

30 January 2017

NextEnergy Solar Fund Limited (“NESF”, or the “Company”)

New Long-Term Debt Facility

- New long-term £150 million debt facility (the “Facility”) with attractive terms secured
- Facility refinances solar portfolio comprising 21 plants (installed capacity of 241MWp) of NESF’s total existing portfolio of 38 plants (total installed capacity of 439MWp)
- The Facility fully amortises by its maturity in 2035, has fixed interest rates and an initial five-year grace period for principal amortisation
- Upon full drawdown of Facility, total debt will amount to £270.2m, representing gearing of 37% of pro-forma gross asset value (“GAV”)

NESF is pleased to announce the signing of a £150 million debt facility with a syndicate of lenders including Macquarie Infrastructure Debt Investment Solutions (“MIDIS”), National Australia Bank (“NAB”) and Commonwealth Bank of Australia (“CBA”).

The Facility provides long-term debt financing, with a maturity in 2035 that matches the regulated life of the portfolio, and comprises a mix of fixed rate and inflation-linked debt products with a blended cost of 3.32%. This debt structure maximises the portfolio’s cash flow generation whilst eliminating refinancing and interest rate risks.

The Facility is secured by a 241MW portfolio of assets that were previously financed by the £120m RCF drawn by NESF over the last two years. The high quality of the existing operating portfolio and the low gearing represented by the Facility allowed NESF to secure attractive terms and conditions. In particular, the Facility has a number of value-adding features, including:

- Bespoke five-year grace period for principal amortisation that contains no principal repayment over that period
- Staged draw-down to reduce cash-drag and minimise interest expenses in the first year
- Hybrid structure with bank and institutional tranches to minimise costs of debt
- Competitive upfront fees and all-in weighted average cost of debt of 3.32%
- Retained flexibility over power sales strategy

Summary terms:

Tranche	Amount	Tenor	Amortisation starting in
Bank Tranche	c. £48m	10 years	Year 6
RPI Linked Tranche	c. £39m	18.5 years	Year 11
Fixed Rate Tranche	c. £63m	18.5 years	Year 11
Total	£150m		

The terms were agreed following a competitive process to select MIDIS, NAB and CBA. The Company’s investment Advisor, NextEnergy Capital Limited, did not charge any fee for this transaction. The Company was advised by Santander Global Corporate Banking (“Santander”) and Stephenson

Harwood LLP as financial and legal advisor whereas the syndicate of lenders were advised by Ashurst LLP.

In addition to the Facility, the Company has pre-existing long-term debt facilities in place with MIDIS (£54.7m) and Bayerische Landesbank (£43.8m) as well as a credit facility with NIBC maturing in June 2019 (£21.7m). Upon full drawdown of the Facility, NESF will have total debt facilities outstanding of £270.2 million, which represents a gearing of 37% of pro-forma GAV.¹

Kevin Lyon, Chairman of NESF, commented:

“This long-term debt facility demonstrates the attractiveness of NESF’s high-quality portfolio of operating solar assets to debt investors. We have always been confident in the ability to refinance the RCF in due course with the issuance of long-term debt.

The new facility improves our near-term cash flow generation materially and the expected cash dividend cover, whilst maintaining a conservative level of gearing in line with our stated strategy.

At present we have letters of intent and are in advanced negotiations covering a portfolio of c.197MWp for an investment value of c.£205 million. We expect to announce further acquisitions from this pipeline shortly.”

Note:

¹Based on the Company's latest published NAV adjusted for issuance of capital and dividends paid of £458.7m.

For further information:

NextEnergy Capital Limited Michael Bonte-Friedheim Aldo Beolchini	020 3239 9054
Cantor Fitzgerald Europe Sue Inglis	020 7894 7667
Fidante Capital Robert Peel Justin Zawoda-Martin	020 7832 0900
Shore Capital Bidhi Bhoma Anita Ghanekar	020 7408 4090
Macquarie Capital (Europe) Limited Nick Stamp	020 3037 2000
MHP Communications Andrew Leach / Jamie Ricketts	020 3128 8100

Notes to Editors:

NextEnergy Solar Fund (NESF)

NESF is a specialist investment company that invests in operating solar power plants in the UK. Its objective is to secure attractive shareholder returns through RPI-linked dividends and long-term capital growth. The Company achieves this by acquiring solar power plants on agricultural, industrial and commercial sites.

NESF has raised equity proceeds of £465m since its initial public offering on the main market of the London Stock Exchange in April 2014. It also has credit facilities of £270.2m in place (£150m from a syndicate including MIDIS, NAB and CBA; MIDIS: £54.7m; Bayerische Landesbank: £43.8m; and NIBC: £21.7m).

NESF is differentiated by its access to NextEnergy Capital Group (NEC Group), its Investment Manager, which has a strong track record in sourcing, acquiring and managing operating solar assets. WiseEnergy is NEC Group's specialist operating asset management division, providing solar asset management, monitoring and other services to over 1,250 utility-scale solar power plants with an installed capacity in excess of 1.7 GW.

Further information on NESF, NEC Group and WiseEnergy is available at www.nextenergysolarfund.com, www.nextenergycapital.com and www.wise-energy.eu.