NEXTENERGY
SOLAR FUND

Generating a more sustainable future

Interim Report
for the six months ended 30 September 2022

Our Objectives

Investment

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

Operational

- Consistently achieve operational outperformance of the portfolio attributable to 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.

Society

- Provide a positive social impact.
- Continue to actively engage with and support the communities located close to our solar 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.

Performance Highlights

Financial Highlights[1]

NAV per ordinary share as at 30 September 2022[1]

122.9p

(31 March 2022: 113.5p)

Ordinary shareholders' NAV as at 30 September 2022

£724.7m

(31 March 2022: £668.5m)

Financial debt gearing as at 30 September 2022[2]

27%

(31 March 2022: 25%)

Dividends per ordinary share for the period ended 30 September 2022

3.76p

(30 September 2021: 3.58p)

Cash dividend cover (pre-scrip dividends) for the period ended 30 September 2022

1.8x

(30 September 2021: 1.0x)

Total gearing as at 30 September 2022[3]

42%

(31 March 2022: 42%)

NAV total return per ordinary share for the period ended 30 September 2022

11.6%

(30 September 2021: 7.9%)

Ordinary shareholder total return for the period ended 30 September 2022

11.0%

(30 September 2021: 3.8%)

Ordinary shareholder annualised total return since IPO

7.7%

(31 March 2022: 6.7%)

Operational Highlights

Total capacity installed as at 30 September 2022[5]

865MW

(31 March 2022: 865MW)

Total electricity generation for the period ended 30 September 2022

639GWh

(30 September 2021: 539GWh)

Operating solar assets as at 30 September 2022[6 7]

99

(31 March 2022: 99)

Generation above budget for the period ended 30 September 2022

6.1%

(30 September 2021: 1.1%)

ESG Highlights

Tonnes of CO_2e emissions avoided p.a.[4]

266,500

(30 September 2021: 229,000)

Equivalent UK homes powered for one year[4]

354,274

(30 September 2021: 299,000)

1 Refer to the Alternative Performance Measures on pages 61 – 64 for calculation basis.
2 Financial debt gearing excludes the £200m preference shares.
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 www.greeninvestmentgroup.com/green-impact/green-investment-handbook.
5 Excluding share in private equity vehicle (NextPower III). Inclusion of NESF's 6.21% share of NextPower III on a look through equivalent basis would increase total capacity by 21.7MW to 887MW.
6 Not including the $50m commitment into private equity vehicle (Next Power III).
7. Newfield, a 0.18MW commercial rooftop solar asset, was removed from the portfolio following termination of the lease by the landlord during the period.

Contents

NextEnergy Solar Fund Overview

A SPECIALIST SOLAR AND ENERGY STORAGE CLIMATE IMPACT FUND WITH A DIVERSIFIED HIGH-QUALITY PORTFOLIO, MANDATE FOR GROWTH AND A DIVERSE PIPELINE OF NEW OPPORTUNITIES

ATTRACTIVE YIELD, TARGETING A TOTAL DIVIDEND OF 7.52P PER ORDINARY SHARE IN RESPECT OF THE YEAR ENDING 31 MARCH 2023, PAYABLE QUARTERLY

MANAGED BY SOLAR SPECIALISTS:

- NEXTENERGY CAPITAL, INVESTMENT MANAGER
- WISEENERGY, ASSET MANAGER

BOTH LEADING MANAGERS IN THE SOLAR ENERGY INFRASTRUCTURE SECTOR

DIVERSIFIED PORTFOLIO:

- 99 OPERATING SOLAR ASSETS
- 1 INTERNATIONAL PRIVATE EQUITY SOLAR FUND INVESTMENT
- 2 EUROPEAN SOLAR CO-INVESTMENTS
- JOINT VENTURE PARTNERSHIP FOCUSED ON UK STANDALONE ENERGY STORAGE

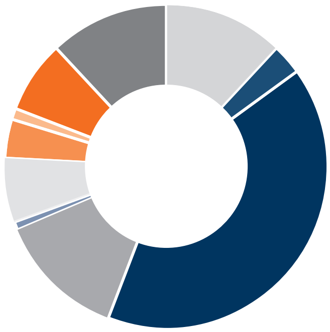
POWERING THE EQUIVALENT OF 354,274 UK HOMES (EQUIVALENT TO NEWCASTLE AND MANCHESTER) WITH RENEWABLE ENERGY FOR THE PERIOD

CONTINUED ASSET OUTPERFORMANCE SINCE IPO

Snapshot of Our Diversified Portfolio

As at 30 September 2022

By Subsidy/PPA[1] (RPI linked)



12.1%	1.2 ROCs
3.0%	1.3 ROCs
40.9%	1.4 ROCs
12.7%	1.6 ROCs
0.7%	2.0 ROCs
6.5%	FiTs UK
4.0%	FiTs Italy
0.9%	1.4 NIROCs
7.4%	Subsidy-free
11.7%	Long-term PPA

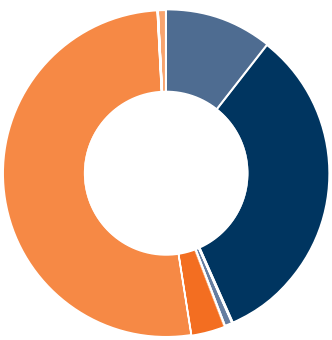
% of assets by MW capacity

By Installed Capacity[1]

57.6%	0-5 MWp
19.2%	6-10 MWp
23.2%	>10 MWp

% of assets

By Revenue Type[1]



10.7%	FiTs (UK & Italy)
33.2%	ROCs
0.9%	Embedded benefits
3.4%	Wholesale
52.0%	Fixed PPA
0.7%	Other

% of total revenue for the period ended 30 September 2022

By Inverter Manufacturer[1]

26.6%	SMA
20.7%	Huawei
17.0%	Power Electronics
8.1%	Emerson
6.4%	Schneider
5.6%	Gamesa
5.0%	ABB
3.9%	Power-One
6.7%	Other

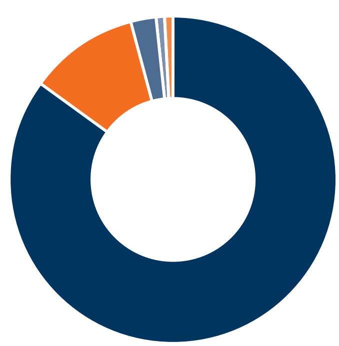
% of assets by MW capacity

By Solar Module Manufacturer[1]

20.4%	Hanwha Q Cells
19.6%	TRINA
10.8%	Yingli
8.3%	REC
7.5%	Jinko Solar
7.5%	LDK Solar
5.7%	Canadian Solar
4.1%	BYD
3.9%	Renesola
12.3%	Other

% of assets by MW capacity

By Location[1]



85.1%	UK
10.8%	Italy
2.6%	Other International (NextPower III)
0.9%	Spain
0.6%	Portugal

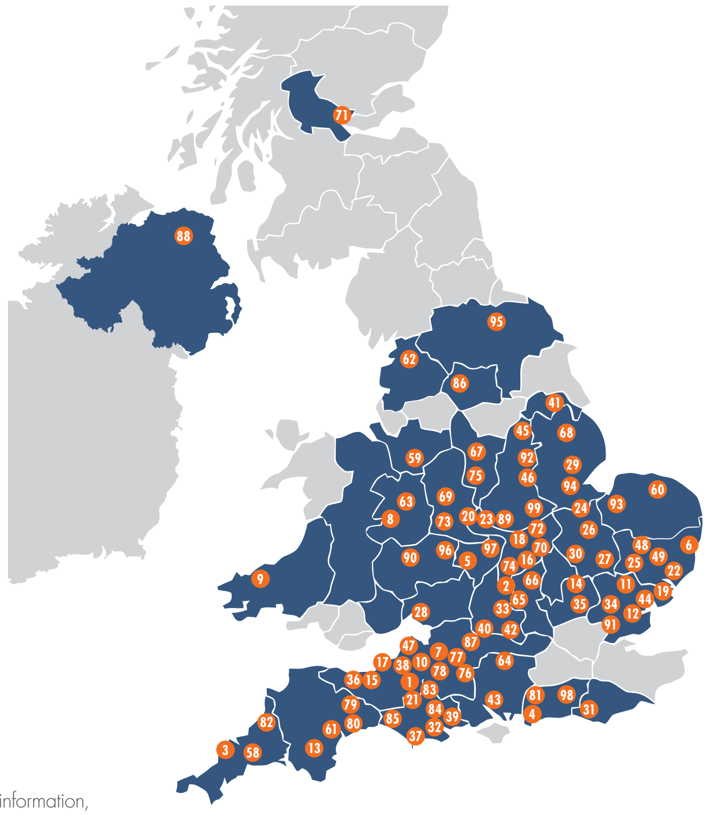
% of invested capital

[1] Figures are stated to the nearest 0.1% which may lead to rounding differences.

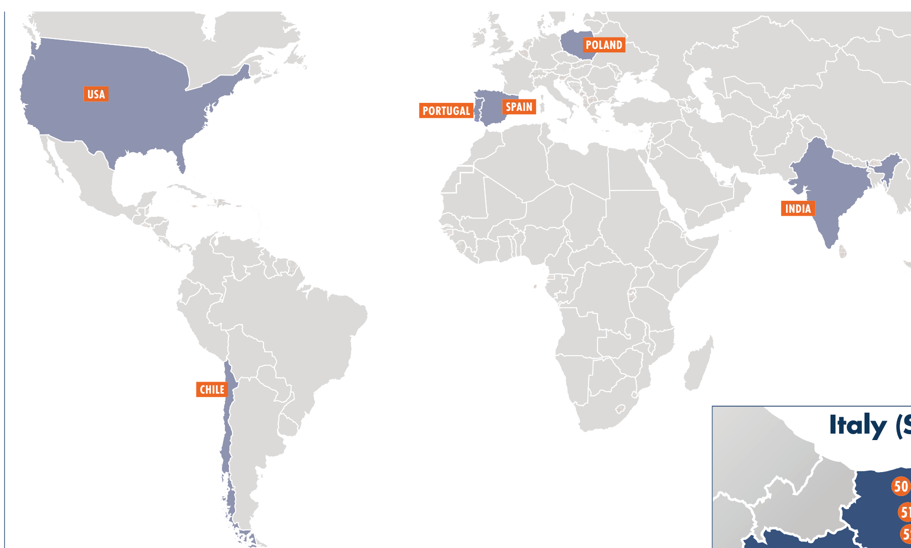
Snapshot of Our Diversified Operating Portfolio continued

By Location

United Kingdom



Operating assets – for further information, see pages 24 and 25.



International (NextPower III Portfolio)

Italy (Solis portfolio)

[1] The NextPower III underlying portfolio is situated across the USA, Chile, Spain, India, Poland and Portugal.

Why Invest in NextEnergy Solar Fund?

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.
- Solar is the cheapest form of renewable energy generation and quickest to construct.

RELIABLE INVESTMENT WITH ATTRACTIVE GROWTH PROSPECTS

- Provides a regular attractive dividend for income seeking investors.
- Offers a natural hedge against inflation with a high proportion of regulated revenues linked to RPI.
- Large diversified operating portfolio with incremental growth prospects through the introduction of complementary technologies, such as energy storage.

PROVEN AND STABLE TECHNOLOGY

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

COST-EFFECTIVE ELECTRICITY GENERATION

- Active portfolio management provides prudent cost of operation, maintenance and replacement of assets.
- Solar technology has benefited from a significant reduction in costs, falling over 90% in the last ten years. Subsidy-free solar assets are economically competitive and provide attractive financial returns.

CLIMATE CHANGE SOLUTION

- Fundamental to achieving a more sustainable future by accelerating the transition to clean and sustainable energy.
- 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 local surrounding areas.

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Strategic Report

Chairman's Statement

Kevin Lyon, Chairman

"The Company is strategically positioned for its next wave of growth and diversification, with energy storage set to play a very important role within the portfolio. NESF continues to offer shareholders, both current and prospective, an attractive investment opportunity. Recent equity market conditions, driven by macroeconomic and political events, have created an attractive share price entry point, trading at a discount to the Net Asset Value per share.

The Board and I are pleased to report that the Fund continues to outperform on a technical, financial and operational basis, enhancing dividend cover and supporting the dividend target of 7.52p per share for the financial year.

The Company's growth strategy aims to contribute to energy security and independence, drive lower costs for consumers, and reduce the carbon emitted by the energy sector. Further capital will be required to fund our growth trajectory. For this to occur, it will require government regulatory and policy certainty in order to attract incremental funding for the Company and the renewable energy sector more broadly.

The Company continues to benefit from the skillset of its Investment Adviser, NextEnergy Capital, where in the past six months, they have delivered new and unique opportunities, to ensure the Company adds shareholder value into the future.

NESF continues to increase ESG transparency and reporting for investors with the release of the Company's first standalone sustainability report. We are also immensely proud to be classified as an Article 9 Fund under the EU SFDR and Taxonomy Regulation, ensuring that the Company's ESG disclosures are industry-leading".

I am pleased to present the Interim Report for NextEnergy Solar Fund Limited (the "Company", "Fund" or "NESF") for the six months ended 30 September 2022.

The period under review has continued to experience sustained elevated power prices, increasing inflation rates, political instability and a cost-of-living crisis across the UK. Despite these challenges, the current environment presents a very attractive backdrop for investment in renewables, as increasing energy supply and independence is essential in the UK and globally, which will in turn reduce costs for consumers.

Solar and energy storage assets have a critical role to play in terms of providing energy security and reducing reliance on volatile global power markets and burning of fossil fuels. In addition, governments around the world continue to drive forward their net zero targets and ambitions, with the production of clean energy playing a key role in helping to achieve these. NESF is in a strong position to provide solutions to the issues caused by traditional energy sources and to take advantage of the opportunities associated with the energy transition in the UK and across Europe.

Earlier this month, the Company published its first, standalone sustainability report. The report goes beyond the Company's immediate sustainability obligations by providing in-depth details on the Company's sustainability journey, its unique approach to biodiversity, and its industry leading ESG initiatives, that deliver a real environmental and social impact.

The record high power prices have been driven by increased demand following the re-opening of economies post-Covid and high gas prices resulting from restrictions on Russian oil and gas associated with the conflict in Ukraine. High-power prices are forecast to continue in the short to medium-term and are a driving factor in the current high inflationary environment.

The Company remains supportive of a UK windfall tax on extraordinary and excess profits brought about by external factors including the war in Ukraine. We believe that investment in renewable energy is key to solving our nations' current cost of living crisis and long-term energy security, decarbonisation and cost challenges. We would therefore make the case for a consistent approach to the encouragement of reinvestment of proceeds into new projects through associated tax relief so that equality is created with the oil and gas sector. We believe that our NAV valuation approach largely incorporates the potential impact on the Company of the windfall tax that has recently been announced.

The Board believes that the Company is in a strong position to provide both an attractive opportunity for investors and to make an impactful contribution towards energy security and independence across the UK, through its continued production of clean electricity and deployment of new clean generation and storage assets which make a positive impact to the UK economy and underpin efforts to tackle climate change.

For the period ended 30 September 2022, the Ordinary Shareholder Total Return was 11.0% (30 September 2021: 3.8%) and the ordinary share Net Asset Value ("NAV") total return was 11.6% (30 September 2021: 7.9%). The Board is delighted that NESF was promoted to the FTSE 250 index on 16 September 2022.

Since IPO, the NESF portfolio has continued to outperform budgeted generation, whilst continuing to deliver on its electricity sales hedging strategy to remove short term price volatility and strengthen the Company's dividend cover position. Furthermore, NESF continues to play a part in tackling global climate change and enhancing local biodiversity, as well as helping to reduce the use of fossil fuels in generating electricity in the UK and further afield.

Results and Key Events

The Company has made progress towards its growth goals whilst continuing to offer financial stability during the period. NextEnergy Capital Limited (the "Investment Adviser"), continues to provide

Chairman's Statement continued

dedicated support to the Company. During the period ended 30 September 2022, the Company:

- Achieved dividend cover of 1.8x and expecting to be fully covered with an estimated dividend cover of between 1.3x – 1.5x for the year ending 31 March 2023;
- Continued to implement its electricity sales strategy to increase the certainty of revenue streams by reducing power price volatility;
- Secured a £60m increase to its existing £75m Revolving Credit Facility ("RCF") with AIB Group (UK) p.l.c. ("AIB") & NatWest, in addition to signing a two-year extension to its £70m RCF with Santander UK to fund the investment pipeline (both at favourable rates);
- Signed its second international co-investment with NextPower III LP taking a 13.6% stake in a 210MW solar project currently under construction in Santarém, Portugal;
- Commenced a co-located battery retrofit programme, identifying potential sites across NESF's current UK operating solar assets;
- Advanced its position in the energy storage sector by increasing its strategic joint venture partnership with energy storage specialist EelPower Limited to £300m in total via a 75% stake in a new £200m Joint Venture Partnership vehicle ("JVP2");
- Started construction on the Company's first 50MW battery storage project in Fife, Scotland (expected to be energised and grid connected in the first half of 2023) through its pre-existing Joint Venture Partnership vehicle with EelPower ("JVP1");
- Commenced construction works for Whitecross (36MW) and grid preparation works for Hatherden (50MW) and secured Contracts for Difference ("CfDs") for 100% of the generating capacity of both new-build UK solar projects; and
- Gained classification under Article 9 of the EU Sustainable Finance Disclosure Regulation and EU Taxonomy Regulation.

Following the period end, the Company:

- Acquired the development rights for a high-quality 250MW lithium-ion battery storage project in the East of England through JVP2 for £32.5m; and
- Released its first standalone sustainability report, which highlights NESF's contribution to biodiversity, climate change and ethical supply chains through its operations.

Dividend Target

NESF has a progressive annual dividend policy, and when appropriate, the Board considers increasing the target dividend paid to shareholders. To date the Board has increased the target dividend at least in line with yearly UK RPI every year since the Company listed in 2014. In April 2022, the Board of NESF approved a target dividend of 7.52 pence per ordinary share for the year ending 31 March 2023, representing a 5.0% increase from the previous year (compared with 4.1% calculated RPI rise published by the Office for National Statistics ("ONS") for the 2021 calendar year).

The Company has achieved all annual dividend targets whilst maintaining a covered dividend since IPO.

Standalone Battery Storage

The Company's first 50MW battery storage project through JVP1 is currently under construction in Fife, Scotland. The project will initially operate at 1 hour duration. The Company intends to increase the duration of the project to 2 hours and current construction works include the infrastructure necessary for that extension. In September 2022, the Company announced that it had advanced its position in the energy storage sector through a new £200m JVP2 with Eelpower Limited ("Eelpower"). JVP2 reflects the successful relationship built with Eelpower, offering enhanced terms by increasing NESF ownership to 75%, with Eelpower holding the remaining 25%.

Following the period end, the Company announced its first investment through JVP2. The Company acquired the development rights for a high-quality 250MW lithium-ion battery storage project in the East of England. The project has already secured planning permission and further demonstrates the value delivered through its relationship with Eelpower. Once constructed this will take the total current announced standalone battery storage projects in the portfolio to 300MW.

Full construction of the project remains subject to shareholder and FCA approval as the Company's existing policy is limited to 10% of Gross Asset Value into energy storage. The Company will be consulting investors over the coming months to seek support to increase its energy storage limit to allow the Company to fully capture the energy storage growth opportunities available to it.

Co-Located Battery Storage

In April 2022, post the year end, NESF announced a new co-located battery storage retrofit programme across the Company's 91 UK operating solar farms. As part of this programme the first site for a co-located battery project was identified, extending the existing 11MW North Norfolk solar farm to include a 6MWh/12MWh battery system. Planning permission for the co-located battery system has been secured and the Company is in discussions with the local distribution network operator to confirm an energisation date. An additional four potential locations for co-located battery storage systems have been identified to date and are being progressed into development stage.

Co-Investments

As a result of being an investor in NextPower III LP ("NPIII", a NextEnergy Capital managed private equity solar infrastructure fund that invests in OECD markets globally), NESF benefits from co-investment opportunities through direct stakes in 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 new pipeline of potential international assets not available to other market participants or investors. Energisation of the Company's first co-investment, a Spanish 50MW solar project, Agenor Hive S.L.U ("Agenor"), is expected to occur in 2023.

In May 2022, the Company announced a second co-investment in Portugal, Santarém. The Company acquired a 13.6% stake in the 210MW solar asset in Portugal for a consideration of €22.5m. Energisation of this project is expected to take place in 2023. Once energised, Santarém is expected to benefit from a long-term PPA for the sale of electricity which is currently being negotiated with a creditworthy counterparty. Co-investments with NextPower III have thus already amounted to a total of c.€33.5m alongside the Company's US$50m commitment to NextPower III.

Continued Growth in UK Solar

The Company also commenced construction of Whitecross, a 36MW utility solar asset, located in Lincolnshire. The original

Chairman's Statement continued

construction date of the asset was deferred from H2 2021 due to supply chain risks post Covid-19 which have been sufficiently addressed. The asset is now expected to be energised during Q1 2023 and will generate enough renewable electricity each year to power approximately 10,000 households.

During the period, the Company commenced grid connection works and construction mobilisation phase at Hatherden, a 50MW subsidy-free solar farm.

The two projects, Whitecross and Hatherden, have been selected to be part of the fourth CfD Allocation Round (AR4). The CfDs last for 15-years, are index linked to inflation (CPI) annually, and are scheduled to commence from 31 March 2025 at the AR4 solar PV strike price of £45.99/MWh (set in 2012 equivalent prices).

Whitecross and Hatherden form part of a selection of subsidy-free projects totaling 150MW and including High Garret (8.4MW), Hall Farm 2 (5.4MW) as well as Staughton (50MW). The successful selection of the 150MW subsidy-free portfolio demonstrates the Company's ability to respond efficiently and effectively to a changing UK solar market through its expertise in identifying opportunities and maximising risk-adjusted returns.

During the period, NESF also added a 0.18MW commercial rooftop solar asset, Holiday Inn, to its portfolio. It is part of an agreement made with the renewable energy developer, Zestec. The asset is located on a Holiday Inn in Nottinghamshire and benefits from an attractive 25-year power purchase agreement ("PPA") for 100% of its generated volume.

NAV and Operating Results

At the period end, the ordinary shareholders' NAV was £724.7m equivalent to 122.9p per ordinary share (31 March 2022: £668.5m, 113.5p per ordinary share). The substantial change in NAV over the six-month period reflects a large increase in power price forecasts (+12.0p per ordinary share) despite discounting the power curves for the inherent uncertainty (see page 16) and an upward revision in short-term inflation forecasts (+7.5p per ordinary share). The above NAV drivers were offset by a 0.5% discount rate increase to unlevered operating UK solar assets in the context of increasing UK long-term gilt yields, driven by the Bank of England ("BoE") base rate increase to 2.25% during the period (-3.7p per ordinary share).

Profit and comprehensive income for the period was £77.1m (30 September 2021: £45.5m) with earnings per ordinary share of 13.1p (30 September 2021: 7.74p). Cash dividend cover (pre-scrip dividends) was 1.8x (30 September 2021: 1.0x).

As at 30 September 2022, NESF had an annualised Ordinary Shareholder Total Return since IPO of 7.7% (31 March 2022: 6.7%) and an annualised NAV total return since IPO of 9.1% (31 March 2022: 8.0%). At the period end, the NESF share price was 111.0p, which was a 9.7% discount to the NAV per ordinary share of 122.9p.

Power Prices

The dramatic increases in UK and European wholesale power prices from the previous year has sustained during the current period. The volatility is attributable to reduced gas supply following the conflict in Ukraine, which was exacerbated by pre-existing low levels of gas storage across the EU. UK electricity prices remain extremely volatile and forecasts estimate power prices approaching £500/MWh for early winter 2023, and prices around £250/MWh more than one year beyond the valuation date.

Given the recent volatility in power prices and, at the time of calculating the NAV, the possibility of a price cap or windfall tax on renewable generation being implemented by the UK government, the Company discounted the forward power prices as supplied by its market consultants which it uses in the calculation of its NAV. The Company does not consider that the short-term power price forecasts are a reliable reflection of the power prices which are likely to be received for future generation. Therefore, where prices have not been fixed/hedged, forecast power prices are discounted to capture this underlying uncertainty and to reduce risk associated with future cash flows. The discounts applied to the Company's NAV analysis lead to a reduction of 7.5p / share in the Company's NAV. Further details of the discounts applied to forecast power prices can be found on page 16.

Of the Company's revenues during the period, 51.4% were derived from government subsidies and long-term PPAs and, at the end of the period, the average remaining weighted life of the subsidies was 12.5 years.

The remaining 48.6% of the Company's revenues were derived from selling the electricity generated to carefully selected counterparties in the open market and, therefore, are exposed to market power price movements until the price has been locked ('hedged'). The Asset Manager's electricity sales desk is focused on securing the best terms for NESF's electricity sales. This flexible approach is designed to protect against adverse short-term price movements whilst also enabling the Company to secure attractive fixed prices for specified future time periods which provide increasing certainty on dividend cover.

Looking forward to the next three financial years, as at 10 November 2022, the Company has agreed pricing covering 83% of the total portfolio (716MW)

- 93.3% of UK budgeted generation for the 2022/23 financial year (average fix price of £86.2MWh);
- 74.1% of UK budgeted generation for the 2023/24 financial year (average fix price of £72.9MWh);
- 44.3% of UK budgeted generation for the 2024/25 financial year (average fix price of £89.7MWh); and
- 13.0% of UK budgeted generation for the 2025/26 financial year (average fix price of £147.2MWh).

Portfolio Performance

Energy generated during the period was 639 GWh (30 September 2021: 539GWh) and the portfolio achieved a generation outperformance of 6.1% (30 September 2021: 1.1%), increasing revenues by an estimated £4.9m against budget (30 September 2021: £0.9m). During the period, solar irradiation across the portfolio was 9.9% above budget (30 September 2021: 2.3%).

The Company's UK portfolio performed above expectations with generation outperformance of 6.4% (30 September 2021: 1.1%) and the Italian portfolio performed above expectations with generation outperformance of 1.6% (30 September 2021: 3.3%).

Debt Strategy

At the period end, the Company announced that it had increased the commitments available under its Revolving Credit Facility ("RCF") with AIB Group (UK) p.l.c. ("AIB") & NatWest from £75m to £135m. The additional commitments have been agreed on attractive terms with a margin of 120bps over SONIA ("Sterling Overnight Index

Chairman's Statement continued

Average"), available until June 2024. The Company also signed a two-year extension to its £70m RCF with Santander UK to fund the investment pipeline.

As at 30 September 2022, the Company had £200m of preference shares (31 March 2022: £200m). The Company's subsidiaries also had financial debt outstanding of £336m, inclusive of NextPower III debt of £5.9m (31 March 2022: £283m).

Of the financial debt, £179.6m represented two long-term fully amortising debt facilities, £150.2m was drawn under two RCFs and £5.9m was the look-through debt in relation to the US$50m commitment into NextPower III.

At the period end, the Company's subsidiaries had £54.8m (30 September 2021: £86m) undrawn from two RCFs and the Company had a cash balance of c.£11.7m (30 September 2021: £4.3m).

The total financial debt represented 27% of Gross Asset Value ("GAV") as at 30 September 2022 (31 March 2022: 26%). At the same reporting date, the total gearing comprising the total financial debt and the preference shares represented 42% of GAV (31 March 2022: 42%) within the 50% limit contained within the investment policy.

Dividends Paid

The Directors have approved a second interim dividend of 1.88p per ordinary share, which will be paid on 31 December 2022 to ordinary shareholders on the register as at the close of business on 17 November 2022. Following the payment of the second interim dividend, the Company will have paid total dividends of 3.76 per ordinary share in respect of the six months ended 30 September 2022 (30 September 2021: 3.58p).

Six months ended:	Cash dividends	Scrip dividend	Total distributions
30 Sept 2022	£20.9m	£0.7m	£21.6m
30 Sept 2021	£19.6m	£1.3m	£20.9m

The Company continues to offer a scrip dividend alternative as approved by ordinary shareholders at the 2022 Annual General Meeting ("AGM"), details of which can be found on the Company's website (nextenergysolarfund.com).

Environmental, Social and Governance (ESG)

NESF's commitment to ESG and sustainability remains at the forefront of its strategy and purpose. The Investment Adviser, NextEnergy Capital, is a signatory of the United Nations' Principles for Responsible Investments and integrates ESG principles into all aspects of the NextEnergy Group's investment and asset management processes. NESF incorporates ESG factors into all investment decisions by implementing the Investment Adviser's Sustainable Investment Policy throughout the investment process, from preliminary screening through to risk management during the ownership phases.

Net Zero Alignment

Aligned with the Company's commitment to support the UK Government's net zero ambitions presented at COP26, NESF's portfolio, during the period ended 30 September 2022, generated 639 GWh of clean electricity, contributing to the avoidance of 266,500 tonnes of CO_2e emissions (30 September 2021: 229,000, tonnes CO_2e) and equivalent to powering 354,274 UK homes for six months (30 September 2021: 299,000). This is roughly equivalent to powering a city with 836,087 inhabitants (e.g. Manchester and Newcastle combined) or removing 176,245 cars off the road for six months (30 September 2021: 151,260 cars). The above data has been calculated by the Green Analytics team of the Green Investment Group, a third-party climate related data provider.

Biodiversity Net Gain

NESF's 91 UK solar assets provides a great opportunity to achieve biodiversity net gain ("BNG") across our operational sites through the implementation of the Universal Biodiversity Management Plan programme. The Investment Manager is actively engaged with the Department for Environment Food & Rural Affairs ("Defra") through consultation on the development of the BNG Site Register and continues to work closely throughout the planning process to ensure that the development pipeline is compliant with the Environment Act 2021 and any pending secondary legislation for BNG.

The importance of applying mitigation hierarchy is well understood across all aspects of NESF's investment lifecycle, from mergers and acquisitions, to planning, development, construction and operational management of the assets. The Investment Manager is engaged with applying environmental governance to ensure consistent application of biodiversity controls, which also considers on-site biodiversity opportunities such as encouraging wildflower meadows, installing bug hotels, partnering with local beekeepers and other initiatives to improve the local biodiversity, as well as local community programmes. Please refer to the Sustainability report on the NESF website: nextenergysolarfund.com/esg/transparency-and-reporting/.

Supply Chain Management

As detailed in the Company's Sustainability Report, the Investment Adviser's Head of ESG, Giulia Guidi, chairs the SEUK task group on Responsible Sourcing and has been at the forefront of a collaborative industry initiative between SEUK and SPE to promote responsible production in the solar sector's supply chain since 2021. The Solar Stewardship Initiative (SSI) was launched in October 2022 with the Investment Adviser acting not only as a sponsor and supporter, but also playing a key role as a coordinator of the SSI launch for SEUK. NESF continues to strengthen its supply chain risk management, whereby the ESG, procurement, construction and investment teams work together to ensure that contractors and suppliers abide by the adviser's code of conduct and ESG standards.

Positive Social Contribution

NESF contributes to local growth and development wherever its assets are located. The Company is dedicated to ensuring best-practice labour standards are applied by all its contractors. In addition to the ESG activities on behalf of NESF and other clients, the NextEnergy Group continues to donate at least 5% of its net profits to the NextEnergy Foundation ("Foundation"), which was established in 2017. The Board and I are proud that NESF supports the Foundation. The Foundation participates 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. To find out more information please scan the QR code below.

SCAN ME

EU Taxonomy and Sustainable Finance

Chairman's Statement continued

Disclosure Regulation

NESF complies with the requirements of the EU Taxonomy and Sustainable Finance Disclosure Regulation ("SFDR"). The Company's legal adviser has confirmed that NESF is classified under Article 9 of the SFDR, as the Company is marketed in the EU and has sustainable investment as its objective. The Company's sustainable investment objectives arise from its contribution to climate change mitigation, addressed through its focus on investments in solar assets and battery storage assets. In addition, the Company has a robust ESG integrated process which is aligned with the "Do Not do Significant Harm" (DNSH) criteria of the EU Taxonomy, and implements strong safeguard on social, community and human right impact across its value chain. In light of this classification, NextEnergy Group has made the relevant disclosures (SDFR Annex III and V) for NESF, available on the Company's website (nextenergysolarfund.com).

Task Force on Climate-Related Financial Disclosures

NESF recognises the importance of reporting on the impacts of climate change and has been an official supporter of the goals of the Task Force on Climate-related Financial Disclosures ("TCFD") since September 2019. The Company has included the Company's full TCFD report on pages 46 – 51 of 31 March 2022 annual report and has also disclosed the report as a stand-alone document on its website.

Appreciation

The Board would like to thank the Investment Adviser and its employees for their hard work, continuing to deliver substantial value to the Company's ambitions to deliver sustained high performance and significant positive impact.

Outlook

The Board, Investment Manager and Investment Adviser believe that the market environment continues to be favourable for the Company and will be consulting investors over the coming months to seek support to increase its energy storage limit to allow the Company to fully capture the energy storage growth opportunities available to the Fund.

Undoubtedly, macro-economic and political events have impacted and will continue to impact the renewable sector in which the Company operates. Mitigating risk and increasing visibility of future cash flows remains a priority for the Fund. The increase in power price volatility during the calendar year and in forward pricing has underlined the benefit and value of the Company's hedging strategy through the Investment Adviser's active electricity trading desk. The price for electricity is driven by several factors that are inherently difficult to predict but is ultimately dependent on supply and demand. In the current unstable economic climate, the Board continues to closely monitor both macro and micro economic indicators and governmental information to assess the potential future impact on the Company's activities.

ESG integration continues to be a core part of NESF's business strategy, ensuring that the Fund not only delivers on climate mitigation (i.e. carbon emission avoided), but it also contributes to biodiversity, community benefits and a more transparent supply chain. The implementation of the ESG policy is integrated into NESF investment decisions and across the whole value chain. Thanks to an ESG expertise, the Company continues to lead the industry by example, from its commitment towards biodiversity net gain, its strong transparency and reporting practices, as well as its extensive engagement with industry associations, NGOs and experts to advance the sustainable energy transition. The COP27 climate change conference and upcoming COP15 biodiversity conference will set out ambitious plans on a global stage to take action towards achieving the world's collective climate goals as agreed under the 2015 Paris Agreement, and addressing the critical importance of biodiversity, further supporting the need for robust ESG integration throughout the Company.

NESF continues to consolidate its leadership position in the growing UK long-term corporate PPA market, building upon the landmark 100MW Camden acquisition with PPA off taker AB InBev. This PPA market can provide long-term, reliable cashflows for the Company, whilst supporting large corporates' energy needs through their desire to consume renewable green energy and to help tackle climate change.

NESF is continually monitoring its power price hedging strategies in a volatile market for the sale of electricity from assets to secure attractive risk-adjusted returns.

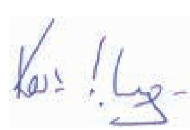
The Company continues to identify additional co-located battery storage opportunities through its retrofit programme, in addition to its existing joint ventures with Eelpower for standalone battery storage. Working closely with leading delivery partners in the UK battery sector, NESF expects that co-location of battery storage systems alongside the Company's existing solar portfolio will provide additional asset, technology and revenue diversification, whilst also accessing the attractive future revenue opportunities that battery storage systems present.

The Company has a strong pipeline of international growth opportunities on a direct and co-investment basis, as well as its pipeline of electricity storage assets in the UK. The pipeline has been composed to complement the existing portfolio, diversify some asset-specific/market risks, and enhance shareholder returns.

NESF is aiming to extend the useful life of two further assets during the current financial year, adding to the 35 UK assets (337MW) which have already secured extensions since IPO. These extensions will be value accretive by increasing long-term revenues.

The Company has demonstrated that it can be resilient to the volatility that the Covid-19 pandemic and Ukraine conflict has posed, and the Company remains well placed to continue to meet its investment objectives and harness growth opportunities in the future which are in line with the Company's strategic goals.

Finally, as demonstrated at last year's COP26 conference, the UK is setting an example to the rest of the world on how economies can change their energy mix to tackle climate change. The next six months provide an exciting opportunity for NESF as it continues to invest in both solar assets and energy storage. The Board strongly believes that the Company is making a real difference to the UK energy landscape and looks forward to helping deliver both global net zero goals and value to our shareholders.



Kevin Lyon,
Chairman
18 November 2022

Investment Adviser's Report

NextEnergy Group is a leading specialist solar and energy storage investment manager and asset manager. The NextEnergy Group is responsible for the acquisition and management of the Company's portfolio, including the sourcing and structuring of new investments and advising on the Company's financing strategy. It has c.$2.9bn of assets under management and employs over 250 people worldwide.

Investment Adviser's Investment Committee

The Investment Adviser's Investment Committee comprises Michael Bonte-Friedheim, Aldo Beolchini, Giulia Guidi and Ross Grier, who have in excess of 70 years' combined industry experience.

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

Aldo Beolchini is Managing Partner and Chief Investment Officer of NextEnergy Capital

Giulia Guidi is Head of ESG at NextEnergy Capital

Ross Grier is UK Managing Director of NextEnergy Capital

Results

NextEnergy Capital Limited, the Investment Adviser, continues to provide dedicated support to the Company through what has been a volatile 6-month period of high economic and political instability. We are closely monitoring economic developments and governmental information to assess the potential future impact on the Company's activities.

As at 30 September 2022, the NAV per ordinary share was 122.9p (31 March 2022: 113.5p). The substantial change in NAV over the six month period reflects a large increase in power price forecasts (+12.0p per ordinary share) and an upward revision in short-term inflation forecasts (+7.5p per ordinary share). The above NAV drivers were offset by a 0.5% discount rate increase to unlevered operating UK solar assets in the context of increasing UK long-term gilt yields (-3.7p per ordinary share).

UK power prices have remained at extraordinarily high levels and there is significant uncertainty that price levels for renewable generation will be in-line with current forecasts (which are reflecting power prices in excess of £500/MWh for early parts of 2023, and prices around £300/MWh more than one year beyond the valuation date). Given the recent volatility in power prices and, at the time of calculating the NAV, the possibility of a price cap or windfall tax on renewable generation being implemented by the UK government, the Company discounted the forward power prices as supplied by its market consultants which it uses in the calculation of its NAV. The Company does not consider that the short-term power price forecasts are a reliable reflection of the power prices which are likely to be received for future generation. Therefore, where prices have not been fixed/hedged, forecast power prices are discounted to capture this underlying uncertainty and to reduce risk associated with future cash flows. The discounts applied to the Company's NAV analysis lead to a reduction of 7.5p / share in the Company's NAV. Further details of the discounts applied to forecast power prices can be found on page 16.

Investment Highlights

In line with the investment policy, the Company continues to advance a significant pipeline of UK solar assets, international solar assets, UK battery storage assets as well as international solar co-investment opportunities through NESF's commitment to NextPower III ("NPIII"). Most notably, the Company has a $50m commitment ($30.9m currently drawn) into NPIII, two battery storage Joint Venture Partnerships with Eelpower Limited (c.300MW) and UK solar investments (86MW). These, coupled with a substantial forecasted increase in clean energy investment levels (relative to 2020), as outlined in the IEA World Energy Outlook 2022 report, provide strong momentum into the second half of the financial year, where significant progress is being made in executing additional dividend-enhancing acquisitions.

These investment opportunities aim to achieve robust financial returns, increase dividend cover and add geographical, technological, and revenue diversification to the NESF portfolio. The Company envisages that realisation of the future pipeline will be funded through a mixture of drawdowns on existing Revolving Credit Facility ("RCF") facilities and future equity issuances.

Investment Adviser's Report continued

International Solar Co-investments

During the period, the Company has continued to expand into new geographies through co-investments alongside NPIII. NPIII is a US$806m private equity solar fund focused on utility scale solar assets in OECD markets with a portfolio of operational and in-construction solar assets. NESF's US$50m commitment also unlocks attractive co-investment opportunities on a direct investment basis alongside NPIII and other limited partners in the NPIII fund, on a no-fee, no carry basis.

In January 2022, the Company announced its first co-investment consisting of a 24.5% stake in a Spanish 50MW utility scale solar project, Agenor. In May 2022, the Company announced a 13.6% stake in Santarém, its second co-investment with NPIII, a 210MW solar asset in Portugal. Energisation of the project is expected to take place in 2023. Once energised, Santarém is expected to benefit from a long-term PPA for the sale of electricity which is currently being negotiated with a robust creditworthy counterparty.

These investments will benefit NESF in the following ways:

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

UK Battery Storage Investments

NESF has continued to diversify its portfolio through expansion into the energy storage space. NESF has developed a strong relationship with Eelpower Limited ("Eelpower"), which has provided the Company with access to leading UK battery storage expertise. The company's first £100m Joint Venture Partnership vehicle ("JVP1") was announced last year and is owned 70% by NESF and 30% by Eelpower.

The Company's first 50MW battery storage project through JVP1 is currently under construction in Fife, Scotland, and is expected to be energised and grid-connected in the first half of 2023.

In September 2022, NESF entered its second £200m Joint Venture Partnership vehicle ("JVP2") with Eelpower. JVP2 benefits from enhanced terms by increasing NESF ownership to 75%, with Eelpower holding the remaining 25%. Following the period end, the Company announced that it had made its first acquisition as part of JVP2 for £32.5m. The project includes the development rights, permits, and initial grid milestones for a 250MW portfolio of high-quality battery storage projects and grid connections in the East of England. The project further demonstrates the value delivered through the relationship with Eelpower, taking the current announced standalone battery storage projects in the portfolio to 300MW.

Once constructed, the project will provide vital grid balancing services whilst harnessing excess electricity generation from wind at low import prices and then exporting electricity at times of low generation and high prices.

The project provides a very attractive return profile for the Company's portfolio. Battery storage is a highly complementary technology to Solar PV, and the profiles of both are uncorrelated, providing further diversification to the Company's portfolio from a technology, revenue and geographic perspective.

The Directors have concluded that both Joint Venture Partnerships meet the control requirements of the relative accounting standards and are therefore accounted for as subsidiaries.

In April 2022, the selection of the first site for a co-located battery storage project occurred. The project will extend the existing 11MW North Norfolk solar farm within the NESF portfolio to include a 6MW/12MWh battery system. Planning permission for the co-located battery system has been secured and discussions are ongoing with the local distribution network operator to confirm an energisation date. Implementing co-located batteries across the portfolio presents an attractive growth opportunity as these assets offer both synergies with PV assets, as well as offering diversification to portfolio income.

UK Solar Investments

Starting in 2018, the Company sourced a pipeline of projects to be developed into operating subsidy-free assets and set a target of c.150MW to add into its portfolio.

During the period, the Company commenced construction of Whitecross, a 36MW utility solar asset, located in Lincolnshire. The asset is expected to be energised during Q1 2023 and will generate electricity for approximately 10,000 households' annual electricity consumption. During the period, the Company commenced grid connection works and construction mobilisation phase of Hatherden, a 50MW subsidy-free solar farm in Hampshire.

Alongside three other assets in the NESF portfolio, Whitecross and Hatherden contribute towards a selection of subsidy-free projects totaling 150MW. The other three assets being High Garret (8.4MW), Hall Farm 2 (5.4MW) and Staughton (50MW). The successful selection of the 150MW subsidy-free portfolio demonstrates the Company's ability to respond efficiently and effectively to a changing UK solar market.

Furthermore, Whitecross and Hatherden have been selected to be part of the fourth CfD Allocation Round (AR4). The CfD programme lasts for 15-years and is annually index linked to inflation (CPI). It is rescheduled to commence from 31 March 2025 at the AR4 solar PV strike price of £45.99/MWh (set in 2012 equivalent prices).

During the period, NESF added a commercial rooftop solar asset to its portfolio, secured through an existing agreement made with the renewable energy developer, Zestec. Holiday Inn is a 0.18MW asset is located on a Holiday Inn in Nottinghamshire and benefits from an attractive 25-year power purchase agreement ("PPA") for 100% of its generated volume.

The NE Group's Energy Sales desk is responsible for managing the strategy for the sale of electricity from the subsidy-free operating assets without long-term contracts. Details on the power price risk management strategy can be found at the bottom of this page and in note 19b of the Financial Statements on pages 49 to 52.

Newfield, a 0.18MW commercial rooftop solar asset, was removed from the portfolio following termination of the lease by the landlord. The Company has received appropriate compensation in line with the termination clause in the lease agreement.

Investment Adviser's Report continued

Portfolio Performance

Energy generated during the period was 639 GWh (30 September 2021: 539GWh) and the portfolio achieved a generation outperformance of 6.1% (30 September 2021: 1.1%), increasing revenues by an estimated £4.9m against budget (30 September 2021: £0.9m). During the period, solar irradiation across the portfolio was 9.9% above budget (2021: 2.3%).

The Asset Manager monitors actual performance versus expectations for assets operational for at least two months post completion. Similarly, the generation performance of assets that are yet to pass Preliminary Acceptance Certificate ("PAC") in accordance with the engineering, procurement and construction ("EPC") contract is not reported by the Asset Manager.

Asset Management Alpha

The Asset Management Alpha is an important metric that allows the Company to identify the "real" outperformance of the portfolio due to effective asset management and excludes the effect of variation in irradiation. The "nominal" outperformance is calculated as the GWh generated by the portfolio versus the GWh expected in the assumptions used at the time of acquisition. This metric can be used for comparison with other peers in the solar industry.

	Irradiation (delta vs. budget)	Asset Management Alpha	Generation (delta vs. budget)
UK portfolio	+10.2%	(3.8%)	+ 6.4%
Italy portfolio	+4.0%	(2.4%)	+ 1.6%
Total	**+9.9%**	**(3.8%)**	**+6.1%**

Portfolio Optimisation

The asset manager focusses on implementing technical improvements across the portfolio, reducing operating costs through the utilising of existing insurance contracts and re-negotiating contractual terms by entering into new agreements with suppliers.

Asset life extensions

As at 30 September 2022, 35 UK assets (337MW), comprising c.39% of the Company's portfolio, had secured 5, 10 or 15 year lease extensions. We continue to work on extending the life of the remaining assets and are targeting a further two assets for the remainder of the current financial year to 31 March 2023.

Asset optimisation

During the period, 12 sites entered into new Operating and Maintenance 'O&M' contracts. This has resulted in an overall reduction from £6,622/MW to £6,585/MW.

During the period, insurance claims were successfully closed out for storm damages in relation to solar assets North Farm, High Garrett and Balhearty. The Company received a combined total settlement of £429k.

As at 30 September 2022, eight assets (62 MW) of the Company's portfolio are equipped with inverters that were supplied by Emerson, a solar PV manufacturer that exited the market a few years ago. Due to their ageing, the inverters have been experiencing an increased failure rate, the Company has therefore decided to replace all the Emerson inverters. The works will start in January 2023 and is expected to be completed by Q4 2023.

The investment adviser is reviewing options to make strategic reinvestments across the portfolio to support and enhance long-term asset health.

Six months ended 30 September	No. of assets monitored	Solar irradiation (delta vs. budget)	Asset Management Alpha	Generation (delta vs. budget)
2018	84	+8.4%	(0.5%)	+7.9%
2019	85	+4.8%	+0.2%	+5.0%
2020	86	+10.8%	+0.3%	+11.1%
2021	88	+2.4%	(1.2%)	+1.1%
2022	90	+9.9%	(3.8%)	+6.1%
Cumulative from IPO to September 2022	**90**	**+3.6%**	**+1.2%**	**+4.8%**

Investment Adviser's Report continued

Short/medium-term power purchase agreements

NESF continues to lock in power price hedges over a 48-month period. This proactive risk mitigation helps secure and underpin both dividend commitments and dividend cover, whilst reducing volatility and increasing visibility of cash flows.

NextEnergy Group's energy trading desk, ensure that the Company's electricity sales strategy increase the 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 the trading contracts.

UK hedging summary[1]	FY2022/23	FY2023/24	FY2024/25	FY2025/26
Generation hedged (%)	93.3%	74.1%	44.3%	13.0%

1 Covers 83% of the total portfolio (716MW) as at 10 November 2022

For the six months ended 30 September 2022, the Italian portfolio derived c. 82% of revenues from subsidies (principally FiTs) and c. 12% of revenues resulted from the sale of electricity under fixed price agreements covering 100% of Italian electricity generation for calendar year 2022 at a weighted average fixed price of c.€64/MWh (calendar year 2021:€45/MWh). For calendar year 2023, c.62% of the Italian portfolio has fixed price agreements in place for H1 2023 at a weighted average fixed price of €91.0/MWh. For H2 2023, 100% of the Italian portfolio has fixed price agreements in place at a weighted average fixed price of €139.5/MWh.

OFGEM audits

During the period, no material adjustments to the NAV were made as a result of Office of Gas and Electricity Markets ("OFGEM") audits. Since IPO, the 24 OFGEM audits have been successfully signed-off without impacting ROC 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 team has identified and mapped contractual recourse associated with identified risk of loss for completed and ongoing audits.

Portfolio Valuation

Introduction

The Investment Adviser carries out the fair market valuation of the Company's underlying investment portfolio in line with its accounting policies. This valuation is then presented to the Company's Board for review and approval. 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).

The valuation principles used are based on a discounted cash flow methodology except for NPIII which is 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 the acquisition cost as a proxy for fair value.

The Board reviews the operating and financial assumptions used in the valuation of the Company's underlying portfolio.

Portfolio valuation – key assumptions	As at 30 September 2022	As at 31 March 2022
UK long-term inflation	2.25%	2.25%
UK short-term inflation (1 year horizon)	12.4%	8.0%
Weighted average discount rate	6.8%	6.3%
Weighted average asset life	27.0 years	27.5 years
UK short-term power price average (2022-26)	£139.1/MWh (real 2022)	£105.2/MWh (real 2022)
UK long-term power price average (2027-41)	£45.6/MWh (real 2022)	£44.3/MWh (real 2022)
Italy power price average (20 years)	€79.1/MWh (real 2022)	€60.8/MWh (real 2022)
UK corporation tax rate	19% until 2023, 25% thereafter	19% until 2023, 25% thereafter

Managing NESF's merchant market exposure

PPA sourcing and structuring

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

Energy and market risk management

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

Market and pricing analysis

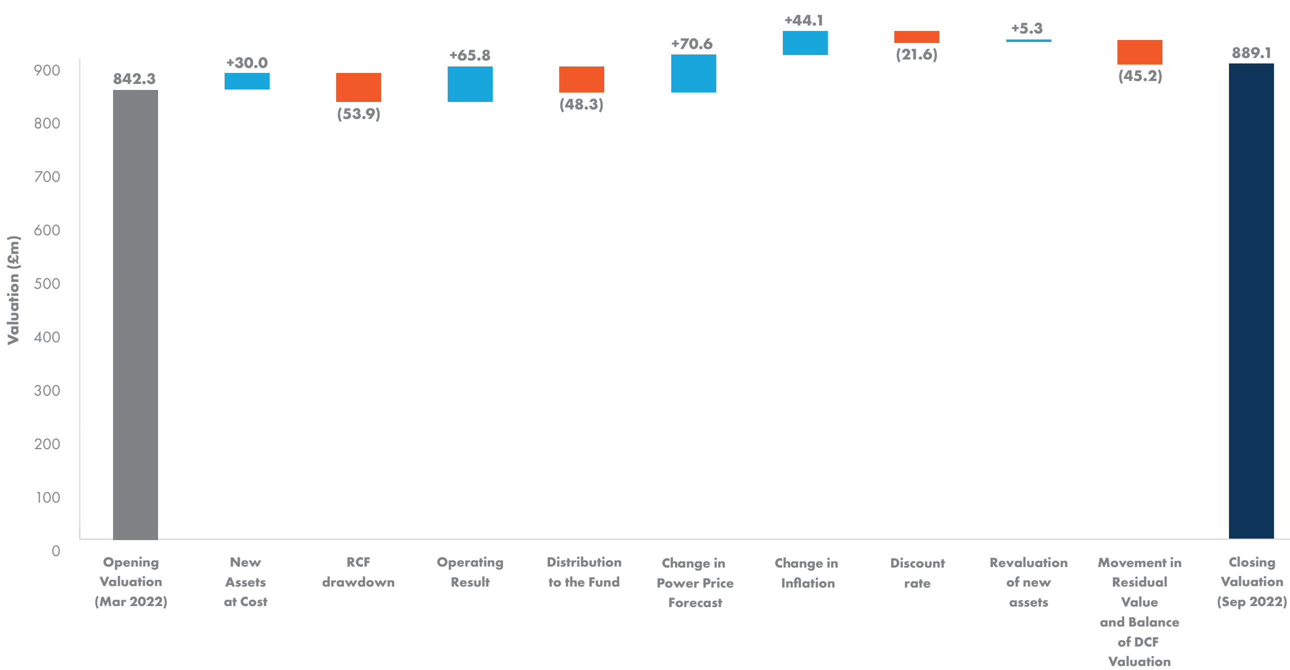
NEC provides pricing for NESF projects, supported by multiple independent short and long-term third-party power price forecasts

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

Investment Adviser's Report continued

Valuation bridge for the six months ended 30 September 2022



Forecast power prices methodology

For the UK portfolio, we use multiple sources for UK power price forecasts. At the short end (up to three years), where PPAs exist we use the PPA prices that have been achieved. For periods where there are no PPAs in place, we use the short-term market forward prices. After year two we use 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 periodic (quarterly) or ad hoc updates following any significant market development.

For the Italian portfolio, a leading independent energy market consultant's long-term projections are used to derive the power curve adopted in the valuation.

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.

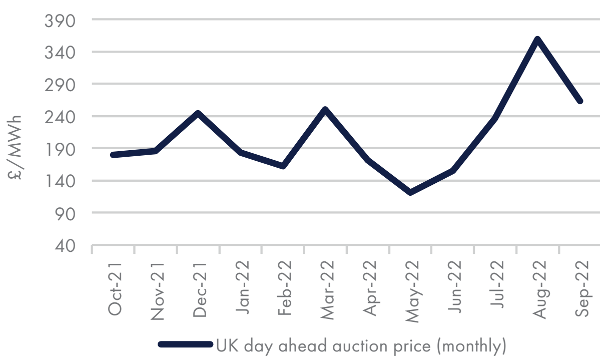
Given the recent volatility in power prices and, at the time of calculating the NAV, the possibility of a price cap or windfall tax on renewable generation being implemented by the UK government, the Company discounted the forward power prices as supplied by its market consultants which it uses in the calculation of its NAV. The Company does not consider that the short-term power price forecasts are a reliable reflection of the power prices which are likely to be received for future generation. Therefore, where prices have not been fixed/hedged, forecast power prices are discounted to capture this underlying uncertainty and to reduce risk associated with future cash flows. The discounts outlined below were applied to the Company's NAV analysis, leading to a reduction of 7.5p / share in the Company's NAV.

Time period	Discount applied to unhedged portion of portfolio power prices
Q4 2022	No discount has been applied
Q1 2023	50% discount
FY 2023/24	35% discount
FY 2024/25	25% discount has been applied to Summer 2024 price and 20% discount has been applied to Winter 2024 prices
FY 2025/26	10% discount
FY 2026/27	No discount has been applied

Investment Adviser's Report continued

Historic - UK power prices

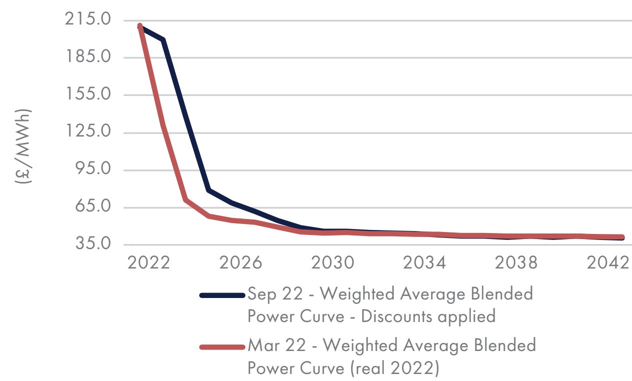
UK electricity day ahead prices increased from £250.4/MWh in March 2022 to £262.6/MWh in September 2022 (see graph below).



(Source: N2EX - UK baseload – day ahead).

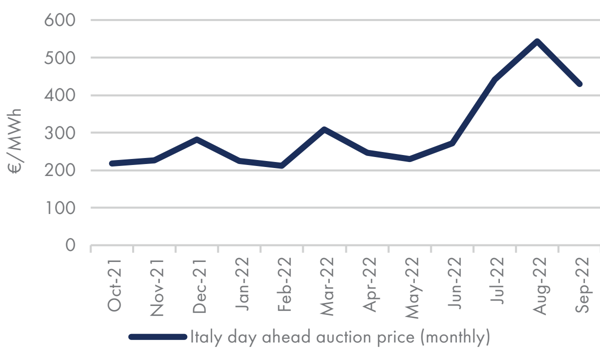
Forecast UK power prices (real 2022)

The Company's current UK 20 year average power price forecast represents an increase of 15.9% compared to that used at the end of the previous financial period (and 37.2% below the average price used at IPO).



Historic - Italian power prices

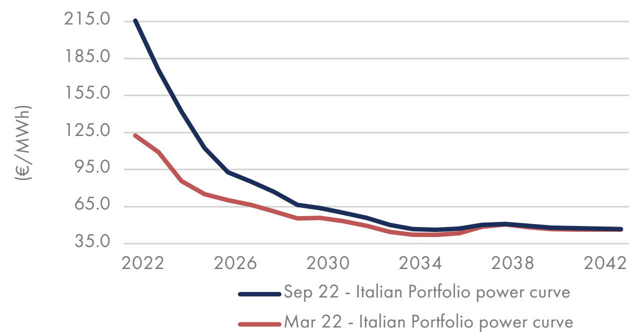
Italian electricity day ahead prices increased from €308.9/MWh in March 2022 to €429.9/MWh in September 2022 (see graph below).



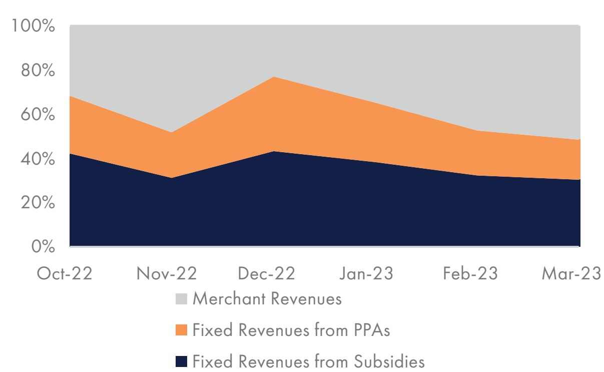
(Source: Gestore Marcati Energetici – purchasing price).

Forecast Italian power price (real 2022)

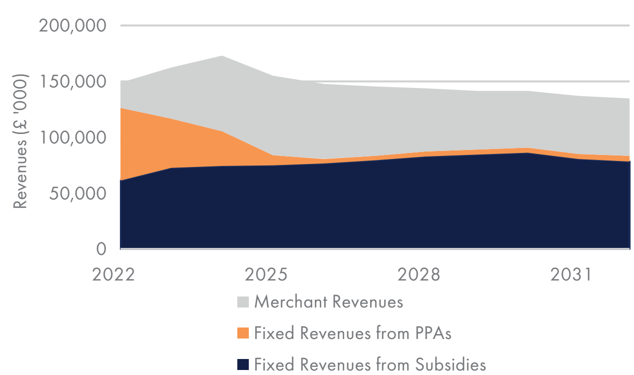
On average, the Company's current Italian long-term power price represents an increase of 30.1% compared to that used at the end of the previous financial year.



% of NESF revenue fixed until 31 March 2023
(as at 30 September 2022)



NESF 10-year forecast revenue breakdown
(as at 30 September 2022)



Investment Adviser's Report continued

Discount rate

During the period, the UK rate of inflation began to increase and the market started to price in an increase in the base rate of interest. On 3 November 2022 the Bank of England ("BoE") raised UK interest rates by 0.75% to 3.0% in line with market expectations at the end of the period. In the context of higher interest rates in response to changes to the BoE base rate, the yield on UK long-term gilts has also increased, putting upward pressure on discount rates. Therefore, during the period, the Company has increased the discount rate for unlevered operating UK solar assets by 0.5% to 6.25% (31 March 2022: 5.75%). 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. The previous adjustment to the unlevered operating UK solar discount rate was made for the valuation as at 31 March 2021.

Discount rate assumptions	Premium	As at 30 September 2022	As at 31 March 2022
UK unlevered	–	6.25%	5.75%
UK levered	0.7-1.0%	6.95-7.25%	6.45-6.75%
Italy unlevered[1]	1.5%	7.75%	7.25%
Subsidy-free (uncontracted)[2]	1.0%	7.25%	6.75%
Life extensions[3]	1.0%	7.25-8.25%	6.75-7.75%

1 Unlevered discount rate for Italian operating assets implying 1.50% country risk premium.

2 Unlevered discount rate for subsidy-free uncontracted operating assets implying 1.0% risk premium.

3 1.0% risk premium for cash flows after 30 years where leases have been extended.

The resulting weighted average discount rate for the Company's portfolio was 6.8% (31 March 2022: 6.3%). The Company does not use the weighted average cost of capital ("WACC") as the discount rate for its investments as it believes that the reduction in WACC deriving from the introduction of long-term debt financing does not reflect the greater level of risk to equity investors associated with leveraged assets or levered portfolios. However, for the purposes of transparency, the Company's pre-tax WACC as at 30 September 2022 was 5.2% (31 March 2022: 5.3%).

The Company has not included the impact of the discount rates used in the NPIII investment, as the Company has no control or influence over these rates and a weighted average discount rate is not produced by NPIII, as their underlying investments are in multiple geographies.

Asset life

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). 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:

- Solar assets with technology components similar to the ones deployed in the Company's portfolio have been demonstrated to be capable of operating for over 45 years, with levels of the technical degradation lower than those assumed or guaranteed by the manufacturers; local planning authorities have already granted initial planning consents that do not expire and/or have granted permissions to extend initial consented periods;
- The Company owns rights to supply electricity into the grid through connection agreements that do not expire; and
- Discounted cash flow valuation assumes a zero-terminal value at the end of the lease term for each asset or the end of the planning permission, whichever is the earlier.

Operating performance

The Company 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. 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 30 September 2022, 72 solar assets (totalling 602MW) 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 2022	55
Financial quarter ending March 2023	56
2023 onwards	152
Total	**263**

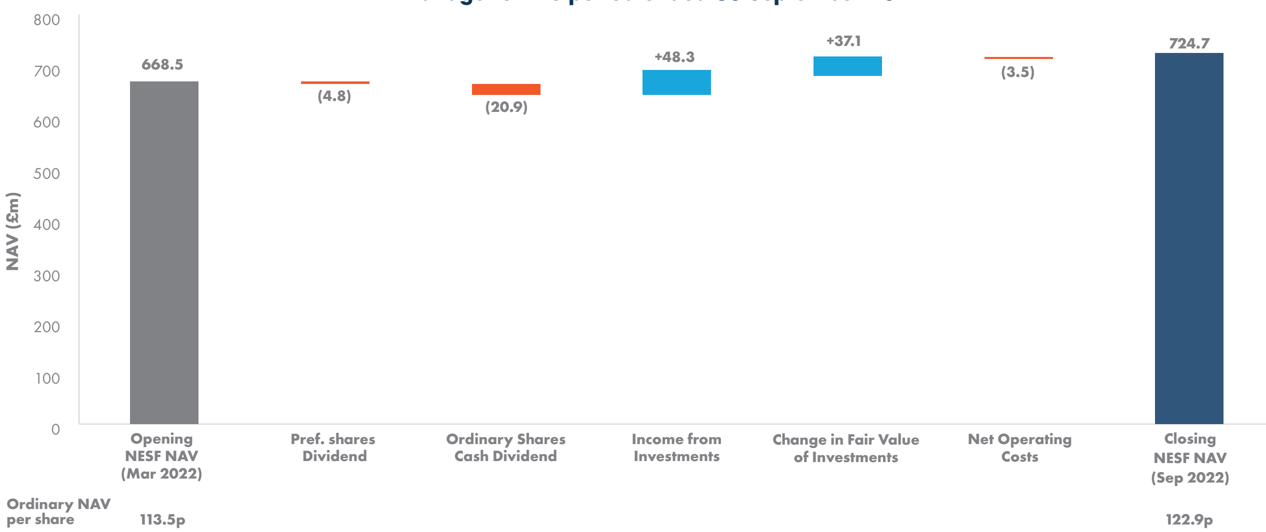
Investment Adviser's Report continued

NAV

The Company's NAV is calculated quarterly and based on the valuation of the investment portfolio 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 valuation.

In accordance with IFRS 10, the Company reports its financial results as an Investment entity and on a non-consolidated basis (see note 2c to the Financial Statements on page 40). The change in fair value of its assets during the period is taken through the Statement of Comprehensive Income.

NAV bridge for the period ended 30 September 2022

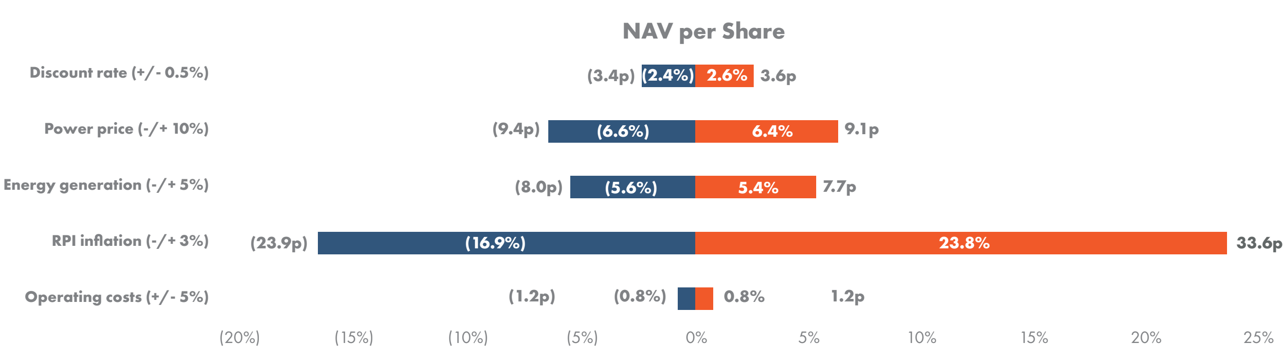


The movement in the NAV was driven primarily by the following factors:

- An increase in short-term (2022-26) UK power prices forecasts provided by Consultants, being 32.3% higher than assumptions at 31 March 2022. The Company incorporated and applied appropriate discounts where necessary to the forecasts released by the Consultants up to the date of preparation of this Interim Report;
- The increase in discount rate for unlevered operating UK solar assets;
- The upward revision in short-term inflation forecasts;
- The operating results achieved by the Company's solar assets; and
- The dividends and operating costs paid during the period.

NAV sensitivity analysis as at 30 September 2022

The chart below shows the impact of the key sensitivities on the NAV per ordinary share. Additional sensitivity analyses can be found in note 19b to the Financial Statements on pages 49 to 52.



Investment Adviser's Report continued

Operating results

Profit before tax was £77.1m (30 September 2021: £45.5m) with earnings per ordinary share of 13.1p (30 September 2021: 7.7p).

Operating expenses and ongoing charges

The operating expenses, excluding preference share dividends paid by the Company, for the period amounted to £3.8m (30 September 2021: £3.3m). The Company's ongoing charges ratio ("OCR") was 1.1% (2021: 1.1%). The budgeted OCR for the financial year ending 31 March 2023 is 1.1%. The OCR, which has been calculated in accordance with the Association of Investment Companies recommended methodology, is an Alternative Performance Measure (see page 64).

Cash flow analysis

As at 30 September 2022, the Company held cash of £11.7m at an A/+ credit rated financial institution.

Cash received from assets in the period covered the operating expenses, the preference share dividends, dividends declared to ordinary shareholders in respect of the period ended 30 September 2022 and part of the investment into HoldCos.

Cash flows of the Company	Period ended 30 Sep 2022 £'000	Period ended 30 Sep 2021 £'000
Company cash balance at 1 April	**19,608**	**10,809**
Investment in HoldCos	(36,085)	(24,057)
Received from HoldCos	57,288	45,026
Directors' fees	(138)	(106)
Investment Manager fees	(2,992)	(2,499)
Administrative costs	(389)	(653)
Dividends paid in cash to ordinary shareholders	(20,896)	(19,618)
Preference share dividends	(4,710)	(4,584)
Company cash balance at 30 September	**11,686**	**4,318**

NESF Group operating SPV's

The below table represents the unaudited consolidated financial results of the Company's SPVs

	Period ended September 2022 (unaudited) £'000	Period ended September 2021 (unaudited) £'000
Total SPVs revenue	95,686	66,799
EBITDA	80,821	54,844
EBIT	52,034	27,959

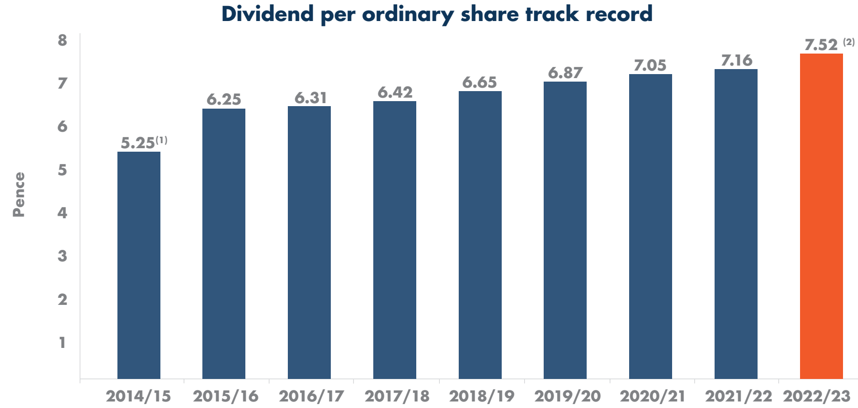
Cash Dividend Cover

Six months ended 30 September 2022	£'000	Pre-scrip dividends £'000
Cash income for period[1]	48,273	
Net operating expenses for period	(3,751)	
Preference share dividend	(4,763)	
Net cash income available for distribution	39,759	
Ordinary shares dividend paid during period		21,624
Cash dividend cover[2]		**1.8x**

1 Cash income differs from the Income in the Statement of Comprehensive Income as the latter is prepared on an accruals basis. See page 35 for further information.

2 Alternative Performance Measures.

Dividend per ordinary share track record



1 The period 2014/2015 was the first financial year following the Company's IPO. 2 Target dividends for the financial year ending 31 March 2023.

Investment Adviser's Report continued

Financing

Financial debt

In June 2022, the NESF Group signed a two-year extension to its £70m RCF with Santander UK, now available until July 2024. In September 2022, the NESF Group secured £60m additional commitments under an existing RCF from £75m to £135m, available until June 2024.

At 30 September 2022, the Company's subsidiaries (including NPIII) had financial debt outstanding of £335.7m (31 March 2022: £283m), on a look-through basis, as shown in the table below. Due to a combination of low debt levels and RPI linked subsidies, debt covenants at the HoldCos level would only be breached at very low power prices (less than c.£20/MWh). No covenants breaches have occurred during the period.

Preference shares

At 30 September 2022, the Company had £200m of preference shares outstanding (31 March 2022: £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 cashflow, 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 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 is trading at a healthy premium. Benefits of the preference shares for NESF include:

- A reduction in the exposure to secured debt financing;
- The fixed preferred dividend of 4.75p per preference share being a significantly lower all-in annual cash cost to the Company compared to issuing ordinary shares; and 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

The investment management fee is calculated based on the ordinary share NAV and, accordingly, no management 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 on page 57.

Total gearing

The financial debt, together with the preference shares, represented a total gearing level of 42% (31 March 2022: 42%), which is below the maximum limit of 50% in the Company's Investment Policy.

Provider/ arranger	Type	Borrower	No. of power plants secured[1]	Loan to Value[2] (%)	Tranches	Facility Amount (£m)	Amount Out-standing (£m)	Termination (inc. options to extend)	Applicable rate
MIDIS/CBA/NAB	Fully-amortising long-term debt[3]	NESH	21 (241MW)	48.2%	Medium-term	48.3	41.8	Dec-26	2.91%[4]
					Floating long-term	24.2	24.2	Jun-35	3.68%[4]
					Index-linked long-term	38.7	33.8[5]	Jun-35	RPI + 0.36%
					Fixed long-term	38.7	38.7	Jun-35	3.82%
					Debt service reserve facility	7.5	–	Jun-26	1.50%
MIDIS	Fully-amortising long-term debt[3]	NESH IV	5 (84MW)	45.0%	Inflation-linked	27.5	18.9[5]	Sep-34	RPI + 1.44%
					Fixed long-term	27.5	22.2	Sep-34	4.11%
Total long-term debt						212.4	179.6		
Banco Santander	Revolving credit facility	NESH VI	13 (100MW)	N/a	N/a	70.0	40.5	Jun-24	SONIA + 1.60%
Natwest/AIB	Revolving credit facility	NESH III	19 (226MW)	N/a	N/a	135.0	109.7	Jun-24	SONIA + 1.20%
Total short-term debt						205.0	150.2		
NPIII look through debt	N/a	N/a	N/a	N/a		N/a	5.9[6]		
Total debt							**335.7**		

1 NESF has 326MW under long-term debt financing, 326MW under short-term debt financing and 214MW without debt financing (excludes NPIII look through debt).
2 Loan to Value defined as 'Debt outstanding / GAV'.
3 Long-term debt is fully amortised over the period secured assets receive subsidies (ROCs and others).
4 Applicable rate represents the swap rate.
5 Represents the "real" outstanding debt balance. The "nominal" outstanding debt balances are included in the debt balances provided in Note 23b to the financial statements.
6 The total combined short and long-term debt in relation to NESF's commitment into NPIII (on a look through equivalent basis).

Investment Adviser's Report continued

Alignment of interest

As at 16 November 2022, NextEnergy Group employees held 475,194 shares in NESF.

Events After the Balance Sheet Date

Following the period end, NESF signed a £32.5m agreement to acquire the development rights for a high-quality 250MW lithium-ion battery storage project in the East of England, called Lapwing. The project was secured through JVP2, the Company's second Joint Venture Partnership vehicle with Eelpower Limited.

NextEnergy Capital Limited

18 November 2022

Rampisham

5.0 MW installed

Energised in April 2017

1.2 ROC Subsidy

Dorset

Operating Portfolio

	Power plant	Location	Acquisition date	Subsidy/ PPA[1]	Installed capacity (MW)	Cost (£m)	Remaining life of plant (Years)
1	Higher Hatherleigh	Somerset	Apr-14	1.6	6.1	7.3[3]	15.5
2	Shacks Barn	Northamptonshire	May-14	2.0	6.3	8.2[3]	14.8
3	Gover Farm	Cornwall	Jan-15	1.4	9.4	11.1[3]	17.2
4	Bilsham	West Sussex	Jan-15	1.4	15.2	18.9[3]	21.7
5	Brickyard	Warwickshire	Jan-15	1.4	3.8	4.1[3]	17.1
6	Ellough	Suffolk	Jul-14	1.6	14.9	20.0[3]	26.4
7	Poulshot	Wiltshire	Apr-15	1.4	14.5	15.7[3]	16.4
8	Condover	Shropshire	May-15	1.4	10.2	11.7[3]	17.1
9	Llywndu	Ceredigion	Jul-15	1.4	8.0	9.4	27.2
10	Cock Hill Farm	Wiltshire	Jul-15	1.4	20.0	23.6[3]	16.9
11	Boxted Airfield	Essex	Apr-15	1.4	18.8	20.6[3]	17.5
12	Langenhoe	Essex	Apr-15	1.4	21.2	22.9[3]	32.5
13	Park View	Devon	Jul-15	1.4	6.5	7.7[3]	32.3
14	Croydon	Cambridgeshire	Apr-15	1.4	16.5	17.8[3]	17.2
15	Hawkers Farm	Somerset	Jun-15	1.4	11.9	14.5[3]	17.5
16	Glebe Farm	Bedfordshire	Apr-15	1.4	33.7	40.5[3]	27.2
17	Bowerhouse	Somerset	May-15	1.4	9.3	11.1[3]	32.5
18	Wellingborough	Northamptonshire	Jun-15	1.4	8.5	10.8[3]	16.7
19	Birch Farm	Essex	Sep-15	FiTs UK	5.0	5.3[3]	17.7
20	Thurlestone Leicester	Leicestershire	Oct-15	FiTs UK	1.8	2.3	10.6
21	North Farm	Dorset	Oct-15	1.4	11.5	14.5[3]	32.2
22	Ellough Phase 2	Suffolk	Aug-16	1.3	8.0	8.0[3]	33.1
23	Hall Farm	Leicestershire	Nov-15	FiTs UK	5.0	5.0[3]	37.9
24	Decoy Farm	Lincolnshire	Mar-16	FiTs UK	5.0	5.2[3]	33.5
25	Green Farm	Essex	Dec-16	FiTs UK	5.0	5.8	18.5
26	Fenland	Cambridgeshire	Jan-16	1.4	20.4	23.9[2,4]	17.8
27	Green End	Cambridgeshire	Jan-16	1.4	24.8	29.0[2,4]	17.9
28	Tower Hill	Gloucestershire	Jan-16	1.4	8.1	8.8[2,4]	17.5
29	Branston	Lincolnshire	Mar-16	1.4	18.9		32.4
30	Great Wilbraham	Cambridgeshire	Mar-16	1.4	38.1		32.4
31	Berwick	East Sussex	Mar-16	1.4	8.2	= 97.9[2,5]	19.0
32	Bottom Plain	Dorset	Mar-16	1.4	10.1		32.7
33	Emberton	Buckinghamshire	Mar-16	1.4	9.0		37.6
34	Kentishes	Essex	Jul-17	1.2	5.0	4.5	37.5
35	Mill Farm	Hertfordshire	Jul-17	1.2	5.0	4.2	34.3
36	Bowden	Somerset	Sep-17	1.2	5.0	5.6	34.4
37	Stalbridge	Dorset	Jan-17	1.2	5.0	5.4	34.3
38	Aller Court	Somerset	Sep-17	1.2	5.0	5.5	19.5
39	Rampisham	Dorset	Sep-17	1.2	5.0	5.8	20.0
40	Wasing	Berkshire	Aug-17	1.2	5.0	5.3	24.2
41	Flixborough	South Humberside	Aug-17	1.2	5.0	5.1	25.3
42	Hill Farm	Oxfordshire	Mar-17	1.2	5.0	5.5	29.4
43	Forest Farm	Hampshire	Mar-17	FiTs UK	3.0	3.3	29.5
44	Birch CIC	Essex	May-17	FiTs UK	1.7	1.7	17.7
45	Barnby	Nottinghamshire	Aug-17	1.2	5.0	5.4	19.8
46	Bilsthorpe	Nottinghamshire	Aug-17	1.2	5.0	5.4	20.2
47	Wickfield	Wiltshire	Mar-17	1.2	4.9	5.6	20.6
48	Bay Farm	Suffolk	Sep-17	1.6	8.1	10.5	32.4
49	Honnington	Suffolk	Sep-17	1.6	13.6	16.0	32.3
50	Macchia Rotonda	Apulia	Dec-17	FiTs Italy	6.6		13.3
51	Lacovangelo	Apulia	Dec-17	FiTs Italy	3.5		13.6
52	Armiento	Apulia	Dec-17	FiTs Italy	1.9		13.6
53	Inicorbaf	Apulia	Dec-17	FiTs Italy	3.0	= 116.2[2,6]	13.4
54	Gioia del Colle	Campania	Dec-17	FiTs Italy	6.5		14.1
55	Carinola	Apulia	Dec-17	FiTs Italy	3.0		14.1
56	Marcianise	Campania	Dec-17	FiTs Italy	5.0		14.0

Operating Portfolio continued

	Power plant	Location	Acquisition date	Subsidy/ PPA[1]	Installed capacity (MW)	Cost (£m)	Remaining life of plant (Years)
57	Riardo	Campania	Dec-17	FiTs Italy	5.0	116.2[2,6]	14.0
58	Gilley's Dam	Cornwall	Nov-17	1.3	5.0	6.4	32.2
59	Pickhill Bridge	Clwyd	Dec-17	1.2	3.6	3.7	35.0
60	North Norfolk	Norfolk	Dec-17	1.6	11.0	14.6	22.1
61	Axe View	Devon	Dec-17	1.2	5.0	5.6	24.9
62	Low Bentham	Lancashire	Dec-17	1.2	5.0	5.4	23.4
63	Henley	Shropshire	Jan-18	1.2	5.0	5.2	23.7
64	Pierces Farm	Berkshire	May-18	FiTs UK	1.7	1.2	16.6
65	Salcey Farm	Buckinghamshire	May-18	1.4	5.5	6.5	16.6
66	Thornborough	Buckinghamshire	Jul-18	1.2	5.0	5.7	19.2
67	Temple Normaton	Derbyshire	Jul-18	1.2	4.9	5.6	18.8
68	Fiskerton Phase 1	Lincolnshire	Jul-18	1.3	13.0	16.6	27.5
69	Huddlesford HF	Staffordshire	Jul-18	1.2	0.9	0.9	18.3
70	Little Irchester	Northamptonshire	Jul-18	1.2	4.7	5.9	19.3
71	Balhearty	Clackmannanshire	Jul-18	FiTs UK	4.8	2.6	28.3
72	Brafield	Northamptonshire	Jul-18	1.2	4.9	5.8	33.7
73	Huddlesford PL	Staffordshire	Jul-18	1.2	0.9	0.9	18.5
74	Sywell	Northamptonshire	Jul-18	1.2	5.0	5.9	18.6
75	Coton Park	Derbyshire	Jul-18	FiTs UK	2.5	1.1	18.6
76	Hook	Somerset	Aug-18	1.6	15.3	21.8[2]	31.5
77	Blenches	Wiltshire	Aug-18	1.6	6.1	7.8[2]	16.2
78	Whitley	Somerset	Aug-18	1.6	7.6	10.4[2]	31.3
79	Burrowton	Devon	Aug-18	1.6	5.4	7.3[2]	31.0
80	Saundercroft	Devon	Aug-18	1.6	7.2	9.6[2]	31.4
81	Raglington	Hampshire	Aug-18	1.6	5.7	8.1[2]	31.3
82	Knockworthy	Cornwall	Aug-18	FiTs UK	4.6	6.6[2]	15.5
83	Chilton Canetello	Somerset	Aug-18	FiTs UK	5.0	9.0[2]	29.8
84	Crossways	Dorset	Aug-18	FiTs UK	5.0	10.0[2]	29.8
85	Wyld Meadow	Dorset	Aug-18	FiTs UK	4.8	7.1[2]	30.3
86	Ermis	Rooftop Portfolio	Jul-18	FiTs UK	1.0	3.0	14.1
87	Angelia	Rooftop Portfolio	Jul-18	FiTs UK	0.2	0.6	14.0
88	Ballygarvey	County Antrim	Jul-19	1.4 NIROCs	8.2	8.5	25.3
89	Hall Farm 2	Leicestershire	Aug-19	Subsidy-free	5.4	2.5	36.8
90	Staughton	Bedfordshire	Dec-19	Subsidy-free	50.0	27.4	36.4
91	High Garret	Essex	Oct-20	Subsidy-free	8.4	4.1	37.6
92	Marham	Norfolk	Jan 21	Long-term PPA	1.0	0.7	38.7
93	Sutterton	Lincolnshire	Mar 21	Long-term PPA	0.4	0.3	38.3
94	The Grange	Nottinghamshire	Feb 21	Long-term PPA	50.0	32.1	16.9
95	South Lowfield	Yorkshire	Jun-21	Long-term PPA	50.0	29.6	22.5
96	JSC (NZ)[1]	Worcestershire	Mar-19	FiTs UK	0.04	0.04	24.6
97	Karcher (NZ)[1]	Oxfordshire	Nov-19	Subsidy-free	0.3	0.2	23.3
98	Dolphin (NZ)[1]	East Sussex	Jul-21	Subsidy-free	0.2	0.2	23.4
99	Holiday Inn (NZ)[1]	Northamptonshire	Apr-22	Long-term PPA	0.18	0.2	24.6
Subtotal					**865.0**	**999.5**	**27.0[7]**
100	NextPower III[8]	OECD Markets	Jun-21	Multiple long-term PPAs	21.7[8]	28.3	n/a
Total					**886.7**	**1027.8**	

1 1ROCs, unless otherwise stated. An explanation of the ROC subsidy is available at 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 Average years remaining.
8 21.7MW represents the proportion of NPIII operational assets owned by NESF on a look through equivalent basis as at 30 September 2022. NPIII is a portfolio of assets at different stages of their project life cycle.

Portfolio Generation Performance

	Power plant	Operational date	Period ended 30 September 2022 Generation (GWh)	Period ended 30 September 2022 Solar irradiation delta (%)	Period ended 30 September 2022 Generation delta (%)	Since acquisition Solar irradiation delta (%)	Since acquisition Generation delta (%)
1	Higher Hatherleigh	Apr-13	4.1	4.2	(1.7)	1.7	4.0
2	Shacks Barn	Mar-13	4.5	5.6	9.0	2.9	8.0
3	Gover Farm	Oct-14	6.0	10.8	(7.3)	3.9	0.4
4	Bilsham	Nov-14	12.2	9.6	10.7	5.5	6.4
5	Brickyard	Nov-14	2.6	6.0	2.4	3.5	5.7
6	Ellough	Mar-14	10.9	8.9	4.6	1.5	5.1
7	Poulshot	Mar-15	10.2	5.2	5.8	1.3	5.2
8	Condover	Mar-15	6.7	1.2	(0.6)	0.4	0.9
9	Llywndu	Feb-15	6.0	2.3	10.8	(2.5)	4.5
10	Cock Hill Farm	Mar-15	14.7	6.7	7.9	3.4	5.3
11	Boxted Airfield	Mar-15	14.7	9.7	12.4	3.9	6.1
12	Langenhoe	Mar-15	17.2	13.6	15.9	6.7	9.7
13	Park View	Mar-15	4.9	3.3	3.9	(1.0)	1.5
14	Croydon	Mar-15	12.8	15.2	20.4	6.9	8.0
15	Hawkers Farm	Mar-15	9.0	4.4	6.9	1.0	4.0
16	Glebe Farm	Mar-15	25.9	14.5	18.3	7.2	12.6
17	Bowerhouse	Mar-15	6.1	8.3	(5.7)	3.6	(0.7)
18	Wellingborough	Mar-14	6.3	9.2	13.1	3.1	5.9
19	Birch Farm	Jun-15	3.9	12.2	11.9	5.0	6.9
20	Thurlestone Leicester[1]	Apr-13	1.1	0.0	4.0	0.0	0.2
21	North Farm	Mar-15	8.4	4.3	(3.5)	(2.0)	(4.2)
22	Ellough Phase 2	Jan-16	6.4	14.3	15.8	8.9	12.9
23	Hall Farm	Aug-16	3.5	8.7	8.0	4.4	1.4
24	Decoy Farm	Nov-15	3.9	12.5	15.6	5.6	10.1
25	Green Farm	Mar-16	3.7	9.5	4.7	4.2	4.1
26	Fenland	Feb-15	15.2	12.6	9.3	5.8	9.2
27	Green End	Mar-15	17.4	11.0	3.3	5.2	3.1
28	Tower Hill	Mar-15	6.1	4.6	9.9	3.5	7.2
29	Branston	Mar-15	14.5	13.8	16.1	6.8	7.8
30	Great Wilbraham	Mar-15	28.3	12.2	9.7	5.9	5.8
31	Berwick	Mar-15	6.7	9.8	10.3	5.1	9.4
32	Bottom Plain	Dec-14	7.5	9.0	3.1	4.0	3.7
33	Emberton	Mar-15	6.4	11.4	5.3	4.9	2.6
34	Kentishes	Dec-16	3.9	12.3	8.2	6.2	6.4
35	Mill Farm	Dec-16	4.0	16.2	16.8	9.1	11.2
36	Bowden	Mar-17	3.8	3.4	(0.4)	0.7	1.0
37	Stalbridge	Mar-17	3.9	3.8	5.0	1.1	6.0
38	Aller Court	Mar-17	3.9	5.5	5.0	3.7	5.0
39	Rampisham	Mar-17	4.0	2.7	3.0	(1.3)	(0.6)
40	Wasing	Mar-17	3.9	11.2	11.8	6.2	9.3
41	Flixborough	Mar-17	3.7	10.9	11.1	6.1	8.3
42	Hill Farm	Mar-17	3.8	10.3	14.2	6.6	9.2
43	Forest Farm	Mar-17	2.4	11.7	14.7	5.4	9.3
44	Birch CIC	Jun-15	1.3	12.9	7.8	6.0	5.0
45	Barnby	Mar-17	3.6	10.7	11.2	5.2	5.6
46	Bilsthorpe	Mar-17	3.6	10.1	10.1	4.9	6.6
47	Wickfield	Mar-17	3.4	8.1	2.2	5.5	4.3
48	Bay Farm	Mar-14	6.0	10.0	13.6	7.0	8.9
49	Honnington	Mar-14	10.3	11.0	11.8	4.4	5.0
50	Macchia Rotonda	Feb-11	5.7	6.9	(4.6)	6.2	1.7
51	Iacovangelo	Apr-11	3.2	6.9	2.5	4.7	5.5
52	Armiento	Apr-11	1.8	6.6	5.7	5.4	7.2
53	Inicorbaf	Mar-11	2.8	6.7	5.4	5.7	6.3
54	Gioia del Colle	Oct-11	6.0	1.4	3.0	1.0	3.7
55	Carinola	Oct-11	2.7	1.5	4.1	2.3	3.9

Portfolio Generation Performance continued

	Power plant	Operational date	Period ended 30 September 2022 Generation (GWh)	Period ended 30 September 2022 Solar irradiation delta (%)	Period ended 30 September 2022 Generation delta (%)	Since acquisition Solar irradiation delta (%)	Since acquisition Generation delta (%)
56	Marcianise	Sep-11	4.5	3.8	4.7	2.6	3.8
57	Riardo	Sep-11	4.4	1.3	(1.0)	2.0	0.2
58	Gilley's Dam	Mar-16	3.5	(0.3)	(5.7)	(3.8)	(2.8)
59	Pickhill Bridge	Mar-17	2.6	5.8	8.8	4.9	8.2
60	North Norfolk	Jan-14	7.0	12.4	(7.8)	7.1	4.5
61	Axe View	Mar-17	3.8	9.7	8.9	6.2	7.5
62	Low Bentham	Mar-17	3.3	0.3	(2.6)	2.2	2.5
63	Henley	Mar-17	3.5	5.3	7.0	3.5	6.2
64	Pierces Farm	Mar-15	1.3	10.6	12.0	4.2	7.7
65	Salcey Farm	Sep-14	3.9	11.6	4.0	8.4	5.2
66	Thornborough	Mar-16	3.2	1.3	(9.0)	4.0	(7.8)
67	Temple Normaton	Mar-16	3.0	7.0	(9.7)	4.7	(5.6)
68	Fiskerton Phase 1	Mar-15	8.7	10.8	(3.4)	8.1	0.0
69	Huddlesford HF	Mar-16	0.7	7.5	10.3	5.9	5.8
70	Little Irchester	Mar-16	2.7	5.5	(20.0)	4.4	(7.7)
71	Balhearty[4]	Mar-16	-	-	-	(0.8)	(27.9)
72	Brafield	Mar-16	3.6	11.3	1.9	7.5	1.3
73	Huddlesford PL	Mar-16	0.6	6.5	4.3	5.4	2.6
74	Sywell	Dec-15	3.8	8.4	8.5	6.3	3.3
75	Coton Park	Dec-15	1.7	2.9	7.2	2.8	5.0
76	Hook	Mar-14	10.3	6.1	(5.4)	3.8	(0.2)
77	Blenches	Mar-14	4.1	5.2	0.5	4.6	4.8
78	Whitley	Mar-14	5.0	13.4	(7.4)	7.0	(1.4)
79 80	Burrowton Saundercroft	Mar-14	8.6	6.2	(6.0)	4.6	0.0
81	Raglington	Mar-13	3.3	9.9	(21.8)	4.2	(12.6)
82	Knockworthy	Mar-13	2.8	4.8	(18.2)	2.3	(11.3)
83	Chilton Canetello	Jul-12	3.5	13.0	(4.9)	6.1	3.6
84	Crossways	Jul-12	3.6	8.9	(5.0)	4.4	1.9
85	Wyld Meadow	Jul-12	3.0	4.0	(17.5)	(0.2)	(5.6)
86	Ermis[1]	Oct-11	0.6	0.0	3.0	0.0	0.6
87	Angelia[1]	Oct-11	0.1	0.0	6.7	0.0	3.1
88	Ballygarvey	Mar-18	4.6	1.0	(4.2)	1.8	(2.1)
89	Hall Farm 2	Aug-19	3.7	13.0	8.6	11.3	1.5
90	Staughton	Dec-19	39.9	19.8	21.1	12.7	11.2
91	High Garrett	Oct-20	6.6	15.0	12.7	9.9	4.9
92	Marham	Jan-21	0.7	6.7	3.1	(0.03)	(4.7)
93	Sutterton	Mar-21	0.3	7.3	6.6	3.1	6.2
94	The Grange	Jan-21	38.1	14.7	6.4	10.4	(1.4)
95	South Lowfield	Jun-21	37.7	11.0	10.8	4.3	4.5
96	JSC (NZ)[1]	Mar-19	0.0	0.0	0.2	0.0	2.5
97	Karcher (NZ)[1]	Nov-19	0.2	0.0	(1.1)	0.0	(4.0)
98	Dolphin (NZ)[1]	Jul-21	0.2	0.0	12.4	0.0	11.2
99	Holiday Inn (NZ)[1]	Apr-22	0.1	0.0	4.8	0.0	4.8
Subtotal			**639**	**9.9**	**6.1**	**3.6**	**4.8**
100	NextPower III[3]	Multiple	n/a	n/a	n/a	n/a	n/a
Total			**639**	**9.9**	**6.1**	**3.6**	**4.8**

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 NextPower III performance not included.
4 Due to damage caused by Storm Arwen in November 2021 and Storm Eunice in February 2022, Balhearty was taken offline and is in the process of being repaired by a chosen EPC contractor.

Sustainability and ESG

Introduction from Kevin Lyon, Chair of NESF

Sustainability and ESG factors are at the forefront of everything that we set out to achieve: they provide a solid foundation to drive growth, whilst providing enhanced due diligence on all potential opportunities and risks. NESF is proud to qualify as an Article 9 fund under the EU SFDR classifications, with a sustainable investment objective at its core.

Governments and major economies around the world continue to step up their support for renewable energy, with the UK becoming the first major economy to pass net zero emission laws, requiring all greenhouse gas emissions to be net zero by 2050. In addition to this, the war in Ukraine has shown that the world remains fragile, and that securing energy independence, security and affordability are vital.

As one of the most affordable forms of renewable energy, solar photovoltaic (PV) assets and energy storage play a huge part in the transition to clean energy and we are in an excellent position to increase NESF's positive impact. The nature and location of our assets offer us a unique opportunity to help rebalance nature's assets, by developing our solar farms as biodiversity 'hubs'. As at 30 September 2022, we own 99 operating solar assets, of which 91 are in the UK and eight are in Italy, and indirectly own equity stakes in another 21.7MW of solar projects via our stake in NextPower III. Our expansion into UK battery energy storage will also contribute to the independence of the UK's energy supply and aid the penetration of renewables in the UK.

We remain determined to reduce the risk of human rights abuses, including modern slavery, within our supply chains through the way we do business and contract with suppliers and partners. Tracking progress and reporting impact change throughout our value chain is a crucial step in tackling climate change, driving accountability, and ultimately delivering a sustainable future for generations to come.

It is of critical importance for the global energy sector to accelerate renewable energy generation, improving the amount of clean energy consumed globally, whilst reducing the world's reliance on carbon-emitting energy sources. We look forward to continuing our leading and transparent approach in this space, helping to provide a cleaner future for tomorrow's generation.

SCAN ME

Tonnes of CO_2e emissions avoided p.a.[1]

266,500

(30 September 2021: 229,000)

Equivalent UK homes powered for one year[1]

354,274

(30 September 2021: 299,000)

Total clean electricity generated for the period ended 30 September 2022

639 GWh

(30 September 2021: 539 GWh)

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

Sustainability and ESG continued

NESF's Sustainability Framework

NESF's Framework is built on three pillars: climate change, biodiversity and human rights. The investment process is aligned with this Framework, and is supported by our Sustainable Investment Policy, the Position Statements on each of the three pillars and the Code of Conduct for Suppliers.

The United Nations Sustainable Development Goals ("SDGs") are core to the Framework; they provide reference points against which we can measure performance against the Company's high-level goals. This Framework defines the sustainability approach and informs investment decisions and operational practices.

NESF takes a 360° approach to sustainability, starting with the three pillars as the core. The Company implements a bottom-up approach to its Framework by measuring the impact on the three pillars by cross-referring the 17 UN SDGs and their respective targets, particularly those that are material to its business. The diagram below represents this approach and the layers of which the approach is built on.

The pillars drive the Company's attention and actions on fundamental areas where it has identified the existence of the most significant ESG risks and opportunities for the fund. As a result, they allow the Company to ensure the most effective management of the application of the Policies and UN SDGs to our funds.

To find out more about how NESF integrates ESG into its investment process, please go to the Company's standalone sustainability report: nextenergysolarfund.com/esg/transparency-and-reporting.

The ESG team currently consists of three members (with plans to expand significantly in the near future), Giulia Guidi, with more than 20 years of combined experience in ESG risk management in the financial sector, David Hawkins, with over 10 years of sustainability and environmental experience in the energy sector, and Phoebe Wright, the ESG Analyst for the NextEnergy Group. The expansion plans consist of three new associate positions and one additional analyst position to contribute to the delivery of the Company's evolving sustainability standards and growing investor expectations.

Sustainability Pillars

Climate Change:

Climate change mitigation is clearly an opportunity for NESF given its core activities. This is also a risk with potential negative impacts on operations that the Company is determined to address and disclose on.

The Company supported the UK Government's ambitious objective of bringing all greenhouse gas emissions to net zero by 2050 and limiting global average temperature rises to 1.5°C compared to pre-industrial levels.

Biodiversity:

Biodiversity is an issue the Company and its investment adviser are collectively passionate about.

NESF wants to enhance biodiversity at all its asset sites and are committed to lead best practice in the solar industry. From initial site selection through to decommissioning, the aim is to align practices with policies such as the UK Government's 'A Green Future: our 25-year plan to improve the environment', the objectives of the Taskforce on Nature-related Financial Disclosures (TNFD), and the relevant UN SDGs.

Human Rights and Modern Slavery:

Action on human rights links directly to local communities. The people who work on NESF's assets are generally neighbours, so the Company also focuses on engagement with local communities, contractors and suppliers.

NESF respects fundamental human rights principles, and operate in line with the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Company opposes any form of slavery or forced labour and publish an annual Modern Slavery Statement.

Sustainability and ESG continued

NESF & SFDR – Article 9 Fund

The SFDR came into force on 10 March 2021, requiring financial market participants to disclose their ESG policies and practices. NESF has published an ESG Disclosure document on its website, which describes our approach and how passionate we are in this area, and the Company has also made the relevant disclosure in the annual report as well as pre-contractual disclosure. This document outlines how the Company aligns with the EU Taxonomy, in particular how it substantially contributes to climate mitigation, how it does no significant harm (DNSH) to the other environmental objectives applicable to the solar PV sector (climate adaptation, water management, circular economy and biodiversity), and how it complies with the minimum safeguarding standards, including, but not limited to, implementation of the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

NESF classify under Art. 9 of the SDFR and starting from this year, it has disclosed according to Annex V of the SFDR and Taxonomy Regulatory Technical Standard (RTS). Please refer to the NESF website for the relevant disclosure. To continue to increase transparency, an FAQ document has been published on the Investment Adviser website to clarify how NESF (and other funds) are planning to comply with future EU SFDR requirements.

Task Force on Climate-Related Financial Disclosures ('TCFD')

In June 2022, the Company's published its first TCFD report, which outlines the risks and opportunities as a result of the physical and economic consequences of climate change. The full report can be found on the Company's website: nextenergysolarfund.com/esg/transparency-and-reporting/.

Supply Chain Management

Ensuring that our high standards for ESG are mirrored in our supply chain is a key priority for NESF. NESF's investment adviser not only enforces a robust internal risk management approach but is also leading the industry through collective engagement, including the launch of the Solar Stewardship Initiative. This initiative has marked a milestone for the sector in addressing transparency and traceability throughout the value chain.

Natural Capital Commitments

NESF's growing network of UK solar farms provides the opportunity to use land in a unique way over an extended time period. The Company is seizing this opportunity by creating biodiversity 'hubs' that benefit many different stakeholders and the planet as a whole.

The Company is leading the industry and supporting the Global Goal for Nature's targets of "nature-positive by 2030", and "nature-recovery by 2050", by creating stepping stones for biodiversity, establishing best practice, and introducing innovations that enhance, rather than deplete, agricultural land.

NESF's Sustainability Report

To find out more about NESF's commitment to ESG and its case studies, see NESF's standalone sustainability report for more information: Transparency nextenergysolarfund.com/esg/transparency-and-reporting.

$ktCO_2e$ avoided since IPO	Units
1,985	$ktCO_2e$

Metric	Units	FY2018	FY2019	FY2020	FY2021	FY2022	HY2023
GHG avoided	$ktCO_2e$	211.2	299.4	307.7	317.6	328.7	266.5
NOx avoided	tonnes	193.1	276.5	274.4	283.4	296.3	241.5
Sox avoided	tonnes	365.9	499.2	511.9	527.5	549.7	444.5
PM2,5	tonnes	15.9	22.6	23.2	24.0	25.2	20.8
PM10	tonnes	4.0	5.6	5.8	5.9	6.2	5.1
Fossil Fuels avoided	tonnes oil equivalent	90.0	127.7	131.2	135.9	142.8	117.8
	million barrels	0.66	0.94	0.96	1.00	1.05	0.9

Principal Risks and Uncertainties

For the remaining six months of the year ending 31 March 2023

Emerging and Principal Risks

The Company's approach to risk governance, the risk review process and risk appetite are set out in the Annual Report for the year ended 31 March 2022 within the following sections; Risk and Risk Management section in the Strategic Report (pages 55 to 57) and the Risk, Internal Controls and Internal Audit section in the Corporate Governance Statement (pages 65 and 72), this can be found on our website (nextenergysolarfund.com).

The Principal risks and uncertainties to the achievement of the Company's objectives are described on pages 55 to 57 of the Annual Report and are categorised as follows:

- Portfolio management and performance risks:
  - electricity generation falling below expectations;
  - asset outages due to long periods of preventative maintenance and upgrade by Distribution Network Operators ("DNOs"); and
  - portfolio valuations.
- External and market risks:
  - adverse changes in government policy and political uncertainty;
  - adverse changes to the regulatory framework for solar plants; and
  - changes to tax legislation and tax rates, health and safety.
- Operational and strategic risks:
  - a decline in the price of electricity;
  - disruptions to supply chains;
  - counterparty risk; and
  - plant operational risks.

The Board believes that the aforementioned risks are unchanged with respect to the remaining six months of the year to 31 March 2023. The Board has identified the following emerging risks which are being monitored on an ongoing basis:

- The risk to the Company of a pandemic reoccurring; and
- The risk associated with the ongoing OFGEM reviews of subsidy accreditations.

During the period, the Board has identified the following new emerging risks which are being monitored on an ongoing basis:

- The risk of plans announced in November 2022 by UK government to introduce a windfall tax for renewables;
- The risk of goals by ministers to redefine "best and most versatile" land (BMV) to include grade 3b land, which would restrict the development of solar assets on such land; and
- The risk of disruption to the global supply chain for components required in the construction of solar and battery storage assets.

The inherent risks associated with investment in the solar energy sector could result in a material adverse effect on the Company's performance and the value of the ordinary shares. Risks, including emerging risks, are mitigated and managed by the Board through continual review, policy setting and regular reviews of the Company's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the principal risks to the achievement of the Company's objectives. The Audit Committee undertook a formal review of the Company's risk matrix at its meeting held on 23 June 2022. The Board and the Audit Committee rely on periodic reports provided by the Investment Manager and the Administrator regarding risks that the Company faces. When required, experts, including tax advisers, legal advisers and environmental advisers, are employed to gather information.

Statement of Directors' Responsibilities

Kevin Lyon
Chairman

Vic Holmes
Senior Independent Director

Patrick Firth
Non-executive Director

Josephine Bush
Non-executive Director

Joanne Peacegood
Non-executive Director

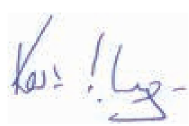
The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations.

In accordance with the FCA's Disclosure Guidance and Transparency Rule 4.2.10R, the Directors confirm that, to the best of their knowledge:

- The Unaudited Condensed Interim Financial Statements set out on 35 to 59 have been prepared in accordance with IAS 34 Interim Financial Reporting;
- The Interim Report, comprising the Chairman's Statement and the Investment Adviser's Report, meet the requirements of an interim management report and include a fair review of the information required by:
  - DTR4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Interim Financial Statements set out on pages 35 to 59 and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last Annual Report that could do so.

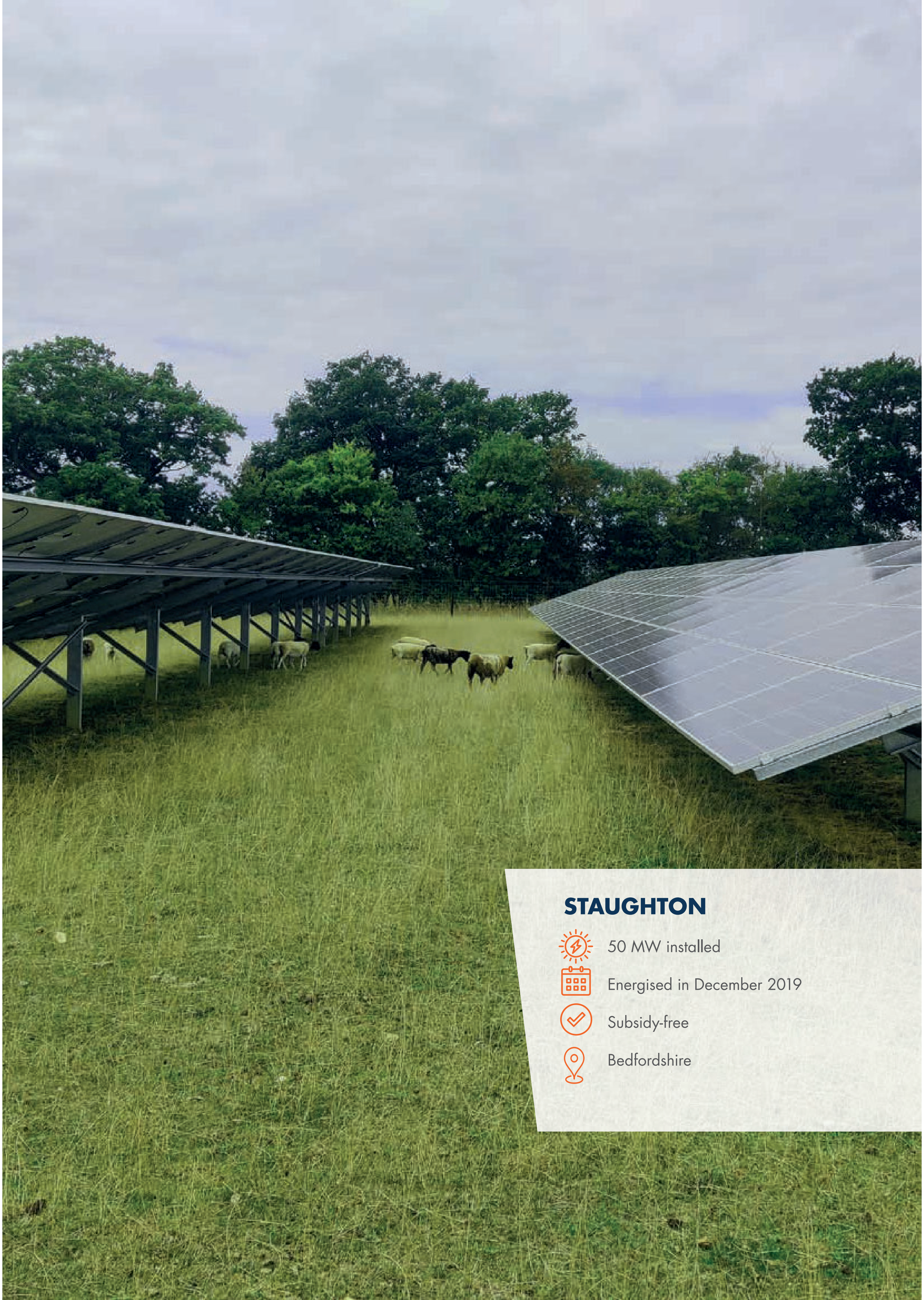
The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (nextenergysolarfund.com), and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors of NESF



Kevin Lyon
Chairman

18 November 2022



STAUGHTON

- 50 MW installed
- Energised in December 2019
- Subsidy-free
- Bedfordshire

Independent Review Report to NextEnergy Solar Fund Limited

Conclusion

We have been engaged by NextEnergy Solar Fund Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 of the Company, which comprises the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued by the Financial Reporting Council for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of review section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However future events or conditions may cause the Company to cease to continue as a going concern, and the above conclusions are not a guarantee that the Company will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting.

In preparing the half-yearly financial report, the directors are responsible for 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.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Dermot Dempsey.

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

18 November 2022

Statement of Comprehensive Income (Unaudited Condensed)

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Income				
Income comprises:				
Interest income		6,191	6,016	12,799
Investment income		36,878	18,887	42,009
Administrative services income		5,203	5,051	10,226
Net changes in fair value of investments	17	37,125	23,489	78,665
Unrealised foreign exchange gain		204	—	—
Total net income		85,601	53,443	143,699
Expenditure				
Preference share dividends		4,763	4,718	9,454
Management fees	5	2,875	2,499	5,041
Legal and professional fees		336	316	744
Directors' fees	7	128	106	222
Administration fees	6	142	112	227
Other expenses	9	158	78	122
Audit fees	8	90	90	138
Charitable donation	10	—	—	100
Regulatory fees		11	45	79
Insurance		11	12	22
Total expenses		8,514	7,976	16,149
Profit and comprehensive income for the period/year		77,087	45,467	127,550
Earnings per ordinary share – basic	14	13.08p	7.74p	21.69p
Earnings per ordinary share – diluted	14	10.69p	6.36p	17.34p

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 are an integral part of these condensed interim financial statements.

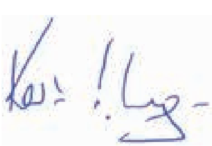
Statement of Financial Position (Unaudited Condensed)

As at 30 September 2022

	Notes	30 September 2022 (unaudited) £'000	30 September 2021 (unaudited) £'000	31 March 2022 (audited) £'000
Non-current assets				
Investments	17	889,078	788,288	842,346
Total non-current assets		889,078	788,288	842,346
Current assets				
Cash and cash equivalents		11,686	4,318	19,608
Trade and other receivables	11	24,654	34,870	16,389
Total current assets		36,340	39,188	35,997
Total assets		925,418	827,476	878,343
Current liabilities				
Trade and other payables	12	(2,600)	(22,849)	(11,785)
Total current liabilities		(2,600)	(22,849)	(11,785)
Non-current liabilities				
Preference shares	23	(198,127)	(197,989)	(198,058)
Total non-current liabilities		(198,127)	(197,989)	(198,058)
Net assets		724,691	606,638	668,500
Equity				
Share capital and premium	13	608,771	607,193	608,037
Retained earnings		115,920	(555)	60,463
Equity attributable to ordinary shareholders		724,691	606,638	668,500
Total equity		724,691	606,638	668,500
Net assets per ordinary share	16	122.9p	103.1p	113.5p

The accompanying notes are an integral part of these condensed interim financial statements.

The unaudited condensed financial statements were approved and authorised for issue by the Board of Directors on 18 November 2022 and signed on its behalf by:



Kevin Lyon
Chairman

Patrick Firth
Director

Statement of Changes in Equity (Unaudited Condensed)

For the six months ended 30 September 2022

	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 period	–	77,087	77,087
Scrip shares issued in lieu of dividends	734	–	734
Ordinary dividends declared	–	(21,624)	(21,630)
Ordinary shareholders' equity at 30 September 2022	608,771	115,920	724,691
Ordinary shareholders' equity at 1 April 2021	605,938	(25,147)	580,791
Profit and comprehensive income for the period	–	45,467	45,467
Scrip shares issued in lieu of dividends	1,255	–	1,255
Ordinary dividends declared	–	(20,873)	(20,875)
Ordinary shareholders' equity at 30 September 2021	607,193	(555)	606,638
Ordinary shareholders' equity at 1 April 2021	605,938	(25,147)	580,791
Profit and comprehensive income for the year	–	127,550	127,550
Scrip shares issued in lieu of dividends	2,099	–	2,099
Ordinary dividends declared	–	(41,940)	(41,940)
Ordinary shareholders' equity at 31 March 2022	608,037	60,463	668,500

Statement of Cash Flows (Unaudited Condensed)

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Cash flows from operating activities				
Profit and comprehensive income for the period/year		77,087	45,467	127,550
Adjustments for:				
Interest income receivable		(6,191)	(6,016)	(12,799)
Interest income received		6,191	6,016	12,799
Investment income receivable		(36,878)	(18,887)	(42,009)
Investment income received		20,290	20,083	34,019
Change in fair value of investments	17	(37,125)	(23,489)	(78,665)
Proceeds from HoldCos	17	22,785	64,900	82,443
Payments to HoldCos	17	(26,726)	(38,549)	(58,370)
Payments to NPIII		(6,562)	(21,506)	(27,716)
Proceeds from NPIII		—	—	10,502
Financing proceeds from HoldCos		5,000	—	42,100
Financing proceeds returned to HoldCos		(5,000)	—	(42,100)
Net changes in unrealised foreign exchange		(204)	—	(32)
Financial debt amortisation		69	69	139
Dividends paid on preference shares as finance costs		4,763	4,718	9,454
Operating cash flows before movements in working capital		17,499	32,806	57,315
Changes in working capital				
Movement in trade and other receivables		49	(13,856)	694
Movement in trade and other payables		(68)	(1,112)	131
Net cash generated from operating activities		17,480	17,838	58,140
Cash flows from financing activities				
Dividends paid on preference shares		(4,710)	(4,711)	(9,500)
Dividends paid on ordinary shares		(20,896)	(19,618)	(39,841)
Net cash used in from financing activities		(25,606)	(24,329)	(49,341)
Net movement in cash and cash equivalents during period/year		(8,126)	(6,491)	8,799
Cash and cash equivalents at the beginning of the period/year		19,608	10,809	10,809
Effect of foreign exchange rate changes		204	—	—
Cash and cash equivalents at the end of the period/year		11,686	4,318	19,608

The accompanying notes are an integral part of these condensed interim financial statements.

Notes to the Financial Statements (Unaudited Condensed)

For the six months ended 30 September 2022

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 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 NEC 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 Significant Accounting Policies

a) Basis of Preparation

The unaudited condensed interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and the FCA's Disclosure Guidance and Transparency Rules. They have been prepared under 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 accounting policies and critical accounting estimates and judgments used in preparing the unaudited condensed interim financial statements are consistent with those used in the Company's latest audited financial statements for the year ended 31 March 2022.

The condensed interim financial statements are unaudited but have been reviewed by the Company's Auditor, KPMG Channel Islands Limited, in accordance with International Standard on Review Engagements (UK) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 18 November 2022.

The unaudited condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 31 March 2022, which were prepared in accordance with IFRS and the FCA's Disclosure Guidance and Transparency Rules.

b) 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 debt facilities;
- Future investment transactions;
- Expenditure commitment; and
- Forecast income and cash flows.

The Company's cash balance as at 30 September 2022 was £11.7m, all of which was readily available. It also had immediately available but undrawn amounts under its debt facilities of a further £54.8m. The NESF Group had capital commitments totalling £54.3m at the period 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.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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 Interim Report. The Board is of the opinion, therefore, that the going concern basis adopted in the preparation of the Financial Statements is appropriate.

c) 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;
- 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 Income Statement.

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.

d) 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 energy infrastructure assets via its HoldCos and SPVs. 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.

e) Seasonal Reporting

The Company's results may vary during reporting periods as a result of a fluctuation in the levels of sunlight during the period and, together with other factors, will impact the NAV. Other factors including changes in inflation and power prices.

f) Functional and Presentational Currency

The financial information is presented in pounds sterling ("GBP") because that is the currency of the primary economic environment in which the Company operates.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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 2022 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 2022 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. These valuations are reviewed and approved by the Board. The investments are held through SPVs.

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. As at 30 September 2022 level 3 investments amount to £889.1m (30 September 2021: £788.3m; 31 March 2022: £842.4m) and consist of 1 Private Equity Solar fund investment (NPIII) which has been valued using estimated attributable NAV and 99 investments in solar PV plants (30 September 2021: 99, 31 March 2022: 99) all of which have been valued on a look through basis based on the discounted cash flows of the solar assets (except for those solar assets not yet operational) and the residual value of net assets at the HoldCos level.

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 conflict in Ukraine has had an unprecedented and sustained positive impact on the long-term power price projections, which is also a significant Level 3 input. Investments in solar 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 are reviewed regularly by the Investment Manager who 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 30 September 2022 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 2c).

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 17.

The Company and the HoldCos operate as an integrated structure whereby the Company invests both 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 from consolidation.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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 six months ended 30 September 2022 the Company incurred £2.9m in management fees (six months ended 30 September 2021: £2.5m; year ended 31 March 2022: £5.0m), of which £15k was outstanding at 30 September 2022 (30 September 2021: £nil; 31 March 2022: £62k).

6. Administration Fees

Under an amended Administration Agreement with the previous administrator the administration fee was a fixed fee of £220k per annum with effect from 1 October 2020. With effect from 1 January 2022, the fixed fee was to increase annually in line with the annual increase in Guernsey RPI. For the period up to 30 March 2022, the previous administrator was also entitled to additional fees for attendance at ad hoc Board and Board Committee meetings.

With effect from 30 March 2022 Ocorian Administration (Guernsey) Limited was appointed Administrator to the Company. The administration fee changed to a fixed fee of £275k per annum with effect from 30 March 2022. With effect from 1 January 2023, the fixed fee will increase annually in line with the annual increase in Guernsey RPI.

For the six months ended 30 September 2022 the Administrator was entitled to administration fees of £142k (six months ended 30 September 2021: £nil; year ended 31 March 2022: £nil), of which £69k was outstanding at 31 March 2022 (30 September 2021: £nil; 31 March 2022: £nil).

For the six months ended 30 September 2022 the previous Administrator was entitled to administration fees of £nil (six months ended 30 September 2021: £112k; year ended 31 March 2022: £227k), of which £nil was outstanding at 31 March 2022 (30 September 2021: £56k; 31 March 2022: £115k).

The fee payable to the previous administrator was payable quarterly in arrears. The fee payable to the new Administrator is payable quarterly in advance.

7. Directors' Fees

The Directors are all non-executive and their remuneration is solely in the form of total fees. The Directors' fees for the period were £128k (six months ended 30 September 2021: £106k; year ended 31 March 2022: £222k), of which £nil was outstanding at 30 September 2022 (30 September 2021: £nil; 31 March 2022: £11k).

8. Audit Fees

The analysis of the auditor's remuneration is as follows:

	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Fees payable to the auditor for the audit of the Company	45	45	84
Fees payable to the auditor for the interim review of the Company	45	45	45
Additional audit fee and disbursements for the prior period/year	–	–	9
Total	90	90	138

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

9. Other Expenses

	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Amortisation expense	69	69	139
Sundry expenses	87	9	(18)
Director's expenses	2	–	1
Total	158	78	122

10. Charitable Donation

During the period ended 30 September 2022, the Company made a charitable donation of £nil (six months ended 30 September 2021: £nil; year ended 31 March 2022: £100k). Information on the NextEnergy Foundation and how it used the donation can be found on our website (nextenergysolarfund.com).

11. Trade and Other Receivables

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Administrative service fee income receivable	–	2,041	–
Prepayments	45	46	74
Accrued income	–	–	20
Due from HoldCos	24,609	32,783	16,295
Total trade and other receivables	24,654	34,870	16,389

Amounts due from HoldCos are interest free and payable on demand.

12. Trade and Other Payables

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Other payables	171	228	273
Due to NPIII	–	–	896
Preference dividends payable	2,395	2,395	2,342
Due to HoldCos	–	20,226	8,274
Trade creditors	34	–	–
Total trade and other payables	2,600	22,849	11,785

Amounts due to HoldCos were interest free and payable on demand.

During the period, an amount of £8.3m representing a non-cash dividend was set-off against amounts due to Holdcos as these transactions are with the same Holdco.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Opening balance	589,077,244	586,987,678	586,987,678
Scrip shares issued during the period/year	621,399	1,246,447	2,089,566
Total issued	589,698,643	588,234,125	589,077,244

Issued ordinary shares – share capital and premium	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Opening balance	608,037	605,938	605,938
Value of scrip shares issued during the period/year	734	1,255	2,099
Total issued	608,771	607,193	608,037

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.

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.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

14. Earnings per Ordinary Share

a) Basic

	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Profit and comprehensive income for the period/year (£'000)	77,087	45,467	127,550
Basic weighted average number of issued ordinary shares	589,212,809	587,566,139	588,014,946
Earnings per share basic	13.08p	7.74p	21.69p

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.

	30 September 2022	30 September 2021	31 March 2022
Profit and comprehensive income for the period/year (£'000)	77,087	45,467	127,550
Plus: preference share dividends paid during the period/year (£'000)	4,763	4,718	9,454
Profit for the period/year attributable to ordinary shareholders (£'000)	81,850	50,185	137,004
Basic weighted average number of issued ordinary shares	589,212,809	587,566,139	588,014,946
Plus: weighted number of ordinary shares issuable on any conversion of preference shares, based on the NAV per ordinary share as at the start of period/year	176,211,454	202,020,202	202,224,469
Adjusted weighted average number of ordinary shares	765,424,263	789,586,341	790,239,415
Earnings per share diluted	10.69p	6.36p	17.34p

15. Ordinary Share Dividends

a) Paid During the period/year

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2022 Pence per share	Six months ended 30 September 2021 £'000	Six months ended 30 September 2021 Pence per share	Year ended 31 March 2022 £'000	Year ended 31 March 2022 Pence per share
Quarter 1	10,544	1.7900	10,346	1.7625	10,346	1.7625
Quarter 2	11,080	1.8800	10,527	1.7900	10,527	1.7900
Quarter 3	N/a	N/a	N/a	N/a	10,529	1.7900
Quarter 4	N/a	N/a	N/a	N/a	10,538	1.7900
Total	21,624	3.6700	20,873	3.5525	41,940	7.1325

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

b) Declared in Respect of the period/year

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2022 Pence per share	Six months ended 30 September 2021 £'000	Six months ended 30 September 2021 Pence per share	Year ended 31 March 2022 £'000	Year ended 31 March 2022 Pence per share
Quarter 1	11,080	1.8800	10,527	1.7900	10,527	1,7900
Quarter 2	11,086	1.8800	10,529	1.7900	10,529	1,7900
Quarter 3	N/A	N/A	N/A	N/A	10,538	1,7900
Quarter 4	N/A	N/A	N/A	N/A	10,544	1,7900
Total	22,166	3.7600	21,056	3.5800	42,138	7.1600

16. Net Assets per Ordinary Share

	30 September 2022	30 September 2021	31 March 2022
Ordinary shareholders' equity (£'000)	724,691	606,638	668,500
Number of issued ordinary shares	589,698,643	588,234,125	589,077,244
Net assets per ordinary share	122.9p	103.1p	113.5p

17. Investments at Fair Value Through Profit or Loss

The Company owns its portfolio of solar assets through its investments in HoldCos and a direct investment in NPIII. The Company's investments comprise its portfolio of solar assets and the residual net assets of the HoldCos. As explained in note 4a), 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 period ended 30 September 2022 (six months ended 30 September 2021: none; year ended 31 March 2022: none).

The Company's total investments at fair value are recorded under "Non-current assets" in the Statement of Financial Position.

	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Brought forward cost of investments	809,531	815,494	815,494
Investment proceeds from HoldCos	(22,785)	(64,900)	(82,443)
Investment payments to HoldCos	26,726	38,549	58,370
Investment payments from NPIII	–	–	(10,502)
Investment payments to NPIII	5,666	21,506	28,612
Carried forward cost of investments	819,138	810,649	809,531
Brought forward unrealised gains/(losses) on valuation	32,815	(45,850)	(45,850)
Movement in unrealised gains on valuation	37,125	23,489	78,665
Carried forward unrealised gains/(losses) on valuation	69,940	(22,361)	32,815
Total investments at fair value	889,078	788,288	842,346

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

Non-cash transactions: On 23 February 2022, NESH V issued Eurobonds listed on The International Stock Exchange totalling £6.6m. During the period ended 30 September 2022, no Eurobonds were listed on The International Stock Exchange.

To facilitate the acquisition of various investments at 30 September 2022 £5.0m, (30 September 2021; £nil; 31 March 2022; £42.1m) was drawn down at subsidiary level, remitted to the Company before £5.0m was returned to a subsidiary (30 September 2021; £nil; 31 March 2022; £42.1m).

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 investments through subsidiary companies (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. As stated in note 4b), the HoldCos are incorporated in the UK and 100% directly owned. There are no cross guarantees amongst Group entities. During the period to 30 September 2022, NextEnergy Solar Holdings II Limited and its subsidiaries were transferred to RRAM Energy Limited (a subsidiary of NextEnergy Solar Holdings III Limited). Below is the legal entity name for the SPVs, all owned 100% at 30 September 2022 directly or indirectly through the HoldCos listed below (besides Agenor (24.5%) and NextPower III Co-Invest LP (18%) which are owned by Next Energy Solar Holdings V Limited).

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 SPV 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 Ltd	UK	Push Energy (Langenhoe) Limited	UK
Nextpower Ellough LLP	UK	SSB Condover Limited (Condover)	UK
Nextpower Gover Farm Limited	UK	ST Solarinvest Devon 1 Limited	UK
Nextpower Higher Hatherleigh	UK	Sunglow Power Limited	UK
Nextpower Shacks Barn Ltd	UK	Wellingborough Solar Limited	UK
NextEnergy Solar Holdings III Limited	**UK**		
Balhearty Solar Limited	UK	Burcroft Solar Parks Ltd	UK
Ballygarvey Solar Ltd	UK	Burrowton Farm Solar Park Ltd	UK
Birch Solar Farm CIC	UK	Camilla Battery Storage Limited	UK
Blenches Mill Farm Solar Park Ltd	UK	Chilton Cantello Solar Park Ltd	UK
Brafield Solar Limited	UK	Crossways Solar Park Ltd	UK
Greenfields (T) Limited	UK	Empyreal Energy Limited	UK
Helios Solar 1 Limited	UK	Fiskerton Limited	UK
Helios Solar 2 Limited	UK	NextZest Ltd	UK

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

Name	Country of incorporation	Name	Country of incorporation
Hook Valley Farm Solar Park Ltd	UK	PF Solar Limited	UK
Knockworthy Solar Park Ltd	UK	Pierces Solar Limited	UK
Lark Energy Bilsthorpe Ltd	UK	Raglington Farm Solar Park Ltd	UK
Le Solar 51 Limited	UK	RRAM Energy Limited	UK
Little Irchester Solar Limited	UK	Saundercroft Farm Solar Park Ltd	UK
Little Staughton Airfield Solar Limited	UK	SL Solar Services Ltd	UK
Micro Renewables Domestic Ltd	UK	Sywell Solar Limited	UK
Micro Renewables Ltd	UK	Tau Solar Limited	UK
NESH 3 Portfolio A Limited	UK	Temple Normanton Solar Limited	UK
Nextpower Bosworth Ltd	UK	NextPower Grange Limited	UK
Nextpower Eelpower Ltd	UK	Thornborough Solar Limited	UK
NextPower High Garrett Ltd	UK	NextPower South Lowfield Limited	UK
Nextpower Hops Energy	UK	Thurlestone-Leicester Solar Limited	UK
Nextpower SPV 4 Ltd	UK	UK Solar (Fiskerton) LLP	UK
Nextpower SPV 6 Ltd	UK	Wheb European Solar (UK) 2 Ltd	UK
Nextpower SPV 10 Ltd	UK	Wheb European Solar (UK) 3 Ltd	UK
Nextpower Water Projects Ltd	UK	Whitley Solar Park (Ashcott Farm) Ltd	UK
Nextpower Eelpower (2) Ltd	UK	Wickfield Solar Ltd	UK
Wyld Meadow Farm	UK	Wyld Meadow Farm	UK
NextEnergy Solar Holdings II Limited	UK	Trowbridge PV Limited	UK
ESF Llwyndu Limited	UK	NextEnergy Solar Holdings VI Limited	UK
Bowden Lane Solar Park Ltd	UK	Green End Renewables 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*	Spain
NextPower III Co-Invest LP**	Portugal		

* Agenor is an associate of the Company, not a subsidiary.

**NextPower III Co-Invest LP is an investment of the Company, not a subsidiary or an associate.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

19. Fair Value of Investment in Unconsolidated Subsidiaries

a) Valuation process

The valuation process is described in note 4a.

The Directors and the Investment Manager consider that the discounted cash flow methodology used in deriving the fair value of investments in operating solar plants 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 30 September 2022, investments held at fair value totalled £889.1m (30 September 2021: £788.3m; 31 March 2022: £842.3m).

During the prior year the Company invested directly in a private equity fund NPIII. 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 30 September 2022, investments held at fair value using NAV totalled £28.3m (30 September 2021: £18.8m; 31 March 2022: £17.3m).

Investments in assets that are not yet operational (this included the co-investment into Project Agenor and NextPower III Co-Invest LP) 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. As at 30 September 2022, investments held at fair value using the cost methodology totalled £46.0m (30 September 2021: £9.6m; 31 March 2022: £21.9m).

Another £54.6m 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 £760.2m.

b) Sensitivity Analyses of Changes in Significant Unobservable Inputs to the Discounted Cash Flow Calculation

Most of the Company's investments are valued using the discounted cash flow methodology. Information on this methodology is included in note 4a). 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.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Weighted average discount rate	6.8%	6.3%	6.3%
Range of discount rates (unlevered to levered)	6.25% to 7.75%	5.75% to 7.25%	5.75% to 7.25%
Premium applied to cash flows earned 30 years after grid connection date	1.0%	1.0%	1.0%

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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
30 September 2022			
Directors' valuation	(£20.0m)	£760.2m	£21.4m
Directors' valuation – percentage movement	(2.4%)		2.6%
Change in NAV per ordinary share	(3.4p)		3.6p
30 September 2021			
Directors' valuation	(£20.5m)	£788.3m	£22.1m
Directors' valuation – percentage movement	(3.0%)		3.3%
Change in NAV per ordinary share	(3.1p)		3.4p
31 March 2022			
Directors' valuation	(£20.1m)	£842.4m	£21.6m
Directors' valuation – percentage movement	(2.7%)		2.9%
Change in NAV per ordinary share	(3.4p)		3.7p

Power Price

As at 30 September 2022, estimates implied an average rate of growth of UK electricity prices (2022-2041) of approximately –7.7% (30 September 2021: -5.2%; 31 March 2022: -7.7%) in 2022 real terms and an average rate of growth of Italian electricity prices (2022-2042) of approximately -7.3% (30 September 2021: -1.6%; 31 March 2022: -4.7%) in 2022 real terms. As at 30 September 2022, estimates implied a a long-term inflation rate of 2.3% (30 September 2021: 2.5%; 31 March 2022: 2.3%).

The impact of the current higher power price environment, heightened by the conflict in Ukraine, on 2022 power prices has been unprecedented. The blended average of the 'central case' scenario has been applied to the valuation which includes the impact of the current high power price environment. Given the recent volatility in power prices and, at the time of calculating the NAV, the possibility of a price cap or windfall tax on renewable generation being implemented by the UK government, the Company discounted the forward power prices as supplied by its market consultants which it uses in the calculation of its NAV. The Company does not consider that the short-term power price forecasts are a reliable reflection of the power prices which are likely to be received for future generation. Therefore, where prices have not been fixed/hedged, forecast power prices are discounted to capture this underlying uncertainty and to reduce risk associated with future cash flows. The discounts outlined below were applied to the Company's NAV analysis, leading to a reduction of 7.5p / share in the Company's NAV.

Time period	Discount applied to unhedged portion of portfolio power prices
Q4 2022	No discount has been applied
Q1 2023	50% discount
FY 2023/24	35% discount
FY 2024/25	25% discount has been applied to Summer 2024 price and 20% discount has been applied to Winter 2024 prices
FY 2025/26	10% discount
FY 2026/27	No discount has been applied

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

The table below shows the sensitivity of the portfolio valuation to a sustained decrease or increase in the power price by minus or plus 10% on the valuation, with all other variables held constant.

Power price sensitivity	-10% change	Investments	+10% change
30 September 2022			
Directors' valuation	(£55.5m)	£760.2m	£53.4m
Directors' valuation – percentage movement	(6.6%)		6.4%
Change in NAV per ordinary share	(9.4p)		9.1p
30 September 2021			
Directors' valuation	(£45.2m)	£788.3m	£43.0m
Directors' valuation – percentage movement	(6.7%)		6.4%
Change in NAV per ordinary share	(6.9p)		6.6p
31 March 2022			
Directors' valuation	(£48.9m)	£842.4 m	£46.5m
Directors' valuation – percentage movement	(6.6%)		6.3%
Change in NAV per ordinary share	(8.3p)		7.9p

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 by minus or plus 5% on the valuation, with all other variables held constant.

Energy generation sensitivity	-0.5% underperformance	Investments	+0.5% outperformance
30 September 2022			
Directors' valuation	(£47.1m)	£760.2m	£45.3m
Directors' valuation – percentage movement	(5.6%)		5.4%
Change in NAV per ordinary share	(8.0p)		7.7p
30 September 2021			
Directors' valuation	(£42.8m)	£788.3m	£42.2m
Directors' valuation – percentage movement	(6.4%)		6.3%
Change in NAV per ordinary share	(6.6p)		6.5p
31 March 2022			
Directors' valuation	(£46.2m)	£842.4m	£43.9m
Directors' valuation – percentage movement	(6.3%)		6.0%
Change in NAV per ordinary share	(7.8p)		7.5p

Inflation Rates

The portfolio valuation assumes long-term inflation of 2.3% (30 September 2021: 2.5%; 31 March 2022: 2.3%) p.a. for investments (based on UK RPI).

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

The table below shows the sensitivity of the portfolio valuation to a change to the inflation rate by minus or plus 3% for 30 September 2022 and 31 March 2022 and minus or plus 0.5% for 30 September 2021, with all other variables held constant.

Inflation rate sensitivity	-3.0% change	Investments	+3.0% change
30 September 2022			
Directors' valuation	(£140.9m)	£760.2m	£198.4m
Directors' valuation – percentage movement	(16.9%)		23.8%
Change in NAV per ordinary share	(23.9p)		33.6p
30 September 2021	-0.5% change		+0.5% change
Directors' valuation	(£27.4m)	£788.3m	£29.5m
Directors' valuation – percentage movement	(4.1%)		4.4%
Change in NAV per ordinary share	(4.2p)		4.5p
31 March 2022	-3.0% change		+3.0% change
Directors' valuation	(£132.9m)	£842.4m	£191.1m
Directors' valuation – percentage movement	(18.0%)		25.9%
Change in NAV per ordinary share	(22.6p)		32.4p

Operating Costs

The table below shows the sensitivity of the portfolio to changes in operating costs by plus or minus 5% for 30 September 2022 and 31 March 2022 and plus or minus 10% for 30 September 2021 at the SPVs level, with all other variables held constant.

Operating costs sensitivity	+5.0% change	Investments	-5.0% change
30 September 2022			
Directors' valuation	(£7.0m)	£760.2m	£6.9m
Directors' valuation – percentage movement	(0.8%)		0.8%
Change in NAV per ordinary share	(1.2p)		1.2p
30 September 2021	+10% change		-10% change
Directors' valuation	(£13.1m)	£788.3m	£13.1m
Directors' valuation – percentage movement	(2.0%)		2.0%
Change in NAV per ordinary share	(2.0p)		2.0p
31 March 2022	+5.0% change		-5.0% change
Directors' valuation	(£6.5m)	£842.4m	£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 19% until 2023 and 25% thereafter (30 September 2021: 19% until 2023 and 25% thereafter; 31 March 2022: 19% until 2023 and 25% thereafter), in accordance with the latest UK Budget announcements.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

(ii) Sensitivity analysis of changes in significant unobservable inputs of Private Equity Investments

The NAV of NPIII, the direct private equity investment as at 30 September 2022 was £28.3m (30 September 2021: £18.8m; 31 March 2022: £17.3m). 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, credit risk, currency risk and interest rate risk.

A movement of 10% in the value of the private equity investment would move the Company NAV at the period end by 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 September 2022 they are held at £198.1 m (30 September 2021: £197.9m; 31 March 2022: £198.1m). The transaction costs are amortised over the expected life of the preference shares to 2036. Management has assessed that the carrying amount of the preference shares is not significantly different to their fair value as at 30 September 2022.

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 30 September 2022, the Company had £200m of preference shares in issue (30 September 2021: £200m; 31 March 2022: £200m) and no financial debt outstanding. The subsidiaries had £335.7m in long-term debt, look through debt and revolving credit facilities outstanding (30 September 2021: £282.8m; 31 March 2022: £283.3m) (see note 22.b), representing a total gearing level of 42% (30 September 2021: 44%; 31 March 2022: 42%).

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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 30 September 2022 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, NESH V and NESH VI)

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 direct 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 value of the assets is not considered to be 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 30 September 2022. Of the £335.7m (30 September 2021; £268.6m; 31 March 2022: £278.5m) credit facilities outstanding (excluding NPIII look through debt of £5.9m (30 September 2021; £14.2m; 31 March 2022: £4.8m), £113.6m (30 September 2021; £117.5m; 31 March 2022: £115.8m) had fixed interest rates and the remaining £216.1m (30 September 2021; £151.1m; 31 March 2022: £162.7m) 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 £66.0m (30 September 2021; £72.0m; 31 March 2022: £66.5m). The counterparties to these swaps are all Investment grade financial institutions. The remaining £150.2m (30 September 2021: £79.1m; 31 March 2022: £96.2m) had floating rates which are not hedged and are not considered by the Directors to be significant.

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

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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:

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Cash and cash equivalents	11,686	4,318	19,608
Trade and other receivables	24,654	34,870	16,389
Debt investments	306,554	300,000	306,554
Total	342,894	339,188	342,551

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 30 September 2022, 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 (30 September 2021: none; 31 March 2022: 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 period end are set out in the table below.

	Credit rating Standard & Poor's	Cash £'000
30 September 2022		
Barclays Bank PLC	Long – A/+ Short – A-1	11,686
30 September 2021		
Barclays Bank PLC	Long – A/+ Short – A-1	4,318
31 March 2022		
Barclays Bank PLC	Long – A Short – A/A-1	19,608

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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
30 September 2022				
Assets				
Cash and cash equivalents	11,686	11,686	–	–
Trade and other receivables	24,654	24,654	–	–
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(198,127)	(2,395)	(7,105)	(328,341)
Trade and other payables	(2,600)	(2,600)	–	–
30 September 2021				
Assets				
Cash and cash equivalents	4,318	4,318	–	–
Trade and other receivables	34,870	34,870	–	–
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(200,384)	(2,359)	–	(335,431)
Trade and other payables	(22,849)	(22,849)	–	–
31 March 2022				
Assets				
Cash and cash equivalents	19,608	19,608	–	–
Trade and other receivables	16,389	16,389	–	–
Liabilities				
Contractual preference shares repayment and dividends payable[1]	(200,400)	(2,342)	(7,132)	(333,000)
Trade and other payables	(9,443)	(9,443)	–	–

[1] Assumes no conversion of preference shares in 2036.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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	Carry Amount £'000
30 September 2022			
Preference shares	198,058	69	198,127
30 September 2021			
Preference shares	197,920	69	197,989
31 March 2022			
Preference shares	197,920	139	198,058

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 £157.5m ("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 30 September 2022, the nominal outstanding amount was £146.0m (30 September 2021: £149.6m; 31 March 2022: £145.1m).

In June 2021, NESH III closed a RCF with National Westminster Bank plc and AIB Group (UK) p.l.c. for £75.0m of which £75.0m was subsequently drawn down. In September 2022 the facility was increased to a total commitment of £135.0m. As at 30 September 2022, the outstanding amount was £109.7m (30 September 2021: £50.0m; 31 March 2022: £75.0m).

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 30 September 2022, the nominal outstanding amount was £46.9m (30 September 2021: £47.5m; 31 March 2022: £47.3m).

In July 2018, NESH IV 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 30 September 2022, the outstanding amount was £40.5m (30 September 2021: £29.1m; 31 March 2022: £21.1m).

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

24. Reconciliation of Financing Activities

	Opening £'000	Cash Flows £'000	Net Income Allocation £'000	Non-cash Flows £'000	Carry Amount £'000
Six months ended 30 September 2022					
Share capital and premium	608,037	–	–	734	608,771
Preference shares	198,058	–	–	69	198,127
Retained earnings	60,463	(20,896)	77,087	(734)	115,920
Six months ended 30 September 2021					
Share capital and premium	605,938	–	–	1,255	607,193
Preference shares	197,920	–	–	69	197,989
Retained earnings	(25,147)	(19,620)	45,467	(1,255)	(555)
31 March 2022					
Share capital and premium	605,938	–	–	2,099	608,037
Preference shares	197,920	–	–	138	198,058
Retained earnings	(25,147)	(39,841)	127,550	(2,099)	60,463

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.

The Company, through its Holdco, had forward and development funding facilities in relation to the construction of subsidy-free development projects. As at 30 September 2022, the facilities amounted to £nil and £nil respectively (30 September 2021: £nil and £nil; 31 March 2022: £3m and £1.4m).

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 €2,500,000. As at 30 September 2022, a letter of credit of £2,374,426 was in issue (30 September 2021: £nil; 31 March 2022: £2,374,426).

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 30 September 2022 the Company has no outstanding commitments related to this guarantee (30 September 2021: none; 31 March 2022: none).

The Company has a remaining commitment to NPIII of $19.1m as at 30 September 2022 (30 September 2021: $23.3m; 31 March 2022: $25.9m). The Company, through its subsidiary, has a remaining commitment of €0.2m in relation to the co-investment in Project Agenor as at 30 September 2022 (30 September 2021: none; 31 March 2022: €1.0m). The Company, through its subsidiary, has a remaining commitment of €4.1m in relation to the co-investment in Project Santarem as at 30 September 2022 (30 September 2021: none; 31 March 2022: none).

The Company, through its HoldCo's, had other project spending commitments totaling £33m as at 30 September 2022.

Notes to the Financial Statements (Unaudited Condensed) continued

For the six months ended 30 September 2022

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.

There are no fee transactions between the Company and the Investment Adviser.

Under existing arrangements with the Asset Manager, each of the operating subsidiaries 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 £nil (30 September 2021: £nil; 31 March 2022: £6.6m).

At 30 September 2022 £24.6m (30 September 2021: £32.8m; 31 March 2022: £8.3m) was owed from the subsidiaries in relation to their restructuring, £24.6m being cash trapped within the structure at period end (30 September 2021: £12.6m; 31 March 2022: £8.0m). £5.2m of administrative service fees were received from the subsidiaries during the period (30 September 2021: £5.1m; 31 March 2022: £10.2m), none of which was outstanding at 30 September 2022 (30 September 2021: £nil; 31 March 2022: £nil). During the period, dividends of £36.9m (30 September 2021: £18.9m; 31 March 2022: £42.0m) were received from the subsidiaries. Refer to note 11 and 12 for terms and conditions on amounts due from and to subsidiaries.

During the prior year the Company committed US$50m to NPIII, as a Limited Partner governed by a Limited Partnership Agreement, with US$30.9m drawn as at 30 September 2022 (30 September 2021: US$26.7m; 31 March 2022: US$24.1m). The Investment Manager, the Investment Adviser and the Asset Manager are all professionally engaged to provide services to this fund. Equalisation interest of £0.8m was received in the prior year due to subsequent closes of NPIII. 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 is disclosed in note 25.

During the period to 30 September 2022, NextEnergy Solar Holdings II Limited and its subsidiaries were sold to RRAM Energy Limited (a subsidiary of NextEnergy Solar Holdings III Limited) for consideration of £33.4m.

The Directors' fees for the six months ended 30 September 2022 amounted to £128k (30 September 2021: £106k; 31 March 2022: £222k).

As at 16 November 2022, NextEnergy Capital Group employees held 475,194 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 9 November 2022, NESF signed a £32.5m agreement to acquire the development rights for a high-quality 250MW lithium-ion battery storage project in the East of England. The project was secured through JVP2, the Company's second Joint Venture Partnership vehicle with Eelpower Limited.

On 9 November 2022, the Directors approved a dividend of 1.88 pence per ordinary share for the quarter ended 30 September 2022 to be paid on 30 December 2022 to ordinary shareholders on the register as at the close of business on 17 November 2022.

Following the period end, the UK Government announced initial details of a windfall tax on low-carbon electricity generators in the UK, as part of its Autumn Statement on the 17 November 2022. Full details are expected to be clarified through the legislative process during December 2022. Under the temporary tax, which takes effect from 1 January 2023 and runs to 31 March 2028, low carbon generators will pay a surcharge of 45% on in-scope revenues exceeding £75/MWh. The tax will be calculated at group level for each accounting year, based on aggregated generation and revenues for that year, less an allowance of £10m.

Based on information available at the date of publication, the Company considers that the methodology used to derive the Company's NAV as at 30 September 2022, and based on the assumptions outlined in note 19b, takes account of the potential impact of the windfall tax levy.

The windfall tax will not be applied to the Company's government subsidised revenues which makes up c.50% of the Company's total revenue profile, it will also not be applicable to revenues generated from energy storage assets, an area where the Company is strategically positioned with a secured pipeline to rapidly expand and diversify its future revenue sources.

Historical Financial and Portfolio Information

	Year ended 31 March					Six months ended 30 September
	2018	2019	2020	2021	2022	2022
Financial						
Ordinary shares in issue	575.7m	581.7m	584.2m	586.9m	589.1m	589.7m
Ordinary share price	111.0p	117.5p	101.5p	99.6p	103.4p	111.0p
Market capitalisation of ordinary shares	£639m	£683m	£593m	£585m	£609m	£655m
NAV per ordinary share[1]	105.1p	110.9p	99.0p	98.9p	113.5p	122.9p
Total ordinary NAV[1]	£605m	£645m	£579m	£580m	£669m	£725m
Premium/(discount) to NAV[1]	5.6%	6.0%	2.5%	0.7%	(8.9%)	(9.7%)
Earnings per ordinary share	5.88p	12.37p	(5.09p)	6.87p	21.69p	13.08p
Dividends per ordinary share	6.42p	6.65p	6.87p	7.05p	7.16p	3.76p
Dividend yield[1]	5.8%	5.7%	6.8%	7.1%	6.9%	6.8%
Cash dividend cover – pre-scrip dividends[1]	1.1x	1.3x	1.2x	1.1x	1.2x	1.8x
Preference shares in issue	–	100m	200m	200m	200m	200m
Financial debt outstanding at subsidiaries level	£270m	£269m	£214m	£246m	£283m	£336m
GAV	£875m	£1,014m	£991m	£802m	£1,150m	£1,258m
Financial debt (financial debt/GAV)[1]	31%	27%	22%	24%	25%	27%
Gearing (financial debt + preference shares/GAV)[1]	31%	36%	42%	43%	42%	42%
Ordinary shareholder total return – cumulative since IPO	33.6%	46.7%	37.5%	42.6%	53.6%	64.8%
Ordinary shareholder total return – annualised since IPO	8.5%	9.5%	6.3%	6.1%	6.7%	7.7%
Ordinary shareholder total return	6.2%	11.8%	(7.8%)	5.1%	11.0%	11.0%
Ordinary NAV total return[1]	6.3%	11.8%	(4.6%)	7.0%	22.0%	11.6%
Ordinary NAV total return – annualised since IPO[1]	7.0%	8.1%	5.9%	6.0%	8.0%	9.1%
Ongoing charges ratio[1]	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Weighted average discount rate	7.3%	7.0%	6.8%	6.3%	6.3%	6.8%
Operational						
Invested capital[1]	£734m	£896m	£950m	£998m	£1,039m	£1,074m
Number of assets	63	87	90	94	99	99
Total installed capacity	569MW	691MW	755MW	814MW	865MW	865MW
Annual generation	451 GWh	693 GWh	712 GWh	738 GWh	773GWh	639GWh
Generation since IPO	1.1 TWh	1.8 TWh	2.5 TWh	3.2 TWh	4.0TWh	4.7TWh
Irradiation (delta vs. budget)	(0.9%)	+9.0%	+4.0%	+6.2%	+1.8%	+9.9%
Generation (delta vs. budget)	+0.9%	+9.1%	+4.7%	+5.5%	+3.4%	+6.1%
Asset Management Alpha[1]	+1.8%	+0.1%	+0.7%	+0.7%	(1.6%)	(3.8%)
Weighted average lease life	23.3 years	25.2 years	26.9 years	27.5 years	27.3 years	27.0 years

1 Alternative performance measure – see pages 61 to 64.
2 Excludes share in private equity vehicle (NextPower III). Inclusion of NESF's share of NextPower III would increase capacity by 21.7MW to 886.7MW

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 period/year and are all financial measures of historical performance.

Asset Management Alpha

Asset Management Alpha measures the operating performance of the portfolio. It is the performance of the portfolio relative to budget due to active management and excludes the effect of variation in solar irradiation.

	Six months ended 30 Sep 2022 %	Six months ended 30 Sep 2021 %	Year ended 31 Mar 2022 %
Delta of generation vs. budget (A)	6.1	1.1*	1.8
Delta of irradiation vs. budget (B)	9.9	2.4	3.4
Asset Management Alpha (A – B)	(3.8)	(1.2)*	(1.6)

*the values do not cast due to rounding differences.

Invested Capital

Invested capital measures the capital deployed into solar assets through the HoldCos and SPVs to generate investment returns for shareholders.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Invested capital	1,073,733	1,029,098	1,038,648

Total Gearing

Total gearing measures the aggregate of the NESF Group's financial debt and fair value of the preference shares relative to GAV.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
NESF Group's outstanding financial debt (A)	335,651	282,832	283,304
Preference shares as per Statement of Financial Position (B)	198,128	197,989	198,058
Net assets as per Statement of Financial Position (C)	724,691	606,638	668,500
Total gearing ((A + B) / (A + B + C)), expressed as a percentage)	42.4%	44.2%	41.9%

Alternative Performance Measures continued

Financial Debt Gearing

Financial debt gearing measures the aggregate of the NESF Group's financial debt relative to GAV.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
NESF Group's outstanding financial debt (A)	335,651	282,832	283,304
Preference shares as per Statement of Financial Position (B)	198,128	197,989	198,058
Net assets as per Statement of Financial Position (C)	724,691	606,638	668,500
Financial debt gearing ((A) / (A + B + C)), expressed as a percentage)	26.7%	26.0%	24.6%

Cash Income

Cash income measures of the cash generated from the Company's operations.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Income as per Statement of Comprehensive Income (A)	48,273	29,954	65,034
Trade and other receivables – administrative service fee income accrual at beginning of period/year (B)	–	759	758
Trade and other receivables – administrative service fee income accrual at end of period/year (C)	–	2,041	–
Cash income (A + B – C)	48,273	28,672	65,792

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.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Cash Income as per the table above (A)	48,273	28,672	65,792
Total expenses as per Statement of Comprehensive Income (B)	8,514	7,976	16,190
Pre-scrip ordinary dividends paid as per Statement of Changes in Equity (C)	21,624	20,875	41,940
Cash dividend cover (pre-scrip dividends) ((A – B) / C)	1.8x	1.0x	1.2x

Alternative Performance Measures continued

Dividend Yield

Dividend yield is a measure of the return to the ordinary shareholders.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Dividend per ordinary share (A)	7.52	7.16	7.16
Ordinary share price at end of period/year (B)	111.0	99.8	103.4
Dividend yield (A / B, expressed as a percentage)	6.77%	7.2%	6.92%

NAV per Ordinary Share

NAV per ordinary share is a measure of the value of one ordinary share.

	30 September 2022 pence	30 September 2021 pence	31 March 2022 pence
Net assets as per Statement of Financial Position (£,000) (A)	724,691	606,638	668,500
Number of ordinary shares in issue at period/year end (B)	589,698,643	588,234,125	589,077,244
NAV per ordinary share ((A / B) x 1,000)	122.9p	103.1p	113.5p

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.

	Six months ended 30 Sep 2022 pence	Six months ended 30 Sep 2021 pence	Year ended 31 Mar 2022 pence
Basic NAV per ordinary share at period/year end as per Statement of Financial Position (A)	122.9	103.1	113.5
Annual dividend per ordinary share declared in respect of period/year (B)	3.76	3.58	7.16
Basic NAV per ordinary share at beginning of period/year as per Statement of Financial Position (C)	113.5	98.9	98.9
NAV total return per ordinary share ((A + B – C) / C, expressed as a percentage)	11.59%	7.9%	21.98%

Alternative Performance Measures continued

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.

	30 September 2022 pence	30 September 2021 pence	31 March 2022 Pence
Ordinary share price at period/year end (A)	111.0	99.8	103.4
Annual dividend per ordinary share declared/paid in respect of period/year (B)	3.76	3.58	7.16
Ordinary share price at beginning of period/year (C)	103.4	99.6	99.6
Ordinary shareholder total return per share ((A + B – C) / C, expressed as a percentage)	10.99%	3.8%	11.0%

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.

	30 September 2022 pence	30 September 2021 pence	31 March 2022 Pence
Ordinary share price at period/year end (A)	111.0	99.8	103.4
NAV per ordinary share at year end as per Statement of Financial Position (B)	122.9	103.1	113.5
Discount to NAV per Ordinary Share ((A – B) / B, expressed as a percentage)	(9.7%)	(3.3%)	(8.9%)

Ongoing Charges Ratio

Ongoing charges ratio 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.

	30 September 2022 £'000	30 September 2021 £'000	31 March 2022 £'000
Total expenses as per Statement of Comprehensive Income (A)	8,514	7,976	16,181
Preference share dividends as per Statement of Comprehensive Income (B)	4,763	4,718	9,454
Non-recurring expenses (C)	69	158	248
Average of quarterly net assets (D)	346,425	296,734	595,637
Ongoing charges ratio ((A – B – C) / D, expressed as a percentage)	1.1%	1.1%	1.09%

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.

Scrip Dividends

The Company offers a scrip dividend alternative to shareholders. For further information, please see the scrip dividend alternative circular for the year ending 31 March 2023, which is available under "Publications" in the Investor Relations section of the Company's website (nextenergysolarfund.com).

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, together with further information, is available on the Company's website (nextenergysolarfund.com).

General Shareholder Information continued

Financial Calendar for Year Ending 31 March 2023

Annual Results announced	June 2023
Annual General Meeting	August 2023

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 2023.

Dividend	Announcement date	Ex-dividend Date	Payment date	Amount
2nd	10 November 22	17 November 22	30 December 22	1.88p
3rd	9 February 23	16 February 23	31 March 23	1.88p
4th	11 May 23	18 May 23	30 June 23	1.88p

Cautionary Statement

This Interim 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 Interim 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 Interim 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 page 65 for further information)
Asset Management Alpha	The difference between (i) the delta of generation vs. budget and (ii) the delta of irradiation vs. budget
Apollo portfolio	21 UK solar plants held within NESH (see the Operating Portfolio – Overview on pages 24 and 25 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
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
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, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact
DNO	Distribution Network Operator
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
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

Glossary and Definitions continued

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 1,000 MW
GWh	GW hour, being 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 II, 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
LIBOR	London Interbank Offered Rate
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 II	NextEnergy Solar Holding II Limited
NESH III	NextEnergy Solar Holding III Limited
NESH IV	NextEnergy Solar Holding IV Limited

Glossary and Definitions continued

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 L.P.
NZ	NextZest
O&M	Operations and Maintenance
OECD	Organisation for Economic Co-operation and Development
OFGEM	Office of Gas and Electricity Markets
Ongoing charges ratio	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)
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 on pages 24 and 25 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

Glossary and Definitions continued

RRAM portfolio	10 UK solar plants held in NESH III (see the Operating Portfolio – Overview on pages 24 and 25 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 on pages 24 and 25 for further details)
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 on pages 24 and 25 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

Corporate Information

The Company

NextEnergy Solar Fund Limited

Registered Office:

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Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY
Registered no.: 57739
LEI: 213800ZPHCBDDSQH5447
Ordinary Share ISIN: GG00BJ0JVY01
Ordinary Share SEDOL: BJ0JVY0
London Stock Exchange Ticker: NESF
Website: nextenergysolarfund.com

Directors

Kevin Lyon, Chairman
Vic Holmes, Senior Independent Director
Patrick Firth
Josephine Bush
Joanne Peacegood
(All non-executive and independent)

Investment Manager

NextEnergy Capital IM Limited
East Wing
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3PP

Investment Adviser

NextEnergy Capital Limited
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NEXTENERGY
SOLAR FUND