

1 November 2017

## **NextEnergy Solar Fund Limited ("NESF" or the "Company")**

### **Acquisition of a portfolio of eight operating solar plants with an installed capacity of 34.5MWp located in Italy**

- Share purchase agreement signed to acquire a portfolio of eight operating solar plants ("Portfolio") totalling 34.5MWp located in Italy for a total value (equity and debt) of €131.9M (£116.2M\*)
- Five plants located in Puglia region and three plants located in Campania region of Italy
- All eight plants completed construction and were connected to grid between 2010 and 2011 and therefore boast a significant operating history
- Long-term non-recourse project finance debt financings with an outstanding notional of €76.9M and fully amortising structure as well as fixed interest rates to maturity in place
- At closing NESF intends to put in a place a EUR/GBP foreign currency hedging structure covering future cash flows generated by the Portfolio to eliminate currency fluctuation exposure on returns
- Assessment and acquisition of portfolio and on-going management of plants facilitated by NextEnergy Capital's (NESF's Investment Advisor) long-standing presence and expertise in Italy
- Completion of acquisition subject to change-of-control approvals by the Portfolio's debt financing providers
- NESF has now secured 58 assets totalling 539MWp with a total investment value of £700.5M (excluding four development projects)

NESF is pleased to announce the signing of a share purchase agreement covering a portfolio of eight operating plants for a total of 34.5MWp located in Italy. Five of the acquired plants are in the region of Puglia (total 21.5MWp) and three are in the region of Campania (total 13.0MWp).

The equity value of the acquisition amounts to €55.0M (£48.5M\*). The Portfolio's total outstanding long-term non-recourse debt facilities amount to €76.9M (£67.8M\*). The total Portfolio value of £116.2M\* amounts to approximately 12% of the Company's GAV of £929.1M as at 30 June 2017 adjusted for the Portfolio acquisition; the Company has a limit of 15% of GAV for OECD investments outside the UK. The acquisition will be financed with the Company's available financial resources.

All eight plants were grid-connected between 2010 and 2011 and benefit from the Italian feed-in-tariff ("FIT") regime, with FITs ranging from €195/MWh to €318/MWh. The Portfolio's FIT revenues account for approximately 84% of total expected revenues in 2018, with the remaining 16% deriving from the sale of electricity into the Italian energy market. The Portfolio's FIT expires in 2031, after which the Portfolio will continue to receive revenues from the sale of electricity generated at market prices.

The Company believes that the Portfolio's extensive operating history and significant on-going cash flow generation represents an attractive aspect of the acquisition and further mitigates operating and financial risks associated with the usual acquisition of solar power portfolios. In addition, the return profile of the acquisition is superior to returns on the existing asset portfolio and is therefore expected to be accretive to the Company's overall returns.

The portfolio assets have been financed with non-recourse fully amortising project financing debt transactions provided by a major Italian bank and a major European bank. The Italian bank provided one project financing covering four projects and the European bank provided a separate project financing covering the other four projects. The Italian bank's project financing matures in June 2029. The European bank's project financing matures in June 2030. Interest rate hedges in place cover between 75% and 95% of the outstanding principal of both project financings until maturity. The Company will release the names of the banks upon receiving their consent to do so as per the financing contracts in place.

The Company's Investment Manager, Investment Advisor and their affiliated entities ("NEC Group") have long-standing experience in the development, construction, financing and asset management of solar plants in Italy. NEC Group has had a presence in Italy since 2007, with currently some 50 team members in its Milan and other regional offices and has over the course of its activities managed and/or monitored approximately 1,300 individual utility-scale solar power plants in Italy on behalf of equity owners and debt financiers. NEC Group's expertise in Italy was key in identifying the Portfolio, assessing its quality and in the acquisition process, and is further expected to facilitate the asset management of the Portfolio going forward.

Kevin Lyon, Chairman of NESF, commented:

*"Following the expansion of the Company's investment policy to include OECD investments outside the UK, we are pleased to announce our first international acquisition in a market in which our Investment Advisor has demonstrable long-standing expertise. Their experience and local presence in Italy will be invaluable in managing the portfolio going forward.*

*This acquisition diversifies our market risk, while reducing the overall exposure to brown power prices across our asset base. In addition, implementing the foreign exchange hedge limits the effect of any currency fluctuations on the returns this Portfolio will generate for us.*

*All in all, this Portfolio is a very attractive addition to our Company. In parallel, the team continues its work on acquiring further solar assets in the UK at attractive values and I expect further announcements in the near future."*

*NESF's Investment Adviser will host a conference call for analysts at 13:00 hours (GMT) today. Please contact MHP Communications on 020 3128 8100 or [nextenergy@mhpc.com](mailto:nextenergy@mhpc.com) for more details.*

## **Notes**

\* Assuming a GBP/EUR exchange rate of 1.1349 as at 31 October 2017

For further information:

**NextEnergy Capital Limited** 020 3239 9054

Michael Bonte-Friedheim

Aldo Beolchini

**Cantor Fitzgerald Europe** 020 7894 7667

Sue Inglis

**Fidante Capital** 020 7832 0900

Robert Peel

Justin Zawoda-Martin

**Shore Capital** 020 7408 4090

Anita Ghanekar

**Macquarie Capital (Europe) Limited** 020 3037 2000

Nick Stamp

**MHP Communications** 020 3128 8100

Andrew Leach

#### **Notes to Editors:**

##### *NextEnergy Solar Fund (NESF)*

NESF is a specialist investment company that invests primarily in operating solar power plants in the UK. It is able to invest up to 15% of its Gross Asset Value in operating solar power plants in OECD countries outside the UK. The Company's 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 £591.9m since its initial public offering on the main market of the London Stock Exchange in April 2014. It also has credit facilities of £226m in place (£150m from a syndicate including MIDIS, NAB and CBA; MIDIS: £54.3m 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 and over the course of its activities has been providing solar asset management, monitoring and other services to over 1,300 utility-scale solar power plants with an installed capacity in excess of 1.9 GW since its inception.

Further information on *NESF*, *NEC Group* and *WiseEnergy* is available at [www.nextenergysolarfund.com](http://www.nextenergysolarfund.com), [www.nextenergycapital.com](http://www.nextenergycapital.com) and [www.wise-energy.eu](http://www.wise-energy.eu).