hill Farm	Mar-17	5.0	3.5	7.8	5.3	8.9
43	Forest Farm	Mar-17	3.1	1.2	5.6	4.2	8.3
44	Birch CIC	Jun-15	1.7	4.8	3.7	5.9	5.0
45	Barnby Moor	Mar-17	4.7	0.7	3.9	4.0	4.7
46	Bilsthorpe Moor	Mar-17	4.6	1.2	-0.9	4.0	4.5
47	Wickfield	Mar-17	4.6	0.9	-0.9	4.5	3.4
48	Bay Farm	Mar-14	7.7	6.0	6.2	6.0	10.4
49	Honnington	Mar-14	13.5	4.8	6.6	4.2	6.7
50	Macchia Rotonda	Feb-11	8.9	5.1	-3.2	7.2	0.6

51	Lacovangelo	Apr-11	4.9	2.4	-1.4	5.2	4.5
52	Armiento	Apr-11	2.8	3.1	4.8	6.0	7.7
53	Inicorbaf	Mar-11	4.5	4.1	4.0	6.9	7.2
54	Gioia	Oct-11	9.0	2.1	-1.8	2.6	3.1
55	Carinola	Oct-11	4.0	-3.5	-1.2	2.3	3.6
56	Marcianise	Sep-11	6.8	2.1	0.8	3.4	4.3
57	Riardo	Sep-11	6.8	2.1	-2.1	3.0	1.1
58	Gilley's Dam	Mar-16	4.3	-10.2	-16.4	-5.3	-6.5
59	Pickhill	Mar-17	3.6	3.7	7.5	3.9	7.4
60	North Norfolk	Jan-14	8.4	1.5	-18.3	6.0	-1.6
61	Axe View	Mar-17	5.0	2.8	5.0	5.4	7.1
62	Low Bentham	Mar-17	4.4	3.2	-1.1	1.8	1.8
63	Henley	Mar-17	4.6	-0.8	2.2	2.3	4.9
64	Pierces Farm	Mar-15	1.6	2.0	-0.4	2.2	6.4
65	Salcey Farm	Sep-14	4.7	2.9	-7.1	5.5	4.6
66	Thornborough	Mar-16	4.7	-3.5	-1.7	1.1	-5.1
67	Temple	Mar-16	4.2	-1.2	-6.0	2.2	-6.5
68	Fiskerton	Mar-15	12.2	1.0	-0.1	5.7	0.3
69	Huddlesford House	Mar-16	0.8	3.0	-1.9	4.1	3.8
70	Little Irchester	Mar-16	4.3	0.5	-6.0	1.9	-6.6
71	Balhearty[4]	Mar-16	-	–	–	-1.4	5.2
72	Brafield	Mar-16	4.5	5.5	-7.0	6.1	0.5
73	Huddlesford Park	Mar-16	0.8	2.2	-1.7	3.5	1.2
74	Sywell	Dec-15	5.0	2.6	5.2	3.9	5.1
75	Coton Park	Dec-15	2.1	-2.4	-0.5	0.2	3.0
76	Hook	Mar-14	12.6	-0.7	-17.8	2.4	-4.7
77	Blenches	Mar-14	4.9	0.3	-12.9	3.2	0.5
78	Whitley	Mar-14	6.8	7.1	-9.0	7.0	-1.7
79	Burrowton	Mar-14	10.4	2.7	-18.4	4.1	-4.6
80	Saundercroft						
81	Raglington	Mar-13	5.7	1.0	-6.3	2.6	-12.4
82	Knockworthy	Mar-13	3.1	-3.6	-31.6	1.2	-17.6
83	Chilton Cantello	Jul-12	4.1	5.0	-11.9	5.7	-0.6
84	Crossways	Jul-12	3.8	0.1	-29.3	3.0	-6.7
85	Wyld Meadow	Jul-12	3.6	-4.1	-18.4	-1.0	-10.5
86	Ermis[1]	Oct-11	0.8	0.4	2.0	2.2	3.4
87	Angelia[1]	Oct-11	0.1	6.3	-2.3	7.9	1.0
88	Ballygarvey	Mar-18	6.3	2.9	3.0	1.5	4.3
89	Hall Farm II	Aug-19	5.0	8.7	19.2	11.2	13.6
90	Staughton	Dec-19	47.5	10.9	9.2	12.7	12.4
91	High Garrett	Oct-20	8.4	5.8	6.1	8.3	9.5
92	Marham WW	Jan-21	30.5	-7.2	-9.1	-3.1	-3.8
93	Sutterton Reservoir	Mar-21	52.3	5.3	1.5	6.5	2.0
94	Grange	Jan-21	0.0	-1.2	-5.3	-1.0	-4.0
95	South Lowfield	Jun-21	0.2	1.9	-9.9	2.2	-7.7
96	JSC (NZ)[1]	Mar-19	0.2	6.1	-16.4	6.3	-7.7
97	Karcher (NZ)[1]	Nov-19	0.2	5.0	-3.8	5.2	-1.8
98	Dolphin (NZ)[1]	Jul-21	1.0	-3.1	0.7	0.0	1.6
99	Holiday Inn (NZ)[1]	Apr-22	0.5	0.9	5.7	3.6	6.2
100	Whitecross	Jul-23	2.9	-3.6	-4.6	-3.6	-4.6
Subtotal			**811**	**2.6**	**0.3**	**4.7**	**4.5**
101	NPIII[3]	Multiple	40.6	–	–	–	–
102	Agenor[2]	Jan-24	–	–	–	–	–
103	Santarem[2]	Mar-24	–	–	–	–	–
Total			**852**	**2.6**	**0.3**	**4.7**	**4.5**

1 Rooftop asset which is not monitored for irradiation.
2 An asset which is yet to pass provisional acceptance clearance (PAC) are not reported by the Asset Manager.
3 The performance of NPIII is not included.
4 Balhearty was taken offline due to damage caused by Storm Arwen in November 2021 and Storm Eunice in February 2022. An EPC contract has been signed and is now scheduled to be back online by the end of the financial year.
5 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.

NESF ESG at a Glance 2023/24

Environmental Performance

GWh clean energy generated[1]
852

tCO_2e avoided
279,300

Number of homes powered for one year
301,000

Portfolio assets with enhanced biodiversity measures (across all relevant NESF assets as at 31 March 2024)
81%

Proportion of the NESF portfolio is grazed
c.50%

Cumulative new habitat provisions (installed across relevant assets to date):

Bat boxes:	27
Beehives:	35
Bird boxes:	78
Bug hotels:	131
Hibernacula:	32
Kestrel boxes:	35
Owl boxes:	6
Shrubs planted:	1,246

Social Performance

Community funding (through SPVs)
c.£106,000

Donated to the NextEnergy Foundation[2]
c.£339,000

Governance Performance

Board Meetings, including Committee of Board and ad-hoc meetings
23

Gender diversity at Board level
67% female
33% male

ESG Board Committee meetings
3

1 Includes NESF's 6.21% share of generation from private equity vehicle (NPIII) on a look-through basis of 41GWh (2023: 29 GWh).
2 Includes a £250,000 cash donation and 1,400 new solar PV modules, equivalent to c.£89,000 based on reference currency rate as at date of donation approval.

Sustainability and ESG

The previous 12 months have seen the global energy transition gather pace, despite macroeconomic headwinds. This includes the deployment of record amounts of renewable generation capacity, including solar PV, around the globe. The NESF portfolio of 1GW+ of solar and energy storage assets is proudly contributing to this transition. The Company's forward-thinking approach to sustainability and ESG continues to evolve, with the purpose of supporting a more sustainable world powered by clean energy.

Reflecting this pace of change, and developments in global energy markets, the regulatory landscape relevant to the Company's portfolio is also evolving. This includes, for example, the proposed implementation of new climate change legislation, such as Carbon Border Adjustment Mechanisms in the European Union and the UK. Scrutiny of supply chains continues to increase, as does the Company's approach to the sustainability and suitability of its own supply chain.

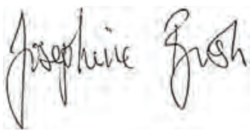
The Company continues to meet its investment objective to provide ordinary shareholders with an attractive income, while making a material difference to people's lives, and preserving and enhancing nature. NESF has the utmost respect for the natural environment in which the Company produces clean energy, recognising the inextricable link between climate change and biodiversity loss.

These, and other macroeconomic challenges, present both risks and opportunities. They are continually monitored in order that the risks can be mitigated, and opportunities realised. The Company is committed to ensuring all material risks and opportunities are also proactively communicated to investors. As such, NESF has chosen voluntarily to become an early adopter of the International Sustainability Standards Board (ISSB) standards S1 and S2, which covers and expands on the Taskforce for Climate-related Financial Disclosure (TCFD) guidance, through a dedicated ISSB aligned Sustainability and ESG Report available here. This is the first ISSB reporting year, and acts as a demonstration of NESF's transparent approach to doing business and forward thinking approach to disclosure.

The Company continues to be classified as an Article 9 Fund under the EU Sustainable Finance Disclosure Regulation (SFDR). The SFDR came into force in 2021, and requires financial market participants to disclose their ESG policies and practices. NESF has sustainable investment as its objective, and its investments are fully aligned with the EU Taxonomy. The Company makes appropriate disclosures on its website under Annexes I, III and V of the Regulation.

The Investment Adviser's team continues to drive the Company's Sustainability and ESG performance, and I would like to thank them for their hard work and dedication to supporting a more sustainable future.

Josephine Bush



18 June 2024

Risk Management and Strategy

Risk management

ESG is integrated at every stage of NESF's investment decision-making. This is based on a four-step process:

- **Identifying and assessing ESG issues from the initiation of a potential transaction.**
- **Managing and acting on any risks and opportunities presented by the ESG due diligence process.**
- **Reporting on ESG matters through the NESF website and other disclosures.**
- **Engaging continuously on issues of material concern to NESF.**

The NESF ESG risk management process is implemented by the Investment Adviser's ESG team. This expanded to nine people in the reporting period, bringing additional expertise across biodiversity, carbon management, data analysis and mapping, supply chains, technical due diligence, and policy and public affairs. The team continues to be led by Giulia Guidi, the Investment Adviser's Head of ESG and member of NextEnergy Capital's Investment Committee for NESF, with the Board of Directors of NESF providing oversight of the Company's ESG strategy, activities, and performance through the ESG Committee. Further details on NESF's ESG risk management and disclosure are included in its standalone Sustainability and ESG Report.

In the reporting period, the Company monitored the development of the NextEnergy Group's new Sustainability and ESG Framework, which it intends to adopt in the coming year. This was developed as part of a strategic review by the NextEnergy Group, conducted with the support of an independent advisor. The Framework sets out the Group's continuing commitment to ensuring that its sustainability and ESG priorities are fully integrated in its development, investment, and asset management activities, including those implemented by the Investment Adviser to ensure the effective management of its funds, including NESF.

NESF also contributes to the NextEnergy Foundation, which supports a range of social and environmental projects around the world.

Risk Summary

ESG risks for NESF and its portfolio include physical and transition risks linked to climate change, nature and biodiversity topics, and social-related issues, such as health and safety, diversity and inclusion, community engagement, and human rights. NESF considers supply chain issues in respect of all these topics. These risks continue to evolve, and NESF's risk management processes evolve in turn. Sustainability-related risks and opportunities are fully integrated into the Company's overall risk management process, and incorporated into the risk register as part of the enterprise risk management framework. Climate related risk management is aligned with the ISSB S2 standard.

No new material sustainability or climate-related risks were noted for the reporting period. No financially material climate-related risks were identified, in line with the ISSB S2 reporting standard.

Further information is available in the standalone 2024 NESF Annual Sustainability and ESG Report which accompanies this Annual Report.

Highlights during the year

Significant progress has been made on the following initiatives, on which work will continue during the next reporting period

Climate Transition Plan and Net Zero: Alongside its early and voluntary reporting to the ISSB standards (S1 and S2), the Investment Adviser has continued to make strong progress in its approach to generating a UK Transition Plan Taskforce-aligned Climate Transition Plan. The Plan, which involves detailed decarbonisation pathway modelling for both operating and supply chain emissions, will be further developed during the next reporting period. A comprehensive climate risk assessment has been undertaken on both the portfolio and supply chain. Vulnerabilities in the supply chain have been analysed back to raw materials for both solar PV and batteries. The next phase of work will be to develop mitigation plans for any identified risks.

photo credit: Jonathan Elven

Supply chain management: the Solar Stewardship Initiative (SSI) formally launched in December 2023. This marks a major development in the solar industry's approach to responsible sourcing and will drive a more responsible, transparent, and sustainable solar value chain. The Investment Adviser is a member of the SSI and the Head of ESG of the Investment Adviser has been appointed as a Board Member of the SSI. NESF also continues to develop its approach to solar module and battery supply chain due diligence, sustainability and ESG.

SOLAR STEWARDSHIP INITIATIVE

Taskforce on Nature-related Financial Disclosures (TNFD): The Investment Adviser formally became an Early Adopter of the inaugural TNFD, committing to start making disclosures aligned with the TNFD Recommendations in its corporate reporting by financial year ending 31 March 2025. This provides an opportunity for NESF to lead the market with nature-related disclosures, and to integrate TNFD metrics into its disclosures. NESF assets have been mapped against nature-related risk exposure as part of a TNFD materiality assessment to support this work, which will be presented in a Nature Strategy for NESF Board approval and adoption during 2024.

Stakeholder Engagement

We recognise the importance of maintaining a high standard of business conduct and strong and constructive relationships with our key stakeholders in order to deliver the Company's strategic objectives over the longer term.

As the Company has no employees and given the nature of its services, the Investment Adviser (in addition to the Board) has significant dealings with our other stakeholders and, therefore, is an integral point of contact between the Company and our stakeholders. The Company's Corporate Brokers, Cavendish Corporate Finance and RBC Capital Markets Ltd, are also an integral point of contact between the Company and our shareholders and, together with the Investment Adviser, ensure that any shareholder feedback or observations is collated.

Our key stakeholders are shown in the table below, in no particular order. The table explains why those stakeholders are important to us and how we seek to engage with them, which we may do either directly or through the Investment Adviser or our Corporate Brokers as appropriate.

Key Stakeholders	Why they are important to us	How we engage with them
Shareholders (All investors in the Company– institutional investors, wealth managers and retail investors (including private individuals))	A well-informed and supportive shareholder base is crucial to the long-term sustainability of our business. Understanding the views and priorities of our shareholders is, therefore, fundamental to retaining their continued support and to having the potential to access equity capital in order to continue to expand the Company's portfolio over time in order to further diversify the investment portfolio and create economies of scale.	• Annual and Interim Reports • Quarterly factsheets • Market announcements, including quarterly NAV announcements • Website • Institutional investor meetings (one-to-one and group), primarily through our Investment Adviser and Corporate Brokers, to keep communications open (including annual and interim results presentations) and gauge their opinions on specific matters (e.g. strategy and capital raisings) • Regular institutional investor feedback received from our Investment Adviser and Corporate Brokers • Chairwoman meetings and other communications with substantial shareholders • Research analyst presentations • Dialogue with research analysts through our Investment Adviser, as and when required • AGM • Rothschild & Co shareholder perception study
Investment Adviser	The Investment Adviser's performance is critical for the Company to deliver its investment strategy successfully and meet its investment and strategic objectives. Accordingly, the Company relies on the Investment Adviser's expertise, and needs to ensure the quality and sustainability of its services, to deliver the necessary performance. The Investment Adviser's culture and reputation is also important when it is representing the Company and its subsidiaries.	• Board and Committee meetings • Ad hoc meetings and calls with the Board • External Board evaluation, which includes feedback from the Investment Adviser • Informal meetings
Investment Manager	The Investment Manager's role is important to ensure all acquisitions and divestments meet the Company's investment and strategic objectives.	• Quarterly reports to the Board • Annual evaluation by the Management Engagement Committee • Ad hoc meetings and calls with Directors

Key Stakeholders	Why they are important to us	How we engage with them
Administrator	As the Company has no employees, we rely on the Administrator to provide us with administrative, fund accounting and company secretarial services. In particular, we rely on the Administrator maintaining the accuracy of our accounting records and ensuring our compliance with applicable laws, rules and regulations.	• Board and Committee meetings • Ad hoc meetings and calls with the Board • Quarterly reports to the Board • Annual evaluation of the Administrator by the Management Engagement Committee and the Audit Committee
Other Key Service Providers and Advisers (Registrar, Financial Advisers, Legal advisers, Corporate Brokers, Public Relations and Auditors)	A strong and constructive working relationship with our other key service providers and advisers ensures that we receive high quality services to help deliver our investment and strategic objectives.	• Board and Committee meetings • One-to-one meetings and calls • Provision of relevant information to or by the Company • Annual evaluation of key service providers and advisers by the Management Engagement Committee and Audit Committee
Lenders (Provider of the Company's credit facilities)	An appropriate amount of gearing is required to achieve our target returns. It is important to maintain a strong working relationship with our existing lenders in case we may need, at some point, their consent for, e.g., strategic initiatives. We also look to build strong relationships with lenders, including our existing lenders, who may provide debt facilities in the future.	• Provision of information to lenders in accordance with the terms of the relevant facility agreements • Consultation in advance on matters which may require their consent under the relevant facility agreements
Local Communities	Ensuring our investment creates a positive social impact is core to our sustainability approach.	• See the Sustainability and ESG Report • Review and challenge by the ESG Committee
Asset Manager	The Asset Manager's performance is critical for the operating solar assets to deliver operational outperformance versus the budget. The Asset Manager also provides the administration and fund accounting for the Company's subsidiaries, as well as providing an energy sales desk to manage our electricity price and sales strategy.	• Monthly and ad hoc meetings with the Investment Adviser • Monthly reports to the Investment Adviser • Quarterly reports to the Investment Manager, which is reported to the Board

Risks and Risk Management

We recognise that effective risk management is important to the Company's long-term sustainable success.

Approach to Managing Risk

Our risk management process is designed to identify, evaluate, manage and mitigate (rather than eliminate) the significant risks we face. The process can therefore only provide reasonable, and not absolute, assurance. The Audit Committee formally reviews, on the Board's behalf, the approach to and effectiveness of our risk management and internal control systems bi-annually as a minimum.

Risk Appetite

The Board is ultimately responsible for defining the level and type of risk that the Company considers appropriate, ensuring it remains in line with the Company's investment objective and Investment Policy that set out the key components of its risk appetite.

To deliver the Company's investment objective of providing attractive risk-adjusted returns for shareholders principally in the form of regular dividends, through a diversified portfolio of solar energy infrastructure assets with the addition of complementary technologies, such as energy storage, the Company's risk appetite encompasses investing in responsibly managed, renewable generation and storage assets that collectively offer the potential to deliver an attractive level of income over an extended period with a positive shareholder return. The Company's risk appetite is considered in light of the emerging and principal risks that the Company faces, including having regard to, amongst over things, the level of exposure to power prices, gearing and financing risk and development risk.

Principal and Emerging Risks

Details of the emerging and principal risks we face that have the potential to materially affect our business are set out below. All risks are principal risks, except those specifically stated. There are some risks that we currently regard as less material and, therefore, they have not been included below but they may become material in the future. Additionally, other risks may be unknown to us at present.

Portfolio Management and Performance Risk

Risks	Summary	Mitigation
Electricity generation falling below expectation	Solar is an intermittent energy source compared to traditional energy resources such as coal and gas. The volume of solar irradiation available on a given day is out of the Company's control and this is a risk on the performance of the assets. Unplanned DNO outages, weather patterns and technical issues can impact generation.	There is a level of predictability for solar irradiation compared to other renewables, in that solar irradiation levels tend to follow a set trend throughout the year. The geographical location of the asset has an impact on solar irradiation levels, due to climate variations and small differences in day lengths across regions. Assets are chosen with this in mind. The Asset Manager has value-enhancing tools that optimise the Company's portfolio generation and resolve interruptions efficiently. The diversity of the underlying solar module and inverter manufacturers and O&M suppliers.
Portfolio valuation	Valuation of the Company's assets is dependent on financial models based on several drivers, principally: discount rates and rate of inflation. For solar PV assets, drivers also include power price curves and amount of electricity the solar assets are expected to produce. For the Company's energy storage asset, drivers also include forecast revenue streams. Certain assumptions may prove to be inaccurate, particularly during periods of volatility. As at 31 March 2024, the Company's ordinary shares traded at an average discount of over 10% to the Company's NAV over the financial year due to a number of external factors, including interest rate increases, market perceptions of investment companies, and institutional investor redemptions. As a result, the Board is required to propose a special resolution at the AGM to consider discontinuation of the Company which may impact the Company's ability to continue as a Going Concern. In such a case, the Board would consider a number of proposals and should the company no longer be a going concern, this will be taken into account in the valuation of the NAV.	The Company's model and the internal controls thereon are reviewed in detail on a periodic basis by a third party modelling specialist to ensure the Company's model is robust and compliant with the latest modelling standards and controls. Documentation supporting the fair values model is presented to the Board quarterly for approval and adoption. To manage the impact of the power price volatility, the Investment Adviser uses an average of the power price curves from three Consultants. For the Company's energy storage asset, Camilla, the Company uses a market leading independent advisor to forecast the energy storage's revenue streams. The Company is well-placed to continue delivering value for investors over the long term and is taking steps to close the discount to NAV over time through the Company's Capital Recycling Programme, a focus on reducing short-term debt and approval of a share buyback programme of up to £20m.

Operational and Strategic Risks

Risks	Summary	Mitigation
A decline in the price of electricity	Revenues of solar assets are dependent on the electricity market. Exposure to the wholesale energy market impacts the prices received for energy generated by and revenues forecast for the operating assets of the Company. For the year ended 31 March 2024, 52% of revenues were derived from government subsidies and long-term PPAs. The remaining 48% of the Company's revenues were derived from selling the electricity generated to carefully selected counterparties in the open market. The recent energy supply chain issues associated with the conflict in Ukraine, alongside wider macroeconomic and geopolitical uncertainty has led to volatile power prices.	The Investment Adviser uses the most recent quarterly reports from the Consultants to be kept informed of long-term electricity prices, and uses this information to formulate the Company's electricity sales and hedging strategies. **Short-term:** The Company enters into PPAs and forward contracts to fix electricity prices for a 36-month period with varying contract lengths. The NextEnergy Group has an Energy Sales desk which is responsible for hedging generation produced in the short-term. As at 6 June 2024, the Company had secured fixed price agreements covering 92% of its electricity generation for the 2024/25 financial year and 75% for the 2025/26 financial year. **Long-term:** Wholesale power prices are beyond the control of the Company. Factors that could increase the price of electricity include the roll-out of electric vehicles and the electrification of domestic heating and transportation networks. The Investment Adviser reviews wholesale electricity price forecasts and enters into long-term PPAs where appropriate. **Subsidy-free assets:** The Investment Adviser will plan for short-term and long-term contracts before the asset is operational.
Counterparty risk	This is the risk of counterparty failure. The Company has entered into O&M contracts and PPAs, which affect the costs and revenues of the Company. The Company has also contracted with various EPCs for construction of the subsidy-free assets. If the counterparty becomes insolvent there is a risk of disruption and financial loss until the counterparty is replaced.	The Asset Manager continuously monitors NESF's contracts in line with the market. There are contractual arrangements in place that have warranties in case of defaults. The Asset Manager ensures that counterparties are of an acceptable financial standing to minimise risk.
Plant operational risk	The Company relies on third-party contractors to provide corrective and preventative maintenance through O&M contracts. The O&M contractor could fail to fulfil its obligation and the solar asset's performance could deteriorate. Degradation of the solar modules reduce the performance of the plant over time. An increase in the rate of degradation may lead to under performance.	The Company can seek legal recourse against failure by an O&M contractor. The Asset Manager monitors and ensures that each O&M contract maintains a detailed preventative schedule, with contract warranties and penalty payments in the event of failure. NESF looks at technological improvements on an ongoing basis to reduce the effect of degradation. Also, NESF has contract warranties to secure the design performance of the assets.

External and Market Risks

Risks	Summary	Mitigation
Adverse changes in government policy and political uncertainty (principal or emerging)	International conflicts, geopolitical tensions, and changes in government and their policies may impact trade of commodities, such as oil and gas, which have subsequent downstream impacts on power price volatility. These factors may also impact supply chain stability for solar and storage assets. The conflicts in Ukraine and Gaza have led to global volatility in supply chains and power prices. Supply chain shortages in solar equipment could prohibit construction of new projects and drive-up acquisition prices of existing assets. Following the period end, it was announced that the next UK general election will be held on 4 July 2024. Furthermore, at least 65 countries (plus the European Union), representing a combined population of around half the people in the world, have held, or are expected to hold, national elections over 2024 contributing to potential heightened geo-political uncertainty.	The Investment Adviser closely monitors the impact of the policies of key political parties in jurisdictions where the Company operates and assesses geo-political developments affecting regions of significance for the Company's operations (including supply chain and wholesale power markets). The Investment Adviser also engages regularly with the UK government and opposition parties on matters relevant to the Company and its investments. The global consequences of international conflict on power prices emphasises the importance of national energy independence, which the Company believes it is well placed to facilitate. The Investment Adviser has a wealth of experience and a strong network built through its global presence that enables it to source valuable projects and contracts for the NESF portfolio. The geopolitical expectations known at the time of acquisition of an asset are built into the Company's strategy and projected financial returns for the asset.
Adverse changes to the regulatory framework for solar PV (principal or emerging)	Uncertainty for the future regulatory framework for solar PV creates a risk that further planned acquisitions do not take place. This would affect the Company's growth potential, valuation and profitability.	The Company, through the support of the Investment Adviser, actively monitors regulatory changes within the industry and participates in contributing towards government discussions on the industry in the UK, and Italy and other countries in which investments are located.
Changes to tax legislation and rates (principal or emerging)	Changes to the existing rates and rules could have an adverse effect on the valuation of the portfolio and levels of dividends paid to shareholders. As a result of the elevated power prices exhibited during 2022, the UK government announced the Electrical Generator Levy ("EGL"), which is a temporary 45% charge on exceptional receipts generated from the production of wholesale electricity. Exceptional receipts will be defined as wholesale electricity sold at an average price in excess of £75 per MWh over an accounting period. Changes to current subsidies based on findings of the regulator would impact the Company's revenue streams.	NESF has tax advisers to ensure constant awareness of any upcoming changes to tax legislation and rates, to implement the necessary changes as required. Investment in multiple jurisdictions diversifies exposure to individual country regulations and hence risk. Increase in subsidy free assets in the portfolio reduces exposure to regulated revenues, supported by the hedging strategy.
Health and Safety (principal or emerging)	The physical location, maintenance and operation of a solar power plant may pose health and safety risks to those involved.	Health and safety practices are in place that conform to local governmental standards. The Investment Manager, Investment Adviser and the Asset Manager monitor adherence to the standards. Insurance policies are in place and reviewed to increase cover where necessary.
Climate-related risks (emerging risk)	These are detailed in the NESF dedicated Annual Sustainability and ESG report which is aligned with the Climate Related S2 Standard of the International Sustainability Standards Board.	

Hill Farm
Oxfordshire
5MW
1.2 ROC

Going Concern and Viability

Going Concern

This Strategic Report describes the Company's business activities, together with the factors likely to affect its future performance, position and prospects. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairwoman's Statement, the Investment Adviser Report and notes to the Financial Statements.

The Company's cash balance as at 31 March 2024 was £8.9m, all of which was readily available. It also had immediately available but undrawn amounts under the Group's debt facilities of a further £39.4m. The NESF Group had capital commitments totalling £23.5m at the year end. A significant portion of the NESF Group's revenues are derived from government subsidies. A large portion of the NESF Group's borrowings are on a non-recourse basis. The Company's portfolio is diversified by geography, components, plant size, subsidy schemes and revenue streams.

A thorough evaluation of the cash flow impact, for the going concern period to 16 June 2025, of the following individual and combined two scenarios were reviewed by the Directors:

- Sale of Assets as part of the Capital Recycling Programme
- Sale of Assets and Share buyback as part of the Capital Recycling Programme.

The above scenarios highlight that the Company is, and will highly likely remain, cash flow profitable and is in a net asset position.

In accordance with the Articles for the Company, the Board is required to propose a special resolution at the AGM in August 2024 to consider discontinuation of the Company due to the Company's shares having traded at an average discount of over 10% to the Company's NAV over the financial year ended 31 March 2024. The Directors of the Company have considered the potential outcome of the vote on the ability of the Company to continue as a going concern and consider it unlikely that Shareholders will vote in favour of discontinuation of the Company against the Board's recommendation. Bearing in mind the illiquid nature of the Company's underlying assets and the macroeconomic factors that have contributed to the discontinuation vote being triggered, if the discontinuation vote is passed and a subsequent reconstruction or winding up process is initiated the Board nonetheless expects that the Company would continue in existence for at least 12 months from the date of signing of this Annual Report.

The Board is satisfied that the Company has sufficient financial resources available to be able to manage the Company's business effectively and pursue the Company's principal activities and investment objective. In particular, the Board is not currently aware of any material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of approval of this Annual Report. The Board is of the opinion, therefore, that the going concern basis adopted in the preparation of the Financial Statements is appropriate.

Assessment of Viability

In accordance with The AIC Code of Corporate Governance (February 2019) ("AIC Code") and the FCA's Listing Rules, the Directors have assessed the prospects of the Company over a longer period than the 12 months required when preparing financial statements on a going concern basis. The Board has also carried out a robust assessment of the emerging and principal risks.

In reviewing the Company's viability, the Directors have assessed its viability for the period to 31 March 2029. The Board believes this period, being approximately five years, is an appropriate period over which to assess the Company's viability as it is consistent with the five year period used by the Board when considering the Company's investment strategy and medium-term business plans, including cash flows, and is considered reasonable having regard to the long-term nature of the Company's investment strategy.

The Company owns a portfolio of solar energy infrastructure assets in the UK, Italy, Portugal and Spain that are predominantly fully constructed, operational and generating renewable electricity. The Company has also entered into the energy storage asset market in the UK this year. As a result of both of these markets, the Company benefits from predictable and reliable long-term cash flows and is subject to a set of risks that can be identified and assessed. Each solar PV and energy storage asset is supported by a detailed financial model at acquisition and incorporated into the Company's valuation model for quarterly valuations. The Directors believe that the diversification within the Company's portfolio of solar assets helps to withstand and mitigate the emerging and principal risks the Company is most likely to face. The

Company's revenues from investments provide substantial cover to the operating expenses of the SPVs, HoldCos and the Company and any other costs likely to be faced by any of them over the viability assessment period.

NESF prepares a five-year cash flow forecast annually and the Investment Adviser and the Board review this as part of their business planning and to assess the sustainability of the dividends. This forecast is based on the Investment Adviser and Investment Manager's expectations of future asset performance, income and costs, and are consistent with the methodology applied to provide the valuation of the investments. The forecast considers the Company's cash balances, cash flows, dividend cover, other financial ratios, compliance, investment policy and key operational and financial indicators over the period. Furthermore, the forecast also considers the terms of the NESF Group's borrowing facilities (mainly interest payable, amortisation and financial covenants) and the terms of the preference shares and their limited redemption rights. Apart from any drawings under two revolving credit facilities for an aggregate of up to £205m, there are no borrowings by the Company or any of the HoldCos or SPVs that are expected to be refinanced. Following the period end, the Company announced the extension of its £70m RCF to June 2025 and refinancing of its £135m RCF, which is now available until June 2026 and provides two additional 12-month extension options at NESF's sole discretion to bring the maturity date up to June 2028. However, the forecast considers raising further short-term debt and equity to acquire future assets.

The viability assessment assumes continued government support for existing subsidy arrangements for the assets within the portfolio and assumes that the discontinuation vote is not passed.

The key assumptions underpinning the cash flows and covenant compliance forecasts are subject to sensitivity analysis to explore and evaluate the Company's resilience to the potential impact of those emerging and principal risks summarised above that, both individually and in aggregate, could prevent the Company from delivering on its investment strategy. The emerging and principal risks have been subject to stress cases including P90 irradiation, availability at 95% and power prices falling to £30/MWh as these could have a material negative impact on valuations and cash flows and give rise to a reduction in the availability of finance. The remaining emerging and principal risks, whilst having an impact on the Company's business model and future performance, position and prospects, are not considered by the Directors to have a reasonable likelihood of impacting the Company's viability over the five-year period to 31 March 2029.

The sensitivities performed were designed to be severe but plausible. It is noted that none of the sensitivities gives rise to a scenario in which the Directors deem that the Company would not be viable, even without taking any mitigating actions that are expected to be available.

Viability Statement

Having considered the five-year forecast cash flows and covenant compliance, the impact of the sensitivities in combination and the emerging and principal risks facing the Company, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 March 2029.

International Conflicts

The Company's portfolio has no direct exposure to either Ukraine or Russia. Furthermore, the Company has no direct exposure to Israel or Gaza. The Board and the Investment Adviser continue to monitor the situation closely and consider the wider consequences on power prices and energy affordability.

Approval

This Strategic Report was approved by the Board on 18 June 2024 and signed on its behalf by:

Helen Mahy
Chairwoman

Governance

Introduction from the Chairwoman

I am pleased to present the Company's Corporate Governance Report for the year ended 31 March 2024. We believe that strong corporate governance gives the Company's shareholders and other key stakeholders confidence in the Company's trustworthiness, fairness and transparency. The practice of good governance is, therefore, an integral part of the way we manage the Company and plays an important role in shaping the Company's long-term sustainable success and achieving our strategic objectives.

Corporate Governance Regime

This Corporate Governance Report explains how we apply the principles and provisions of the AIC Code. It provides details of the key aspects of our corporate governance framework and seeks to demonstrate how the Board and its Committees have operated during the year and how we exercise effective stewardship over the Company's activities for the benefit of our shareholders as a whole, whilst having regard to the interests of wider stakeholders. The Board also considers other updated guidance and best practice.

Board Composition and Evaluation

We continued to keep the Board's composition under review and appointed Paul Le Page in October 2023 to add to the energy sector experience of the Board. Post the year end, Caroline Chan was appointed to the Board on 1 April 2024 where her wealth of experience in investment funds, alongside her legal background, will also add to the skillset of the Board. More information on the Board's diversity can be found on page 86.

The AIC Code requires us to undertake externally facilitated Board evaluations at least every three years and the most recent review was undertaken by Lintstock Limited in February 2021. The next external Board Evaluation is due to be undertaken as part of the 2024 process. The external evaluation will be undertaken during the latter part of 2024, with final results to be tabled in February 2025. Further information on this year's evaluation process and its findings can be found under 'Annual Performance Evaluations'.

Audit Committee

Patrick Firth is the appointed Chairman of the Audit Committee. Further information on the Audit Committee can be found on pages 99-103.

Remuneration Committee

The separate Remuneration Committee was formed in February 2024. Paul Le Page is the appointed Chairman of the Committee. Further information on the Remuneration Committee can be found on pages 94-97.

Nomination Committee

The separate Nomination Committee was formed in February 2024. I am the appointed Chairwoman of the Committee. Further information can be found within the Nomination Committee Report on page 93.

Management Engagement Committee

Joanne Peacegood is the appointed Chairwoman of the Management Engagement Committee. Further information on the Management Engagement Committee can be found on page 75.

ESG Committee

Josephine Bush is the appointed Chairwoman of the ESG Committee. Further information on the ESG Committee can be found on page 75.

Market Disclosure Committee

I was the appointed Chairwoman of the Market Disclosure Committee that was formed in November 2023.

Engagement with Our Key Stakeholders

We recognise the importance of engaging with our key stakeholders and information on how we do this can be found under 'Engagement with Our Stakeholders'. The most recent shareholder perception study was undertaken by Rothschild & Co in April 2021. We continue to look at how we engage with all of our key stakeholders to ensure that our engagement is both appropriate for the Company's business, and dynamic, so that we can respond as the business and our key stakeholders' views evolve.

During the year, I valued the opportunity to engage with shareholders, actively listen to their comments, and understand their perspectives on the Company. I look forward to maintaining this ongoing dialogue with investors.

Helen Mahy
Chairwoman
18 June 2024

Governance Framework

Our governance framework reflects the fact that, as an investment company, the Company has no employees, its Directors are all Non-Executive and its day-to-day activities, including investment management and administration, are outsourced to external service providers.

BOARD
(All independent of the Investment Manager, the Investment Adviser and the Administrator)

Independent Chairwoman: Helen Mahy (appointed 16 August 2023) (Kevin Lyon retired from the Board on 16 August 2023)
Principal Responsibilities: To lead the Board; to ensure the Board's overall effectiveness in directing NESF

Senior Independent Director: Paul Le Page (appointed 1 January 2024) (Vic Holmes retired from the Board on 31 December 2023)
Principal Responsibilities: To provide sounding board for the Chairwoman and serve as an intermediary for the other Directors and shareholders

Non-executive Directors:
Helen Mahy (appointed 1 April 2023)
Paul Le Page (appointed 3 October 2023)
Patrick Firth (appointed 22 January 2014)
Joanna Peacegood (appointed 20 February 2020)
Josephine Bush (appointed 1 January 2022)
Caroline Chan (appointed 1 April 2024)
Kevin Lyon (retired 16 August 2023)
Vic Holmes (retired 31 December 2023)

SCHEDULED BOARD MEETINGS: 4 p.a.

PRINCIPAL RESPONSIBILITIES:
To promote the long-term sustainable success of NESF, generating value for shareholders whilst having regard to the interest of wider stakeholders
To set NESF's strategic objectives and ensure that the necessary resources are available for it to meet its objectives
To establish a framework of prudent and effective controls that enable risk to be assessed and managed
To ensure effective engagement with shareholders and other key stakeholders
To robustly scrutinise and constructively challenge all matters that come before the Board

A — AUDIT COMMITTEE

MEMBERSHIP
All Directors
(excluding Helen Mahy who is an invited attendee only)

CHAIR
Patrick Firth
(since 2014)

SCHEDULED MEETINGS:
4 p.a.

PRINCIPAL RESPONSIBILITIES
To oversee the quality of financial reporting

To review and monitor the risks the Company is exposed to, its risk appetite and the effectiveness of its risk management framework

To review the effectiveness of the external audit process and independence of the external auditor

M — MANAGEMENT ENGAGEMENT COMMITTEE

MEMBERSHIP
All Directors

CHAIR
Jo Peacegood
(since 2021)

SCHEDULED MEETINGS:
1 p.a.

PRINCIPAL RESPONSIBILITIES
To evaluate, at least annually, the performance and continuing appointment of the Investment Manager and other key service providers and advisers

R — REMUNERATION COMMITTEE

MEMBERSHIP
All Directors

CHAIR
Paul Le Page
(since 2024)
(Vic Holmes retired 31 December 2023)

SCHEDULED MEETINGS:
1 p.a.

PRINCIPAL RESPONSIBILITIES
To keep under review the Directors renumeration policy

N — NOMINATION COMMITTEE

MEMBERSHIP
All Directors

CHAIR
Helen Mahy
(since 2024)
(Vic Holmes retired 31 December 2023)

SCHEDULED MEETINGS:
1 p.a.

PRINCIPAL RESPONSIBILITIES
To review and evaluate regularly the Board's composition and succession planning and lead the process for new Board appointments

To lead the annual evaluation of the Board and Committees

E — ESG COMMITTEE

MEMBERSHIP
All Directors

CHAIR
Josephine Bush
(since 2022)

SCHEDULED MEETINGS:
2 p.a.

PRINCIPAL RESPONSIBILITIES
To provide strategic advice to the Board on ESG matters

Support and challenge NEC with respect to ESG matters including investment, divestment and asset management activities

Board of Directors

Helen Mahy CBE

Chairwoman

Resident:
UK

Appointed:
1 April 2023

Independent:
Yes

Relevant Skills and Experience:

Over 20 years of experience in the energy sector.

Qualified as a barrister and was an Associate of the Chartered Insurance Institute. Awarded a CBE in 2015 for services to business, particularly relating to diversity in the workplace.

Previously served as Group General Counsel and Company Secretary of National Grid plc, and more recently as Chairwoman of The Renewables Infrastructure Group, having served the full nine-year tenure.

Principal External Appointments:

Non-Executive Director of SSE plc and chairs the Safety, Sustainability, Health and Environment Advisory Committee. Appointed as Senior Independent Director of SSE plc from 1 November 2023. Non-Executive Director of Gowling WLG (UK) LLP.

Chairwoman of the Global Media Campaign to End FGM.

Patrick Firth

Non-Executive Director

Resident:
UK

Appointed:
22 January 2014

Independent:
Yes

Relevant Skills and Experience:

Over 30 years' experience of the Investment Company Sector in Guernsey and the UK.

Qualified as a Chartered Accountant (ACA) and a member of the Chartered Institute for Securities and Investment.

Past Chairman of the Guernsey Investment Funds Association and Guernsey International Business Association.

Formerly Audit Committee Chair of Riverstone Energy Limited, ICG Longbow Senior Secured UK Property Debt Investments Limited and JZ Capital Partners Limited.

Principal External Appointments:

Audit Committee Chair of India Capital Growth Fund Limited and CT UK Capital & Income Investment Trust plc.

Joanne Peacegood

Non-Executive Director

Resident:
Guernsey

Appointed:
20 February 2020

Independent:
Yes

Relevant Skills and Experience:

Over 25 years of experience in the Investment Management sector including Premium Listed Funds and Alternative assets.

Qualifications include Chartered Accountant (FCA), Institute of Directors Diploma and BA honours degree in Accounting.

Worked for 'Big Four' accounting firms in the Channel Islands, UK and Canada for 20 years.

Skills and expertise lie in Valuations, Accounting, Auditing, Risk, Controls, Corporate Governance and Regulations.

Principal External Appointments:

Audit Chair of Volta Finance Limited and Chairwoman of Castelnau Group Limited.

Josephine Bush

Non-Executive Director

Resident:
UK

Appointed:
1 January 2022

Independent:
Yes

Relevant Skills and Experience:

Over 20 years of experience in the renewable energy sector, 14 years of which were as a Senior Partner in Ernst & Young's global renewable practice.

Qualified Solicitor and Chartered Tax Adviser and CFA ESG investing qualification.

Previously a member of the Ernst & Young LLP Power and Utilities Board and UK&I Governance Board.

Principal External Appointments:

Non-Executive Director and Chairwoman of the Audit, Risk and ESG committee, of Vulcan Energy Resources Limited (ASX and FSX listed).

Non-Executive Director and Chairwoman of the ESG Committee of Foresight Sustainable Forestry Company PLC (LSE listed).

Paul Le Page

Non-Executive Director

Resident:
UK

Appointed:
3 October 2023

Independent:
Yes

Relevant Skills and Experience:

Over 20 years' Audit & Risk Committee experience within the closed-ended investment fund sector.

Qualified as a Chartered Electrical Engineer and obtained an MBA from Heriot Watt University in 1999 and switched from industrial R&D to investment fund research with a specialisation in alternative assets.

A broad-based knowledge of the global investment industry, fund governance, reporting and product structures and holds non-executive directorships of several investment funds.

Previous Audit Committee Chairman of UK Mortgages Limited, Thames River Multi Hedge PCC Limited, Cazenove Absolute Equity Limited and Bluefield Solar Income Fund Limited.

Principal External Appointments:

Audit Committee Chairman of RTW Biotech Opportunity Fund Limited, Non-Executive Director of Sequoia Economic Infrastructure Income Fund Limited and Twentyfour Income Fund Limited.

Caroline Chan

Non-Executive Director

Resident:
Guernsey

Appointed:
1 April 2024

Independent:
Yes

Relevant Skills and Experience:

Over 30 years' experience as a Corporate Lawyer across London, Hong Kong and Guernsey, specialising in investment funds, mergers and acquisitions, financing and financial services regulatory work.

Is a Guernsey Advocate, qualified as an English solicitor with Allen & Overy and was admitted as a Hong Kong solicitor (all non-practising).

Retired from private practice in 2020, having been a Guernsey partner at Ogier and Mourant, two offshore law firms.

Principal External Appointments:

Non-Executive Director of BH Macro Limited (LSE listed), including Chair of the Remuneration and Nomination Committee.

The below table summarises the key skills of the Company's Board of Directors, the Investment Manager, the Investment Adviser and the Asset Manager.

Skill set

	Investment Management including Guernsey	Finance including Accounting, Audit & Valuation	Health & Safety and Engineering	Sustainability & ESG	Energy Sector	Law
NextEnergy Solar Fund Board of Directors						
Helen Mahy	Expertise	Experience	Expertise	Expertise	Expertise	Experience
Patrick Firth	Expertise	Expertise	Experience	Experience	Expertise	Experience
Jo Peacegood	Expertise	Expertise	Experience	Experience	Expertise	Experience
Josephine Bush	Expertise	Expertise	Limited	Expertise	Expertise	Experience
Paul Le Page	Expertise	Expertise	Expertise	Experience	Expertise	Experience
Caroline Chan[1]	Expertise	Expertise	Limited	Experience	Experience	Expertise
NextEnergy Capital (Investment Manager)						
Charlotte Denton	Expertise	Expertise	Experience	Experience	Expertise	Experience
Jeremy Thompson	Expertise	Expertise	Expertise	Experience	Expertise	Experience
Joseph D'Mello	Expertise	Expertise	Experience	Experience	Expertise	Experience
NextEnergy Capital (Investment Adviser)	Expertise	Expertise	Expertise	Expertise	Expertise	Expertise
WiseEnergy (Asset Manager)	Experience	Expertise	Expertise	Expertise	Expertise	Expertise

[1] Joined 1 April 2024

Key

(dark green)	Expertise
(light green)	Experience
(white)	Limited

Whilst the Board may not acquire the experience or expertise in certain areas, they take the opportunity to elicit expertise advice from the Investment Adviser and various third-party providers as they deem appropriate.

The above table has been completed by each individual director. Should the Directors have similar experience, they may self-rate differently.

Corporate Governance Statement

Statement of Compliance

The AIC Code

The Board is committed to the highest standards of corporate governance and functions under the applicable framework for corporate governance for a listed investment company. The Board considers that the principles and provisions set out in the AIC Code provide the most appropriate framework for the Company's governance and reporting to shareholders. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (July 2018) as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. Changes to the UK Corporate Governance Code were announced in January 2024 and are to take effect from January 2025. The Board is cognistant of the recommendations and is committed to complying to those provisions, as applicable, once they become effective. The AIC Code includes an explanation of how it adapts the principles and provisions set out in the UK Corporate Governance Code to make them relevant for investment companies. The AIC Code is available on the AIC's website (theaic.co.uk).

The AIC Code has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission. By reporting against the AIC Code, the Board is meeting its obligations in relation to:

- the UK Corporate Governance Code (and associated disclosure requirements under the FCA's Listing Rule 9.8.6R) and, accordingly, the Company does not need to report further on issues contained in the UK Corporate Governance Code which are irrelevant to it; and
- the Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance (July 2023).

By reporting against the AIC Code, as explained by the AIC guide, the Company meets its obligations and has complied with the principles and provisions of the AIC Code during the year ended 31 March 2024.

The Guernsey Financial Services Commission's ("GFSC") issued a Guernsey Code which came into effect on 1 January 2012. The introduction to the Guernsey Code states that "Companies which report against the UK Code or the AIC Code of Corporate Governance are also deemed to meet this Code". Therefore, AIC members which are Guernsey domiciled and which report against the AIC Code are not required to report separately against the Guernsey Code.

Board Leadership and Company Purpose

Board Leadership

The role of the Board is to promote the long-term sustainable success of the Company, generating value for our shareholders whilst having regard to the interests of wider stakeholders.

The Investment Manager, the Investment Adviser and the Administrator are responsible for implementing the Company's strategy and managing the Company's day-to-day activities and operations. The Company's success is based on such implementation and management being effective. The Board leads and provides direction for the Investment Manager, the Investment Adviser and the Administrator by setting the Company's strategic objectives within a robust framework of risk management and internal controls. The Board oversees the execution of the Company's strategy and implementation of its key investment, financial, operational and compliance policies, enabling it to scrutinise robustly and challenge constructively the performance of each of the Investment Manager, the Investment Adviser and the Administrator.

Company Purpose, Values and Strategy

The Company's principal purpose is to provide ordinary shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy and energy storage infrastructure assets managed in accordance with its Investment Policy. Details of the Company's investment and strategic objectives and its investment strategy are set out in 'Our Objectives' (p.2) and 'Our Investment Strategy and Track Record' (p.25) respectively. In setting the Company's strategic objectives, the Board had regard to the interests of the Company's key stakeholders.

The Strategic Report describes:

- how the Company seeks to generate and preserve value over the long-term (see 'Portfolio Optimisation & Enhancement Activity' in the Investment Adviser's Report);

- the key considerations relating to new investment opportunities (see 'Portfolio Highlights' in the Investment Adviser's Report);
- the emerging and principal risks to the future success of the Company and how we seek to manage and mitigate them (see 'Risks and Risk Management' in the Strategic Report); and
- the sustainability of the Company's business model (see 'the Going Concern and Viability' section in the Strategic Report).

We aim to ensure the Company is run in a manner that is consistent with our belief in integrity, fairness and transparency and responsive to the views of the Company's shareholders and wider stakeholders.

Board Culture

Our culture is based on openness, trust and candour between Board members, respect for differing opinions and areas of expertise and individual and collective accountability. We believe that this culture encourages constructive and robust challenge and debate, generates strong collective wisdom, and ultimately leads to good decision making, all of which are important to the successful implementation of the Company's strategy.

We seek to ensure that our culture is aligned with the Company's purpose, values and strategy principally through ongoing and regular dialogue and engagement with the Investment Manager, the Investment Adviser and the Administrator, whose efforts are collectively directed towards delivering returns to shareholders in line with the Company's purpose and monitoring the performance and management of the Company.

Section 172 Statement

Section 172 of the Companies Act 2006 ("Section 172") applies directly to UK domiciled companies. Nonetheless, the intention of the AIC Code is that the matters set out in Section 172 are reported on by all companies, irrespective of domicile, provided this does not conflict with local company law. Under Section 172, directors have a duty to promote the success of their company for the benefit of its members as a whole, whilst having regard to (amongst others) the likely consequences of their decisions in the long-term and the interests of the Company's wider stakeholders.

Information on how we have acted in accordance with the requirements of Section 172 is included throughout the Strategic Report and this Corporate Governance Statement.

In particular:

- information on the Company's values and business model and our culture can be found under 'Our Business Model' and under 'Company Purpose, Values and Strategy' above;
- details of how the Company seeks to generate and preserve value over the long-term can be found in the Investment Adviser's Report;
- information on the emerging and principal risks that could disrupt the long-term success of the Company and how we seek to manage and mitigate them are considered under "Risks and Risk Management";
- details of the Company's key stakeholders, why they are important to us and how we engage with them can be found in Stakeholder Engagement;
- in relation to the Company's solar assets, the Asset Manager and the Investment Adviser have day-to day responsibility for the Company's dealings with suppliers, contractors, customers and others and information on how they foster these relationships is included;
- information on how the Company's operations impact on the environment and the communities in which its solar and energy storage assets are located is included in the Sustainability and ESG section; and
- a summary of the Board's principal activities during the year under review is included under 'Board and Committee Meetings and Activities' section.

In making decisions, our aim is always to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. In relation to the decisions we took during the year under review, we acted in the way we considered, in good faith, would be most likely to promote the Company's long-term sustainable success and achieve its wider objectives for the benefit of our shareholders as a whole, having had regard to our wider stakeholders and the other matters set out in Section 172.

Conflicts of Interest

The Directors have a duty to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests ('conflict situations'). A Director must inform the Chairwoman (or, in the absence of the Chairwoman, the Senior Independent Director) as soon as they become aware of the possibility of a conflict situation. In accordance with Provision 9 of the AIC Code, the appointment of any Director has included consideration of the time they have available to the role. The Board considers the external appointments of any Director prior to being appointed.

Where it is deemed appropriate, the Board may approve conflict situations. In deciding whether to approve a conflict situation, the Board will act in a way it considers, in good faith, will be most likely to promote the Company's long-term sustainable success. The Board can impose limits or conditions when giving approval if it considers this appropriate. We believe that our arrangements for approving and monitoring potential conflict situations is operating effectively.

There were no conflict situations during the financial year under review (or since the end of the financial year to the date of approval of these Financial Statements).

Division of Responsibilities

Board

The Company is led and controlled by an independent Board of Directors, that, as at 31 March 2024, was comprised of five Directors, all of whom are Non-Executive, and is chaired by Helen Mahy. Upon the recent appointment of Caroline Chan from 1 April 2024, the Board now comprises of six Non-Executive Independent Directors. As their biographies on pages 76-77 demonstrate, they provide a wealth and breadth of knowledge, skills and business experience. The Non-Executive Directors provide independent challenge and review, bringing specific expertise and a fresh objective perspective.

The Board's principal responsibilities include:

- promoting the Company's long-term sustainable success, generating value for our shareholders whilst having regard to the interests of wider stakeholders;
- setting the Company's strategic objectives and ensuring that the necessary resources are in place for the Company to meet its objectives;
- establishing a framework of effective controls that enable risk to be managed and continually assessed;
- establishing a framework of high standards of corporate governance;
- overseeing the execution of the Company's strategy and implementation of its key investment, financial, operational and compliance policies;
- overseeing the performance of each of our Investment Manager, Investment Adviser, Administrator and other key service providers and advisers;
- ensuring effective engagement with shareholders and other key stakeholders; and
- robustly scrutinising and constructively challenging all matters that come before the Board.

The Board has overall responsibility for the Company's activities. However, it has delegated or outsourced various matters to its standing Committees and day-to-day activities to the Investment Manager and the Administrator (with some responsibilities of the Investment Manager delegated by it to the Investment Adviser), all of which operate within clearly defined terms of reference or agreements that set out their roles, responsibilities and authorities. All other matters are reserved for consideration and approval by the Board (including those matters listed in a formal schedule of reserved matters approved by the Board), thus enabling the Board to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The reserved matters include:

- the overall management and leadership of the Company, including setting of the strategic objectives;
- changes to the Company's equity and debt capital structures;
- the Company's dividend policy and declaration of dividends;
- the Company's financial reporting and controls;
- ensuring that appropriate systems of internal control and risk management strategy are in place;
- approval of material contracts and agreements entered into, varied or terminated;
- approval of related party transactions;
- approval of quarterly and any ad hoc net asset value and related announcements;
- the Company's operating and marketing budgets;
- Board and Committee memberships; and
- all corporate governance matters.

To enable the Board to fulfil its responsibilities, the Directors are expected to provide strategic guidance, constructive challenge, offer specialist advice and hold each of the Investment Manager, the Investment Adviser, the Administrator and other service providers and advisers to account.

The Directors have access to the advice and services of the Administrator. Where necessary, in carrying out their duties, the Directors may also seek independent professional advice and services at the expense of the Company.

The AIC Code requires that Directors be subject to an annual re-election by Shareholders, and the Directors comply with this requirement. The Chairwoman as well as the Directors, will offer themselves for re-election at the forthcoming AGM, save as noted below. With consideration given to contribution of Board deliberations, commitment to the role and attendance at meetings, the Board approves that the nomination for re-election of all Directors at the forthcoming AGM, save that Paul Le Page and Caroline Chan will offer themselves to be elected and Patrick Firth will not offer himself for re-election, as he will resign from the Board at the end of the AGM.

Chairwoman

Helen Mahy is independent and is appointed in accordance with the Articles. Her primary role as Chairwoman is to provide leadership and guidance to the Board. The principal responsibilities of the Chairwoman include:

- the overall effectiveness of the Board in directing the Company;
- taking a leading role in setting the Company's strategic objectives;
- promoting behaviours and attributes that make up the Board's culture (details of which can be found under 'Board Culture');
- ensuring the Company is meeting its responsibilities to shareholders and wider stakeholders; and
- engaging with shareholders to ensure that the Board has a clear understanding of their views.

The effectiveness and independence of the Chairwoman is evaluated on an annual basis as part of the Board's performance evaluation. Information on the 2024 appraisal of the Chairwoman can be found under 'Annual Performance Evaluations' below.

Senior Independent Director

The current Senior Independent Director is Paul Le Page. His primary role as such is to serve as a sounding board for the Chairwoman, act as an intermediary for other Directors and be available to respond to shareholders' concerns if they cannot be resolved through the normal channels of communication (i.e. through the Chairwoman). The Senior Independent Director leads the annual evaluation of the Chairwoman (see 'Annual Performance Evaluations' below for information on the 2024 annual evaluation).

Board Committees

The Board has six standing Committees: Audit, Management Engagement, Environmental Social and Governance, Remuneration, Nomination and Market Disclosure Committees.

On 26 February 2024, the Board announced that it had separated the Remuneration and Nomination Committee into two separate Committees, namely the Remuneration Committee and the Nomination Committee. The reason for the change is covered in the Remuneration Committee Report.

A copy of the terms of reference of each Committee is available on the Company's website **(nextenergysolarfund.com)**.

The Committees review their terms of reference at least annually, with any proposed changes recommended to the Board for approval.

The Board also establishes additional Committees from time to time to take operational responsibility on specific matters following 'in principle' approval from or with subsequent ratification by the Board. These Committees ensure that key matters are dealt with efficiently.

Investment Manager and Investment Adviser

A Management Agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority and responsibility. Under the Management Agreement, but subject to the overall control and supervision of the Board, the Investment Manager has full discretion to make investments in solar PV and energy storage assets that have been recommended by the Investment Adviser and meet the requirements of the Company's Investment Policy.

The Investment Manager is also the Company's AIFM for the purpose of the EU's AIFM Directive. As the AIFM, the Investment Manager also has responsibility for all risk management and portfolio management activities. In addition, the Investment Manager has been granted powers by the Company as regards to its HoldCos, SPVs and NPIII in order to facilitate the performance of its obligations.

The Investment Adviser's role primarily entails the origination, evaluation, co-ordination and recommendation of investment opportunities for the Company and the related provision of investment advice to the Investment Manager in respect of strategy, acquisitions and disposals, portfolio efficiencies, financing, market developments and other matters that may affect the Company's portfolio or the Company's ability to meet its investment or strategic objectives. In addition, the Investment Adviser is responsible for overseeing the performance of the Company's portfolio.

Both the Investment Adviser and Investment Manager participate in the Company's valuation process. The Investment Adviser arranges a committee meeting to scrutinise movements in the valuation during the period and consider long-term assumptions, such as the discount rate. Subsequently, the valuation is then presented to the Investment Manager with explanations for movements in the portfolio valuation and the NAV during the period. Following scrutiny and approval by the Investment Manager, the Investment Adviser presents the valuation to the NESF Board of Directors together with supporting explanatory information.

In advance of Board meetings, the Investment Manager provides regular reports, which include operating updates on the Company's solar assets, information on potential new investment opportunities, cash flow forecasts and other financial information, industry updates and other relevant information. Senior representatives of the Investment Manager and the Investment Adviser attend Board meetings. In addition, there is regular contact between the Board, the Investment Manager and the Investment Adviser, including informal meetings between Board meetings. Our active engagement and supportive working relationship with the Investment Manager and the Investment Adviser create an open and collaborative culture that ensures that we have a thorough understanding of the Company's business and facilitates our robust scrutiny and constructive challenge of the activities and performance of the Investment Manager and the Investment Adviser.

In accordance with the Listing Rules, the Directors confirm that the continued appointment of the Investment Manager and the Investment Adviser under the current terms of the respective Investment Management Agreement and Investment Advisory Agreement are in the interest of the shareholders. The Board consider the performance of the Investment Adviser and the Investment Manager on an ongoing basis, whilst consideration of performance is also discussed during the Company's annual service provider review.

The Investment Manager's appointment is terminable by the Investment Manager or the Company on not less than 12 months' notice. The Investment Adviser's appointment is terminable by the Investment Manager or the Investment Adviser on not less than 12 months' notice.

Administrator

The Company has appointed the Administrator to provide company secretarial, fund accounting and administration services. The Administrator's responsibilities include:

- ensuring that the Company complies with applicable Guernsey laws, rules and regulations, the FCA's rules and regulations applicable to investment companies with a premium listing and the London Stock Exchange's rules and regulations;
- advising on all governance matters;
- supporting the Board to ensure that it has the policies, processes and information it needs in order to function effectively and efficiently;
- under the direction of the Chairwoman, facilitating the flow of information between the Board, the Committees, the Investment Manager, the Investment Adviser and other service providers and advisers; and
- ensuring that Board procedures are followed.

In advance of Board meetings, the Administrator provides regular reports, which include financial and other operational information, details of any breaches or complaints and relevant legal, regulatory, corporate governance and other technical updates. There is also regular contact between the Directors and the Administrator between Board and Committee meetings. Our working relationship and dialogue with the Administrator provide us with a thorough understanding of the Company's operational activities, ensure we comply with relevant legal, regulatory, corporate governance and other technical requirements and facilitate our effective oversight and scrutiny of the activities and performance of the Administrator.

Board and Committee Meetings and Activities

Meetings

The Board and its standing Committees hold regular scheduled meetings and additional meetings as required. The agenda for each meeting is prepared by the Administrator and approved by the Chairwoman or Chairman of the relevant meeting. Representatives of the Investment Adviser and the Administrator attend all scheduled meetings, although the Directors may meet without all or some of them being present.

Agendas, along with reports and other papers containing relevant, concise and clear information, are circulated to the Board and the Committees in a timely manner to enable review and consideration prior to scheduled and ad hoc meetings. This ensures that the Directors are capable of contributing to and making informed decisions. The Board or a Committee may also seek, as required, further clarification of matters from the Investment Manager, the Investment Adviser, the Administrator and other service providers or advisers by means of additional reports and/or in-depth discussions.

The primary focus at the quarterly Board meetings is:

- a review of the Company's investments, including their performance and any operational issues and asset management initiatives;
- any investment/divestment opportunities and how they fit within the Company's strategy;
- legal, regulatory and market developments that may impact the Company or its investments;
- valuation of investments and NAV calculation;
- the Company's financial performance;
- the Company's financial and regulatory compliance;
- investor relations, shareholder analysis and marketing; and
- peer group benchmarking and other relevant sector information.

Board Activities

In addition to routine business at the quarterly Board meetings, matters considered by the Board during the year under review included:

- consideration of the Company's dividend policy (see Dividend Policy and Dividend Target for Financial Year ending 31 March 2025 in the Strategic Report);
- the Company's strategy and strategic aims, including in respect of UK subsidy-free solar, international assets and Capital Recycling Programme (see 'Portfolio Highlights' section in the Investment Adviser's Report);
- assessment of key service providers;
- approving the Annual and Interim Reports;
- the Board and Committee composition and evaluation (see 'Board Composition and Evaluation' section above); and
- recommendations from its Committees.

Committee Activities

Information on the activities of the Audit Committee during the year under review can be found under 'Responsibilities and Activities' in the Audit Committee Report. The Management Engagement Committee completed the annual evaluation of the Company's key service providers, including the Investment Manager, the Investment Adviser and the Administrator in Q1 2024.

Matters considered by the Remuneration and Nomination Committee, prior to it becoming the Nomination Committee during the year under review included:

- **Board Composition:** The Committee will continue to keep the Board's composition under review. Details of the Board's composition are discussed under 'Board Composition, Independence and Succession' below.

- **Annual evaluation of the effectiveness of the Board and its Committees:** Details of the evaluation process and the outcomes can be found under 'Annual Performance Evaluations' section below.

- **Succession planning:** Details of the intended succession plan can be found under 'Succession Planning'.

Meeting Attendance

The number of scheduled Board and Committee meetings during the year under review which each Director was entitled to attend, and the attendance of the individual Directors at those meetings, is shown in the table below.

In addition to the scheduled Board meetings (see table on page 85), there were: 5 ad hoc Board meetings; 1 ad hoc meeting of the Audit Committee; 2 ad hoc meetings for the

Remuneration and Nomination Committee; and 1 ad hoc meeting for Management Engagement Committee. These meetings were convened to conclude a number of matters previously discussed at scheduled meetings and to deal with administrative and process matters. Ad hoc meetings are typically convened at relatively short notice and are held in Guernsey. It is not always feasible or necessary, therefore, for all the Directors to attend the ad hoc meetings. However, Directors who are unable to attend an ad hoc meeting communicate their views on any matters to be discussed to their fellow Directors ahead of the meeting.

Director	Board	Audit Committee	Management Engagement Committee	Remuneration and Nomination Committee[5]	Environmental, Social & Governance Committee
Helen Mahy	4/4	4/4	2/2	4/4	3/3
Paul Le Page [1]	2/2	2/2	1/1	3/3	2/2
Patrick Firth	4/4	4/4	2/2	4/4	3/3
Joanne Peacegood	4/4	4/4	2/2	4/4	3/3
Josephine Bush	4/4	4/4	2/2	4/4	3/3
Caroline Chan [2]	n/a	n/a	n/a	n/a	n/a
Kevin Lyon [3]	1/1	2/2	2/2	1/1	1/2
Vic Holmes [4]	3/3	3/3	1/1	3/3	2/2

[1] Mr Le Page was appointed to the Board on 3 October 2023.
[2] Ms Chan was appointed to the Board from 1 April 2024.
[3] Mr Lyon retired from the Board on 16 August 2023 following the Company's AGM.
[4] Mr Holmes retired from the Board on 31 December 2023.
[5] The Remuneration & Nomination Committee was split into two separate Committees in February 2024. No meetings for either new Committee took place during the reporting period.

The Market Disclosure Committee has held no meetings since being established in November 2023.

A quorum comprises any one Director from time to time, to attend a Committee of the Board to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose from time to time.

Board Composition, Independence and Succession

The Board currently comprises six Directors, all of whom are Non-Executive and independent of the Investment Manager and the Investment Adviser. Details of the Directors' skills, experience and principal external appointments are included in their biographies.

Patrick Firth has held his position since the Company's IPO in 2014. Jo Peacegood has held her position since 20 February 2020, Josephine Bush has held her position since 1 January 2022, Helen Mahy has held her position since 1 April 2023, Paul Le Page has held his position since 3 October 2023 and Caroline Chan has held her position since 1 April 2024. During the year, Kevin Lyon retired from the Board at the Company 2023 AGM and Vic Holmes retired from the Board on 31 December 2023. The Chairwoman (or any other of the Directors) does not have, and has not had, any relationships or circumstances that may create a conflict of interest between their interests and those of the shareholders.

Board Commitments

Prior to taking on any new listed board, time consuming, conflicted or otherwise significant appointments, a Director must seek the prior approval, on behalf of the Board, from the Chairwoman (or, in the absence of the Chairwoman, the Senior Independent Director). If the Chairwoman (or Senior Independent Director) believes the relevant appointment causes a conflict or potential conflict of interest, they will refer the appointment for consideration and, if appropriate, approval of the Board. A Director must promptly notify the Administrator of any new board appointments that they take on.

When considering whether to recommend the election or re-election of a Director at any AGM, the Board assesses the Director's continuing ability to meet the time requirements of the role by considering, amongst other things, their attendance at Board, Committee and other ad hoc meetings held during the year as well as the nature and complexity of their other external roles.

The Directors' attendance at all scheduled Board and Committee meetings held during the year is shown in the table above. Neither the Chairwoman nor any of the other current Directors took on any other new appointments that would impact their ability to meet their board responsibilities to the Company during the year under review (or since the end of the year). The Board believes all the Directors have sufficient time to meet their Board responsibilities.

Diversity and Inclusion

The Board of NESF is committed to nurturing an environment where diversity and inclusion is at the heart of all engagements. The Board partners with external parties, including the Investment Manager, the Investment Adviser and the Asset Manager, to ensure that business is conducted in an ethical, respectful and inclusive manner for all stakeholders involved. Such business conduct is integral to achieving NESF's mission of responsible investing and ethical stewardship.

Board Diversity

The Board acknowledges the importance of all aspects of diversity for an effective and functioning Board and is committed to supporting diversity within the Boardroom. During the year, the Board approved a Company-specific Diversity Policy which will be reviewed at least once a year. The Board is committed to ensuring the Board is diverse and appointments to the Board are made on merit, having due regard to the benefits of diversity in its widest sense (including gender, age, social and ethnic backgrounds, cognitive and personal skills, experience and strengths). Additionally, it is within the Board's objectives to ensure the Board and its Committees have the skills, experience and knowledge necessary to bring a wide range of perspectives and to discharge their responsibilities effectively. The priority when making new appointments is to identify the candidate with the best range of skills, experience and knowledge to complement those of the existing Directors.

At the date of this report the Board comprised 2 men and 4 women, all Non-Executive Directors who are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Currently, the Board of Directors, the Management Engagement Committee and the Environmental, Social & Governance Committee are all chaired by women.

The Company's compliance with the FCA's targets on diversity disclosure requirements are set out below:

- At least 40% of the board are women;
- At least one of the senior board positions (Chairwoman or Chairman, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman; and
- At least one member of the board is from a minority ethnic background.

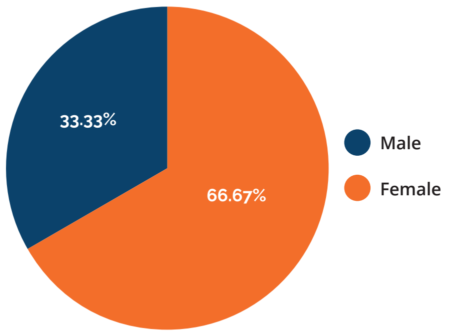
The Company has met, or exceeded the targets contained in Listing Rules 9.8.6R(9)(a)(i) and (iii) relating to gender and ethnic diversity.

As at the date of this report, and as explained above, the composition of the Board is as follows (for the purposes of Listing Rule 9.8.6R(10));

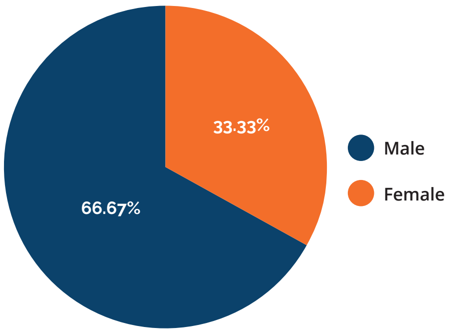
	Number of Board members in scope	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairwoman or Chairman)[1]
Men	2	33.33%	1
Women	4	66.67%	1
Not specified/ prefer not to say	–	–	–

[1] The positions of CEO and CFO are not applicable to the Company as an externally managed investment fund. Senior Board positions will continue to be reviewed.

NESF Board Gender Diversity
6 People



NEC IM Board Gender Diversity
3 People



	Number of Board members in scope	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairwoman or Chairman)[1]
White British or other White (including minority-white groups)	5	80%	Chairwoman or Chairman Senior Independent Director
Mixed/Multiple Ethnic Groups	1	20%	–
Asian/Asian British	–	–	–
Black/African/ Caribbean/ Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/ prefer not to say	–	–	–

[1] The positions of CEO and CFO are not applicable to the Company as an externally managed investment fund. Senior Board positions will continue to be reviewed.

The above information is based on voluntary self-declaration from the Directors.

To effectively facilitate a collaborative culture and enhance the effective delivery of the Company's strategic objectives, the Board is cognisant of the importance of an inclusive and diverse Board. The Board is aware of the importance on implementing a baseline representation to help, support and nurture future initiatives on diversity and inclusion.

The Investment Adviser has a diverse employee base and continues to dedicate its efforts to recruiting resources that support diversity across all positions and levels. The Investment Adviser recognises the continuing importance of ensuring diversity and female representation across the Board and provides support when necessary.

Diversity of the Investment Manager, the Investment Adviser and the Asset Manager

NextEnergy Group is a leading specialist solar PV and energy storage investment manager and asset manager. It has over $4bn of assets under management and employs over 300 people worldwide.

The NextEnergy Group is committed to better understanding the diversity of staff at all levels of the business, as well as the levels of inclusion and belonging that people feel in their day-to-day work experiences at the firm. This starts with data. The NextEnergy Group focuses on the following areas to best collect and:

- generate quantitative data to understand trends and drivers in the workforce, from a gender perspective;
- obtain detailed qualitative data at all levels of the business to understand the experience and perception of life at NextEnergy Group. This was gathered through one-to-one interviews; and
- analyse available data in relating to the hiring and talent management processes across the NextEnergy Group, to understand if these should be particular focus areas and if hiring poses a significant source of issues with diversity.

As part of the annual pay, performance, promotion and bonus process, the NextEnergy Group HR team carries out detailed equal pay analysis and a review of promotion rates by gender. This data is used to interrogate decisions and as a basis for amendments, where objectively justified, at the individual level.

NextEnergy Group recently announced a partnership with WiSEu network ("Women In Solar Europe network"), which is focused on building a more equal, diverse, and inclusive solar and energy storage industry. The network provides access to:

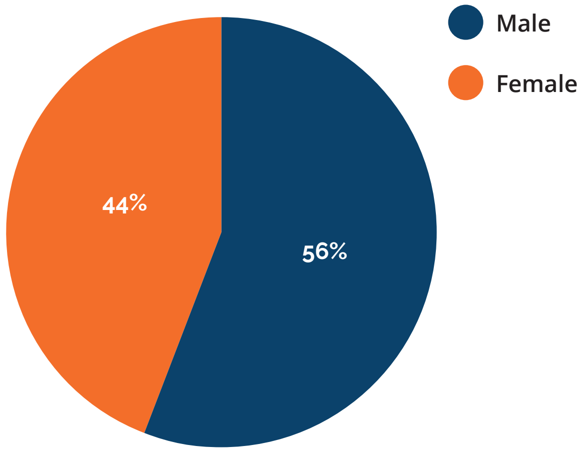
- Connect with hundreds of women from the sector across Europe;
- Receive direct invitations to monthly video podcasts, WiSEu Talks, Meetups, Workshops and online Meetings; and
- Receive support to achieve individual goals by connecting with role models and participate in mentoring programmes.

NextEnergy Group dedicates time and effort to evaluating potential partnerships and associations to promote equality in the workplace.

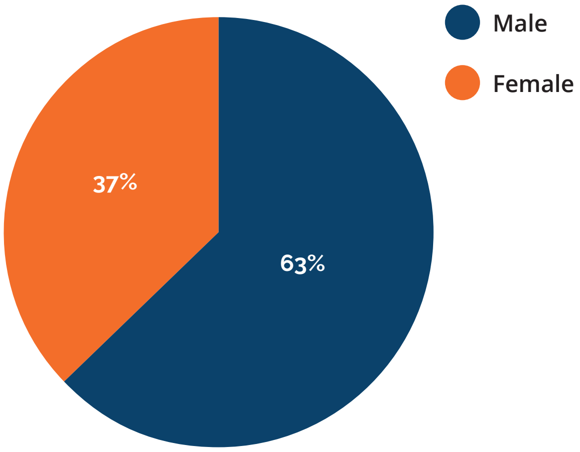
NESF continues to ensure that it has access to a skilled workforce, working with the Investment Adviser, NextEnergy Capital Limited, to warrant that the selection, hiring, and retention practices are of the highest standards, targeting and nourishing extraordinary talent.

Further information on the Company's diversity and inclusion initiatives can be found in the Company's dedicated annual Sustainability and ESG report.

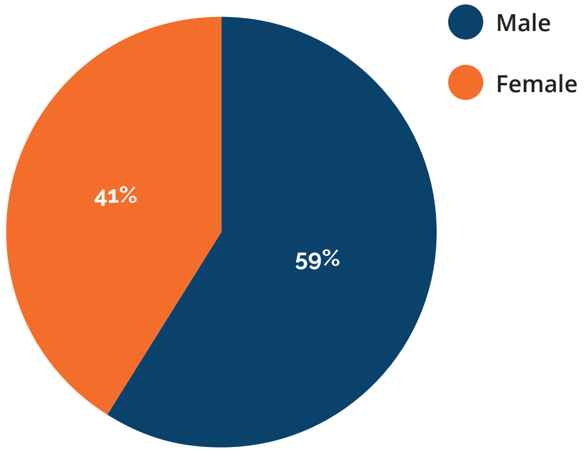
WiseEnergy Senior Leadership Team
9 People



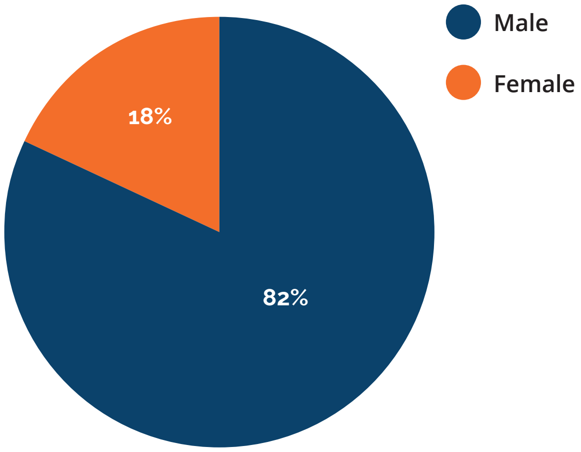
WiseEnergy
182 People



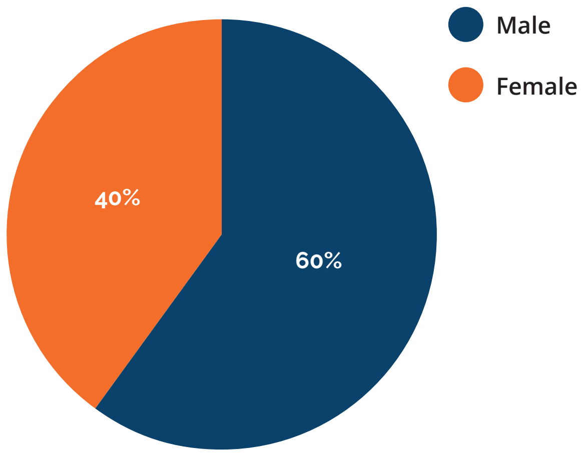
NextEnergy Group Diversity
317 People



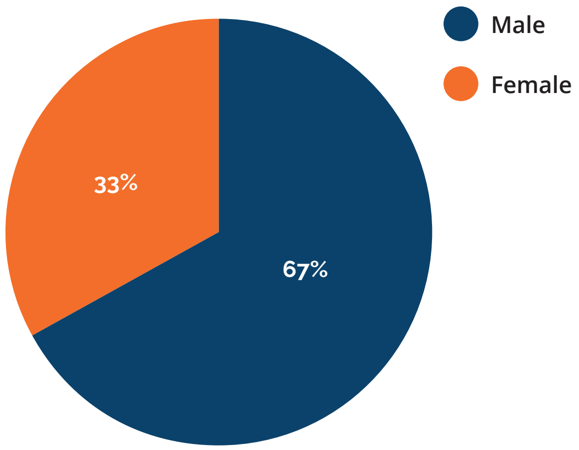
NextEnergy Capital Investment Leadership Team
11 People



NextEnergy Capital Diversity
57 People



Group Leadership Team
6 People



Board Tenure

The Board approved the Company's Chair Tenure Policy in June 2023. The Company's policy on Chairwoman/Chairman tenure is that the Chairwoman/Chairman should normally serve no longer than nine years as a Director and Chairwoman/Chairman, however, where it is in the best interests of the Company, its shareholders and stakeholders, the Chairwoman/Chairman may remain for a limited time beyond the period. In such circumstances, the Board take responsibility of ensuring that the Board remain independent.

One of our current six Directors reached his tenth anniversary in January 2024. We have considered succession planning and concluded that no Director should normally remain in office beyond the date of the AGM following the ninth anniversary of their first appointment to the Board. However, this period may be extended for a limited time to facilitate effective succession planning, as outlined in the section below.

The date of appointment of each Director can be found in their biographies on pages 76-77.

Succession Planning

The Board remains aware of the AIC guidance around Board member tenure and continues to take positive action to address this by implementing a carefully devised succession plan that facilitates the transition of corporate knowledge and Board independence, whilst ensuring the benefits of bringing new perspectives and diversity.

The Nomination Committee is responsible for reviewing the succession plans for the Board. Patrick Firth is the longest standing Director, having been appointed at the time of the Company's IPO in 2014. Whilst the Board does not consider that length of service in itself necessarily undermines a Director's independence, the Remuneration and Nomination Committee (as was) reviewed and recommended to the Board a succession plan to replace Patrick Firth during 2023. Following a successful recruitment process, Caroline Chan was appointed to the Board on 1 April 2024. It is the intention that Mr Firth will step down from the Board following the Company's AGM in August 2024. As part of the Committee's succession planning, following the retirement of Vic Holmes on 31 December 2023, Paul Le Page was appointed Senior Independent Director of the Board from 1 January 2024. It is anticipated that Jo Peacegood will succeed Mr Firth to become Chairwoman of the Audit Committee upon his retirement from the Board at the 2024 AGM, and Caroline Chan will succeed Jo Peacegood as Chairwoman of the Management Engagement Committee.

Election and Re-election by Shareholders

The Company considers its composition and succession planning on an ongoing basis. All Directors stand for re-election at each AGM of the Company, save that, at the first AGM following their appointment, a new Director stands for election.

The Board has reviewed the outcome of the annual Board evaluation, information on which is set out under 'Annual Performance Evaluations' below. The Board has also assessed each Director's independence, time commitment to the Company, contribution (outside of the usual meeting cycle as well as in scheduled meetings) since they were last elected or re-elected, and tenure, as well as the nature and complexity of their other external roles and whether their election or re-election would be in the best interests of the Company. We believe that the Board is well balanced and possesses the necessary breadth of skills, experience and knowledge and diversity of gender and cognitive and personal strengths to ensure it functions effectively and efficiently in discharging its responsibilities, which is important to the long-term sustainable success of the Company.

We are also satisfied that each Director continues to perform effectively, to be independent and to demonstrate commitment to their role. Therefore, resolutions will be proposed at this year's AGM to re-elect three Directors and elect two Directors.

Removal of Directors

The Directors' letters of appointment do not impose any maximum limit on the period for which they may serve, although the continuation of their appointment is contingent on satisfactory performance evaluation and annual re-election (or, in the case of a Director appointed since the previous AGM, election) by shareholders at the AGM.

Under their letter of appointment, a Director's appointment may be terminated at any time by either the Company or the Director giving not less than three months' notice or otherwise in accordance with the Company's Articles of Incorporation.

Annual Performance Evaluations

Board, Committees and Directors

In compliance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. During the year the

Board undertook an internal evaluation of its performance and, in addition, an evaluation focussing on individual commitment, performance and contribution of each Director was conducted. This process was in the form of annual performance questionnaires and discussions to determine the effectiveness and performance in various areas. The process was facilitated by the Company Secretary. The Chairwoman then met with each Director to fully understand their views of the Company's strengths and to identify potential weaknesses. If appropriate, new members would be proposed to resolve any perceived issues, or a resignation sought. Following discussions and review of the Chairwoman's evaluation by the other Directors, the Senior Independent Director reviews the Chairwoman's performance. Training and development needs are identified as part of this process, thereby ensuring that all Directors are able to discharge their duties effectively.

The evaluation commenced in December 2023 and the results were considered by the Board at its meeting in February 2024. Following the review, the Board acknowledged that whilst each Director had proved their ability to fulfil all legal responsibilities and to provide effective independent judgement on issues of strategy, performance, resources and conduct, there were a number of areas in which performance could be improved. The Board had compiled a list of recommendations for consideration that included areas such as investment matters, composition, relationships and communication, shareholder value, knowledge and skills, and board processes.

It is the intention of the Chairwoman and the Board to implement and execute these actions during 2024. In accordance with Provision 26 of the AIC Code, an external Board evaluation is due to take place in 2024.

The Board had no hesitation in recommending to the shareholders that both Paul Le Page and Caroline Chan be elected and all other Directors be re-elected at the upcoming AGM, apart from Mr Firth who is due to step down from the Board at the AGM as his tenure comes to an end.

Directors regularly meet with senior management employed by the Investment Adviser and the Administrator, both formally and informally, to ensure that the Board are abreast of any updates on issues. Certain Directors are members of professional bodies and/or serve on other boards, which provides continuous development in technical areas in their areas of expertise. The Board reports to the Administrator on a quarterly basis on any training undertaken and individual training logs are maintained and monitored by the Administrator.

Key Activities during the year

Throughout the year, the Remuneration and Nomination Committee had met several times to discussion succession planning for the replacement of Mr Holmes and Mr Firth. An extensive and rigorous recruitment process took place with engagement of recruitment firms within Guernsey and UK being employed to assist with the process. The Board are cognisant of the recommendations of the AIC and UK Codes and ensured that, upon review of potential candidates, those recommendations were considered. Following careful consideration and an interview process with Board members as well as the Investment Adviser, Mr Le Page and Ms Chan were appointed to the Board. Mr Le Page was appointed on 3 October 2023 as a Non-Executive Director and succeeded Mr Holmes as Senior Independent Director upon his retirement from 1 January 2024. Mr Le Page has also been appointed as Chairman of the Remuneration Committee. Ms Chan was appointed as a Non-Executive Director with effect from 1 April 2024.

Chairwoman

The Chairwoman is Helen Mahy. Her primary role as Chairwoman is to provide leadership to the Board. The principal responsibilities of the Chairwoman are set out above.

Upon the review of the Chairwoman, the Directors concluded that the Chairwoman continued to chair the Board effectively.

Investment Manager and Investment Adviser

The services provided by the Investment Manager and the Investment Adviser are kept under continual review by the Board. When considering the performance of the Investment Manager and the Investment Adviser the Board considers the Company's track record in terms of NAV and share price performance and achievement of performance objectives, the quality of the services provided, the resources that are committed to the Company's affairs, the continuity of the personnel assigned to handle the Company's affairs and the relationship between the Board and each of the Investment Manager and the Investment Adviser. The Board also considered the terms of the Management Agreement and, in particular, the fees payable to the Investment Manager (noting that no fees are payable by the Company to the Investment Adviser). The Board considers that, having regard to NextEnergy Capital's proven track record in, and sole focus on, the solar energy and energy storage infrastructure sector, the specialist nature of the Company's investment remit was best served by the Investment Manager alongside services provided by the Investment Adviser. The Board agreed that the continuing appointment of the Investment Manager on the terms set out in the Management Agreement and its continued appointment of the Investment Adviser, were in the best interests of shareholders as a whole and the Company's wider stakeholders.

Details of the fees payable to the Investment Manager and related entities can be found in notes 5 and 26 to the Financial Statements.

Other Key Service Providers and Advisers

The Board continually monitors the service levels of the Administrator and the Company's other key party service providers and advisers throughout the year. This review is undertaken by the Management Engagement Committee, chaired by Joanne Peacegood. A formal review took place in Q2 2023 and Q1 2024 to align with the Board's calendar of events for the year ended 31 March 2024.

Directors' Remuneration

The Directors' Remuneration Report includes the Directors' remuneration policy and details of the Directors' remuneration during the year under review.

Risk, Internal Controls and Internal Audit Introduction

The Board is responsible for promoting the long-term sustainable success of the Company and generating value for our shareholders whilst having regard to the interests of wider stakeholders. A critical factor in achieving long-term sustainable success is understanding the risks that the Company faces and ensuring that controls are in place to manage and mitigate them. The Company's principal and emerging risks, together with details of how we seek to manage and mitigate them, are set out under 'Risks and Risk Management' in the Strategic Report. The Company's financial instrument risks are discussed in note 22 to the Financial Statements.

Responsibility for, and Review of, Risk Management and Internal Controls

The Board is responsible for determining the nature and extent of the emerging and principal risks the Company is willing to take in order to achieve its long-term strategic objectives. The Board is also responsible for maintaining the Company's systems of risk management and internal controls (such as financial, operational and compliance controls). The AIC Code requires the Board to review the effectiveness of the Company's systems of risk management and internal controls at least annually.

The Board, through the Audit Committee, has established, in conjunction with the Investment Manager, the Investment Adviser and the Administrator, an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed. The process is based on a risk-based approach to internal controls and risk management through a matrix that identifies each of the key risk areas associated with the Company's business and activities and the controls employed to minimise and mitigate those risks. The matrix assigns, in relation to each risk, a rating (high, medium or low) of the risk value, risk probability and effectiveness of control.

The Audit Committee is responsible for monitoring and regularly reviewing the Company's systems of internal controls and risk management and reports its findings and conclusions to the Board (see 'Risk management and internal control processes' in the Audit Committee Report), taking into account the information under 'Risks and Risk Management' above.

Based on the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, and the Audit Committee's reports to the Board on its findings and conclusions regarding the risk management and internal control systems, the Board:

- is satisfied that it has carried out a robust assessment of the principal and emerging risks facing the Company, including those that could threaten its business model, future performance, solvency, liquidity or reputation; and
- has reviewed the adequacy and effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

Risk Management and Internal Control Systems

The Company's risk management and internal control systems are designed to identify, manage and mitigate on a timely basis both the key principal risks and the emerging risks inherent to the Company's business and safeguarding the Company's assets. The systems are also designed to manage, rather than eliminate, the risk of failure to achieve the Company's investment and strategic objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Company has delegated its day-to-day activities to the Investment Manager, the Investment Adviser and the Administrator and has clearly defined their roles, responsibilities and authorities. The Board oversees the ongoing performance and work of the Investment Manager, the Investment Adviser and the Administrator at its quarterly meetings.

The Board monitors the actions of the Investment Manager and the Investment Adviser at quarterly and relevant ad hoc Board meetings. At each quarterly Board meeting, the Investment Manager and the Investment Adviser report on the performance of the Company's investments, activities since the last Board meeting, any specific new risks identified relating to the Company's portfolio, investment valuations and cash projections. The Board also receives updates from the Investment Manager and Investment Adviser on material developments affecting the Company or its investments between quarterly Board meetings. The Board, the Investment Manager and the Investment Adviser, together, review all financial performance and results notifications.

The Investment Manager reports to the Board twice a year regarding the Company's longer-term viability, which includes financial sensitivities and stress testing of the business to ensure that the adoption of the going concern basis is appropriate.

The Board is made aware of the business controls of the Investment Manager and the Investment Adviser during periodic Board updates enabling oversight of the key business processes. The Investment Adviser also provides an update of the control environment for the HoldCos, SPVs and NPIII to ensure the Board has oversight of business controls for the entire NESF Group.

The Administrator, which provides administrative, accounting, compliance and company secretarial services to the Company, has its own internal control systems relating to these matters. At each quarterly Board meeting, the Board receives reports from the Administrator, which include an outline of the Company's corporate activity and information on financial, compliance, governance, legal and regulatory matters.

The Company is ultimately dependent upon the quality and integrity of the management and staff of the Investment Manager, the Investment Adviser and the Administrator. In each case, qualified and able individuals have been selected at all levels. The Investment Manager, the Investment Adviser and the Administrator are aware of the internal controls relevant to their activities and are collectively accountable for the operation of those controls. Appropriate segregation and delegation of duties and process are in place.

Each year a detailed review of the quality of services and performance of the Investment Manager, the Investment Adviser and the Administrator and other key service providers and advisers pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

Internal Audit Function

For the reasons stated under 'Internal audit requirements' in the Audit Committee Report, the Board does not currently consider that an internal audit function is required.

Guernsey NED Programme

During the period the NESF Board welcomed Tom Woodford as part of the Guernsey Non-Executive Development ("NED") Programme which supports the development and transition of local talent wishing to become a NED. Tom is a Chartered Engineer with over 38 years of operational, project delivery and contract management experience with Guernsey Electricity broadening the existing engineering experience held across the Board.

Approval

This Corporate Governance Statement was approved by the Board on 18 June 2024 and signed on its behalf by:

Helen Mahy
Chairwoman
18 June 2024

Nomination Committee Report

Chairwoman's Statement

Helen Mahy
Nomination Committee Chairwoman
I am pleased to present the Directors' Nomination Committee Report for the year ended 31 March 2024.

Introduction

The Nomination Committee was established on 26 February 2024. The other members of the Nomination Committee that I chair are Paul Le Page (appointed on 21 November 2023), Jo Peacegood, Josephine Bush, Patrick Firth and Caroline Chan (appointed on 11 April 2024). Given the small size of the Board, all members of the Board are members of the Nomination Committee. The Nomination Committee must meet at least once per year pursuant to its terms of reference.

Appointments to the Board

The Nomination Committee oversees the recruitment process, which includes the use of a firm of Non-Executive Director recruitment consultants.

When considering new appointments, the Committee takes into account other demands on the candidates' time. In advance of joining the Board, new Directors are asked to disclose any existing significant commitments with an indication of the time involved and to confirm that they are able to allocate sufficient time to the business of the Company and that there are no situations where they have, or could have, a direct or indirect interest that conflicts, or possibly could conflict, with the Company's interests.

At the time of appointment, a new Director receives a letter of appointment that sets out their duties and obligations.

Copies of the letters of appointment of the current Directors are available for inspection at the Company's registered office and at each AGM.

An induction programme for new Directors is in place. This includes meetings with the senior members of the NextEnergy Group team involved in the management of the Company, and from the Administrator, as well as visiting at least one of the Company's solar PV assets.

Details of changes to the Board during the year under review can be found under 'Board Composition, Independence and Succession' above.

Appointments During the Year

During the year, Paul Le Page was appointed to the NESF Board, and Caroline Chan's appointment to the Board was announced (taking effect from 1 April 2024), following a recruitment process that was led by a third-party recruitment firm OSA Recruitment. Kevin Lyon retired from the Board following the Company's AGM held in August 2023 and Vic Holmes retired on 31 December 2023.

Key Activities During the Year

Prior to the establishment of the Nomination Committee, the Remuneration and Nomination Committee key activities are noted within the Remuneration Committee Report on page 94. This Nomination Committee Report was approved by the Nomination Committee on 18 June 2024 and signed on its behalf by:

Helen Mahy
Nomination Committee Chairwoman
18 June 2024

Directors' Remuneration Report

Chairman's Statement

Paul Le Page
Remuneration Committee Chairman
I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2024.

Introduction

On 27 February 2024, the Board announced that the Remuneration and Nomination Committee would be replaced by two separate Committees, namely the Remuneration Committee and the Nomination Committee. The Remuneration Committee is chaired by myself in my capacity as the Senior Independent Director, and the Nomination Committee is chaired by Helen Mahy, the Chairwoman of the Board. This change reflects the fact that the Board is unlikely to appoint a director against the wishes of its Chairwoman, and the fact that the Senior Independent Director still retains responsibility for resolving any conflicts between the Board and its Chairwoman. This Directors' Remuneration Report has been prepared by the Remuneration Committee and approved by the Board. The Committee deals with remuneration-related matters. This Directors' Remuneration Report covers the remuneration-related activities of the Committee and shows how the current remuneration policy, which was approved by shareholders at the AGM in 2023, was implemented during the year ended 31 March 2024.

Remuneration Committee

The Remuneration Committee comprises all of the Directors (with Caroline Chan appointed to the Committee on 11 April 2024). The Board is satisfied that, as all of the Directors are Non-Executive, it is appropriate for all of them to be members of the Committee. All of the Directors are, and have been since appointment, independent.

In respect of remuneration-related matters, the Remuneration Committee's responsibilities include:

- setting the policy for the remuneration of the Directors;
- reviewing the ongoing appropriateness and relevance of the remuneration policy;
- within the terms of the approved policy, determining the remuneration of the Chairwoman of the Board and reviewing the quantum of the other Directors' remuneration and, if considered appropriate, recommending any changes to the Board;
- appointing and setting the terms of reference for any remuneration consultants to advise the Committee;
- agreeing policy on the recovery by the Directors of expenses incurred in performance of their duties; and
- drafting the Directors' Remuneration Report and reporting to shareholders on the implementation of the Company's remuneration policy in accordance with relevant corporate governance requirements.

Full details of the Committee's roles and responsibilities are set out in formal terms of reference. The terms of reference are regularly reviewed by the Remuneration Committee and are available on the Company's website **(nextenergysolarfund.com)**.

Remuneration Policy

The Directors' remuneration policy is designed to support the strategic objectives of the Company and to promote its long-term success. In this context, the remuneration policy is designed to enable the Company to attract and retain Directors of high calibre with suitable skills, experience and knowledge and to ensure that their remuneration is set at a reasonable level commensurate with their duties and responsibilities and the time commitment required to carry out their duties effectively.

As all Directors are Non-Executive, there are:

- no service contracts with the Company;
- no bonuses or other performance-related payments;
- no pensions or pension-related benefits, medical or life insurance schemes, share options, long-term incentive plans or other benefits; and
- no payments for loss of office save for payment of any fees or expenses due but unpaid at the time of termination and for any unexpired notice period.

The Directors have letters of appointment that provide that their appointment can be terminated by no more than three months' notice by either party. In normal circumstances, the Directors are expected to serve up to a maximum of nine years, subject to satisfactory performance, which is reviewed annually by the Nomination Committee. The Company requires that all Directors are re-elected at each AGM (and elected at the first AGM after their appointment) and, if any Director is not re-elected (or elected), their appointment ceases immediately and without the requirement for any notice. A Director's appointment may also be terminated with immediate effect in certain other circumstances as detailed in the Company's Articles of Incorporation.

The Directors' remuneration:

- will reflect their duties, responsibilities, experience and time spent on the Company's affairs, taking into account the nature of the Company's activities;
- will allow those chairing the Board and Committees, as well as the Senior Independent Director, to be paid higher fees than other Directors in recognition of their more demanding roles and increased accountability;
- will be paid quarterly in arrears;
- at the discretion of the Board, may include additional fees for any further specific work undertaken on behalf of the Company which is outside of their normal duties and requires a meaningful time commitment (details of any additional fees paid and the associated work undertaken will be disclosed in the Directors' Remuneration Report in the next Annual Report); and
- will be reviewed by an independent professional consultant with relevant experience at least every three years.

The aggregate fees payable to the Directors will not exceed £400,000 per annum. The level of this limit provides, in particular, flexibility in respect of the recruitment of additional Board members. Following the retirement of Patrick Firth at the 2024 AGM, the Board will consist of five Directors and whilst the Board currently considers that this number is sufficient for the Company the number of Directors may increase in future periods, either permanently or for a limited time in order to aid succession and to ensure an orderly transition.

The Remuneration Committee reviews the quantum of Directors' remuneration at least every three years, with the last review having taken place in 2022. In reviewing whether to recommend any changes to the Board, the Committee has regard to the outcome of latest Directors' remuneration review by an independent remuneration consultant appointed by the Company, the level of fees paid by other UK-listed renewable energy infrastructure investment companies and other comparator UK-listed investment companies and any views expressed by shareholders on Directors' fees. The Board also considers wider factors such as any change in the Directors' responsibilities (including additional time commitments due to increased legal, regulatory or corporate governance requirements) and the rate of inflation over the period since the previous review. No Director is present when their own fee is being determined.

The Directors are entitled to be reimbursed all reasonable travel, hotel and other expenses incurred in attending meetings or in carrying out any other duties incumbent on them as Directors.

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its remuneration policy or how it is implemented. The Chairman of the Remuneration Committee will attend the AGM to answer any questions in relation to remuneration.

The Remuneration Committee has the discretion to amend the remuneration policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company and disproportionate to seek or await shareholder approval.

Directors' Remuneration

The table below shows the Directors' remuneration for the financial year ended 31 March 2024, together with the comparative figures for 2023. No additional fees were paid to the Directors during the year ended 31 March 2024 (2023: none).

The total amount of Directors expenses reimbursed during the year ended 31 March 2024 was £7,776 (2023: £5,451).

Director	Role	2024	2023
Helen Mahy	Chairwoman/ Nomination Committee Chairwoman	£67,755	n/a
Patrick Firth	Audit Committee Chairman	£60,000	£55,000
Paul Le Page	Senior Independent Director/ Remuneration Committee Chairman	£25,089	n/a
Joanne Peacegood	Management Engagement Committee Chairwoman	£52,000	£48,500
Josephine Bush	ESG Committee Chairwoman	£52,000	£48,292
Vic Holmes[3]	Senior Independent Director/ Remuneration and Nomination Committee Chairman (Retired)	£40,500	£50,000
Kevin Lyon[2]	Chairman (Retired)	£30,301	£75,000
Caroline Chan[1]	Director-elect	n/a	n/a

[1] Ms Chan was appointed to the Board of Directors on 1 April 2024.
[2] Mr Lyon retired from the NESF Board on 16 August 2023.
[3] Mr Holmes retired from the NESF Board on 31 December 2023.

In November 2022, the Remuneration and Nomination Committee considered and recommended the revised standing annualised fees of each Board role. This was approved by the Board and are stated below:

Chairwoman - £80,000;

Chairman of the Audit Committee - £60,000;

Senior Independent Director - £54,000

Chairwoman of the Management and Engagement Committee - £52,000

Chairwoman of the Environment Social and Governance Committee - £52,000;

Non-Executive Director - £47,000

Following the appointment of Helen Mahy as Chairwoman of the Nomination Committee and Markets Disclosure Committee, it was approved that her fee would be incorporated within the Board Chairwoman annual fee.

Following Paul Le Page's appointment as Chairman of the Remuneration Committee, it was approved that his fee be incorporated within the Senior Independent Director annual fee.

Directors' and Officers' Liability Insurance

The Company maintains Directors' and Officers' liability insurance, at its expense, on behalf of the Directors.

Directors' Interests

There is no requirement under the Company's Articles of Incorporation or letters of appointment for Directors to hold shares in the Company.

The interests of the Directors (and their connected persons) in the ordinary shares of the Company at 31 March 2024, together with the comparative figures for 2023, are shown in the table below:

Director	2024	2023
Helen Mahy	58,181	38,586
Patrick Firth	91,207	91,207
Paul Le Page	n/a	n/a
Joanne Peacegood	50,000	50,000
Josephine Bush	10,000	10,000
Kevin Lyon (Retired)[2]	210,000	210,000
Vic Holmes (Retired)[3]	158,400	158,400
Caroline Chan[1]	n/a	n/a

[1] Ms Chan was appointed to the Board of Directors on 1 April 2024.
[2] Mr Lyon retired from the NESF Board on 16 August 2023.
[3] Mr Holmes retired from the NESF Board on 31 December 2023.

All holdings of the Directors (and their connected persons) are beneficial. There have been no changes in the interests shown in the table above since the Company's financial year end to the date of this Directors' Remuneration Report.

None of the Directors (nor any of their connected persons) had or has any interest in the Company's preference shares.

Relative Importance of Spend on Directors' Remuneration

To enable shareholders to assess the relative importance of spend on Directors' remuneration, the following table shows the total remuneration paid to the Directors and the total dividends paid or payable to shareholders for the financial year ended 31 March 2024, together with the comparative figures for 2023.

	2024	2023	Change
Directors' total remuneration[1]	328	277	51
Total dividends paid or payable[2]	48,075	43,807	4,268

[1] The increase in total remuneration was due to succession planning and managed handover.
[2] Including the cash equivalent of scrip dividends

Shareholder Approval of Remuneration Policy

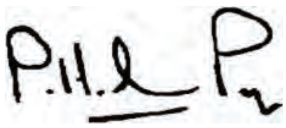
The Company seeks shareholder approval of the Directors' remuneration policy at every third AGM. The Directors' remuneration policy for the three-year period to 31 March 2026 was approved at the AGM held in 2023. There are no material differences in the substance of the remuneration policy set out in this Directors' remuneration report from that approved by shareholders in 2023.

An advisory ordinary resolution to approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) is put to members at each AGM.

At the AGM held on 16 August 2023, of the 338,469,948 votes cast by proxy and at the meeting (including votes cast at the Chairman's discretion), 99.91% were in favour of the resolution to approve the Directors' remuneration report, as set out in the Annual Report for the year ended 31 March 2023, and 0.09% were against. 3,465,525 votes were withheld.

Approval

This Directors' Remuneration Report was approved by the Board on 18 June 2024 and signed on its behalf by:



Paul Le Page
Remuneration Committee Chairman
18 June 2024

Bilsthorpe
Nottinghamshire
5.0MW
1.2 ROC

Audit Committee Report

Audit Committee Report

Patrick Firth
Audit Committee Chairman

I am pleased to present the Audit Committee's Report for the year ended 31 March 2024.

Introduction

The Audit Committee aims to serve the interests of the Company's shareholders and other stakeholders through its independent oversight of the Company's financial reporting process, its systems of internal controls and effective management of risk, and the appointment and ongoing review of the independence and quality of the work of the Company's external auditor. The Committee operates within clearly defined terms of reference and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code.

Composition

The membership of the Audit Committee comprises all of the Directors, with the exception of the Chairwoman of the Board, who stepped down as a member as of 26 February 2024, in compliance with Listing Rule 9.6.11. Caroline Chan was appointed to the Audit Committee on 11 April 2024. As permissible under the AIC Code, the Chairwoman of the Board attends the Audit Committee meetings to enable their greater understanding of the issues facing the Company and to benefit from her valuable contributions. All of the Directors are, and have been since appointment, independent. The Board has considered the composition of the Audit Committee.

Three of the members of the Committee are qualified accountants. The Board is satisfied that the Committee, as a whole, has:

- recent and relevant financial experience;
- competence relevant to the sector in which the Company operates, and
- the skills, experience and objectivity to be an effective Audit Committee.

Details of the skills and experience of all of the Committee members are outlined in their biographies on pages 76-77. I am due to step down as Audit Committee Chairman upon my retirement from the Board at the upcoming AGM in August 2024. It is intended that Ms Peacegood will succeed me to become Chairwoman of the Audit Committee.

Meetings

The Audit Committee meets no less than four times a year and at such other times as the Committee shall require, or any member may request. The Administrator and the Investment Adviser are invited to attend meetings, as the Committee deems appropriate.

The external auditor attends the Audit Committee meetings at which the annual and interim financial statements are considered, and at which the auditor has the opportunity to meet with the Committee without representatives of the Investment Manager, the Investment Adviser or the Administrator being present. The auditor also attends the planning meeting for the annual and interim audits and meets regularly with members of the Audit Committee as the audit progresses. The auditor may request that a meeting of the Committee be convened if it deems it necessary.

The Audit Committee met four times (three scheduled and one ad hoc) during the year ended 31 March 2024 (details of the Committee members' attendance at the meetings can be found under 'Meeting Attendance').

Responsibilities and Activities

The Audit Committee's responsibilities include:

- monitoring the integrity of the Company's financial statements and any formal announcements relating to its financial performance;

- reviewing significant financial reporting judgements;
- evaluating the effectiveness of the systems of internal control and risk management;
- assessing the effectiveness and independence of the Company's external auditor; and
- making recommendations to the Board on the appointment and remuneration of the external auditor.

Full details of the Committee's roles and responsibilities are set out in formal terms of reference and include all of the roles and responsibilities recommended by the AIC Code. The terms of reference are regularly reviewed by the Committee and are available on the Company's website **(nextenergysolarfund.com)**.

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its roles and responsibilities, identifying any matters on which it considers that action or improvement is needed and making recommendations on the steps and decisions to be taken. In discharging its duties over the course of the year under review, the Audit Committee's principal activities included the following:

- **Risk management and internal control processes:** The Committee assessed the principal and emerging risks facing the Company (details of which are included under 'Risks and Risk Management'). The Committee also reviewed and, where necessary, amended and updated the Company's risk matrix and its record of internal control processes. The Committee was satisfied with the adequacy and effectiveness of the risk management framework and internal control processes, details of which are included under Risk Management and Internal Control Systems. The Committee continues to review and monitor the ongoing workstreams in relation to the valuation process and works with the Investment Adviser to strengthen controls, processes and reporting going forward. The Committee also reviewed the most recent ISAE 3402 and SOC1 reports from the Administrator and sought additional assurances where required including confirmation that there had been no material changes from the date of the report to the date on which the Annual Report was signed.

- **Interim review and annual audit:** The Committee reviewed and approved the interim review and annual audit plans of the external auditor, including their scope and the auditor's engagement terms and fees. The Committee monitored the implementation of the plans and discussed the auditor's reports and findings. The Committee also evaluated, and reviewed the objectivity, and independence of the auditor and the overall quality and effectiveness of the external audit process.

- **Annual and Interim Reports:** The Committee reviewed the Company's accounting policies and considered the format and content of the Company's Interim and Annual Reports before recommending their approval to the Board. As part of the review process, the Committee:
  - considered the continuing appropriateness of the Company's accounting policies, including the potential implications of forthcoming changes in accounting standards for the Company;
  - considered the financial statements that are prepared on a going concern basis with an understanding of the discontinuation vote due to be held at the 2024 AGM. Shareholder discussions are being held in conjunction with the Company's Brokers and other key service providers, as well as key reports being tabled and considered for Committee comment;
  - reviewed the significant financial reporting judgements used in preparing the Financial Statements; and
  - discussed and challenged the forecasts, assumptions and other information provided by the Investment Manager to support the going concern and viability statements.

- **Internal audit requirements:** The Committee considered the Company's internal audit requirements. Due to the Company having no employees and the outsourcing of its investment and administrative arrangements to third parties which have their own internal controls and procedures, the Committee concluded that there continued to be no need for an internal audit function.

- **Whistleblowing:** The Committee reviewed the whistleblowing policy in place for each of the Investment Manager, the Investment Adviser and the Administrator and was satisfied the relevant staff could raise concerns, in confidence, about possible improprieties relating to financial reporting or other matters that may affect the Company.

- **Performance evaluation:** The Committee reviewed the outcome of the annual evaluation of its performance and concluded that it continued to provide effective challenge and oversight.

The Audit Committee Chairman will be attending the AGM to answer any shareholder questions on the Committee's activities.

Significant Issues Considered Relating to Financial Statements

Following discussions with the Investment Manager, the Investment Adviser and the external auditor, the Committee determined that the significant area connected with the preparation of the Financial Statements of the Company related to the valuation of investments. The Company is required to calculate the fair value of its underlying investments. Whilst there is a relatively active market for financial assets of this nature, there are no suitable listed or other public market quotations against which the value of the Company's investments can be benchmarked. Accordingly, the valuation of the Company's underlying investments is undertaken using a discounted cash flow methodology in line with IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurement and takes into account the International Private Equity and Venture Capital's valuation guidelines. As further explained in note 4(a) to the Financial Statements, the valuation of the Company's investments using a discounted cash flow methodology requires a series of material judgements to be made regarding the assumptions and estimates underlying the discounted cash flow calculations. As such judgements are subjective, they carry elements of risk.

The Investment Manager undertakes the valuation of the Company's investments and provides the Board with a detailed valuation report, which includes information on the assumptions and other factors that have a material impact on the valuation and the rationale for any proposed changes to them since the previous valuation. The key assumptions and other factors include (but are not limited to):

- **Discount rates:** A discount rate is applied to the expected future cash flows for each investment's financial forecasts derived using, among others, the key assumptions referred to above to arrive at its valuation. The Investment Manager recommends to the Board the discount rates to be used based on the Investment Adviser's extensive experience of the current market for transactions in solar PV and energy storage assets in the relevant jurisdictions.

- **Power price assumptions:** A significant proportion of the income from the Company's investments is fixed for a period of time in accordance with the terms of the relevant ROC or FiT subsidy and power price volatility is managed through NESF's electricity sales hedging strategy. The Company's flexible hedging approach is designed to protect against adverse short-term price movements whilst also enabling the Company to opportunistically capture favourable market conditions by securing high fixed prices for specified future time periods. The balance of the income has exposure to wholesale electricity prices, although the Investment Manager, with the Investment Adviser's extensive experience, seeks to reduce this exposure through entering into short- or long-term power purchase agreements with fixed price mechanisms. Over time the proportion of income that is fixed in accordance with the terms of subsidies will reduce, increasing the proportion of the income with exposure to changes in wholesale electricity prices.

  The Investment Adviser uses the average of three of the leading independent energy market consultants' long-term projections to derive, by jurisdiction, the future assumed wholesale electricity prices used in the valuation of the Company's investments. For the Company's energy storage asset, Camilla, the Company uses a market leading advisor to forecast the energy storage's revenue streams. Where revenues are contracted through the capacity market, live contracts are used.

- **Lease life extensions:** Assets where the lease life has been extended beyond the life of the subsidy have additional risk.

- **Operating performance and costs assumptions:** These include assumptions regarding the remaining operating life of each investment, the energy generated by each investment over its life and operating costs.

- **Macroeconomic assumptions:** These include inflation, foreign exchange rate, interest rate and tax rate assumptions. Further details on the key assumptions and other factors, together with a sensitivity analysis showing the impact of changing some of them, are included in the Investment Adviser's Report as well as within the sensitivity analysis on page 51.

The Board considers in detail each valuation report received from the Investment Manager, challenges the key assumptions and other factors used in calculating the valuation of the Company's investments and monitors the changes in them over time. The Board also requests additional information to support the valuation assumptions where required.

Annual Report for Year Ended 31 March 2024

The production of the Annual Report, including the audit of the Company's financial statements, for the year ended 31 March 2024 was a comprehensive process requiring input from a number of different contributors.

One of the key corporate governance requirements is that the Annual Report, taken as a whole, must be fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Another requirement is that the narrative and numerical disclosures in the Annual Report must be consistent. Having reviewed the Annual Report and considered the work undertaken in producing it, the Committee concluded that the Annual Report did pass these tests and, in recommending approval of the Annual Report to the Board, it reported accordingly.

Audit Related Services in line with FRC Ethical Standard

The Company may only use its external auditor for non-audit work with the prior approval of the Audit Committee. The Committee's policy regarding the provision of non-audit services by the auditor is aligned to the Financial Reporting Council Ethical Standard 2019 which precludes the auditor from providing certain prohibited non-audit services. Furthermore, the Committee will not approve the use of the auditor for non-audit services where there may be perceived to be a conflict with the auditor's role as such or which may compromise its independence or objectivity.

During the year ended 31 March 2024, the only non-audit work carried out by the independent auditor to the Company (KPMG Channel Islands Limited "KPMG") was in relation to its review of the Interim Report for which it was paid fees of £52,820 (31 March 2023: £48,956).

Annual Assessment of Effectiveness of External Audit Process

Following the conclusion of the audit process for the Company's Financial Statements for the year ended 31 March 2024, the Audit Committee evaluated the quality and effectiveness of the external audit process. In order to form a view, the Committee considered its own observations and interactions with KPMG, as well as feedback from KPMG, the Investment Manager, the Investment Adviser and the Administrator. The Committee reviewed the robustness of the audit process and the quality of delivery, reporting, people and service. The Committee also considered KPMG's technical competence, understanding of the Company's business and the sector in which it operates and whether KPMG demonstrated an appropriate level of diligence, professional scepticism and challenge of assumptions where necessary. In addition, the Committee considered the cost effectiveness of the audit process. The Committee also reviewed the independence of KPMG, having regard to matters such as its report describing its arrangements to identify, report and manage any conflicts of interest and the extent of non-audit services provided by it. Having completed the evaluation, the Committee was satisfied with the effectiveness, including performance and objectivity, and independence of KPMG and the overall quality and effectiveness of the external audit process. Consequently, the Committee recommended to the Board that a resolution to re-appoint KPMG as the Company's auditor be put to shareholders at this year's AGM.

Auditor's Fees for NESF and Subsidiaries

The fees payable to KPMG for audit services and audit related services to the Company and its subsidiaries for the year ended 31 March 2024 were as follows:

	2024 £'000	2023 £'000
NESF	99	92
Subsidiaries	603	518
Total audit fees	**702**	**610**
Interim review	53	52
Total fees	**755**	**662**

External Auditor's Tenure

There are no contractual obligations that restrict the Company's choice of external auditor and the auditor's appointment is subject to shareholder approval at each AGM. As KPMG was first appointed as the Company's external auditor for the year end 31 March 2020 following a competitive tender, the Committee will consider the need for a competitive tender for the role of external auditor in, or before, 2025. In any event, the Committee will carry out a competitive tender in, or before, 2028 in respect of the audit for the year ending 31 March 2029. The audit partner for the Company, Dermot Dempsey, has been in place for four years and this being his fifth year leading the audit, he is required to rotate from the Company's audit in line with the FRC Ethical Standard. A successor has been identified and will be in place for the 30 September 2024 interim review and subsequent audits.

Approval

This Audit Committee Report was approved by the Audit Committee on 18 June 2024 and signed on its behalf by:

Patrick Firth
Audit Committee Chairman

18 June 2024

Directors' Report

Introduction

The Directors are pleased to present their Annual Report, including the Company's audited financial statements, for the year ended 31 March 2024. This Directors' Report and the Strategic Report comprise the 'management report', for the purposes of the FCA's Disclosure Guidance and Transparency Rule 4.1.5R.

Information Contained Elsewhere in this Annual Report

Information	Location in Annual Report
Directors	Pages 76 and 77
Directors' interests in shares	Page 96
Appointment and removal of directors	Pages 85 and 89
Financial Instruments	Page 123
Principal and emerging risks	Pages 67-69
Going concern and viability	Page 71
Annual Review of systems of risk management and internal control	Page 91
Disclosure of Information to Auditor	Page 107
Annual Evaluation of the Investment Manager and Investment Adviser	Pages 90-91
Section 172 Statement	Page 80

Financial Results and Dividends

The financial results for the year can be found in the Statement of Comprehensive Income.

Details of the four interim dividends that have been declared in respect of the year ended 31 March 2024 are set out in note 15(b) to the Financial Statements on page 129. As the last dividend in respect of any financial period is payable prior to the relevant AGM, it is declared as an interim dividend and, accordingly, there is no final dividend payable. This means that shareholders are not given the opportunity to vote on the payment of a final dividend. Accordingly, in accordance with good corporate governance, the Board asks shareholders to approve the Company's dividend policy at each AGM. The dividend policy is set out under 'Dividend Policy and Dividend Target for the Financial Year Ending 31 March 2025'.

In October 2023, the Board decided to cancel the Company's Scrip Dividend Alternative until further notice in accordance with the terms and conditions in the Scrip Dividend Circular dated 19 July 2023 due to low take up and the costs associated with continuing to offer it.

Share Capital

During the year, the Company issued 567,004 ordinary shares as scrip shares. As at 31 March 2024 and the date of this Directors' Report, there were 590,821,185 ordinary shares in issue.

The Company issued no preference shares within the year ended 31 March 2024. As at 31 March 2024 and the date of this Directors' Report, there were 200m preference shares in issue. Details of the private placement and further information regarding the rights of the preference shares can be found in note 23(a) to the Financial Statements.

Substantial Shareholdings

As at 31 March 2024, the Company had been notified under the FCA's Disclosure Guidance and Transparency Rules of the following substantial holdings in its ordinary shares:

	Ordinary Shares	
Investor	No.	%
Artemis Investment Management LLP on behalf of discretionary funds under management	590,699,98	9.99%
Investec Wealth & Investment (RS)	339,771,08	5.75%
Rathbones Investment Management	295,200,24	4.99%
Legal & General Investment Mgt	291,822,79	4.93%

Powers to Issue and Buy-back Ordinary Shares

At the Company's AGM held on 9 August 2021, the Directors were granted general authority to issue ordinary shares or sell Treasury Shares, non-pre-emptively, in accordance with the Articles of Incorporation up to, in aggregate, 117,624,954 ordinary shares, equivalent to 20% of the ordinary shares in issue at the date the authority was granted, less one. Save for the scrip shares referred to under "Share Capital" above no ordinary shares have been issued and no Treasury Shares have been sold under this authority, which will expire at the conclusion of this year's AGM.

At last year's AGM, the Directors were also granted authority to make one or more market purchases of ordinary shares, in accordance with section 315 of the Companies (Guernsey) Law, 2008, up to, in aggregate, 88,159,902 ordinary shares, equivalent to 14.99% of the ordinary shares in issue at the date the authority was granted. No ordinary shares have been purchased under this authority, which will expire at the conclusion of this year's AGM.

The Directors will be seeking similar issuance and purchase authorities at this year's upcoming AGM. The Directors do not currently have any authority to issue any further preference shares.

Treasury Shares

Under section 315 of the Companies (Guernsey) Law, 2008, the Company is allowed to hold shares acquired by market purchase as Treasury Shares, rather than having to cancel them. It is the Company's policy to hold up to a maximum of 10% of the ordinary shares in issue as Treasury Shares, which may be either sold in the market or cancelled subsequently. This gives the Company the ability to re-issue shares quickly and cost efficiently, thereby providing the Company with additional flexibility in the management of its capital base. The Board would only authorise the sale of Treasury Shares at prices at or above the prevailing NAV per ordinary share (plus any costs of the relevant sale), so there would be no dilution of the NAV per ordinary shares. There are currently no Treasury Shares.

Restrictions on Transfer of Shares

There are no restrictions on the transfer of shares in the Company, except pursuant to:

- the Listing Rules, which require certain individuals to have approval to deal in the Company's shares; and
- the Company's Articles of Incorporation, which allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of shares in the Company.

Shares Carrying Special Rights

No person holds shares in the Company carrying special rights with regard to control of the Company.

Amendment of Articles of Incorporation

The Articles may be amended by a special resolution of the Company's shareholders.

Powers of the Directors

Subject to the Articles of Incorporation, the Companies (Guernsey) Law, 2008 and any directions given by the Company by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Greenhouse Gas Emissions

As the Company has outsourced its day-to-day activities to third parties, there are no significant greenhouse gas emissions from its operations. In relation to the Company's investments, the level of greenhouse gas emissions arising from the low volume of electricity imports and from operation and maintenance activity is not considered material for disclosure purposes. Furthermore, as the assets are renewable energy generators, they reduce carbon dioxide emissions on a net basis.

Political Donations

The Company made no political donations during the year.

Charitable Donations

The Company donated c. £339,000 to the NextEnergy Foundation (the "Foundation") (2023: £400,000). This includes a £250,000 cash donation and 1,400 new solar PV modules, equivalent to c.£89,000 (based on reference currency rate as at date of donation approval). More information can be found in the Sustainability and ESG section on page 61. Community funding of £106k was also made through the SPVs during the year.

Events after the Balance Sheet Date

Details of events occurring since 31 March 2024 can be found in note 28 to the Financial Statements.

Independent Auditor

KPMG has indicated its willingness to continue as auditor for the year ending 31 March 2025 and resolutions to re-appoint KPMG and to authorise the Directors to determine KPMG's remuneration will be proposed at this year's AGM.

2024 AGM

A separate notice convening this year's AGM will be sent to shareholders in due course. The notice will include an explanation of the resolutions to be considered at the meeting. A copy of the notice will also be published on the Company's website **(nextenergysolarfund.com)**.

Approval

This Directors' Report was approved by the Board on 18 June 2024 and signed on its behalf by:

Helen Mahy
Chairwoman

18 June 2024

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

Directors' Responsibilities

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

Company Law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with IFRS and applicable law.

Under Company Law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report is made available on a website. Annual Reports are published on the Company's website (nextenergysolarfund.com). Legislation in Guernsey governing the preparation and dissemination of financial statements may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained on the website.

Directors' Confirmations

In accordance with the FCA's Disclosure Guidance and Transparency Rule 4.1.12R, we confirm that, to the best of our knowledge:

- the Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report (comprising the Strategic Report, the Directors' Report and any other sections of the Annual Report referred to in the Strategic Report or the Directors' Report) includes a fair review of the development and performance of the Company and its position, together with a description of the emerging and principal risks that it faces.

In addition, in accordance with the AIC Code, we confirm that, to the best of our knowledge, the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

Helen Mahy

Helen Mahy
Chairwoman

18 June 2024

Camilla
Fife
50MW

Independent Auditor's Report to the Members of NextEnergy Solar Fund Limited

Our opinion is unmodified

We have audited the financial statements of NextEnergy Solar Fund Limited (the "Company"), which comprise the statement of financial position as at 31 March 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2024, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards; and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2023):

Independent Auditor's Report to the Members of NextEnergy Solar Fund Limited (continued)

	The risk	Our response
Valuation of investments at fair value through profit and loss £802.2 million; (2023: £854.4 million) Refer to pages 99 to 103 (Audit Committee Report), pages 120 to 124 (Summary of Material Accounting Policies) and pages 133 to 136 (Fair Value of Investment in Unconsolidated Subsidiaries).	***Basis:*** The Company's investments in its immediate holding companies are carried at fair value through profit or loss and represent 130% of the Company's net assets. The fair value of those immediate holding companies, which reflects their net asset values, incorporates the fair value of underlying special purpose vehicles ("SPVs") which hold renewable assets for which there is no liquid market. The SPVs operational renewable assets (£657.4 million) are fair valued using an income approach which forecasts the cash flows of each individual renewable asset and discounts them at a rate that reflects their risk profile (the "Valuations"). The Valuations also include other specific SPVs assets and liabilities. The Valuations incorporate assumptions including discount rates, power price forecasts and inflation. The SPVs non operational renewable assets (£43.1 million) are valued at their cost as an approximation of their fair value. £27.5m of investments held at fair value through profit and loss relates to the residual net assets of the immediate holding companies. The Company holds one direct investment in a private equity solar asset and two co-investments assets held indirectly via an immediate holding company ("NAV based investments") with a carrying value of £74.2 million. The fair value of the NAV based investments is based on the Company's proportionate share of the net asset value ("NAV") of those investments adjusted as necessary for the fair value of underlying assets. ***Risk:*** The valuation of the Company's investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and also taking into account the associated audit effort. The use of the income approach incorporates a risk of fraud and error where the selection and application of significant assumptions, including discount rates and power price forecasts, involves the exercise of significant judgement by the Company. We determined that the Valuations have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 19(b) the sensitivities estimated by the Company.	*Our audit procedures included the following:* ***Control evaluation:*** We assessed the design and implementation of the Investment Manager's review control over the valuation of investments at fair value through profit and loss. Valuation models integrity and model inputs: – we tested the valuation models for mathematical accuracy including but not limited to material formula errors; – we verified key inputs into the valuation models, such as power price forecasts, energy yield, contracted revenue and operating costs to supporting documentation; – we agreed a value driven sample of balances within the residual net asset amounts at immediate holding companies and SPV level to supporting documentation such as independent bank confirmations, post year end receipts and other source documentation; – we obtained and vouched all significant additions to non operational renewable assets during the year to supporting documentation; and – in order to assess the reliability of management's forecasts we completed a retrospective assessment by recalculating current year's revenue and comparing the result to the historical forecasted amounts. ***Benchmarking valuation model assumptions:*** With support from our KPMG valuation specialists we challenged the appropriateness of the Company's valuation methodology and assumptions including the discount rate, power price forecasts, energy yield and other macro-economic assumptions applied, by: – assessing the appropriateness of the valuation methodology applied by the Investment Adviser; – benchmarking against independent market data and relevant peer group companies, and – using our KPMG valuation specialists' experience in valuing similar investments. *Our audit procedures included the following (continued):* ***Assessing fair value - NAV based investments:*** – we obtained confirmation of the fair value as at year end from the manager of the NAV based investments; – we agreed the fair value to the unaudited capital accounts received from the manager of the NAV based investments; – we obtained, where available, the audited financial statements of the NAV based investments as at 31 December 2023 to assess the basis of preparation together with accounting policies applied and whether the audit opinion is unmodified; and – in order to assess reliability we recalculated the Company's proportionate share of their investment into the NAV based investments based on the audited financial statements where available as at 31 December 2023 and compared to the unaudited capital accounts as at 31 December 2023. ***Assessing transparency:*** We considered the appropriateness of the Company's investment valuation policies and the adequacy of the Company's disclosures in relation to the use of estimates and judgements in arriving at fair value (see note 19). We assessed whether the disclosures around the sensitivities to changes in key assumptions reflect the risks inherent in the valuation of the underlying investment portfolio and the NAV based investments.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £12.4m, determined with reference to a benchmark of net assets of £618.6m, of which it represents approximately 2% (2023: 2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across thefinancial statements as a whole.

Performance materiality for the Company was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £9.3m. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.62m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- The ability of the Company's subsidiaries to successfully refinance or repay debt and to comply with debt covenants; and
- The outcome of the upcoming discontinuation vote.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We also considered the risk that the outcome of the discontinuation vote could affect the Company over the Going Concern period, by considering outcomes of previous votes in favour of the directors' resolutions, inspecting the turnover of key shareholders and considering key financial metrics including discount of the Company's share price against its reported net asset value per share over past 12 months.

We considered whether the going concern disclosure in note 2 (c) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement (pages 71 - 72) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the viability statement (pages 71 - 72) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 71 - 72 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that theannual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess theCompany's position and performance, business model and strategy;
- the section of theannual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of theannual report that describes the review of the effectiveness of theCompany's risk management and internal control systems.

Independent Auditor's Report to the Members of NextEnergy Solar Fund Limited (continued)

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 107, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Dermot Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

18 June 2024

Emberton
Buckinghamshire
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Statement of Comprehensive Income

For the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Income			
Income comprises:			
Interest income		12,363	12,346
Investment income		57,705	56,287
Administrative services income		10,755	10,390
Movement in unrealised losses on valuation	17	(72,002)	(13,199)
Unrealised foreign exchange (loss)/gain		(6)	201
Total net income		8,815	66,025
Expenditure			
Preference share dividends		9,500	9,500
Management fees	5	5,234	5,828
Legal and professional fees		871	766
Directors' fees	7	328	277
Administration fees	6	295	346
Other expenses	9	391	311
Audit fees	8	156	144
Charitable donation	10	250	400
Regulatory fees		123	114
Insurance		24	23
Total expenses		17,172	17,709
(Loss)/profit and comprehensive (loss)/income for the year		(8,357)	48,316
(Loss)/Earnings per ordinary share – basic	**14**	(1.42p)	8.20p
(Loss)/Earnings per ordinary share – diluted	**14**	(1.42p)	7.55p

All activities are derived from ongoing operations.

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

The accompanying notes on pages 120-142 are an integral part of these audited financial statements.

Statement of Financial Position

As at 31 March 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Investments	17	802,236	854,352
Total non-current assets		802,236	854,352
Current assets			
Cash and cash equivalents		8,860	14,354
Trade and other receivables	11	8,509	6,524
Total current assets		17,369	20,878
Total assets		819,605	875,230
Current liabilities			
Trade and other payables	12	(2,650)	(2,613)
Total current liabilities		(2,650)	(2,613)
Non-current liabilities			
Preference shares	23	(198,336)	(198,197)
Total non-current liabilities		(198,336)	(198,197)
Net assets		618,619	674,420
Equity			
Share capital and premium	13	610,079	609,448
Retained earnings		8,540	64,972
Equity attributable to ordinary shareholders		618,619	674,420
Total equity		618,619	674,420
Net assets per ordinary share	16	104.7p	114.3p

The accompanying notes on pages 120-142 are an integral part of these audited financial statements.

The audited financial statements were approved and authorised for issue by the Board of Directors on 18 June 2024 and signed on its behalf by:

Helen Mahy
Chairwoman

Patrick Firth
Director

Statement of Changes in Equity

For the year ended 31 March 2024

	Share capital and premium £'000	Retained earnings £'000	Total equity £'000
Ordinary shareholders' equity at 1 April 2022	608,037	60,463	668,500
Profit and comprehensive income for the year	—	48,316	48,316
Scrip shares issued in lieu of dividends[1]	1,411	—	1,411
Ordinary dividends declared	—	(43,807)	(43,807)
Ordinary shareholders' equity at 31 March 2023	609,448	64,972	674,420
Ordinary shareholders' equity at 1 April 2023	609,448	64,972	674,420
Loss and comprehensive loss for the year	—	(8,357)	(8,357)
Scrip shares issued in lieu of dividends[1]	631	—	631
Ordinary dividends declared	—	(48,075)	(48,075)
Ordinary shareholders' equity at 31 March 2024	610,079	8,540	618,619

The accompanying notes on pages 120-142 are an integral part of these audited financial statements.

1 In October 2023, the Board decided to cancel the Company's Scrip Dividend Alternative until further notice in accordance with the terms and conditions in the Scrip Dividend Circular dated 19 July 2023 due to low take up and the costs associated with continuing to offer it.

Statement of Cash Flows

For the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
(Loss)/profit and comprehensive (loss)/income for the year		(8,357)	48,316
Adjustments for:			
Interest income receivable		(12,363)	(12,346)
Interest income received		12,403	12,326
Investment income receivable		(57,705)	(56,287)
Investment income received		56,697	58,429
Change in fair value of investments	17	72,002	13,199
Proceeds from HoldCos	17	23,806	71,584
Payments to HoldCos	17	(34,309)	(84,977)
Financing proceeds from HoldCos	17	—	5,000
Financing proceeds returned to HoldCos	17	—	(5,000)
Payments to NPIII	17	(9,383)	(12,708)
Net changes in unrealised foreign exchange		6	(201)
Financial debt amortisation		139	139
Dividends payable on preference shares		9,500	9,500
Operating cash flows before movements in working capital		52,436	46,974
Changes in working capital			
Movement in trade and other receivables		(1,017)	(531)
Movement in trade and other payables		37	(2)
Net cash generated from operating activities		51,456	46,441
Cash flows from financing activities			
Dividends paid on preference shares		(9,500)	(9,500)
Dividends paid on ordinary shares		(47,444)	(42,396)
Net cash used in financing activities		(56,944)	(51,896)
Net movement in cash and cash equivalents during year		(5,488)	(5,455)
Cash and cash equivalents at the beginning of the year		14,354	19,608
Effect of foreign exchange rates		(6)	201
Cash and cash equivalents at the end of the year		8,860	14,354

The accompanying notes on pages 120-142 are an integral part of these audited financial statements.

Notes to the Financial Statements

For the year ended 31 March 2024

1. General Information

The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 on 20 December 2013 with registered number 57739, and is regulated by the Guernsey Financial Services Commission as a registered closed-ended investment company. The registered office of the Company is Floor 2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands GY1 4LY.

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

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

The Investment Manager has appointed NextEnergy Capital Limited as its Investment Adviser pursuant to the Investment Advisory Agreement dated 18 March 2014. The Investment Adviser is a company incorporated in England with registered number 05975223 and is authorised and regulated by the FCA.

2. Summary of Material Accounting Policies

a) Basis of Preparation

The financial statements, which give a true and fair view, have been prepared in compliance with the Companies (Guernsey) Law, 2008 and on a going concern basis in accordance with IFRS.

The financial statements have been prepared using the historical cost convention with the exception of financial assets held at fair value through profit and loss. The principal accounting policies adopted are set out below. These policies have been consistently applied.

b) Functional and presentation currency

The financial statements are presented in pounds sterling which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Company operates. The Company's shares were issued in pounds sterling and the listing of the shares on the Main Market is in pounds sterling. The performance of the Company is measured and reported to investors in pounds sterling and dividends received from the primarily UK-based assets are in pounds sterling. The Board considers the pound sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

c) Going Concern

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

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

- maturity of NESF Group debt facilities;
- future investment transactions; and
- expenditure and capital commitment.

The Company's cash balance as at 31 March 2024 was £8.9m, all of which was readily available. The NESF Group also had immediately available but undrawn amounts under its debt facilities of a further £39.4m. The NESF Group had capital commitments totalling £23.5m at the year end. The majority of the NESF Group's revenues are derived from government subsidies. A significant part of the NESF Group's borrowings are on a non-recourse basis. The Company's portfolio is diversified by geography, components, plant size, subsidy schemes and revenue streams.

In accordance with the Articles for the Company, the Board is required to propose a special resolution at the AGM in August 2024 to consider discontinuation of the Company due to the Company's shares having traded at an average discount of over 10% to the Company's NAV over the financial year ended 31 March 2024. The Directors of the Company have considered the potential outcome of the vote on the ability of the Company to continue as a going concern and consider it unlikely that Shareholders will vote in favour of discontinuation of the Company against the Board's recommendation. Bearing in mind the illiquid nature of the Company's underlying assets and the macroeconomic factors that have contributed to the discontinuation vote being triggered, if the discontinuation vote is passed and a subsequent reconstruction or winding up process is initiated the Board nonetheless expects that the Company would continue in existence for at least 12 months from the date of signing of this Annual Report.

The Board is satisfied that the Company has sufficient financial resources available to be able to manage the Company's business effectively and pursue the Company's principal activities and investment objective. In particular, the Board is not currently aware of any material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of approval of this Annual Report. The Board is of the opinion, therefore, that the going concern basis adopted in the preparation of the Financial Statements is appropriate.

d) Basis of Non-Consolidation

The Company has set up/acquired SPVs through its investment in the holding companies. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 investment entities are required to hold subsidiaries at fair value through profit or loss rather than consolidate them. There are four holding companies (NextEnergy Solar Holdings Limited, NextEnergy Solar Holdings III Limited, NextEnergy Solar Holdings IV Limited and NextEnergy Solar Holdings V Limited, collectively the "HoldCos"). The HoldCos are also investment entities and, as required under IFRS 10, value their investments at fair value.

Under the definition of an investment entity, the entity should satisfy all three of the following tests:

- obtains funds from one or more investors for the purpose of providing these investors with investment management services; and
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (including having an exit strategy for investments); and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10, the Directors note that:

- the Company is an investment company that invests funds obtained from multiple investors in a diversified portfolio of solar energy infrastructure assets and related infrastructure assets and has appointed the Investment Manager to manage the Company's investments;
- the Company's purpose is to invest funds for investment income and potential capital appreciation and will exit its investments at the end of their economic lives or when their planning permissions or leasehold land interests expire (unless it has repowered their sites) and may also exit investments earlier for reasons of portfolio balance or profit; and

- the Board evaluates the performance of the Company's investments on a fair value basis as part of the quarterly management accounts review and the Company values its investments on a fair value basis twice a year for inclusion in its annual and interim financial statements with the movement in the valuations taken to the Statement of Comprehensive Income.

Taking these factors into account, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition set out in IFRS 10.

The Directors believe the treatment outlined above provides the most relevant information to investors.

e) Taxation

Under the current system of taxation in Guernsey, the Company is exempt from paying taxes on income, profit or capital gains. Therefore, income from investments in solar assets is not subject to any tax in Guernsey, although NPIII, the HoldCos and SPVs are subject to tax in their country of incorporation.

f) Segmental Reporting

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

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

g) Dividends

Dividends to the Company's Shareholders are recognised when they become legally payable.

h) Income

Income includes investment income from financial assets at fair value through profit or loss, administrative service fee income, interest income from Eurobonds and finance income.

Investment income, predominantly dividends received from financial assets at fair value through profit or loss, is recognised in the Statement of Comprehensive Income within income when the Company's right to receive payments is established.

Administrative service fee income and interest income from Eurobonds are recognised in the Statement of Comprehensive Income within income on an accruals basis.

Finance income comprises interest earned on cash held on deposit. Finance income is recognised in the Statement of Comprehensive Income within income on an accruals basis.

i) Expenses

All expenses are accounted for on an accruals basis.

j) Cash and Cash Equivalents

Cash and cash equivalents includes deposits held at call with banks and other short-term deposits with original maturities of three months or less.

k) Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently re-measured at amortised cost using the effective interest method where necessary.

l) Financial Instruments

Classification

The Company classifies its investments based on both the Company's business model for managing these financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to designate irrevocably any equity securities at fair value through other comprehensive income.

Recognition, Derecognition and Measurement

Purchases and sales of investments are recognised on the trade date, being the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of investments are presented in the Statement of Comprehensive Income within 'Net changes in fair value of investments' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income within 'Income' when the Company's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the Statement of Comprehensive Income on an accruals basis.

Fair Value Estimation

The fair value of financial assets that are not traded on an active market is determined using valuation techniques and takes into account the International Private Equity and Venture Capital's ("IPEV") valuation guidelines. The Company's private equity solar fund investment (NPIII) and co-investments in Project Agenor and Project Santarem have been valued using the estimated attributable NAV and the remainder of investments have been valued on a look through basis based on the discounted cash flows of the solar PV and energy storage assets (except for those solar PV and energy storage assets not yet operational) and the residual value of net assets at the HoldCos level. These valuations are reviewed regularly by the Investment Manager which reports to the Board on a periodic basis. The Board considers the appropriateness of the valuation model and inputs, as well as the valuation result.

Fair value is the price that would be received from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

m) Ordinary Share Capital and Share Premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are written off against the value of the ordinary share premium. Dividends paid on the ordinary shares are recognised in the Statement of Changes in Equity.

n) Preference Shares

In accordance with International Accounting Standard 32, preference shares are classified as liabilities and are held at amortised cost. Dividends paid on the preference shares are recognised in the Statement of Comprehensive Income as finance cost – preference share dividends.

o) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Company shall measure the loss allowance on trade and other receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk had not increased significantly since initial recognition, the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation and default in payments are all considered indicators that a loss allowance may be required.

p) Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3. New and Revised Standards

a) New and Revised IFRSs Adopted by the Company

The Directors have assessed all new standards and amendments to standards and interpretations which are effective for annual periods commencing on or after 1 April 2023 and noted no material impact on the Company.

b) New and Revised IFRSs in Issue but not yet Effective

The Directors have considered new standards and amendments to standards and interpretations in issue and effective for annual periods commencing after 1 April 2024 and do not expect that their adoption will result in a material impact on the financial statements of the Company in future periods.

4. Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances.

a) Critical Accounting Estimate: Investments at Fair Value Through Profit or Loss

The Company's investments are measured at fair value for financial reporting purposes. The Board has appointed the Investment Manager to produce investment valuations based on projected future cash flows for all investments except NPIII, Project Agenor co-investment, Project Santarem co-investment, and solar and energy storage projects not yet operational which are valued at estimated attributable NAV and cost as an approximation of fair value respectively. These valuations are reviewed and approved by the Board. The investments are held through SPVs and NPIII is held directly.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board bases the fair value of the investments on the information received from the Investment Manager.

The Company classified its investments at fair value through profit or loss as level 3 within the fair value hierarchy. Level 3 investments amount to £802.2m (2023: £854.4m) and consist of three private equity solar fund investment (NPIII, Project Agenor co-investment and Project Santarem co-investment) which have been valued using estimated attributable NAV and 101 (2023: 99) investments in solar PV and energy storage assets (held indirectly through the HoldCos), all of which have been valued on a look through basis based on the discounted cash flows of the solar PV and energy storage assets (except for those solar and energy storage assets not yet operational) and the residual value of net assets at the HoldCos level.

The Company's investments are geographically spread as follows, by fair value: United Kingdom (£696.1m; 2023:£764.3m), Italy (£31.9m; 2023:£41.6m), Spain (£12.6m; 2023:£9.4m) and Portugal (£61.7m; 2023:£39.0m).

The discount rate is a significant Level 3 input and a change in the discount applied could have a material effect on the value of the investments. The power price forecasts are also a significant Level 3 input and variations in the forecasts could also have a material effect. Investments in solar and energy storage assets that are not yet operational are held at fair value, where the cost of the investment is used as an appropriate approximation of fair value. Level 3 valuations inputs are reviewed regularly by the Investment Manager which reports to the Board on a periodic basis. The Board considers the appropriateness of the valuation model and inputs, as well as the valuation result.

Information about the unobservable inputs used at 31 March 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy and their sensitivities are disclosed in note 19. Unlisted investments reconcile to the 'Total investments at fair value' in the table in note 17.

b) Significant Judgement: Consolidation of Entities

The Company, under the investment entity exemption rule, holds its investments at fair value. The Company meets the definition of an investment entity per IFRS 10 as detailed in note 2(d).

The Company does not have any other subsidiaries other than those determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined as described in note 19.

The Company and the HoldCos operate as an integrated structure whereby the Company invests in the HoldCos and a singular direct investment. Under IFRS 10, there is a requirement for the Board to assess whether the HoldCos are themselves investment entities. The Board has performed this assessment and concluded that each of the HoldCos is an investment entity for the following reasons:

- the HoldCos have obtained funds for the purpose of investing in equity or other similar interests in multiple investments and providing the Company (and its investors) with investment income; and
- the performance of investments made through the HoldCos are measured and evaluated on a fair value basis.

Furthermore, the HoldCos themselves are not deemed to be operating entities providing services to the Company and, therefore, are able to apply the exemption to consolidation.

The Company's HoldCos directly hold investments in joint venture partnerships (classified as subsidiaries) and co-investments (classified as investments or associates).

5. Management Fees

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

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

The NAV for the purpose of calculation is reduced by an amount equivalent to US$50m for NESF's investment in NPIII. For the year ended 31 March 2024, the Company incurred £5.2m in management fees, of which £15k was outstanding at 31 March 2024 (2023: £5.8m in management fees of which £14k was outstanding at 31 March 2023).

The Investment Management Agreement is terminable by not less than 12 month's written notice.

6. Administration Fees

Under the Administration Agreement with Ocorian Administration (Guernsey) Limited, the administration fee was a fixed fee of £275k per annum with effect from 30 March 2022. On 1 January 2023, the fixed fee increased in line with the annual increase in Guernsey RPI.

For the year ended 31 March 2024, the administrator was entitled to administration fees of £295k (2023: £346k), of which £69k was outstanding at 31 March 2024 (2023: £nil).

The fee payable to the administrator is payable quarterly in advance.

7. Directors' Fees

The Directors are all Non-Executive, and their remuneration is solely in the form of fees. The Directors' fees for the year were £328k (2023: £277k), of which £75k was outstanding at 31 March 2024 (2023: £nil).

8. Audit Fees

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

	31 March 2024 £'000	31 March 2023 £'000
Fees payable to the auditor for the audit of the Company	99	92
Fees payable to the auditor for the interim review of the Company	53	52
Additional audit fee and disbursements for prior year	4	—
Total	156	144

The figures noted in the table above do not include audit fees incurred by subsidiary entities.

9. Other Expenses

	31 March 2024 £'000	31 March 2023 £'000
Amortisation expense	139	139
Sundry expenses	244	167
Directors' expenses	8	5
Total	391	311

10. Charitable Donation

During the year ended 31 March 2024, the Company made a charitable donation of £250k (31 March 2023: £400k) and an additional solar donation of surplus solar modules that was based on the original price of approximately £89,000 (based on reference currency rate as at date of donation approval) to NextEnergy Foundation. Information on the NextEnergy Foundation and how it used the donation can be found on our website (nextenergysolarfund.com).

11. Trade and Other Receivables

	31 March 2024 £'000	31 March 2023 £'000
Administrative service fee income receivable	1,518	504
Accrued Income	—	40
Prepayments	104	101
Due from HoldCos	6,887	5,879
Total trade and other receivables	8,509	6,524

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

12. Trade and Other Payables

	31 March 2024 £'000	31 March 2023 £'000
Other payables	308	271
Preference dividends payable	2,342	2,342
Total trade and other payables	2,650	2,613

13. Share Capital and Reserves

a) Ordinary Shares

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

Ordinary shares issuance	31 March 2024 Shares	31 March 2023 Shares
Opening balance	590,254,181	589,077,244
Scrip shares issued during the year	567,004	1,176,937
Total issued at 31 March	590,821,185	590,254,181

Issued ordinary shares – share capital and premium	31 March 2024 £'000	31 March 2023 £'000
Opening balance	609,448	608,037
Value of scrip shares issued during the year	631	1,411
Total issued at 31 March	610,079	609,448

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

b) Preference Shares

In accordance with International Accounting Standard 32, the preference shares are classified as liabilities. Details of the preference shares can be found in note 23(a).

c) Retained Reserves

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

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

14. Earnings per Ordinary Share

a) Basic

	31 March 2024	31 March 2023
(Loss)/profit and comprehensive (loss)/income for the year (£'000)	(8,357)	48,316
Basic weighted average number of issued ordinary shares	590,596,000	589,518,997
(Loss)/Earnings per share basic	(1.42p)	8.20p

b) Diluted

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

	31 March 2024	31 March 2023
(Loss)/profit and comprehensive (loss)/income for the year (£'000)	(8,357)	48,316
Plus: preference share dividends paid during the year (£'000)	9,500	9,500
Profit for the year attributable to ordinary Shareholders (£'000)	1,143	57,816
Weighted average number of issued ordinary shares	590,596,000	589,518,997
Plus: weighted number of ordinary shares issuable on any conversion of preference shares, based on the NAV per ordinary share as at the year end	174,978,128	176,211,454
Adjusted weighted average number of ordinary shares	765,574,128	765,730,451
(Loss)/Earnings per share diluted	(1.42p)[1]	7.55p

1 The conversion to ordinary shares is only treated as dilutive when their conversion would decrease earnings per share or increase loss per share from continuing operations.

15. Ordinary Share Dividends

a) Paid During the Year

	31 March 2024 £'000	31 March 2024 Pence per share	31 March 2023 £'000	31 March 2023 Pence per share
Quarter 1	11,097	1.88	10,550	1.79
Quarter 2	12,282	2.08	11,080	1.88
Quarter 3	12,348	2.09	11,086	1.88
Quarter 4	12,348	2.09	11,091	1.88
Total	48,075	8.14	43,807	7.43

b) Declared in Respect of the Year

	31 March 2024 £'000	31 March 2024 Pence per share	31 March 2023 £'000	31 March 2023 Pence per share
Quarter 1	12,282	2.08	11,080	1.88
Quarter 2	12,348	2.09	11,086	1.88
Quarter 3	12,348	2.09	11,091	1.88
Quarter 4	12,348	2.09	11,097	1.88
Total	49,326	8.35	44,354	7.52

16. Net Assets per Ordinary Share

	31 March 2024	31 March 2023
Ordinary Shareholders' equity (£'000)	618,619	674,420
Number of issued ordinary shares	590,821,185	590,254,181
Net assets per ordinary share	104.7p	114.3p

17. Investments at Fair Value Through Profit or Loss

The Company owns its portfolio of solar and energy storage assets through its investments in the HoldCos and a direct investment in NPIII. The Company's investments comprise of its portfolio of solar and energy storage assets and the residual net assets of the HoldCos. As explained in note 4(a), all of the Company's investments are held at fair value through profit or loss and classified as Level 3 in the fair value hierarchy. There were no movements between the hierarchy levels during the year ended 31 March 2024 (2023: none).

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

	31 March 2024 £'000	31 March 2023 £'000
Brought forward cost of investments	834,736	809,531
Investment proceeds from HoldCos	(23,806)	(71,584)
Investment payments to HoldCos	34,309	84,977
Investments in NPIII	9,383	11,812
Carried forward cost of investments	854,622	834,736
Brought forward unrealised gains on valuation	19,616	32,815
Movement in unrealised gains on valuation	35,306	21,981
Movement in unrealised losses on valuation	(107,308)	(35,180)
Carried forward unrealised (losses)/gains on valuation	(52,386)	19,616
Total investments at fair value	802,236	854,352

To facilitate the acquisition of various investments at 31 March 2024, £nil (2023: £5.0m) was drawn down at subsidiary level, remitted to the Company before £nil was returned to a subsidiary (2023: £5.0m).

The total change in the value of the investments in the HoldCos is recorded through profit and loss in the Statement of Comprehensive Income. Information about the principal unobservable inputs used in valuing the Company's investments and their sensitivities is included in note 19.

18. Subsidiaries and Other Investments

The Company holds controlled subsidiary investments (the HoldCos) which have not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. The Company holds its investment of NPIII directly. The HoldCos are all incorporated in the UK and 100% directly owned. There are no cross guarantees amongst Group entities. During the year to 31 March 2023, NextEnergy Solar Holdings II Limited and its subsidiaries were transferred to RRAM Energy Limited (a subsidiary of NextEnergy Solar Holdings III Limited). Below are the legal names for the SPVs, all owned directly or indirectly through the HoldCos listed below at 31 March 2024. Agenor (24.5%) and NPIII Co Invest LP (18%) are owned by NextEnergy Solar Holdings V Limited. Camilla Battery Storage Limited and Lapwing Fen II Limited are owned by NextPower EelPower Limited and NextPower EelPower (2) Limited, both of which are owned by NextEnergy Solar Holdings III Limited (70% and 75% respectively). All other SPVs are owned 100%.

Name	Country of incorporation	Name	Country of incorporation
NextEnergy Solar Holdings Limited	**UK**		
BL Solar 2 Limited	UK	North Farm Solar Park Limited	UK
Bowerhouse Solar Limited	UK	Push Energy (Birch) Limited	UK
Ellough Solar 2 Limited	UK	Push Energy (Boxted Airfield) Limited	UK
Glebe Farm Limited	UK	Push Energy (Croydon) Limited	UK
Glorious Energy Limited	UK	Push Energy (Decoy) Limited	UK
Greenfields (A) Limited	UK	Push Energy (Hall Farm) Limited	UK
NESF-Ellough Limited	UK	Push Energy (Langenhoe) Limited	UK
Nextpower Ellough LLP	UK	SSB Condover Limited	UK
Nextpower Gover Farm Limited	UK	ST Solarinvest Devon 1 Limited	UK
Nextpower Higher Hatherleigh Limited	UK	Sunglow Power Limited	UK
Nextpower Shacks Barn Limited	UK	Wellingborough Solar Limited	UK
NextEnergy Solar Holdings III Limited	**UK**		
Balhearty Solar Limited	UK	Lapwing Fen II Limited	UK
Ballygarvey Solar Limited	UK	Burcroft Solar Parks Limited UK	UK
Birch Solar Farm CIC	UK	Burrowton Farm Solar Park Limited	UK
Blenches Mill Farm Solar Park Limited	UK	Camilla Battery Storage Limited	UK
Brafield Solar Limited	UK	Chilton Cantello Solar Park Limited	UK
Greenfields (T) Limited	UK	Crossways Solar Park Limited	UK
Helios Solar 1 Limited	UK	Empyreal Energy Limited	UK
Helios Solar 2 Limited	UK	Fiskerton Limited	UK
Hook Valley Farm Solar Park Limited	UK	NextZest Limited	UK
Knockworthy Solar Park Limited	UK	Pierces Solar Limited	UK
Lark Energy Bilsthorpe Limited	UK	Raglington Farm Solar Park Limited	UK
Le Solar 51 Limited	UK	RRAM Energy Limited	UK
Little Irchester Solar Limited	UK	Saundercroft Farm Solar Park Limited	UK
Little Staughton Airfield Solar Limited	UK	SL Solar Services Limited	UK

Name	Country of incorporation	Name	Country of incorporation
Micro Renewables Domestic Limited	UK	Sywell Solar Limited	UK
Micro Renewables Limited	UK	Tau Solar Limited	UK
NESH 3 Portfolio A Limited	UK	Temple Normanton Solar Limited	UK
Nextpower Bosworth Limited	UK	NextPower Grange Limited	UK
Nextpower Eelpower Limited	UK	Thornborough Solar Limited	UK
NextPower High Garrett Limited	UK	NextPower South Lowfield Limited	UK
Nextpower Hops Energy Limited	UK	Thurlestone-Leicester Solar Limited	UK
Nextpower SPV 4 Limited	UK	UK Solar (Fiskerton) LLP	UK
Nextpower SPV 6 Limited	UK	Wheb European Solar (UK) 2 Limited	UK
Nextpower Water Projects Limited	UK	Wheb European Solar (UK) 3 Limited	UK
Nextpower Eelpower (2) Limited	UK	Whitley Solar Park (Ashcott Farm) Limited	UK
Wyld Meadow Farm Solar Park Limited	UK	Wickfield Solar Limited	UK
ESF Llwyndu Limited	UK	NextEnergy Solar Holdings II Limited	UK
NextEnergy Solar Holdings VI Limited	UK	Trowbridge PV Limited	UK
Green End Renewables Limited	UK	Bowden Lane Solar Park Limited	UK
Fenland Renewables Limited	UK	Tower Hill Farm Renewables Limited	UK
NextEnergy Solar Holdings IV Limited	**UK**		
Berwick Solar Park Limited	UK	Emberton Solar Park Limited	UK
Bottom Plain Solar Park Limited	UK	Great Wilbraham Solar Park Limited	UK
Branston Solar Park Limited	UK	Nextpower Radius Limited	UK
NextEnergy Solar Holdings V Limited	**UK**		
Agrosei S.r.l	Italy	Starquattro S.r.l	Italy
Fotostar 6 S.r.l	Italy	SunEdison Med. 6 S.r.l	Italy
Macchia Rotonda Solar S.r.l	Italy	Agenor Hive S.L.U.*	Spain
NextPower III LP Co-Invest LP**	Portugal	NextPower III Co-Invest UK HoldCo Ltd***	UK
NXP Co-Invest Portugal HoldCo***	Portugal	Escalabis Solar, S.A.***	Portugal

* Agenor Hive S.L.U. is an associate of the HoldCo, not a subsidiary

** NextPower III LP Co-Invest LP is an investment of the HoldCo, not a subsidiary or associate

*** Subsidiaries of NPIII Co Invest LP

19. Fair Value of Investment in Unconsolidated Subsidiaries

a) Valuation process

The valuation process is described in note 4(a).

The Directors and the Investment Manager consider that the discounted cash flow methodology used in deriving the fair value of investments in operating solar and energy storage assets is in accordance with the fair value requirements of IFRS 13 and that the valuation methodology used, including the key estimates and assumptions applied, is appropriate. As at 31 March 2024, investments held at fair value using the discounted cash flow methodology totalled £657.4m (2023: £707.5m).

The Company has invested directly in a private equity fund NPIII and, through NESH V, in co-investments in Project Agenor and Santarem. The fair value of the Company's investment in private equity funds is generally considered to be the Company's attributable portion of the NAV of the private equity fund, as determined by the General Partner/Manager of such funds, adjusted if considered necessary by the Board of Directors, including any adjustment necessary for carried interest. The Board of Directors and the Investment Manager consider the IPEV guidelines when valuing private equity fund investments. As at 31 March 2024, investments held at fair value using NAV totalled £74.2m (31 March 2023: £31.0m).

Investments in assets that are not yet operational are also held at fair value, where the cost of the investment is used as an appropriate approximation of fair value. These investments are not included in the sensitivity analyses in note 19(b). As at 31 March 2024, investments held at cost which approximates fair value totalled £43.1m (2023: £103.3m).

Another £27.5m (2023: £12.5m) of investments held at fair value relates to the residual net assets of the HoldCos. Therefore, the total operational fair value to which the sensitivity analysis has been applied in the below tables is £657.4m (2023: £707.5m).

b) Sensitivity Analyses of Changes in Significant Unobservable Inputs to the Discounted Cash Flow Calculation

(i) Sensitivity analysis of changes in significant unobservable inputs of underlying operating solar assets

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

Discount Rates

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

	31 March 2024	31 March 2023
Weighted average discount rate	8.1%	7.3%
Range of discount rates (unlevered to levered)	7.5% to 10.0%	6.75% to 8.25%
Premium applied to cash flows earned 30 years after grid connection date	1.0%	1.0%

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

Discount rate sensitivity	+0.5% change	Investments	-0.5% change
31 March 2024			
Directors' valuation	(£19.1m)	£657.4m	£20.5m
Directors' valuation – percentage movement	(2.9%)		3.1%
Change in NAV per ordinary share	(3.2p)		3.5p
31 March 2023			
Directors' valuation	(£18.8m)	£707.5m	£20.0m
Directors' valuation – percentage movement	(2.7%)		2.8%
Change in NAV per ordinary share	(3.2p)		3.4p

Power Price

As at 31 March 2024, estimates implied an average rate of growth of UK electricity prices across the period 2023-2043 of approximately -0.5% (2023: -5.5%) in 2024 real terms and an average rate of growth of Italian electricity prices across the same period of approximately -3.8% (2023: -6.17%) in 2024 real terms. As at 31 March 2024, estimates implied a long-term inflation rate of 2.3% (2023: 2.3%).

The power price environment has recovered to normal levels in 2024 following a prolonged period of extreme volatility caused by international conflict. The blended average of the 'central case' scenarios have been applied to the valuation which includes the impact of the current power price environment.

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

Power price sensitivity	-10% change	Investments	+10% change
31 March 2024			
Directors' valuation	(£46.2m)	£657.4m	£45.3m
Directors' valuation – percentage movement	(6.9%)		7.1%
Change in NAV per ordinary share	(7.9p)		7.7p
31 March 2023			
Directors' valuation	(£52.5m)	£707.5m	£50.9m
Directors' valuation – percentage movement	(7.4%)		7.2%
Change in NAV per ordinary share	(8.9p)		8.6p

Energy Generation

The portfolios aggregate energy generation yield depends on the combination of solar irradiation and technical performance of the solar assets. The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase of energy generation plus or minus 5% on the valuation, with all other variables held constant.

Energy generation sensitivity	-5% underperformance	Investments	+5% outperformance
31 March 2024			
Directors' valuation	(£40.4m)	£657.4m	£38.8m
Directors' valuation – percentage movement	(6.2%)		5.9%
Change in NAV per ordinary share	(6.8p)		6.6p
31 March 2023			
Directors' valuation	(£43.9m)	£707.5m	£43.1m
Directors' valuation – percentage movement	(6.2%)		6.1%
Change in NAV per ordinary share	(7.4p)		7.3p

Inflation Rates

The portfolio valuation assumes long-term inflation of 2.3% (2023: 2.3%) p.a. for investments (based on UK RPI).

The table below shows the sensitivity of the portfolio valuation to a change to the inflation rate by plus or minus 1.0% (2023: 1.0%), with all other variables held constant.

Inflation rate sensitivity	-1.0% change	Investments	+1.0% change
31 March 2024			
Directors' valuation	(£47.6m)	£657.4m	£52.7m
Directors' valuation – percentage movement	(7.2%)		8.0%
Change in NAV per ordinary share	(8.1p)		8.9p
31 March 2023			
Directors' valuation	(£45.8m)	£707.5m	£51.3m
Directors' valuation – percentage movement	(6.5%)		7.3%
Change in NAV per ordinary share	(7.8p)		8.7p

Operating Costs

The table below shows the sensitivity of the portfolio to changes in operating costs by plus or minus 5% (2023: 5%) at the SPVs level, with all other variables held constant.

Operating costs sensitivity	+5% change	Investments	-5% change
31 March 2024			
Directors' valuation	(£6.4m)	£657.4m	£6.6m
Directors' valuation – percentage movement	(1.0%)		1.0%
Change in NAV per ordinary share	(1.1p)		1.1p
31 March 2023			
Directors' valuation	(£6.4m)	£707.5m	£6.5m
Directors' valuation – percentage movement	(0.9%)		0.9%
Change in NAV per ordinary share	(1.1p)		1.1p

Tax Rates

The UK corporation tax rate used in the portfolio valuation is 25% (31 March 2023: 19% until 31 March 2023 and 25% thereafter), in accordance with the latest UK Budget announcements.

(ii) Sensitivity analysis of changes in significant unobservable inputs of Private Equity Investments

The combined NAVs of NPIII, the direct private equity investment, and Project Agenor and Santarem, the co-investments made through NESF V, as at 31 March 2024 were £74.2m (2023: £31.0m). The valuation of private equity investments is subject to changes in the valuations of the underlying portfolio companies. These can be exposed to a number of risks, including liquidity risk, price risk, currency risk and interest rate risk.

A movement of 10% in the value of the private equity investment would move the Company's investments held at fair value at the year end by 0.6% (2023: 0.4%).

20. Non-investment Financial Assets and Liabilities

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

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

The preference shares are held at amortised cost using the effective interest method and are measured at gross proceeds net of transaction costs incurred. As at 31 March 2024 they are held at £198.3m (2023: £198.2m). The transaction costs are amortised over the expected life of the preference shares to 2036. Preference shares are a Level 3 item in the fair value hierarchy with their carrying value approximating their fair value of £198.3m as at 31 March 2024. The fair value of the preference shares was calculated based on projected future cash flows for the preference shares using a market related discount rate adjusted for risk factors.

21. Capital Management

a) Capital Structure

The NESF Group, which comprises the Company and its unconsolidated subsidiaries (being the direct investment in NPIII, HoldCos and SPVs), manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to ordinary Shareholders through the optimisation of the debt and equity balances. The

NESF Group's principal use of cash has been to fund investments in accordance with the Company's Investment Policy as well as ongoing operational expenses.

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

b) Debt

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

As at 31 March 2024, the Company had £200m of preference shares in issue (2023: £200m) and no financial debt outstanding. The subsidiaries had £338.0m in long-term debt, look through debt and revolving credit facilities outstanding (2023: £345.3m) (see note 23(b)), representing a gearing level of 46% (2023: 45%).

22. Financial Risk Management Objectives

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

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

a) Capital Risk (Company Only)

The Company has put in place a financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity (issued ordinary share capital and retained earnings) and preference share capital. As at 31 March 2024 the Company had no recourse financial debt, although the Company is a guarantor for two financing and hedging facilities of its subsidiaries (see note 25).

b) Market Price Risk (Company and Subsidiaries)

Market price risk is the risk that the fair value of future cash flows of a financial instrument held by the Company, through its subsidiaries, will fluctuate because of changes in market prices. Changes in market prices will affect the discount rate applied to the expected future cash flows from the Company's investments and, therefore, the fair value of those investments. The impact of changes in the discount rate is considered in note 19.

Power Price Risk (Company and Subsidiaries)

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

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

Currency Risk (Company and NESH V)

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Company has no material exposure to currency risk as all its assets and liabilities are in pounds sterling, the Company's functional and presentational currency. A substantial majority of the cash flows from the Company's solar assets in Italy to NESH V are hedged and so the cash flows to the Company from that HoldCo are exposed to limited currency risk and therefore the currency risk on the unhedged portion of Company cash flows is not considered to be significant. The Company holds private equity investments in NPIII, and Projects Santarem and Agenor which are not reported in pounds sterling, and the vast majority of cashflows from the solar assets of these projects are in either US Dollars or Euros but these are not hedged as the currency risk they represent is not considered significant.

Interest Rate Risk (Company and Subsidiaries)

The Company is indirectly exposed to interest rate risk from the credit facilities of the HoldCos, as at 31 March 2024. Of the £338.0m (2023: £345.3m) credit facilities outstanding (excluding NPIII and co-investment look through debt of £12.6m), £108.0m (2023: £112.0m) had fixed interest rates and the remaining £217.3m (2023: £225.6m) had floating interest rates. For the floating amount, interest rate swaps were implemented over the term of the loans to mitigate interest rate risks for £51.7m (2023: £59.3m). The counterparties to these swaps are all Investment grade financial institutions. The remaining £165.6m (2023: £166.3m) had floating rates which are not hedged and a change in interest rates would not have a material impact to the Company.

c) Credit Risk (Company and Subsidiaries)

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

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

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

	31 March 2024 £'000	31 March 2023 £'000
Cash and cash equivalents	8,860	14,354
Trade and other receivables	8,509	6,524
Debt investments	306,554	306,554
Total	323,923	327,432

Debt investments relate to Eurobonds which have been valued at fair value as part of the Company's investments as disclosed in note 17. No collateral is received from NESH III or NESH V in relation to the Eurobonds. The credit quality of these investments is based on the financial performance of NESH III and NESH V as well as the underlying investments they own. The risk of default is deemed low, and the principal repayments and interest payments are expected to be made in accordance with the agreed terms and conditions.

The Company does not have any significant credit risk exposure to any single counterparty in relation to trade and other receivables. In respect of the Company's subsidiaries, ongoing credit evaluation is performed on the financial condition of accounts receivable. As at 31 March 2024, the probability of default of the Company's subsidiaries was considered low and so no allowance has been recognised based on 12-month expected credit loss as any impairment would be insignificant to the subsidiary (2023: none). The Investment Adviser has sufficient oversight of the subsidiary's receivables to assess the probability of default.

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

	Credit rating Standard & Poor's	Cash £'000
31 March 2024		
Barclays Bank PLC	Long – A+ Short – A-1	8,860
31 March 2023		
Barclays Bank PLC	Long – A+ Short – A-1	14,354

d) Liquidity Risk (Company and subsidiaries)

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

The following table shows the maturity of the Company's non-derivative financial assets and liabilities. The amounts disclosed are contractual, undiscounted cash flows and may differ from the actual cash flows received or paid in the future as a result of early repayments.

	Carrying amount £'000	Up to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000
31 March 2024				
Assets				
Cash and cash equivalents	8,860	8,860	–	–
Trade and other receivables	8,509	8,509	–	–
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(198,336)	(2,342)	(7,158)	(314,000)
Trade and other payables	(2,650)	(2,650)	–	–
31 March 2023				
Assets				
Cash and cash equivalents	14,354	14,354	–	–
Trade and other receivables	6,524	6,524	–	–
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(198,197)	(2,342)	(7,158)	(323,500)
Trade and other payables	(2,613)	(2,613)	–	–

[1] Assumes no conversion of preference shares in 2036

23. Preference Shares and Revolving Credit and Debt Facilities

a) Preference shares

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

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

	Opening £'000	Amortisation £'000	Carrying Amount £'000
31 March 2024			
Preference shares	198,197	139	198,336
31 March 2023			
Preference shares	198,058	139	198,197

b) Revolving credit and debt facilities

The Company's HoldCos have revolving credit and debt facilities which are factored into the calculation of the fair value of the underlying investments.

In January 2017, NESH closed a syndicated loan with MIDIS, NAB and CBA for £159.7m ('Project Apollo') to refinance its revolving credit facility. As part of the facility agreement, the lenders provide an additional Debt Service Reserve Facility of £7.5m and hold a charge over the assets of NESH. As at 31 March 2024, the nominal outstanding amount was £136.9m (2023: £141.9m).

In June 2021, NESH III closed a RCF with National Westminster Bank plc and AIB Group (UK) p.l.c. for £75.0m which £75.0m was subsequently drawn down. In September 2022, the facility was increased to total commitment of £135.0m. As at 31 March 2024, the outstanding amount was £135.0m (2023: £135.0m).

In March 2016, NESH IV agreed the purchase of Project Radius. The acquisition was part funded by a debt facility entered between NESH IV and Macquarie Bank Limited for £55.0m, which was fully drawn down in April 2016. As part of the debt facility agreement Macquarie Bank Limited holds a charge over the assets of NESH IV. As at 31 March 2024, the nominal outstanding amount was £44.3m (2023: £46.8m).

In July 2018, NESH VI closed a RCF with Santander for £40.0m which was subsequently fully drawn down. In January 2019, the facility was increased to a total commitment of £70.0m with a subsequent £30.0m drawdown. In August 2019, £56.0m was repaid. In February 2021 £35.2m was drawn down. As at 31 March 2024, the outstanding amount was £30.6m (2023: £31.3m).

24. Reconciliation of Financing Activities

	Opening £'000	Cash Flows £'000	Net Income Allocation £'000	Dividend Payable Movement £'000	Non-cash Flows £'000	Carrying Amount £'000
31 March 2024						
Preference shares	198,197	(9,500)	9,500	—	139	198,336
31 March 2023						
Preference shares	198,058	(9,500)	9,500	—	139	198,197

25. Commitments and Guarantees

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

On 19 November 2018, the Company entered into a counter-indemnity deed with Banco Santander ("Santander") regarding borrowings by NextPower Radius Limited. Under the terms of the deed, the Company may request Santander to issue a letter of credit for no more than £2.5m. As at 31 March 2024, a letter of credit of £2.5m was in issue (2023: £2.5m) to cover the debt service reserve requirement for the facility.

On 1 December 2017, the Company provided a guarantee to Intesa Sanpaolo S.p.A. ("ISP") relating to derivative transactions made available to NESH V. The guarantee covers all present and future obligations of NESH V to ISP relating to the derivative transactions. As at 31 March 2024, the Company has no outstanding commitments related to this guarantee (2023: none).

The Company has a remaining commitment to NPIII of US$nil as at 31 March 2024 (2023: $11.9m) (see note 26 for more detail). The Company, through its subsidiary, has a remaining commitment of €nil in relation to the co-investment in Project Santarem as at 31 March 2024 (2023: €2.0m).

The Company had other project spending commitments to its HoldCos totalling £23.5m as at 31 March 2024 (2023: £26.5m).

26. Related Parties

The Investment Manager, the Investment Adviser and the Asset Manager are considered to be related parties in light of their responsibilities in implementing the investment strategy set by the Board of Directors and directing the activities of Group entities. All management fee transactions with the Investment Manager are disclosed in note 5.

Fees of £133,721 (2023: £94,049) were charged by the Investment Adviser for ESG related services and this is included in legal and professional fees in the Statement of Comprehensive Income. £nil was outstanding at year end (2023: £nil).

Under existing arrangements with the Asset Manager, each operating SPVs of the Company entered into an asset management agreement with the Asset Manager and each of the HoldCos entered into on accounting services agreement with the Asset Manager. The total value of recurring and one-off services paid to the Asset Manager by the subsidiaries during the period amounted to £8.5m (2023: £7.6m).

At 31 March 2024 £6.9m (2023: £5.9m) was owed from the subsidiaries in relation to their restructuring, £6.9m being cash trapped within the structure at year end (2023: £5.9m). £10.8m of administrative service fees were received from the subsidiaries during the year (2023: £10.4m), £1.5m of which was outstanding at 31 March 2024 (2023: £504k). £12.3m of Eurobond interest was received from the subsidiaries during the year (31 March 2023: £12.3m), £nil of which was outstanding at 31 March 2024 (31 March 2023: £nil). During the year, dividends of £57.7m (2023: £56.3m) were received from the subsidiaries.

The Company has committed US$50m to NPIII, as a Limited Partner governed by a Limited Partnership Agreement, which is fully drawn as at 31 March 2024 (2023: US$38.1m). The Investment Manager, the Investment Adviser and the Asset Manager are all professionally engaged to provide services to this fund. The principal activity of NPIII is to invest in solar photovoltaic plants globally (primarily in OECD countries). The Company has committed a fixed amount of capital which may be drawn (and returned) over the life of NPIII. The Company pays capital calls when due and receives distributions from NPIII over the life of the fund. The outstanding commitment to NPIII LP is disclosed in note 25.

In December 2023, the site at Hatherden was sold for total proceeds of £14.3 million. The purchaser, NextPower UK ESG Fund, is a 10-year closed-ended private fund managed by NextEnergy Capital. Due to the sale of Hatherden being classified as a smaller related party transaction under the FCA's Listing Rules, the Board appointed Deloitte to undertake an independent valuation. The Board also obtained a written confirmation from the Company's Sponsor ("Cavendish"), that the Transaction was fair and reasonable as far as the shareholders are concerned as required under Listing Rule 11.1.10R.

The Directors' fees for the year ended 31 March 2024 amounted to £328k (2023: £277k), of which £75k was outstanding at 31 March 2024 (2023: £nil). As at 31 March 2024, Helen Mahy held 58,181 ordinary shares, Patrick Firth held 91,207 ordinary shares, Joanne Peacegood held 50,000 ordinary shares and Josephine Bush held 10,000 ordinary shares. As at 31 March 2023, Kevin Lyon held 210,000 ordinary shares, Patrick Firth held 91,207 ordinary shares, Vic Holmes held 158,400 ordinary shares, Joanne Peacegood held 50,000 ordinary shares and Josephine Bush held 10,000 ordinary shares.

As at 11 June 2024, NextEnergy Capital Group employees held 1,947,857 shares in NESF.

27. Controlling Parties

In the opinion of the Directors, on the basis of shareholdings disclosed to them, the Company has no immediate nor ultimate controlling party.

28. Events After the Balance Sheet Date

On 16 April 2024, the Company extended its existing £135 million short-term RCF with AIB Group and NatWest for a further 2 years until June 2026 with a margin of 120bps over SONIA.

On 10 May 2024, the Company extended its Santander RCF to June 2025, with the applicable rate being improved to SONIA +1.5%.

On 15 May 2024, the Directors approved a dividend of 2.09 pence per ordinary share for the quarter ended 31 March 2024 to be paid on 28 June 2024 to ordinary Shareholders on the register as at the close of business on 24 May 2024.

On 15 May 2024, the Directors approved an increase in the dividend target to 8.43p for the financial year ending 31 March 2025.

Post the period end, the Company announced the sale of Whitecross, which is the second phase of its Capital Recycling Programme.

Alternative Performance Measures ("APMs")

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

Invested Capital

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
Invested capital	1,157,090	1,133,769

Total Gearing

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
NESF Group's outstanding financial debt (A)	337,965	345,275
Preference shares as per Statement of Financial Position (B)	198,336	198,197
Net assets as per Statement of Financial Position (C)	618,619	674,420
Total gearing ((A + B) / (A + B + C)), expressed as a percentage)	46.4%	44.6%

Financial Debt Gearing

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
NESF Group's outstanding financial debt (A)	337,965	345,275
Net assets as per Statement of Financial Position (C)	618,619	674,420
Financial debt gearing ((A) / (A + B + C)), expressed as a percentage)	29.3%	28.4%

Cash Income

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
Income as per Statement of Comprehensive Income (A)	80,823	79,023
Trade and other receivables – administrative service fee income accrual at beginning of year (B)	504	—
Trade and other receivables – administrative service fee income accrual at end of year (C)	(1,518)	(504)
Cash income (A + B – C)	79,809	78,519

Cash Dividend Cover (Pre-scrip Dividends)

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
Cash Income as per the table above (A)	79,809	78,519
Total expenses as per Statement of Comprehensive Income (B)	17,172	17,709
Pre-scrip ordinary dividends paid as per Statement of Changes in Equity (C)	48,075	43,807
Cash dividend cover (pre-scrip dividends) ((A – B) / C)	1.3x	1.4x

Dividend Yield

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

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
Dividend per ordinary share (A)	8.35	7.52
Ordinary share price at end of year (B)	71.5	104.8
Dividend yield (A / B, expressed as a percentage)	11.68%	7.18%

NAV per Ordinary Share

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

	31 March 2024 (Unaudited) pence	31 March 2023 (Unaudited) pence
Net assets as per Statement of Financial Position (£'000) (A)	618,619	674,420
Number of ordinary shares in issue at year end (B)	590,821,185	590,254,181
NAV per ordinary share ((A / B) x 100)	104.7p	114.3p

NAV Total Return per Ordinary Share

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

	Year ended 31 Mar 2024 (Unaudited) pence	Year ended 31 Mar 2023 (Unaudited) pence
Basic NAV per ordinary share at year end as per Statement of Financial Position (A)	104.7	114.3
Annual dividend per ordinary share declared in respect of year (B)	8.35	7.52
Basic NAV per ordinary share at beginning of year as per Statement of Financial Position (C)	114.3	113.5
NAV total return per ordinary share ((A + B – C) / C, expressed as a percentage)	(1.08%)	7.33%

Ordinary Shareholder Total Return

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

	31 March 2024 (Unaudited) pence	31 March 2023 (Unaudited) Pence
Ordinary share price at year end (A)	71.5	104.8
Annual dividend per ordinary share declared/paid in respect of year (B)	8.35	7.52
Ordinary share price at beginning of year (C)	104.8	103.4
Ordinary shareholder total return per share ((A + B – C) / C, expressed as a percentage)	(23.81%)	8.63%

Discount to NAV per Ordinary Share

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

	31 March 2024 (Unaudited) pence	31 March 2023 (Unaudited) Pence
Ordinary share price at year end (A)	71.5	104.8
NAV per ordinary share at year end as per Statement of Financial Position (B)	104.7	114.3
Discount to NAV per Ordinary Share ((A – B) / B, expressed as a percentage)	(31.7%)	(8.3%)

Ongoing Charges

Ongoing charges measures the Company's recurring operating costs (excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments) as a percentage of the average of the net assets at the end of each of the last four consecutive quarters ending at the period end.

	31 March 2024 (Unaudited) £'000	31 March 2023 (Unaudited) £'000
Total expenses as per Statement of Comprehensive Income (A)	17,172	17,709
Preference share dividends as per Statement of Comprehensive Income (B)	9,500	9,500
Non- recurring expenses (C)	432	700
Average of quarterly net assets (D)	635,050	705,851
Ongoing charges figure ((A – B – C) / D, expressed as a percentage)	1.11%	1.06%

General Shareholder Information

Alternative Investment Fund Management Directive ("AIFMD")

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ISA Status

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

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

Net Asset Value per Ordinary Share

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

Additional Information

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

Financial Calendar for Year Ending 31 March 2025

Interim results announced	**November 2024**
Annual results announced	June 2025
Annual General Meeting	August 2025

Interim dividends

In the absence of unforeseen circumstances, the Directors expect to declare and pay the following interim dividends per ordinary share in respect of the financial year ending 31 March 2025.

Dividend	Announcement date	Ex-dividend date	Payment date	Amount
1st	8 Aug 24	15 Aug 24	30 Sept 24	2.11p
2nd	7 Nov 24	14 Nov 24	30 Dec 24	2.11p
3rd	Feb 25	Feb 25	31 Mar 25	2.11p
4th	May 25	May 25	30 Jun 25	2.11p

Cautionary Statement

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

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

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

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

Glossary and Definitions

Administrator	Ocorian Administration (Guernsey) Limited
AGM	Annual General Meeting
AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance (February 2019)
AIFM	Alternative Investment Fund Manager for the purpose of the EU's Alternative Investment Fund Management Directive (see above for further information)
Ancillary services	Energy storage revenue stream for maintaining operational grid requirements and provides secondary balancing through sub second to minutes long response. Contracted in advance on monthly-yearly basis (e.g. Dynamic containment (formerly fast frequency response))
Apollo portfolio	21 UK solar plants held within NESH (see the Operating Portfolio – Overview above for further details)
Asset Manager or WiseEnergy	WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl
Brexit	The withdrawal of the United Kingdom from the European Union
Capacity Market Auction	The Capacity Market is a UK Government initiative that ensures security of electricity supply by providing a payment for reliable sources of capacity
Cash dividend cover	The ratio of the Company's cash income to dividends paid or payable in respect of the financial period/year
CBA	Commonwealth Bank of Australia
Company or NESF	NextEnergy Solar Fund Limited
Consultants	The three independent market forecasters used by the Company
Controlled subsidiary investments	Subsidiary entities in which Company has a controlling interest which are used as holding companies for investments in underlying assets
CO_2e or carbon dioxide equivalent	A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact
DNO	Distribution Network Operators ("DNOs") are regionally based licensed companies responsible for completing rolling programmes of preventative maintenance and upgrade works to ensure stability of the energy supplied to consumers
DNOO	Distribution Network Operator Outages
EBITDA	Earnings before interest, tax, depreciation and amortisation
Embedded benefits	Supplier costs that are reduced or avoided via contracting with small-scale generation connected at the distribution network level instead of the national transmission system
Energy Arbitrage	Energy storage revenue stream involving buying and selling power to meet demand every half-hour. Contracted from years ahead to T-1 hour trading
EPC	Engineering, Procurement and Construction
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FiT	Feed-in-Tariff schemes are financial mechanisms by which the UK Government incentivised the deployment of small-scale renewable energy generation and the Italian Government incentivised the deployment of large-scale renewable energy generation by requiring participating licensed electricity suppliers to make payments on both generation and export from eligible installations

GAV	Gross asset value, being the aggregate of the net asset value of the ordinary shares, the fair value of the preference shares and the amount of NESF Group debt outstanding
GW	Gigawatt, a unit of power equal to 1,000MW
GWh	GW hour, a measure of electricity generated per hour
HoldCos	Intermediate holding companies used by the Company as pass-through vehicles to invest in underlying solar energy infrastructure assets, currently being NESH, NESH III, NESH IV, NESH V and NESH VI
IFRS	International Financial Reporting Standards
Investment Adviser or NEC	NextEnergy Capital Limited
Investment Manager	NextEnergy Capital IM Limited
IPO	Initial Public Offering
IRR	Internal Rate of Return
KPMG	KPMG Channel Islands Limited, independent auditor to the Company
KWh	Kilowatt hour, being a measure of electricity generated per hour
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MW	A Megawatt is unit of power equal to one million watts and is used as a measure of the output of a power plant
MWh	MW hour, being a measure of electricity generated per hour
NAB	National Australia Bank
Net assets or NAV	Net asset value
NAV total return	The actual rate of return from dividends paid and any increase or reduction in the NAV per ordinary share over a given period of time
NEC or NEC Group	The NextEnergy Capital group of companies, including the Investment Manager, Investment Adviser and Asset Manager
NESF Group	The Company, HoldCos and SPVs
NESH	NextEnergy Solar Holding Limited
NESH III	NextEnergy Solar Holding III Limited
NESH IV	NextEnergy Solar Holding IV Limited
NESH V	NextEnergy Solar Holding V Limited
NESH VI	NextEnergy Solar Holding VI Limited
NIROC	Like the ROCs in Great Britain, the Northern Ireland Renewable Obligation Certificate scheme obliges electricity suppliers to produce a certain number of NIROCs for each MWh of electricity which they supply to their customers in Northern Ireland or to pay a buy-out fee that is proportionate to any shortfall in the number of NIROCs being so presented
NPIII	NextPower III LP
NZ	NextZest
O&M	Operations and Maintenance
OECD	Organisation for Economic Co-operation and Development
OFGEM	Office of Gas and Electricity Markets

Ongoing charges figure	The regular, recurring annual costs of running the Company (excluding the costs of acquisition or disposal of investments, financing charges and gains or losses arising on investments), expressed as a percentage of average net assets, calculated in accordance with the AIC's methodology
Ordinary shareholder total return	The actual rate of return from dividends paid and any increase or reduction in the ordinary share price over a given period of time
Ordinary shares	The issued ordinary share capital of the Company
Performance ratio	Describes the relationship between the actual and theoretical energy outputs of a solar plant (expressed as a percentage)
PM 2.5 and PM10	Potentially harmful particulate matter, such as chemicals, in air
PPA	Power purchase agreement
Premium/discount to NAV	The amount, expressed as a percentage, by which the Company's ordinary shares trade above or below the NAV per ordinary share
Preference shares	The issued preference share capital of the Company
PV	Photovoltaic
Radius portfolio	Five UK solar plants held within NESH IV (see the Operating Portfolio – Overview above for further details)
RCF	Revolving Credit Facility
ROC	Renewable Obligation Certificates (the Renewable Obligation scheme is the financial mechanism by which the UK Government incentivised the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources or pay a penalty)
ROC recycle	The payment received by generators from the redistribution of the buy-out fund (payments are made into the buy-out fund when suppliers do not have sufficient ROCs or NIROCs to cover their obligation)
RPI	Retail Price Index
RRAM portfolio	10 UK solar plants held in NESH III (see the Operating Portfolio – Overview above for further details)
Scrip shares	Ordinary shares issued pursuant to the Company's scrip dividend alternative
SDG	The Sustainable Development Goals are a set of ambitious global developmental targets adopted by the United Nations Member States in 2015 to be achieved by 2030 and seek to address the global challenges we face through the promotion of development as a balance of social, economic, and environmental sustainability
Solis portfolio	Eight Italian solar plants held within NESH V (see the Operating Portfolio – Overview above for further details)
SONIA	Sterling Overnight Index Average
SPVs	Special purpose vehicles that hold the Company's investment portfolio of underlying solar energy infrastructure assets
Thirteen Kings portfolio	13 plants held in NESH III (see the Operating Portfolio – Overview above for further details)
Treasury shares	Ordinary shares which are bought back by the Company, reducing the number of outstanding shares on the open market, and held by the Company for resale at a future date
Wholesale revenue	Revenue from energy sold in the wholesale power market which is not connected with subsidy schemes or PPAs

Annex (Unaudited)

NESF Principal Adverse Impacts

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: NextEnergySolar Fund Limited, 213800ZPHCBDDSQH5447 on behalf of NextEnergyCapital Limited

Summary

NextEnergy Solar Fund Limited (the "Company"), 213800ZPHCBDDSQH5447, considers principal adverse impacts ("PAIs") of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of NextEnergy Solar Fund Limited.

This statement on PAIs on sustainability factors covers the reference period from 1st April 2023 to 31 March 2024, in line with the financial reporting year.

The tables below contain the PAIs required by regulation and considered material to the Company. The results show limited adverse impacts in line with the sustainable investment objective. The most significant adverse impact is scope 3 greenhouse gas emissions. This reflects embodied carbon is assets constructed that reached first generation during the year. The Investment Adviser, NextEnergy Capital, is working to accelerate the decarbonisation of the supply chain which would reduce these emissions for future assets constructed.

The nature of the portfolio means the majority of activity is outsourced to third-party providers, mainly operations and maintenance contractors. This creates a particular problem for collecting data to process into the principal adverse impacts. The Company is reliant on the provision of data from these third parties. In the current year, estimations across most metrics were carried out because most O&Ms could not provide actual consumtption data, rather they provided relevant information to help estimate actual consumption. The data quality of the responses has been assessed, and improvements made where possible. However, the nature of data provided in the current year means there is a lack of transparency to establish the overall accuracy. This is offset to a degree through statistical analysis of responses to detect anomalies and resolve them. The Investment Adviser and the Asset Manager are actively engaged in improving the completeness and accuracy of data going forward.

Overall the principal adverse indicators reflect the positive nature of the sustainable investment objective and provide targeted areas for improvement in the future which the Company is actively engaged in addressing. By nature, the PAIs are designed to be negative in isolation. However, to review the Company's positive attributions please refer to the ESG reports https://www.nextenergysolarfund.com/esg/esg-reports-and-publications/

Description of the principal adverse impacts on sustainability factors. See descriptions below table:

Table1

Indicators applicable to investments in investee companies							
	Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1.GHG emissions	Scope 1 GHG emissions	0	0	tCO_2e	The investee companies are SPVs that hold solar PV projects. The construction and operation of these are outsourced to third parties so no scope 1 emissions are incurred.	NA
		Scope 2 GHG emissions	1,395	1,169	tCO_2e	Scope 2 emissions related to purchased import electricity. These emissions reflect non-renewable electricity imported, a significant portion of the portfolio imports renewable energy and does not incur emissions.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	31,440	150	tCO_2e	Scope 3 emissions for this reporting cycle include supply chain emissions, which were estimated by calculating an emission factor that includes the cradle-to-gate plus transport and installation processes of solar panels. This applies to sites under construction that reached first generation during the period. Data was not available in the prior period but a detailed supply chain study enabled these emissions to be calculated in the current year. Other scope 3 is subject to a large degree of estimation uncertainty. Data provided from suppliers was incomplete (did not cover the full portfolio). Estimations were formed using the data that was provided as a proxy. Although transparency regarding the data used to form estimates improved compared to the previous cycle this year, the level of transparency remained limited. As a result the level of accuracy cannot be established. Procedures were undertaken to analyse the data, this took correlation of responses from different providers into account. Where possible anomalies were queried and improvements to quality made with additional information.	The Investment Adviser and the Asset Manager are actively engaged in improving data quality from suppliers.
		Total GHG emissions	32,835	1,319	tCO_2e	GHG emissions are calculated in accordance with the GHG Protocol using DEFRA emission factors. As noted above, coverage of scope 3 emissions was limited in the current year and included supply chain emissions.	NA
	2. Carbon footprint	Carbon Footprint	37.01	1.02	tCO_2e per €M	The movement in carbon footprint is due to the increased data coverage in scope 3 emissions, mainly from the coverage of supply chain emissions.	NA
	3. GHG intensity of investee companies	GHG intensity of investee companies	13,943.02	6.68	tCO_2e per €M	The movement in carbon footprint is due to the increased data coverage in scope 3 emissions, mainly from the coverage of supply chain emissions.	NA

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		The investment strategy is focused on assets that produce renewable energy.	NA
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0.40%	0.30%	%	The portfolio produces renewable energy, electricity generation is exponentially larger than electricity consumed.	The strategy will continue, options for sourcing renewable import electricity are being explored.
	6.Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0	0	GWh per €M	Renewable energy is not considered a high impact climate sector.	NA

Biodiversity	7.Activities negatively affecting bio diversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0	0	%	The Company undertakes environmental assessments before sites are constructed. There is an active biodiversity program in place to improve the performance of sites.	Biodiversity improvements will continue as part of the overall ESG strategy.
Water	8.Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	Direct emissions to water are zero. However, 2,194 litres of pesticides were used on sites during the reporting period.	NA
Waste	9.Hazardous waste and radio active waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	No hazardous wastes were produced during the reporting period.	NA

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10.Violation of UNGlobal Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	11.Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0	0		The Company has no employees. It invests in SPVs which hold solar assets. The operations are outsourced to third-party contractors.	NA
	13.Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	45%	46%	%	Investee companies are SPVs holding assets, these are not operational trading companies.	NA
	14.Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	%	Investments are all in solar PV projects.	NA

Other indicators for principal adverse impacts on sustainability factors

Table 2

Additional climate and other environment-related indicators							
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Water, waste and material emissions	6. Water usage- and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	284.6	84.5	m3 per €M	Best efforts were made to obtain this data; however, in the prior year, suppliers provided incomplete information. In the current year, an estimation methodology has been developed with significant inputs from the portfolio to address this issue.	Opportunities for recycling water are being explored, as are alternatives to using water.
		2. Weighted average percentage of water recycled and reused by investee companies	0	0	%	NA	
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	0	0	%	Coverage for this indicator is limited for the current year.	
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	0	0	%	Coverage for this indicator is limited for sites located in high water stress areas in the current year.	

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0	0	%	The investee companies are SPVs with no employees.	NA
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0	0		No accidents reported in the year.	NA
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of work days lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0.035	0		NA	NA
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0	0	%	The investee companies are SPVs to hold assets but suppliers are subject to procurement policies from the ultimate parent.	NA

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The Board has established an ESG Committee, which is Chaired by Josephine Bush who has an extensive experience in sustainable finance.

a) The Board approved the Sustainable Investing Policy in 2019

b) Since it was established the ESG Committee has oversight of this policy with operational implementation delegated to NextEnergy Capital

c) The indicators in Table 2 and 3 have been assessed based on their materiality. That is the likelihood and severity of occurrence. This process included an assessment of the asset lifecycle, from supply chain through operational life and end of life.

d) The assessment is inherently judgmental in nature which incorporates a margin of error. Feedback from stakeholders will be taken into account when reviewing this selection and amendments made in future reporting cycles if required.

e) Data is challenging on a number of metrics because it is primarily provided by third party operations and maintenance contractors. Additional data was available from the asset manager.

Data received from third-party contractors was assessed for quality. Anomolies were queried with providers. Estimates were used on data gaps using the data that was available as a proxy (converting this into an intensity metric and applying to relevant activity).

Engagement Policies

The investments are infrastructure assets. Engagement is primarily focused on operations and maintenance contractors to adopt more efficient and sustainable operations (using less fuel and less water are focus areas). Supply chain is the other major area of focus for new sites under construction or parts for repairs. The engagement focus is on human rights and climate risk.

Reference to international standards

As an Article 9 fund with a sustainable investment objective the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises are adhered to.

a) Indicators 10 and 11 in Table 1 are key to ensuring compliance with these frameworks

b) As there is direct control over the infrastructure assets full coverage can be obtained. Extensive work is undertaken to collect data from contractors and suppliers but this has inherent limitations in completeness and accuracy

c) Climate scenarios are not used in the indicators but they are considered as part of the TCFD/ISSB reporting, publicly available

Historical comparison

The higher scope 3 emissions are due to data improvement, with more comprehensive data being received from suppliers.

NEXTENERGY CAPITAL

ANNEX V

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: NESF ("NextEnergy Solar Fund") **Legal entity identifier:** 213800ZPHCBDDSQH5447

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the sustainable investments]*

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 94.5**%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

1

Sustainable investment objective pursued by the NESF

NESF (“the fund”) is a listed solar investment fund, which is currently active both in the acquisition of solar PV assets on the secondary market, as well as investing in solar PV assets that are under development (e.g., at the stage of origination, project planning or construction) when acquired.
The fund sustainable investment objectives is:
- To substantially contribute to the environmental objective of climate change mitigation within the meaning of the EU Taxonomy regulation.

This fund's objective contributes to the Article 9 qualification, under “economic activities that qualify as environmentally sustainable under the EU Taxonomy” and more specifically, qualifies as contributing substantially to climate change mitigation.

NESF substantially contributes to climate change mitigation by avoiding fossil fuel use and associated CO_2e emissions to the atmosphere.

NESF’s integration of environmental, social and governance (ESG) factors is driven by the fund’s alignment with the Investment Adviser’s Sustainable Investment Policy (SIP) and its underlying standards. The SIP refers to alignment with the UN Principle of Responsible Investors (PRI), the Equator Principles (EP), IFC Performance Standards (IFC PS), UN Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and general industry best practice. ESG factors are integrated through a due diligence process that seeks to apply these standards to each acquisition, in particular regarding biodiversity, climate, water, community engagement, working conditions, health and safety, and supply chain risks, among others.

Furthermore, NESF integrates the NextEnergy Group’s Sustainable Investment Policy’s methodologies into its investment decision-making processes, to further enhance and strengthen the consideration of ESG factors.

Monitoring of progress against the sustainable investment objectives is primarily based on the calculation of GHG emissions and fossil fuel volume avoided by utilization of the solar assets and their output in MW. Data can be used to create forecasts or can be based on actual historic power output data to provide GHG emission and fossil fuel avoided figures.

The positive impacts of the NESF biodiversity commitments are also being monitored with the intent to include the contribution toward climate change mitigation within future NESF reports.

NEXTENERGY CAPITAL

- ***How did the sustainability indicators[1] perform?***

The table below provides historical performance indicators (GHG emission avoided) up to the current reporting year.

Metric	Units	FY 2021-2022	FY 2022-2023	FY 2023-2024
GHG Avoided	$ktCO_2e$	328.7	363.0	279.33
NO_x Avoided	tonnes	269.3	331.1	254.78
SO_x Avoided	tonnes	549.7	612.4	471.24
$PM_{2.5}$	tonnes	25.2	28.3	21.78
PM_{10}	tonnes	6.2	6.9	5.31
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	142.8	160.3	88.62
	Millions of barrels	1.0	1.2	0.7

The latest numbers are based on the renewable electricity generation (MWh) related to 2024 tax year (i.e. 1st April 2023 to 31st March 2024)[2].

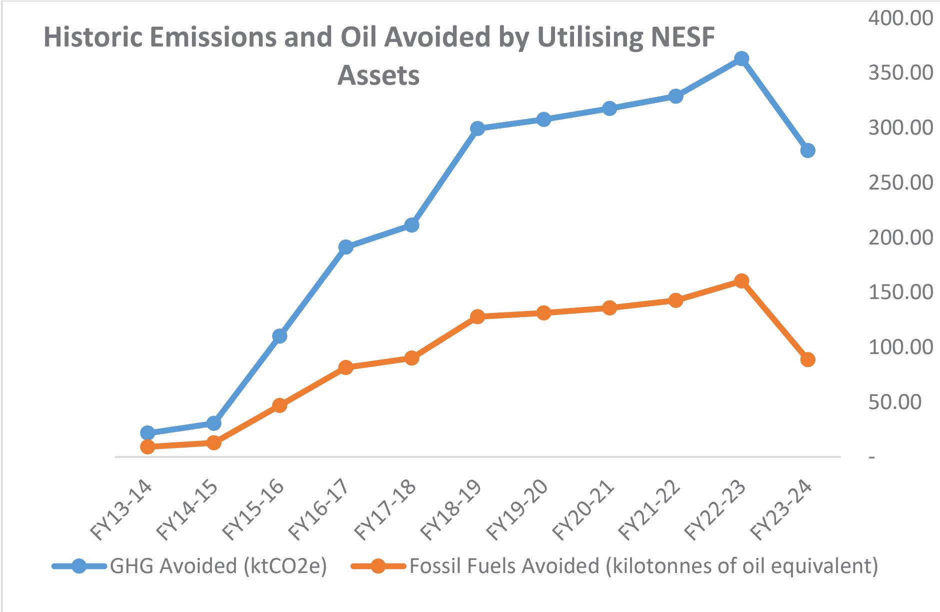
As indicated in the table, up to 280ktCO2e of emissions and up to 89kt of oil equivalent has been avoided.

- ***…and compared to previous periods?***

Historical data includes data from the 2014 financial year onwards. This can be seen in the graph below:

[1] **Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

[2] *The 279.33 tCO2e avoided figure provided within this report and the Annual Report for the year ended 31 March 2024 is calculated based on a total generation of 851,593 MWh for the year ended 31 March 2024, which includes all assets that have reached connection date (COD) at 31st March 2024 and the NPIII contributions.



As demonstrated in the graph, annual emissions avoided and fossil fuel use avoided remains high and summarizes the contribution of the NESF assets toward climate change mitigation. The methodology has been updated during the period to reflect improvements in the accuracy of underlying data available and to align inputs with estimates used elsewhere in the report (such as the scope 1-3 greenhouse gas emissions).

How did the sustainable investments not cause significant harm to any sustainable investment objective?

NESF's investment decision-making process ensures that investments do not only contribute to climate objectives, but also cause no significant harm to other environmental objectives as defined by the EU taxonomy and are conducted in accordance with minimum safeguards on matters such as social responsibility, human rights and labour conventions. A robust due-diligence process captures all the relevant key risks associated with the Solar PV industry. The risks are aligned with the Do No Significant Harm (DNSH) approach of the Taxonomy (with extension beyond) and include:

- Climate change;
- Circular economy;
- Biodiversity and ecosystems.

In the event that any risks were identified, these were captured/recorded and either mitigated against or the transactions were halted and not progressed.

From a climate change mitigation perspective, NESF substantially contributes to the objective by avoiding CO_2e emissions to atmosphere and fossil fuel use. NESF reports the amount of CO_2e avoided consistently year on year.

For more information on the NEC/NESF due-diligence process, please refer to the ESG Disclosure document on the NESF and NEC websites.

How were the indicators for adverse impacts[3] on sustainability factors taken into account?

Principal Adverse Impacts (PAI) are considered throughout all stages of the investment process.

NESF predominantly invests in utility-scale solar PV assets and complementary technologies, such as energy storage assets, and the investment decision is based on the outcome of due diligence which includes ESG adverse impacts as explained above. The due diligence process, as detailed in the Sustainable Investment Policy and NESF ESG Disclosure document, reviews all aspects of the asset(s) and counterparties (seller, contractors, and suppliers) and the associated adverse impacts (including environmental, social and employee, human rights, anti-corruption etc.) during the pre-investment stage. When gaps are identified, mitigation measures are proposed, and action plans are agreed during the approval process. Cost for implementation of ESG actions are also allocated into the financial model, to ensure capital can be deployed for these activities during the lifetime of the asset.

Post-acquisition of the assets, all relevant contractors who construct or operate the asset are requested to provide their ESG Key Performance Indicators (KPI). These include resource consumption, GHG scope 1, 2, and 3 emissions, Health&Safety, biodiversity, diversity, and other relevant ESG indicators at the asset level. A full set of KPI related to PAI has been developed consistently with the requirements of Table 1, Annex 1 of the Commission Delegated Regulation 2022/1288.

Further details on the reporting and KPI approach can be found in the NESF ESG Disclosure document on the NESF and NEC websites.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

[3] **Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

Yes. NESF has a strong Sustainable Investment Policy and Human Rights Position Statement aligning with the associated requirements of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles. In addition, NESF complies with the UK Modern Slavery Act and publishes an MSA Statement accordingly. NESF policies require NESF to perform due diligence on both its own activities and its business relationships with the objective of acting upon any findings.

For more information, please refer to the Human Rights Position Statement on NextEnergy Capital's website, and related documents such as the NextEnergy Capital Responsible Supply Chain Approach. Additionally please refer to NESF website for the latest version of the UK Modern Slavery Act Statement.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did this financial product consider principal adverse impacts on sustainability factors?

Principal Adverse Impacts (PAI) are considered throughout all stages of the investment process.

NESF predominantly invests in utility-scale solar PV assets and complementary technologies, such as energy storage assets, and the investment decision is based on the outcome of due diligence which includes ESG adverse impacts as explained above. The due diligence process, as detailed in the Sustainable Investment Policy and NESF ESG Disclosure document, reviews all aspects of the asset(s) and counterparties (seller, contractors, and suppliers) and the associated adverse impacts (including environmental, social and employee, human rights, anti-corruption etc.) during the pre-investment stage. When gaps are identified, mitigation measures are proposed, and action plans are agreed during the approval process. Cost for implementation of ESG actions are also allocated into the financial model, to ensure capital can be deployed for these activities during the lifetime of the asset.

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Further details on the reporting and KPI approach can be found in the NESF ESG Disclosure document on the NESF and NEC websites.

What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

Largest Investments	Sectors	% Assets	Country
Apollo Portfolio	Solar PV	19.2	UK
13 Kings	Solar PV	6.7	UK
Radius Portfolio	Solar PV	6.5	UK
Investment in NextPower III ESG	Solar PV	5.8	Global
Lapwing BESS (Eel JV)	BESS	4.5	UK
Solis Portfolio	Solar PV	4.1	Italy
The Grange	Solar PV	3.7	UK

These figures represent the percentage of capital invested by NESF. Note that 'adjacent technologies' includes energy storage technology, such as batteries. Please note also that figures are stated to the nearest 0.1% which may lead to rounding differences.

What was the proportion of sustainability-related investments?

As at the last reporting date (31 March 2024) before the publication of this Annex V, the portfolio allocation of the Fund using an average of the quarterly published Net Assets Value ("NAV") during the financial year, was:

- 94.5% of the Fund's NAV was sustainability-related. All of this investment is aligned with the EU Taxonomy;
- 5.5% of the Fund's NAV was held in cash, bank deposits and other cash equivalents for liquidity purposes, and held at an A+ credit-rated financial institution, hence classified as "non-sustainable".

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period FY 2024 (1st April 2023 to 31st March 2024)

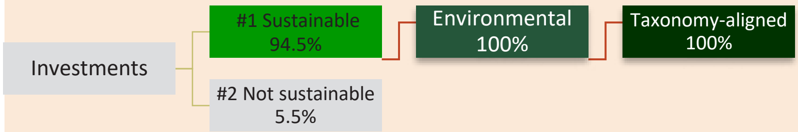
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

What was the asset allocation?

[Include only relevant boxes, remove irrelevant ones for the financial product]



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

In which economic sectors were the investments made?

The investments were made in the renewable energy sector.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?[4]

100% of the sustainable investment with an environmental objective made by NESF is aligned with the EU Taxonomy because i) it substantially contributes to climate mitigation through the generation of clean energy and avoidance of GHG emissions and fossil fuel; ii) it does not do significant harm to the other environmental objective of the taxonomy and iii) it meets minimum social safeguards.

a) The investment objective of climate mitigation was 100% attained through the generation of clean energy. In particular, the performance of the sustainability indicator, GHG emissions avoided, has been accounted for and reported annually. The objective of climate mitigation remains the

[4] Taxonomy-aligned activities are expressed as a share of:

(i) **turnover** reflecting the share of revenue from green activities of investee companies;

(ii) **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy; and

(iii) **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The relevant legislation does not provide a definition of "*investee company*", however, we have interpreted this term as intended to refer to an entity in which the relevant fund intends to make an investment, or has made an investment, on behalf of its investors, which would include the SPV which owns each asset.

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core business of NESF's investments and 100% of asset allocation remains investing in renewable energy infrastructure.

b) Each NESF investment has to undertake a due diligence process pre-and post-investment which ensures that No Significant Harm (DNSH) is done to any other environmental objective considered material to the activity of the fund (Solar PV generation). These other objectives are climate change adaptation, biodiversity and circular economy.

c) The due diligence also considers additional safeguard such as human rights, community engagement, and labour conditions, amongst others. The due diligence is in alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and other international conventions on human rights, as per NextEnergy Capital's Human Rights Position Statement.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[5]?

☐ Yes:

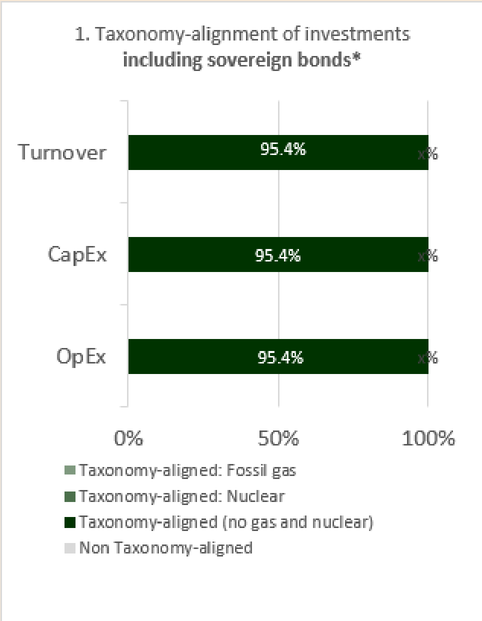
☐ In fossil gas ☐ In nuclear energy

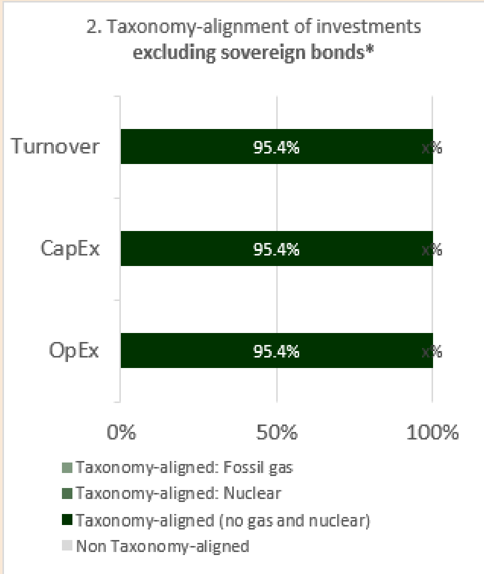
☒ No

Of the 94.5% indicated in the graph below, all of those investments are EU Taxonomy-aligned as at the date of publication of the present version of Annex V.

[5] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents x% of the total investments.

None of the investments made are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of investments made in transitional and enabling activities[6]?

Standalone battery storage investment- 8.2% of total investment.

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

All (100%) investments have been aligned with the EU Taxonomy.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

[6] **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective, while **transitional activities** are activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

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0%. The Fund solely invests in renewable energy assets and commits to Taxonomy-aligned investments. The share of sustainable investments with an environmental objective that are not aligned with EU Taxonomy is 0%.

What was the share of socially sustainable investments?

0%

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

The investments of the Fund that were classified as "not sustainable" are composed of cash and cash-equivalents, which are for liquidity purposes and held at an A+ credit rated financial institution.

What actions have been taken to attain the sustainable investment objective during the reference period?

NESF's objective to substantially contribute to climate change mitigation is met by generating clean sustainable energy and therefore reducing the amount of fossil fuel used to meet energy demand, along with avoiding emissions to air that would arise as a result. The commitment of the fund to continually invest and increase the amount of clean energy generation ensures contribution to climate mitigation. This is done, as explained above, in line with the principles of Do No Do Significant Harm and in respect of minimum safeguard.

Due diligence is carried out to identify any potential risk and ensure that the investment is aligned with the Do No Significant Harm criteria. This includes the review and consideration of climate adaptation, circular economy and biodiversity issues. In addition, the due diligence covers additional safeguards, aligned with the requirements of the OECD guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human rights, which form part of the business principles of NESF, as set out in its policies and position statements.

Key indicators, such as GHG emissions avoided and fossil fuel avoided, are used to track and ensure continued progress against the climate mitigation objective. These indicators, along with annual performance against them, are released to the NESF Board and are detailed in the NESF Sustainability Report available on the NESF website. Progress on key indicators is also discussed through board

/shareholder meetings as required and is also considered within the Annual Report release.

Further information of the Investment Adviser's approach towards sustainability is outlined in the NextEnergy Group Sustainability Strategy.

How did this financial product perform compared to the reference sustainable benchmark?

NESF has not designated a specific index as a reference sustainable benchmark.

- ***How did the reference benchmark differ from a broad market index?***

N/A

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

N/A

- ***How did this financial product perform compared with the reference benchmark?***

N/A

- ***How did this financial product perform compared with the broad market index?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

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Corporate Information

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Ordinary Share SEDOL: BJ0JVY0
London Stock Exchange Ticker: NESF
Website: www.nextenergysolarfund.com

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Patrick Firth
Josephine Bush
Joanne Peacegood
Paul Le Page (appointed 3 October 2023)
Caroline Chan (appointed 1 April 2024)
Kevin Lyon (retired 16 August 2023)
Vic Holmes (retired 31 December 2023)
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