NEXTENERGY SOLAR FUND

Generating a more sustainable future

Full Year Results Presentation

Period ended 31 March 2023

Premium Main Market London Stock Exchange | Green Economy London Stock Exchange | Guernsey Green Fund | Sustainable Development Goals | PRI Principles for Responsible Investment | TCFD Task Force on Climate-Related Financial Disclosures | aic The Association of Investment Companies

Speakers & contents

Michael Bonte-Friedheim
Group CEO & Founding Partner
NextEnergy Group

Ross Grier
Managing Director, UK
NextEnergy Capital

NEXTENERGY SOLAR FUND

Introduction to NextEnergy Solar Fund

Active Management

Specialist Adviser

Revenue Security

Diversified Portfolio

NEXTENERGY SOLAR FUND

- A Specialist Solar+ Fund focused on solar and energy storage
- Supported by strong inflation-linked revenues
- Diversified portfolio with 99 operating solar assets
- Strong dividend yield / +11% FY24 target dividend
- Exciting >£500m pipeline to fuel future growth
- An Article 9 fund under EU SFDR and Taxonomy

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Key financial highlights (as at 31 March 2023)

Gross Asset Value	Ordinary Shareholders' NAV	NAV per ordinary share
£1,218m	£674.4m	114.3p
(31 March 2022: £1,150m)	(31 March 2022: £668.5m)	(31 March 2022: 113.5p)

Dividend Paid In Period	Dividend Cover In Period	Total gearing[1]
7.52p	1.4x	45%
(31 March 2022: 7.16p)	(31 March 2022: 1.2x)	(31 March 2022: 42%)

Target Dividend Increase	Target Dividend Cover[2]	From Fixed Revenues[2]
11% to 8.35p	~1.3x-1.5x	~1x-1.1x
(FY 2022/23: 5% to 7.52p)	(31 March 2022: 1.3-1.5x)	

(1) 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
(2) Forecasted target dividend cover

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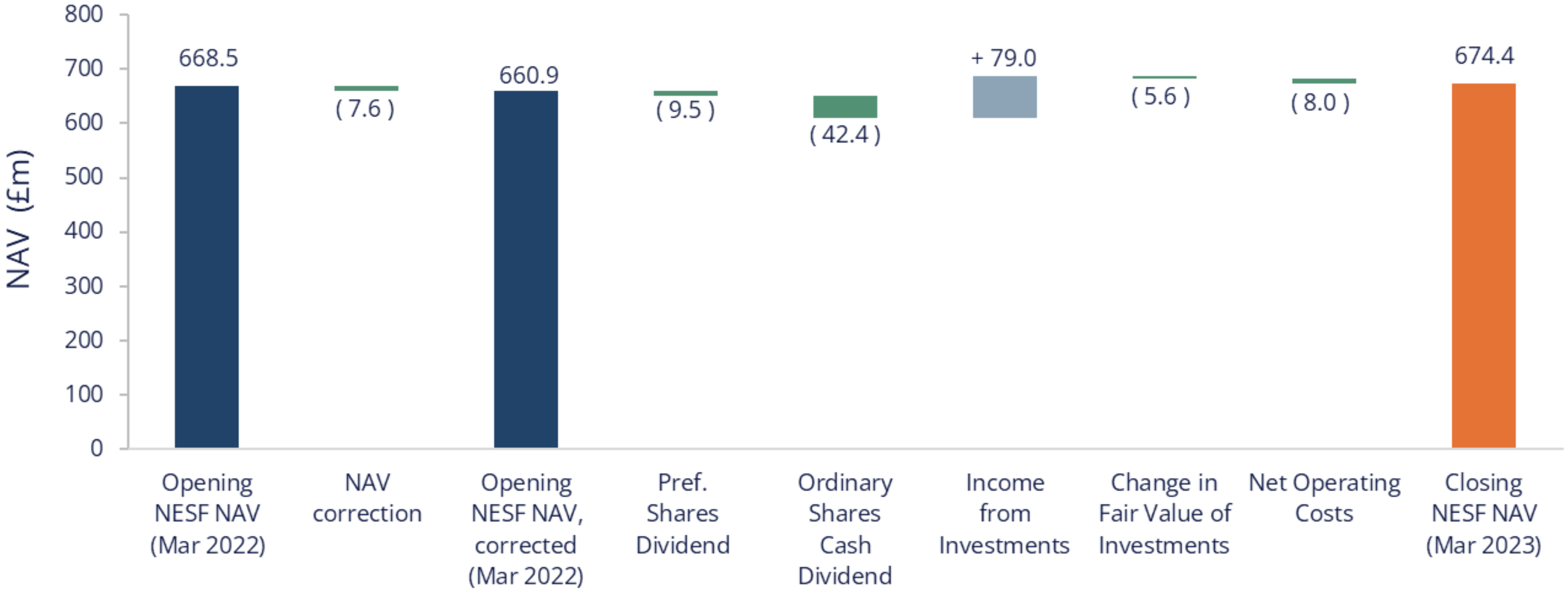
NAV bridge: 12-month period

- Ordinary shareholders' NAV increased to **£674.4m** equivalent to **114.3p** per ordinary share
- Main contributors to the change in the Company's NAV over the year were:
  - A large increase in power price forecasts (**+14.6p per ordinary share**)
  - Changes in inflation (**+5.7p per ordinary share**) to reflect the latest HM Treasury and IMF forecasts
  - Strong operating result for the year (**+13.4p per ordinary share**)
  - An increase of 1.0% in the discount rate for unlevered operating UK solar assets (**-7.0p per ordinary share**)
  - NAV correction (**-1.3p per ordinary share**)
  - NextPower III ESG increase in fair value (**+0.3p per ordinary share**)
  - The NAV increase includes the impact of the EGL, announced by the UK government towards the end of 2022

NAV Bridge 31 March 2022 – 2023



113.5p per ordinary share

112.2p per ordinary share

114.3p per ordinary share

NextEnergy Solar Fund portfolio

Operating Solar Assets

99

Commitment to NPIII ESG[1]

$50m

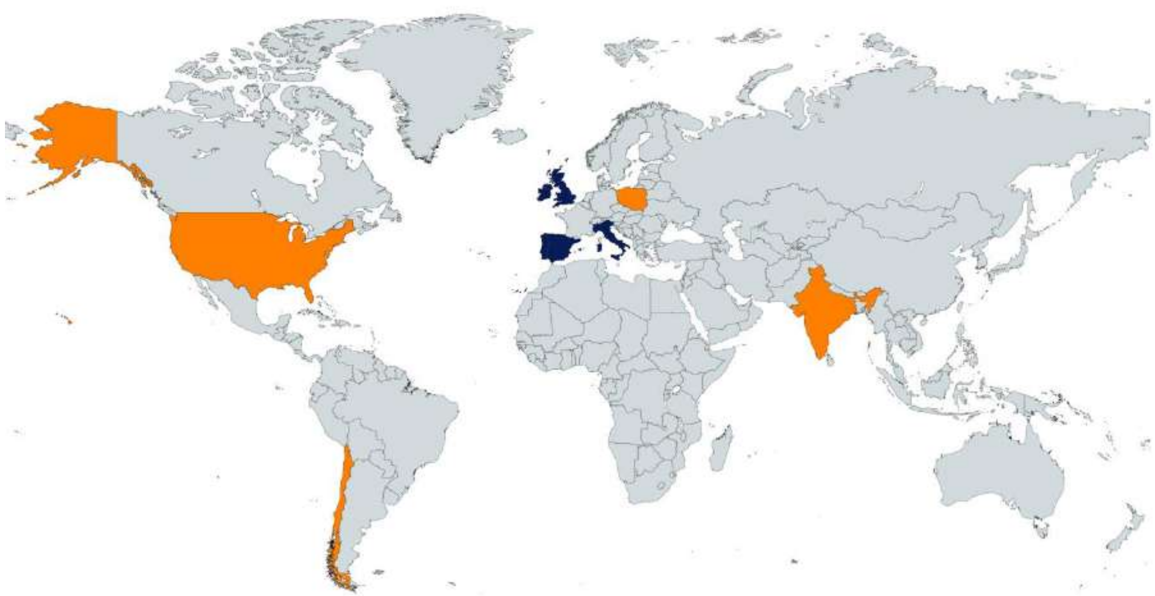
Installed capacity[2]

865MW

Weighted average asset life

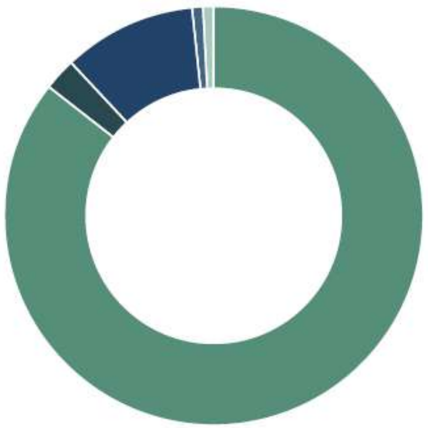
26.3 years

Portfolio map



Direct asset ownership and co-investments
Via NextPower III ESG (NPIII LP) commitment (see page 40)

By Location



% of invested capital

- **85.5%** UK
- **2.7%** Other International (NPIII LP)
- **10.2%** Italy
- **0.8%** Spain
- **0.7%** Portugal

(1) NextPower III ESG = NPIII
(2) Excluding NextPower III

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Portfolio growth & pipeline

- Pursue international **Solar PV** and **UK energy storage**
- **Actively recycle capital** through capital recycling programme
- Increase energy storage investment limit from **10%** up to **25%** as part of **energy storage strategy**

Portfolio benefits:

- Provide **NAV-accretive growth opportunities**
- **Add diversification benefits** from a geographic, asset, technology and revenues perspective
- Strengthen dividend cover and **enhance returns**

Solar PV

Capital recycling programme sale – Announced
+
International expansion – Via co-investments
+
Co-investment opportunities – X2 assets

Energy Storage

Stand-alone batteries – 300MW secured
+
Co-located batteries – Retrofit programme

Immediate pipeline identified

>£500m

(1) Gross Asset Value (GAV) investment policy limits: 10% of GAV into Standalone Energy Storage / 15% of GAV into Solar Private Equity structure / 30% of GAV into International OECD Solar Assets

Solar strategy delivering value

Solar PV	Capital recycling programme	International expansion	Co-investment opportunities
Delivered to date	▪ Programme to accelerate the next phase of the Company's growth ▪ Sales process initiated to capture significant value from the divestment of a **236MW** portfolio of subsidy-free UK solar assets	▪ **$50m** commitment into NextPower III ESG, an international private solar fund ▪ Targeting **13-15%** gross IRRs	▪ **50MW** Spanish solar co-investment asset, currently in construction ▪ **210MW** Portuguese co-investment solar asset, currently in construction
Opportunity looking forward	▪ Reduce **gearing** ▪ Invest in future **long-term growth** opportunities ▪ **Buyback shares**	▪ Explore **direct international ownership** ▪ Option to explore additional commitments into future NextEnergy Capital international solar private funds	▪ Continue to benefit from **unique access to international co-investment** opportunities through NextPower III ESG commitment

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Energy storage strategy providing growth opportunities

	Energy Storage	
	Stand-alone batteries	**Co-located batteries**
Delivered to date	▪ **£100m** Joint Venture Partnership vehicle with Eelpower ▪ **£200m** Joint Venture Partnership with Eelpower ▪ **50MW** project in Scotland, currently in construction ▪ **250MW** project in West Norfolk, development rights and grid connection secured	▪ **Co-located battery retrofit programme** introduced across the current operating solar portfolio ▪ **6MW** co-located battery storage project in North Norfolk , currently under development ▪ **Four** additional co-located potential locations have been identified and moved into the development stage
Opportunity looking forward	▪ Consult shareholders in regard to a possible increase in the Company's energy storage investment policy limit from **10%** of Gross Asset Value upto **25%** ▪ Continue to secure optionality over future energy storage assets through the successful JVPs with Eelpower	▪ Continue to identify potential co-located opportunities through the NESF portfolio of **91** UK operating solar assets ▪ **Utilise exciting grid connections** by securing import connections when available

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Revenue generation as at 31 March 2023 (FY)

EBITDA Margin (Actual per MW)
78.9%

EBITDA vs budget
(3.9%)

Revenue vs budget
(2.8%)

OPEX vs acquisition budget
1.6%

Year Ended 31 March 2023			Actual per MW(1)		Budget per MW(1)		Delta vs Budget	Comments
Solar Irradiation	[A]	(kWh/m2)	1,277		1,188		+7.5%	Actual irradiation for the year
Conversion Factor(2)	[B]	(%)	78.8%		81.6%		(3.5%)	Represents Performance Ratio for the year[5]
Metered Generation	[C] = [A x B]	(kWh)	1,007		970		+3.8%	Actual generation measured at the meter for the year
			Power Price	**Subsidies**	**Power Price**	**Subsidies**		
Realised Prices	[D]	(£/MWh)	88.0	75.2	98.7	76.3	(1.4%)	Implied average power price and subsidies across entire portfolio (including ROC recycle and embedded benefits)
Revenues (Merchant & Subsidies)	[E] = [C x D]	(£ '000)	88.6	75.7	94.9	74.0	+2.3%	
Total Revenues	[E]	(£ '000)	164.3		168.9		(2.8%)	Actual revenues at portfolio level for the year (unaudited figures per MW)
Operating Expenses	[F]	(£ '000)	(34.7)		(34.2)(4)		+1.6%	Actual costs at portfolio level for the year (unaudited figures per MW)
EBITDA(3)	**[G] = [E – F]**	**(£ '000)**	**129.5**		**134.7**		**(3.9%)**	**Actual EBTDA for the year (unaudited figures per MW)**
EBITDA Margin(3)			**78.9%**		**79.8%**			

(1) Based on the average installed capacity over the financial year (860MW). Given the different composition of the growing portfolio, this information is not directly comparable with what was provided in the previous Annual Report| (2) Ratio captures the solar plant performance ratio as well as the availability (which reflects all system shut-downs for maintenance or one-off events such as DNO outages) | (3) EBITDA is a reference to EBITDA at the SPV levels | (4) Budgeted operating expenses are based on the acquisition case of the assets | (5) Asset Management Alpha for the year was negative due to abnormal DNOO activity

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Track record of operating outperformance

- Energy generated during the year was **870 GWh** (2022: 773 GWh)
- The portfolio achieved a generation outperformance vs budget of **3.8%** (2022: 1.8%) leading to **c.£4.8m** in revenues
- Consistently generated more electricity than acquisition budget (**+4.4% p.a. since IPO**)

Generation outperformance[1]

+3.8%

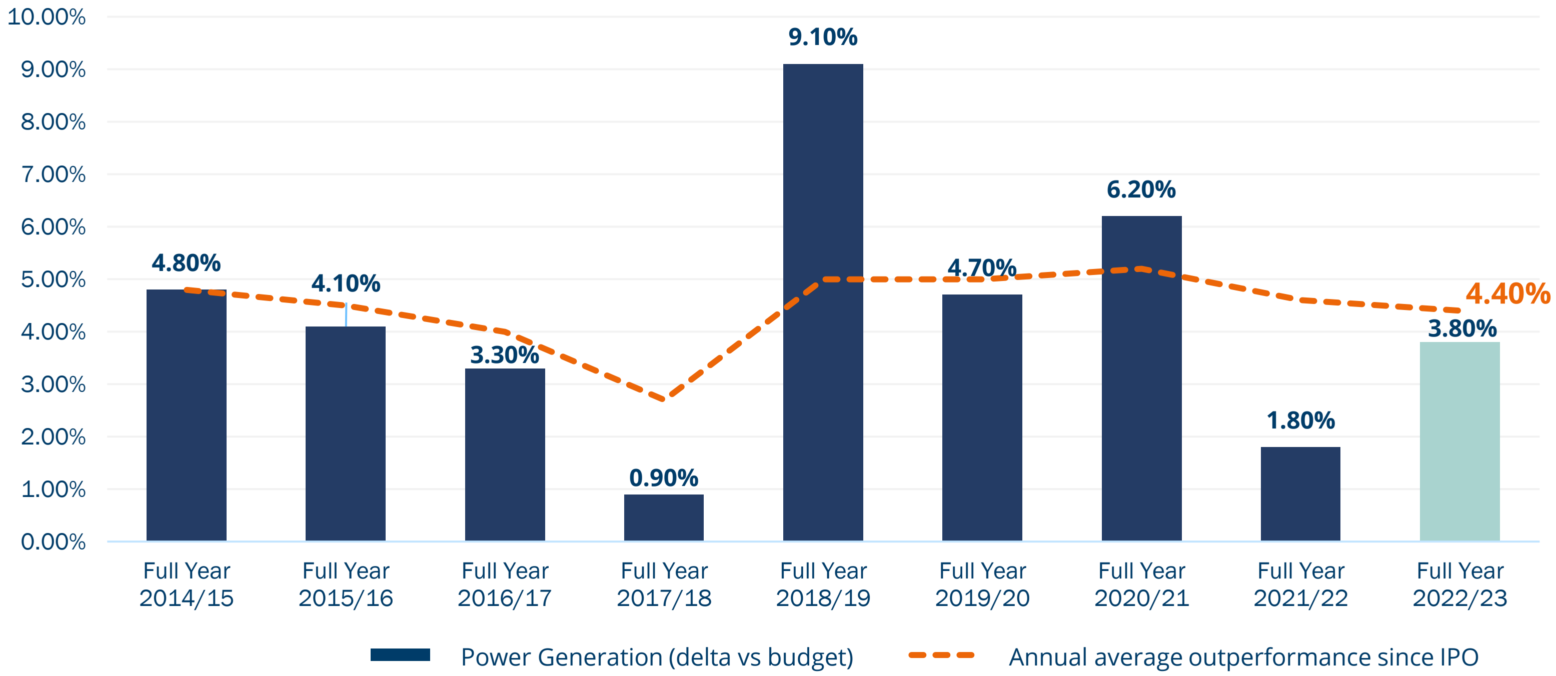
(31 March 2022: 1.80%)

Equating to revenues of

c.£4.8m

(31 March 2022: c.£2m)

Power Generation Performance against Budget (%)



(1) During the twelve months ended 31 March 2023

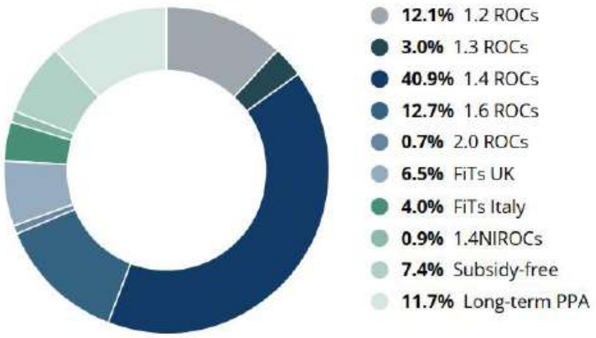
Risk Management from protecting future cash flows

- **Sustained high power price environment** continues to offer attractive hedging opportunities
- NESF has a specialist energy sales desk that **mitigates market price volatility** whilst locking in weighted average prices by **forward hedging above forecast prices**
- **c.50%** revenues are generated through the sale of budgeted power generation into the market through NESF's energy sales desk
- **c.50%** of revenues typically **RPI-linked government-backed subsidies**

Hedging position of budgeted generation on c.50% revenue through sales desk[1]

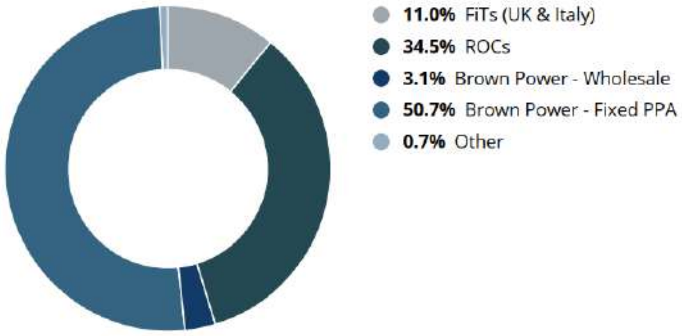
2023/24	2024/25	2025/26
88%	**44%**	**13%**
Average fix price of **£73MWh**	Average fix price of **£91MWh**	Average fix price of **£147MWh**

By Subsidy/PPA[2]



% of assets by MW capacity

By Revenue Type[2]



% of total revenue for the year ended 31 March 2023

(1) As at 31 March 2023, the Company has agreed pricing covering 88% of the total portfolio (716MW)
(2) As at 31 March 2023

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Summary statement of comprehensive income

Total net Income

£66.0m

(31 March 2022: £143.7m)

Earnings per ordinary share

8.20p

(31 March 2022: 21.69p)

Income Statement	**Year ended 31 March 2023 (audited) £m**	**Year ended 31 March 2022 (audited) £m**	**Year ended 31 March 2021 (audited) £m**
Income[1]	79	65	60
Movement in Investment Portfolio value[1]	(13.2)	78.7	(3.4)
Unrealised foreign exchange gain	0.2	-	-
Total net Income	**66.0**	**143.7**	**56.6**
Total expenses	(17.7)	(16.1)	(16.4)
Profit/(loss) and comprehensive income/(loss)	**48.3**	**127.5**	**40.2**
Earnings per ordinary share - basic	8.20p	21.69p	6.87p

(1) Income includes investment income, predominantly dividends received from financial assets at fair value through profit or loss, administrative service fee income, interest income Eurobonds, and finance income. Together with movement in investment portfolio value these reflect the movement in investments for the year.

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Dividend track record

10 Year Dividend Growth CAGR

4.75%

Total declared dividends[1]

£305.8m

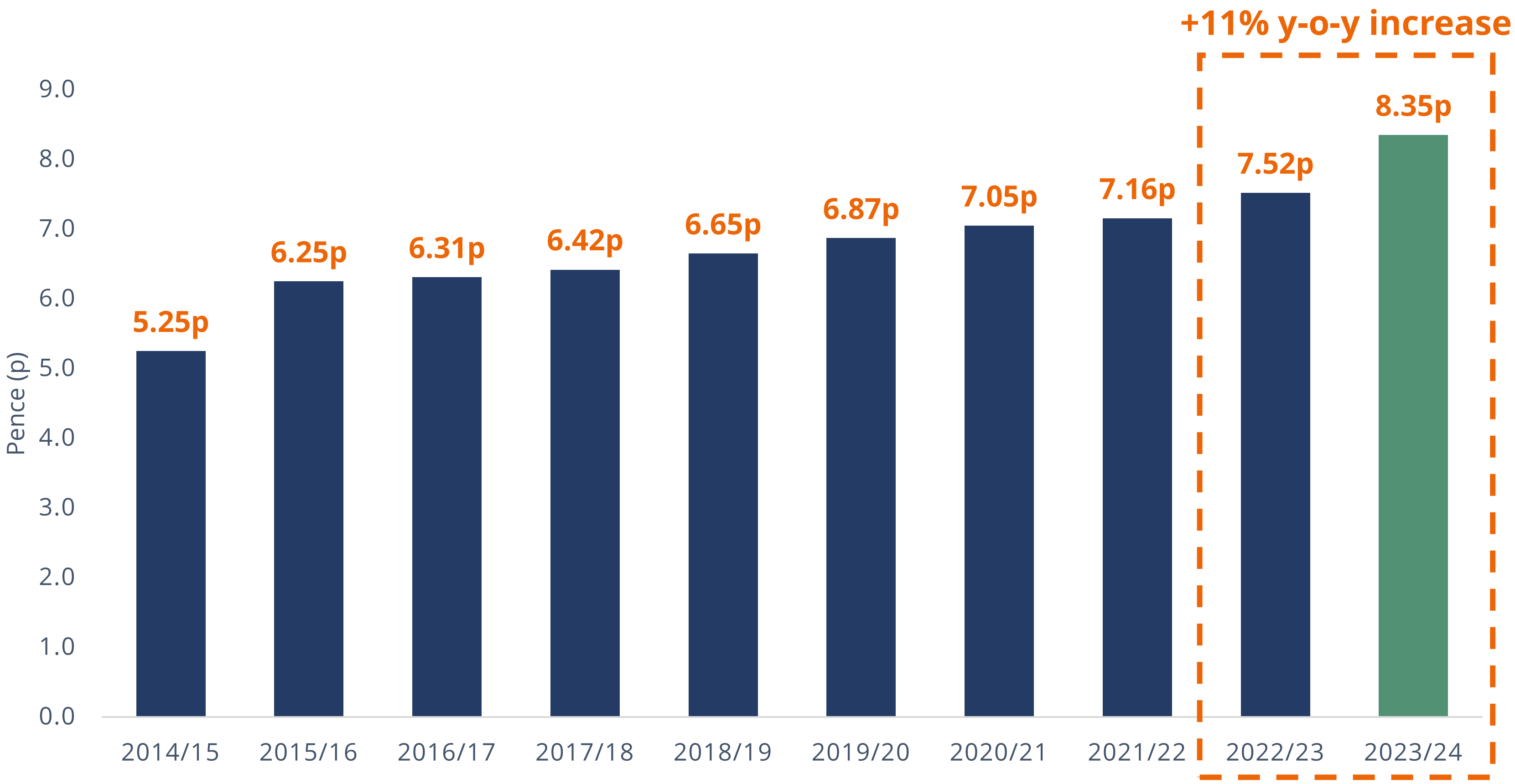
Forecasted FY23/24 dividend cover[2]

~1.3x–1.5x

FY23/24 dividend target[2]

8.35p

Dividend growth track record



(1) The Company has declared total dividends since IPO of £305.8m or 55.72p per share.
(2) Target dividend for the financial year ending 31 March 2024

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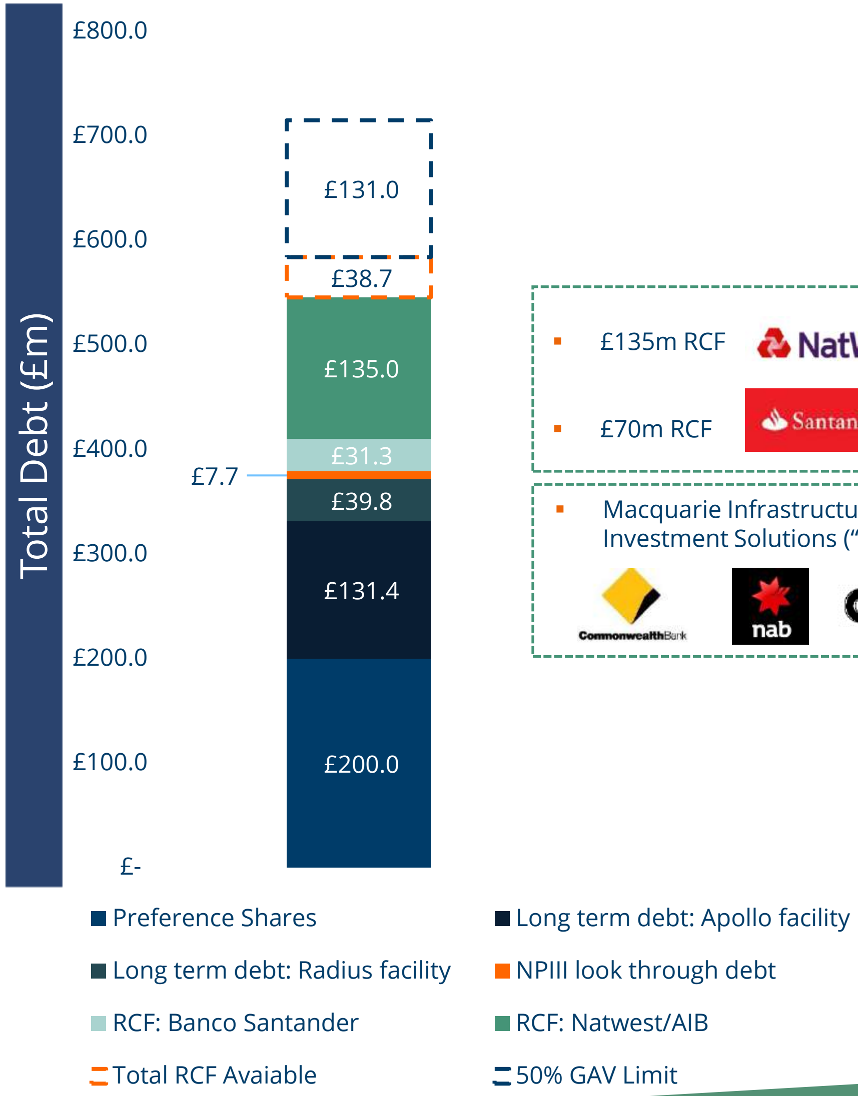
Optimised capital structure (as at 31 March 2023)

Financial Debt Gearing[1]
28%

Preference Shares
16%

Total Gearing to GAV[1]
c.45%

Weighted Average Cost of Capital[2]
5.7%



- £135m RCF – NatWest, AIB
- £70m RCF – Santander
- Macquarie Infrastructure Debt Investment Solutions ("MIDIS") – CommonwealthBank, nab, MACQUARIE

RCF / Short term debt outstanding
c.£166m

Long term debt outstanding
c.£171m

Preference shares outstanding
c.£200m

(1) Gearing figure as at 31 March 2023
(2) Pre-Tax WACC

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An impact ESG investment

- NESF is classified as **Article 9 fund** under EU SFDR and Taxonomy
- Establishment of **ESG Board Committee**, chaired by Josephine Bush, Non-Executive Director of NESF
- Released first dedicated **standalone ESG report** in November 2022
- Benefits from a **leading biodiversity team** that includes a specialist environmental impact manager (see appendix p68)

Green Impact Data Track Record

Metric	Units	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
GHG avoided	ktCO_2e	30.6	110.0	191.4	211.2	299.4	307.7	317.6	328.7	**363.0**
NOx avoided	tonnes	41.3	108.3	176.3	193.1	276.5	274.4	283.4	296.3	**331.1**
Sox avoided	tonnes	94.1	214.4	335.8	365.9	499.2	511.9	527.5	549.7	**612.4**
PM2,5	tonnes	2.4	8.4	14.5	15.9	22.6	23.2	24.0	25.2	**28.3**
PM10	tonnes	0.9	2.3	3.7	4.0	5.6	5.8	5.9	6.2	**56.9**
Fossil Fuels avoided	tonnes oil equivalent	13.0	46.9	81.6	90.0	127.7	131.2	135.9	142.8	**160.3**
	million barrels	0.10	0.34	0.60	0.66	0.94	0.96	1.00	1.05	**1.20**

NESF ktCO2e avoided since IPO[2]

2,181

Estimated UK homes powered

242,000

(31 March 2022 : 216,300)

Tonnes of CO2e emissions avoided

363,000

(31 March 2022: 328,700)

Clean electricity generated

870GWh

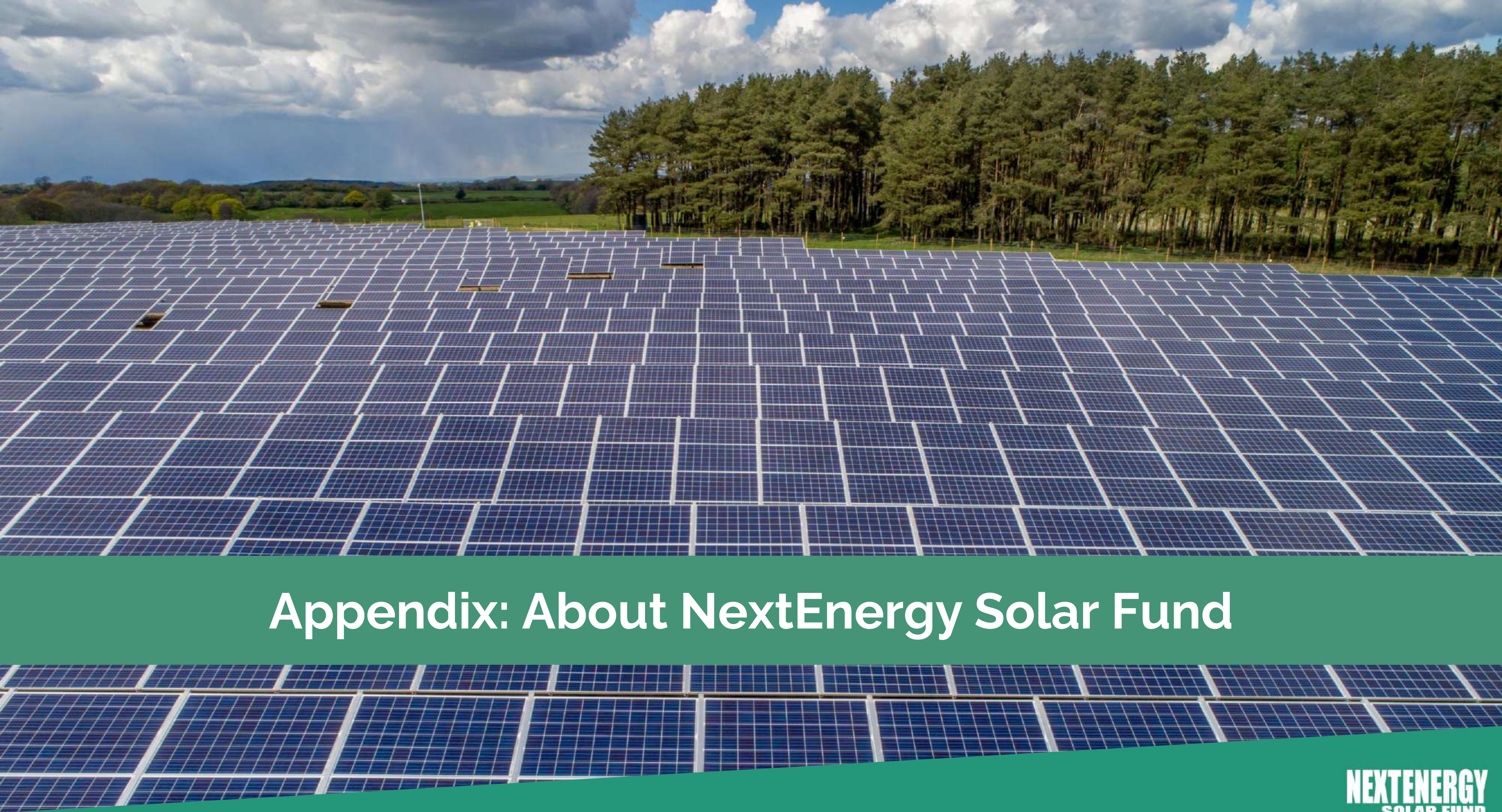
(31 March 2022: 773GWh)

(1) GHG emissions data provided by Green Investment Group calculated using their Green Impact methodology based on information provided by NextEnergy Capital for the period ending 30 September 2022
(2) Estimations provided by Green Investment Group using an annual average figure of the entire portfolio's (operational and pre-operational projects) GHG emissions of NESF based on the portfolio's forecast renewable electricity generation

Going forward

- Drive growth through Solar PV & Energy Storage strategy
- Investor returns backed by a large diversified operating portfolio
- Provide an attractive, growing dividend to shareholders
- Focus on adding NAV-accretive value to shareholders
- Continue to optimise the running of the existing large portfolio
- Maintain a strong capital structure to provide platform for growth
- Continue to identify opportunities to add value

Q&A / Appendix

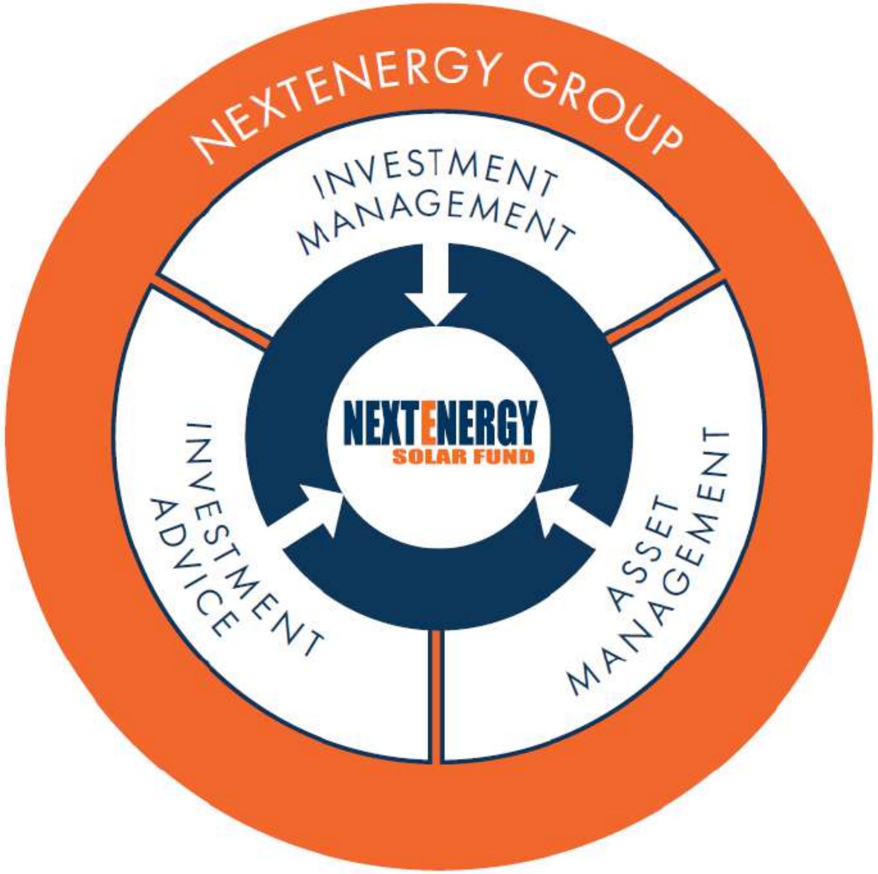


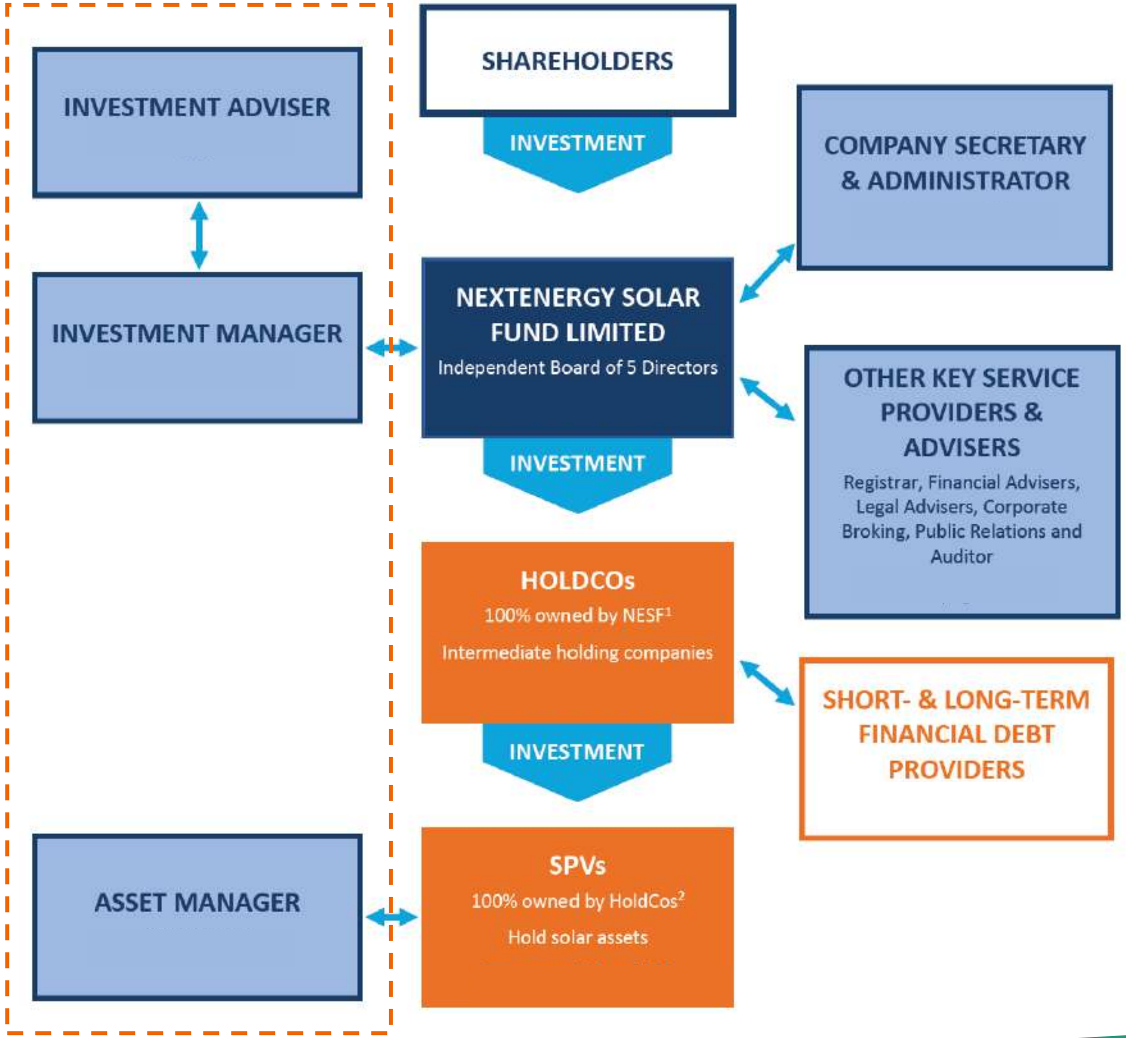
Appendix: About NextEnergy Solar Fund

Key Facts

Fund Structure	▪ Guernsey-domiciled closed-end investment
Issue / Listing	▪ Launched in 2014 ▪ Premium listing of ordinary shares on the London Stock Exchange ▪ Stock ticker code: NESF
Governance / Management	▪ Board of Directors: 6 Independent Board Members ▪ Investment Manager: NextEnergy Capital IM Limited ▪ Investment Adviser: NextEnergy Capital Limited ▪ Operational Asset Manager: WiseEnergy Limited
Ongoing charge	▪ 1.1% as calculated by the AIC: https://www.theaic.co.uk/companydata/0P00012KIL/charges
Investment Policy	▪ 10% of GAV may be invested in standalone energy storage systems ▪ 15% of GAV may be invested in solar assets through private equity structures ▪ 30% of GAV may be invested in OECD countries outside the UK ▪ 3% of GAV may be invested in non-OECD countries ▪ 10% of GAV may constitute assets that are under development ▪ No single investment in any one asset will constitute more than 30% of GAV ▪ The four largest solar assets will not constitute more than 75% of GAV ▪ Leverage may not exceed 50% of GAV
Contact	▪ Investor Relations: peter.hamid@nextenergycapital.com ▪ Website: www.nextenergysolarfund.com

NextEnergy Solar Fund structure





NextEnergy Solar Fund Board of Directors

Kevin Lyon
Chairman

Patrick Firth
Non-executive Director

Jo Peacegood
Non-executive Director

Vic Holmes
Senior Independent Director

Josephine Bush
Non-executive Director

Helen Mahy
Non-executive Director

NextEnergy Capital Investment Committee

Michael Bonte-Friedheim

Founding Partner and Group CEO of NextEnergy Group

Giulia Guidi

Head of Environmental, Social and Governance (ESG) at NextEnergy Capital

Ross Grier

UK Managing Director at NextEnergy Capital

Aldo Beolchini

Managing Partner and Chief Investment Officer of NextEnergy Group

NextEnergy Capital Investment Management Board of Directors

Joseph D'Mello

Jeremy Thompson

Charlotte Denton

Value add of NextEnergy Group

NextEnergy Group

NextEnergy Capital	Wise Energy	Starlight	NextSTEP (A NextEnergy Group Company)	NextEnergy Foundation
Investment Management	Asset Management	Development	Incubator	Foundation
▪ c.**$3.4bn Solar** AUM ▪ Over **375** solar assets acquired ▪ **2.4GW+** portfolio across UK, Italy, US, Portugal, Spain, Chile, Poland, Greece, and India	▪ **2,855+** solar and battery assets managed and/or monitored ▪ **4.3GW+** installed capacity under management ▪ Global presence	▪ Green and brownfield project development across geographies ▪ Over **100** utility-scale projects developed internationally ▪ Current pipeline **c.10GW** under development	▪ Targeting startups focused on sustainability and environmental technologies ▪ In partnership with the leading sustainability accelerator programme VeniSIA ▪ NextEnergy Group to provide initial **€3m** funding	▪ International charity founded in 2016 ▪ Participate proactively to reduce carbon emissions, provide clean power, and contribute to poverty alleviation ▪ NextEnergy Group donates **5%** of its yearly profits to NEF

Value add of NextEnergy Capital

NextEnergy Capital is NESF's Investment Manager and Investment Adviser

- NextEnergy Group launched its investment management, NextEnergy Capital (NEC), in **2014**
- NEC has since launched **five** institutional funds;
  - NextEnergy Solar Fund ("NESF")
  - NextPower II ("NPII", now divested)
  - NextPower III ESG ("NPIII ESG")
  - NextPower UK ESG ("NPUK ESG")
  - NextPower V ESG ("NPV ESG")
- NEC currently has over **$3.4bn** AUM
- Has acquired over **375** solar assets
- Totaling over **2.4GW+** across UK, Italy, US, Portugal, Chile, Spain, Poland, and India
- **All assets continue to perform** from a technical, financial, and operational perspective across all portfolios, and above the underwriting case
- **95** team members

NEXTENERGY CAPITAL

Environmental Finance IMPACT Awards 2022 Winner
Impact initiative of the year: Europe

cfi.co
NextEnergy Capital: Best Clean Energy Transformation Leader UK 2022

Value add of WiseEnergy

WiseEnergy is NESF's operating asset manager

- WiseEnergy is a global solar asset manager part of the NextEnergy Group, with **over 11 years experience monitoring and delivering operating optimisation and outperformance**
- WiseEnergy oversees all elements of the solar asset's life from as early as the project construction phase up into the operational stage. Its dedicated global teams are split across the three main pillars of asset management: technical, commercial and financial, to deliver operating optimisation and outperformance. It does so through the following areas:
- **156** team members

1. Increasing asset revenue
2. Minimising asset risk
3. Minimising asset opex

cfi.co 2021 BEST SOLAR ASSET MANAGER WINNER UK

cfi.co 2022 BEST SOLAR ASSET MANAGER WINNER UK

cfi.co 2023 BEST SOLAR ASSET MANAGER WINNER UK

WiseEnergy consistently drives superior results through:

- Continuous investment in research and development and a long-term commitment to innovation
- A proprietary technology platform that delivers rapid and high-quality data driven insights and results, irrespective of asset size or location
- A leading commitment to ESG, including biodiversity

Appendix: NAV

NAV bridge breakdown: 12-month period to 31 March 2023

- Increase of 1.0% in the discount rate for unlevered operating UK solar assets
- Inflation assumptions updated to reflect the latest available third-party inflation data.
- Updated power price forecasts capturing the latest available third-party advisor long-term power curves.

Footnotes:

1. Future power price assumptions have been updated to reflect an improvement in the long-term power curves provided by the Company's three independent power curve providers.
2. The decision to increase the discount rate was driven by the increasing UK long-term gilt yields, driven by the Bank of England ("BoE") base rate increases over the period.
3. Other movements in residual value represents the net movement across a number of accounting categories that influence the valuation. It includes accounting provisions (e.g. in respect of expected electricity grid outages), and other non-material movements.

NAV bridge: 31 March 2022 – 31 March 2023

	NAV p/share	NAV
At 31 December 2022 **(as originally announced)**	**113.5p**	**£668.5m**
Correction	(1.3p)	(7.6m)
Pref shares dividend	(1.6p)	(9.5m)
Ordinary shares cash dividend	(7.2p)	(42.4m)
Income from investments	13.4p	79.0m
Change in fair value of investments	(1.0p)	(5.6m)
Net operating costs	(1.4p)	(8.0m)
At 31 March 2023	**114.3p**	**£674.4m**

Portfolio valuation bridge: 31 March 2022 – 31 March 2023

	Portfolio valuation
At 31 March 2022 **(as originally announced)**	**£842.3m**
Correction	(7.6m)
New Assets at Cost	96.2m
RCF drawdown	(70.1m)
Operating result	79.0m
Distribution to the fund	(79.0m)
Power price forecasts[1]	86.1m
Change in short-term inflation	33.4m
Change in discount rate[2]	(41.2m)
Movement in residual value & balance of DCF[3]	(84.7m)
At 31 March 2023	**£854.4m**

NAV correction

- The Company has laid out below the changes to the NAVs for the period 31 March 2022 to 31 March 2023.
- As part of the Company's continual improvement of internal systems, the Company identified that the reporting module within its accounting software included an excess of working capital. This created an omission of certain VAT payable accounts from the report which feeds into the calculation of the Company's NAV.
- This resulted in an overstatement of NAV of **£15.9m** at 31 December 2022 and the Company has made a correcting adjustment of (2.7p) per share or (£15.9m) to the Company's 31 March 2023 unaudited NAV.
- This has **no impact** on the cash flow generated by the business or on its dividend cover.
- The Company continues to work closely with external advisers on its programme to strengthen controls, processes, and reporting.

NAV Correction Table

	As previously reported		Correction		Difference	
	NAV (£m)	NAV (p/share	NAV (£m)	NAV (p/share)	NAV (£m)	NAV (p/share)
31 Mar 22	£668.5m	113.5p	£660.9m	112.2p	(£7.6m)	(1.3p)
30 Jun 22	£717.2m	121.7p	£704.3m	119.5p	(£12.9m)	(2.2p)
30 Sep 22	£724.7m	122.9p	£711.1m	120.6p	(£13.6m)	(2.3p)
31 Dec 22	£713.0m	120.9p	£697.1m	118.2p	(£15.9m)	(2.7p)
31 Mar 23	£674.4m	114.3p	£674.4m	114.3p	(£0m)	(0)

Discount rate assumptions (31 March 2023)

- The Company has not made any changes to its discount rate assumptions for the quarter (31 December 2022: 6.75%)

Discount Rates

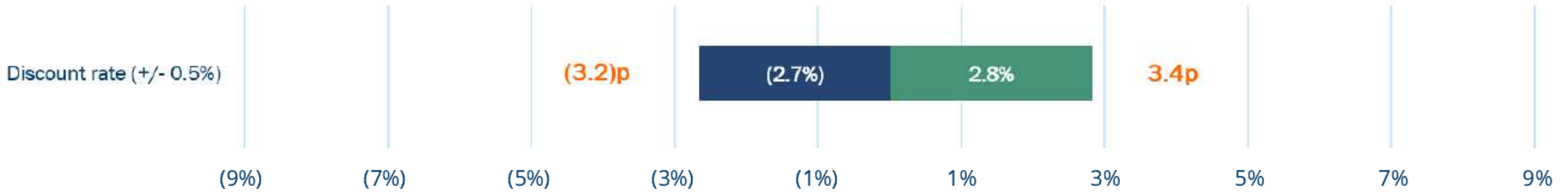
Discount rate assumptions	As at 31 March 2023	As at 31 December 2022
UK unlevered	**Unchanged**	6.75%
UK levered	**Unchanged**	7.45-7.75%
Italy unlevered [1]	**Unchanged**	8.25%
Subsidy-free (uncontracted) [2]	**Unchanged**	7.75%
Life extensions [3]	**Unchanged**	7.75%

Weighted average discount rate

7.3%

(30 September 2022: 6.8%)

Discount Rates Sensitivities as at 31 March 2023 (+/- 0.5%)



Footnote:
(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
NAV sensitivities provided on a semi annual basis as at 30 September and 31 March

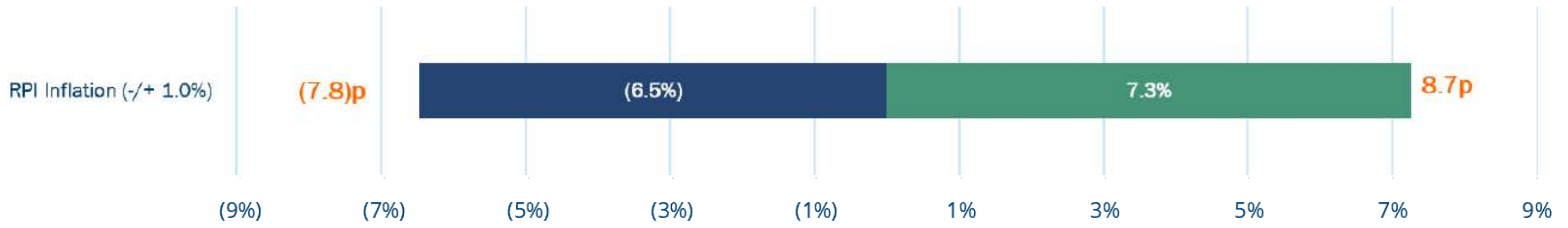
Inflation assumptions (31 March 2023)

- The Company continues to take a consistent approach to its inflation assumptions, using external third-party, independent inflation data from HM Treasury Forecasts and long-term implied rates from the Bank of England for its UK assets. For international assets, IMF forecasts are used

Inflation update breakdown

Calendar Year	2023/24	2024/25	2025/26	2026/27	2027/28	2028-2030	2030 onwards
30 June 2022	4.20%	3.60%	3.90%	4.10%	3.00%	3.00%	2.25%
30 Sept 2022	5.90%	3.60%	3.40%	3.90%	3.00%	unchanged	unchanged
31 Dec 2022	7.00%	4.20%	3.90%	3.80%	3.00%	unchanged	unchanged
31 Mar 2023	**4.90%**	**3.40%**	**3.30%**	**3.20%**	**3.70%**	**unchanged**	**unchanged**

RPI Inflation NAV Sensitivities as at 31 March 2023 (-/+ 1%)



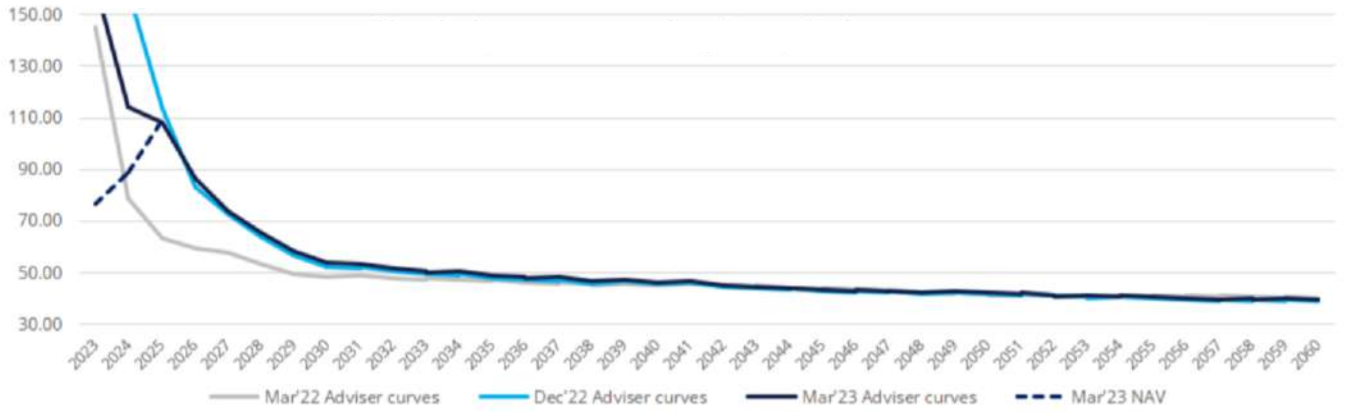
Footnote:
NAV sensitivities provided on a semi annual basis as at 30 September and 31 March

Forecast power prices (real 2023)

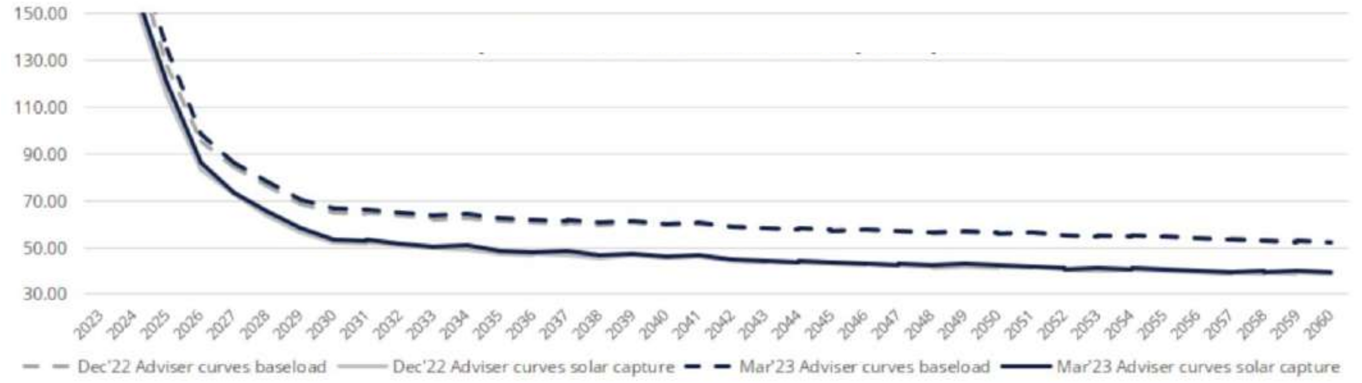
- Forward power prices significantly above previous forecasts
- The Company's current UK 20-year average power price forecast represents an increase of 8.4% compared to that used at the end of the previous financial period (and 39.5% below the average price used at IPO)

	31 March 2022	**31 March 2023**
UK short-term power price average (2023-27)	£86.1/MWh (real 2023)	**£105.2/MWh (real 2023)**
UK long-term power price average (2028-42)	£50.6/MWh (real 2023)	**£50.9/MWh (real 2023)**

Blended power curves (capture price)



Blended power curves (baseload vs capture price)

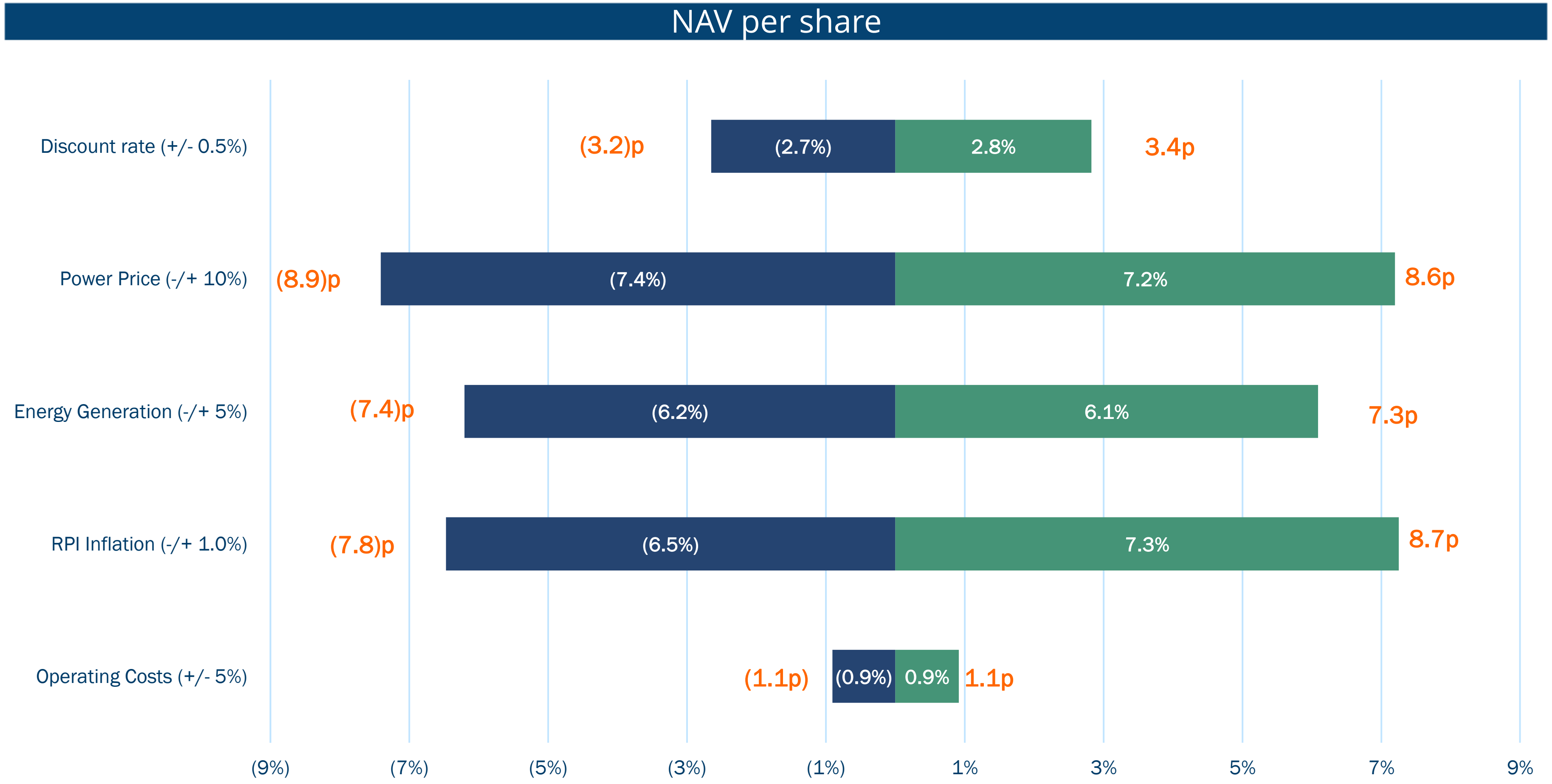


Footnote:
(1) Source: Independent Energy Market Consultants

NEXTENERGY SOLAR FUND

NAV sensitivities (31 March 2023)

- NAV sensitivities updated every six months at interim and full-year results
- The sensitivity highlights the percentage change in the portfolio valuation resulting from a change in the underlying variables
- It also shows the impact on the NAV per share



Appendix: Portfolio

Evolution of portfolio since IPO

IPO
- £85.6m raised at IPO in April 2014 and 100% deployed within five months
- Focused on subsidised UK solar

2014
- £99.6m raised November/December 2014, 100% deployed six weeks later
- 127MW total installed capacity

2015
- £100.2m raised, 100% deployed six weeks later
- 276MW total installed capacity

2016
- £180m raised (£64.7m used to repay debt facility and £115.3m 100% deployed within ten months)
- 424MW total installed capacity

2017
- £126.5m raised,100% deployed within 14 months
- 569MW total installed capacity
- Government stops solar subsidies
- First international subsidised solar assets added in Italy (34.5MW)

2018
- £100m raised, used to partially repay debt facility, remaining funds deployed in two months
- £100m preference share issues
- 691MW total installed capacity
- First sub-free asset energised

2019
- 755MW total installed capacity
- Awarded LSE's Green Economy Mark
- Largest UK sub-free solar asset energised in UK
- First co-located battery assets
- £100m preference share issues

2020
- 763MW total installed capacity
- Promoted to FTSE 250
- Investment policy change: unlocking
- ✓ 10% energy storage,
- ✓ 15% solar PE funds,
- ✓ 30% international solar
- Sells first dev sub-free assets (115MW)

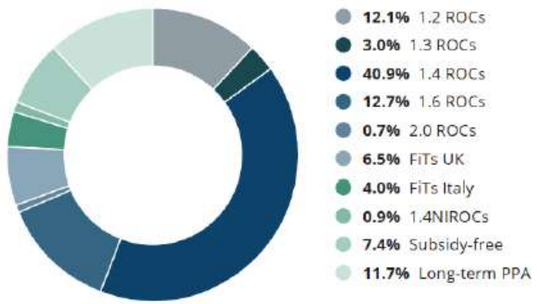
2021
- 865MW total installed capacity
- New corporate broker
- £100m JV with EelPower
- First 50MW standalone battery
- First $50m commitment to NPIII ESG
- 150MW Sub-free target reached

2022
- £200m JV with EelPower
- 250MW standalone battery
- Succession to Chairman
- First standalone sustainability report
- Article 9 status
- First co-located battery
- First solar co-investments

NEXTENERGY SOLAR FUND

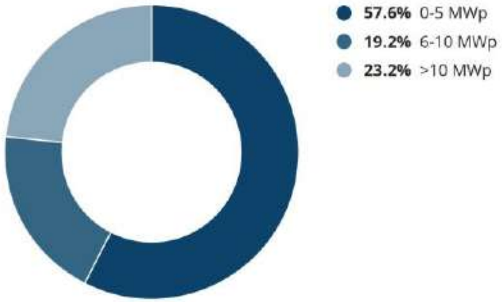
Portfolio breakdown (31 March 2023)

By Subsidy/PPA[1]



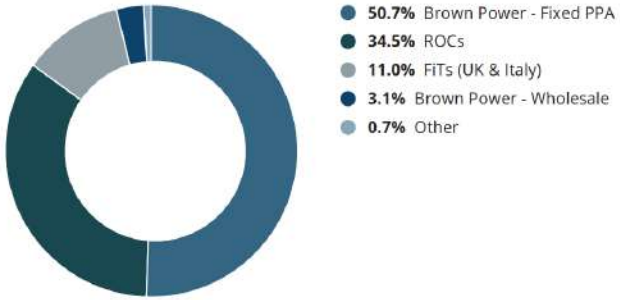
% of assets by MW capacity

By Installed Capacity[1]



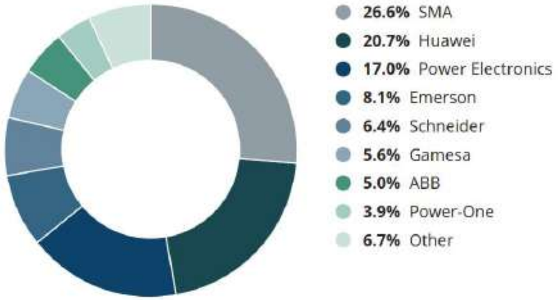
% of assets

By Revenue Type[1]



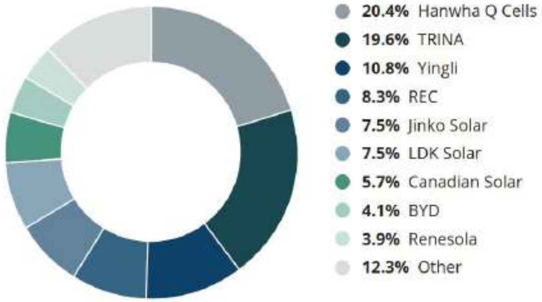
% of total revenue for the year ended 31 March 2023

By Inverter Manufacturer[1]



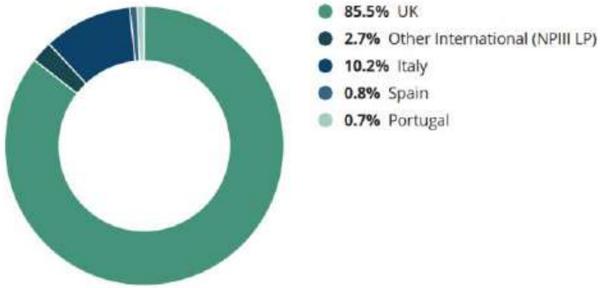
% of assets by MW capacity

By Solar Module Manufactuer[1]



% of assets by MW capacity

By Location[1]



% of invested capital

Footnote:
(1) Figures are stated to the nearest 0.1% which may lead to rounding differences

NEXTENERGY SOLAR FUND

Investment policy limits (31 March 2023)

Technological Limit	▪ The Company may also invest in standalone energy storage systems (not ancillary to or co-located with solar PV assets owned by the Company) up to an aggregate limit of **10%** of the Gross Asset Value (calculated at the time of investment)	▪ **4.6%** of GAV currently invested
Private Equity Limit	▪ **15%** of the Gross Asset Value may be invested in solar assets through private equity structures (calculated at the time of investment)	▪ **3.2%** of GAV currently invested
Geographical Limit	▪ The Company is permitted to invest up to **30%** of GAV (at the time of investment) in OECD countries outside the UK ▪ The Company may acquire an interest in solar PV assets located in non-OECD countries where those assets form part of a portfolio of solar PV assets in which the Company acquires an interest and where the Company's aggregate investment in any such assets is, at the time any such investment is made, not greater than **3%** of the Gross Asset Value	▪ **14.0%** of GAV currently invested non-UK ▪ **0.2%** of GAV currently invested outside OECD through NPIII
Development Limit	▪ The Company mostly acquires operating solar assets, but it may also invest in solar assets that are under development (that is, at the stage of origination, project planning or construction) when acquired ▪ Such assets in aggregate will not constitute (at the time of investment) more than **10%** of GAV	▪ Currently constitutes **5.0%** of GAV
Single Asset Limit	▪ No single investment by the Company in any one solar asset will constitute (at the time of investment) more than **30%** of GAV ▪ In addition, the four largest solar assets will not constitute (at the time of investment) more than **75%** of GAV	▪ The largest investment in one solar asset currently constitutes **3.6%** of GAV
Gearing Level	▪ Leverage of up to **50%** of GAV	▪ Gearing (including preference shares) stands at **44.6%**

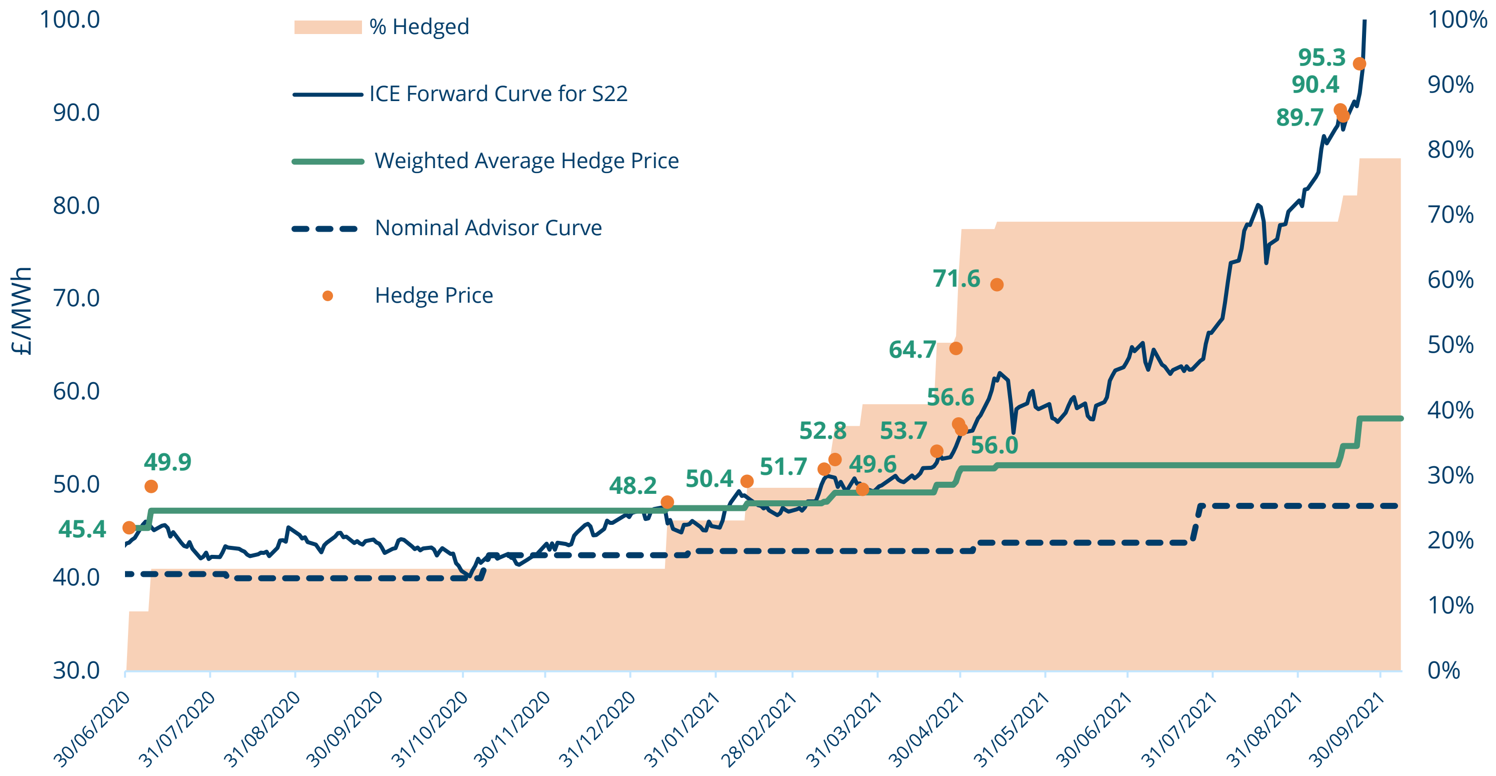
Active hedging strategy example

Example: Hedging Strategy for Summer 2022

NESF consistently secures hedges above the ICE Forward Curve as well as the quarterly power price forecast for the period

Table shows:

- % hedged – cumulative percentage of portfolio hedged for Summer 2022
- ICE forward curve for S22 – live forward prices during the period for Summer 22
- Weighted average hedge price – cumulative price secured for Summer 22 across the period
- Hedged price - actual hedges secured for Summer 2022
- Nominal advisor curve – average Summer 22 price forecast at the time of hedge

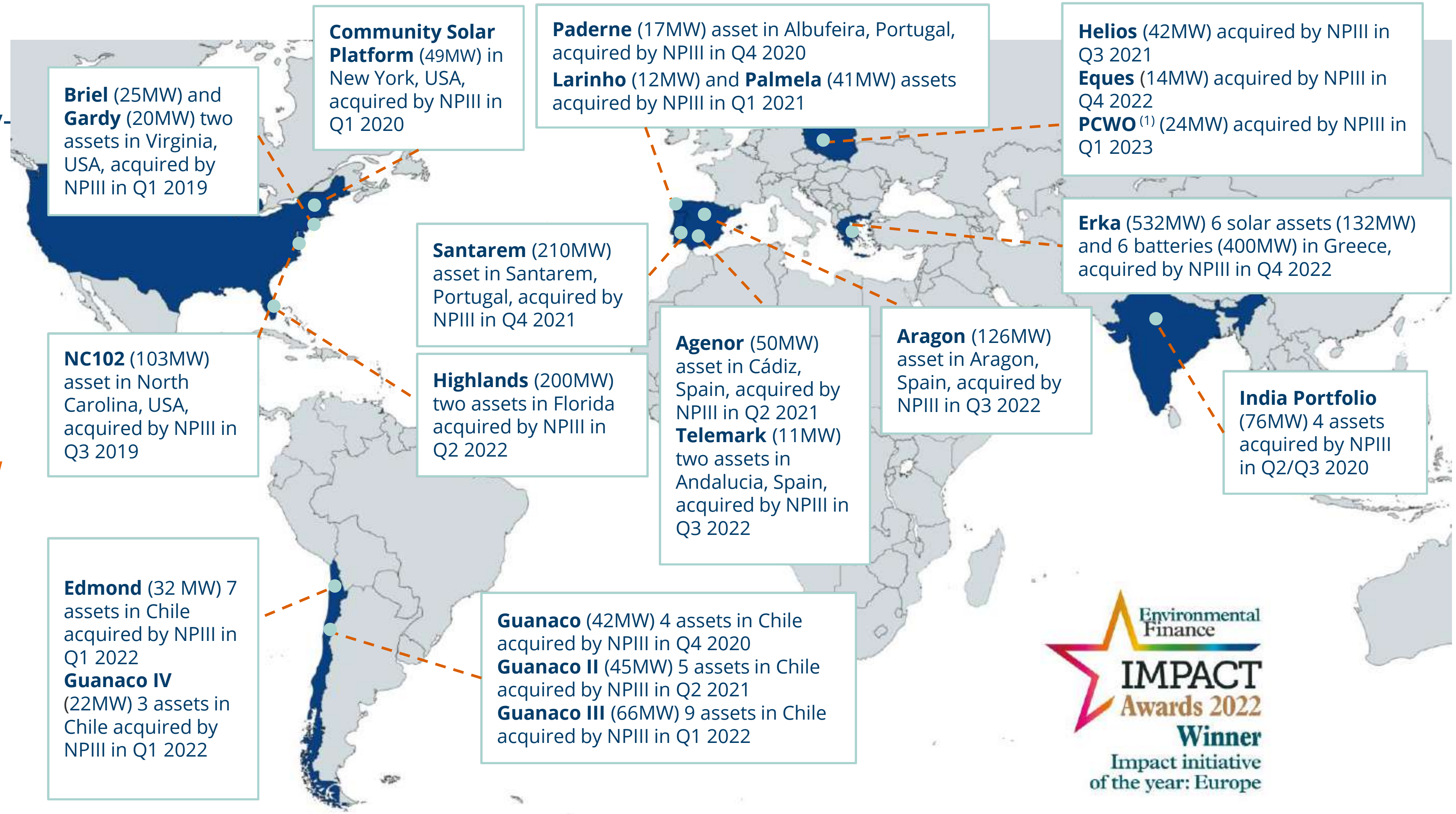


Footnote:
(1) Covers 716MW of UK portfolio as at 31 March 2022

NEXTENERGY SOLAR FUND

Private Solar Fund Investment: NextPower III ESG

- NextPower III ESG (NPIII) was launched by NextEnergy Capital in 2018 to target utility-scale solar in OECD countries
- NESF made a **$50m** commitment to NPIII in June 2021
- NPIII is targeting a gross investor IRR of between **13%** and **15%**
- The Fund has acquired **1.8GW with 149 individual assets** across the USA, India, Chile, Portugal, Spain, Greece, and Poland



Notes:
(1) Under Binding Agreement

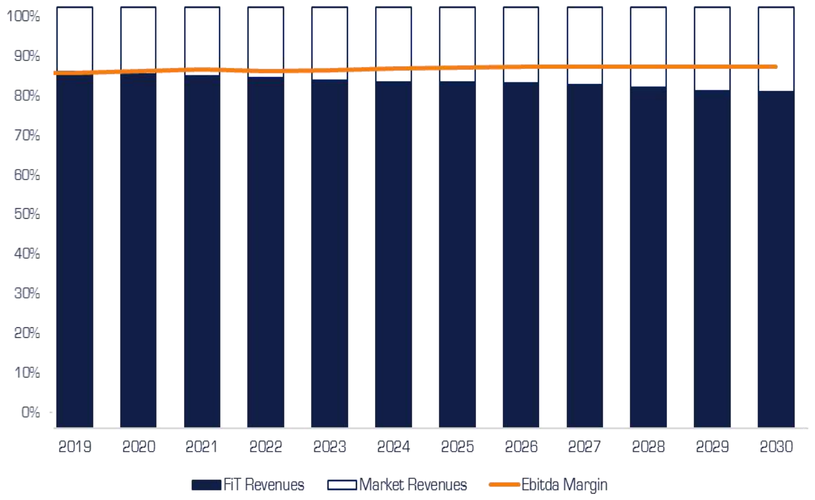
NEXTENERGY SOLAR FUND

The Italian Solis portfolio

- High risk-adjusted returns (9.4% at acquisition)
- Positive contribution to dividend cover – 1.4x supporting the Company's overall dividend targets
- NAV accretion – Solis portfolio is valued with a discount rate of 7.75% (31 March 2022: 7.25%) as a result of deleverage and increased market value of solar PV assets in Italy
- Low risk profile – c.85% of revenues are subsidised, debt fully repaid, stable EBITDA margins in excess of 80% and efficient currency hedge
- Diversify market risk – Italy is one of the ten largest solar markets globally

Business Case: Solis Acquisition and Performance

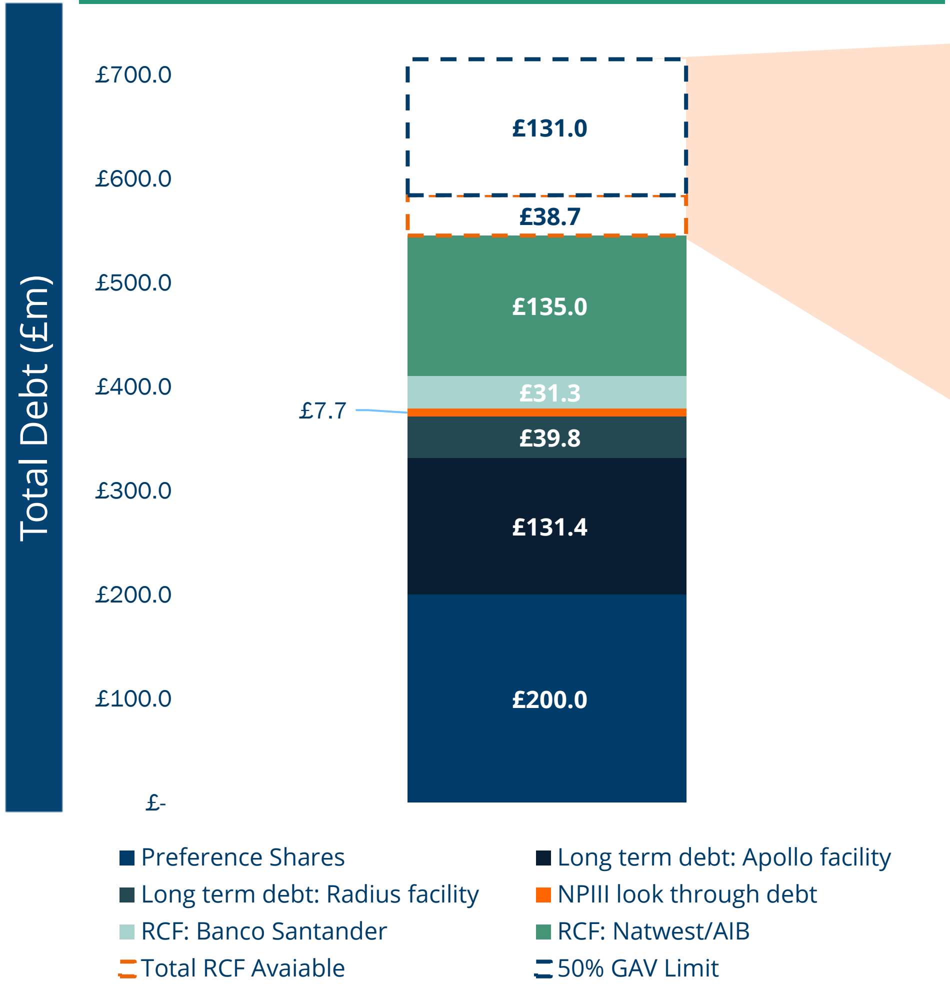
- Acquisition of eight solar plants in Italy in December 2017 for a total installed capacity of 34.5MW and total value of €132m
- The €74.7m long term project financing in place was fully repaid following issuance of the preference shares in November 2018
- FX hedging structure extended - 92% of the expected cashflows generated by the Solis portfolio are fully hedged until 2032 at an average FX rate of 0.89 EUR/GBP inclusive of all hedging costs
- Positive generation outperformance of 1.6% for the period ending 30 September 2022



Appendix: Capital Structure

NESF's firepower to fund pipeline (as at 31 March 2023)

Breakdown of NESF's debt structure



Available firepower to be deployed in opportunities

RCF Debt/GAV 50% Limit Headroom
c.£131m

Immediate RCF Available
c.£39m

+

Immediate Cash Available
c.£14m

-

Existing commitments (including current battery projects)
c.£27m

Uncommitted Firepower
c.£157m

Preference shares

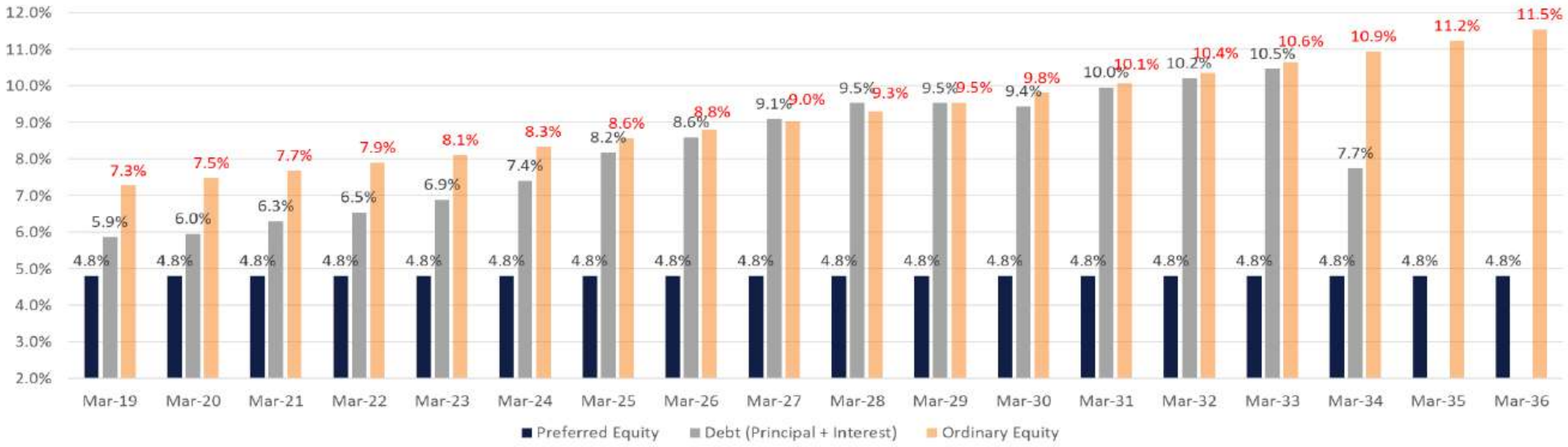
- The issuance of £200m preference shares is expected to increase dividend cover by 0.15x and returns by 1.09% for ordinary shareholders (2)
- Preference shares simplify the capital structure by reducing the exposure to secured debt financing
- Preference shares provide protection against diminishing power prices compared to traditional debt financing used by peers and have no refinancing risk
- Issuance of £200m preference estimated to have increased cashflows by c.£3.0m during the period compared to a proforma debt financing

On 8 November 2018, the Shareholders approved the issuance of £200m of Preference Shares. The Company issued the first tranche of £100m in November 2018, and the second tranche of £100m Preference Shares were issued in August 2019.

Value accretive features:

- lower issue cost of 1.1% compared to other capital raising avenues
- lower cash cost with a fixed preferred dividend of 4.75% and no redemption requirements
- option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company
- non-redeemable / non-voting shares(1) with holder's conversion right starting from 1 April 2036 at nominal value (plus unpaid dividend if any) relative to NAV per Ordinary Share at the date of conversion (thus no refinancing risk)

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



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

Financial debt outstanding (31 March 2023) [provided semi-annually]

Financial debt gearing
28%

Total gearing
45%

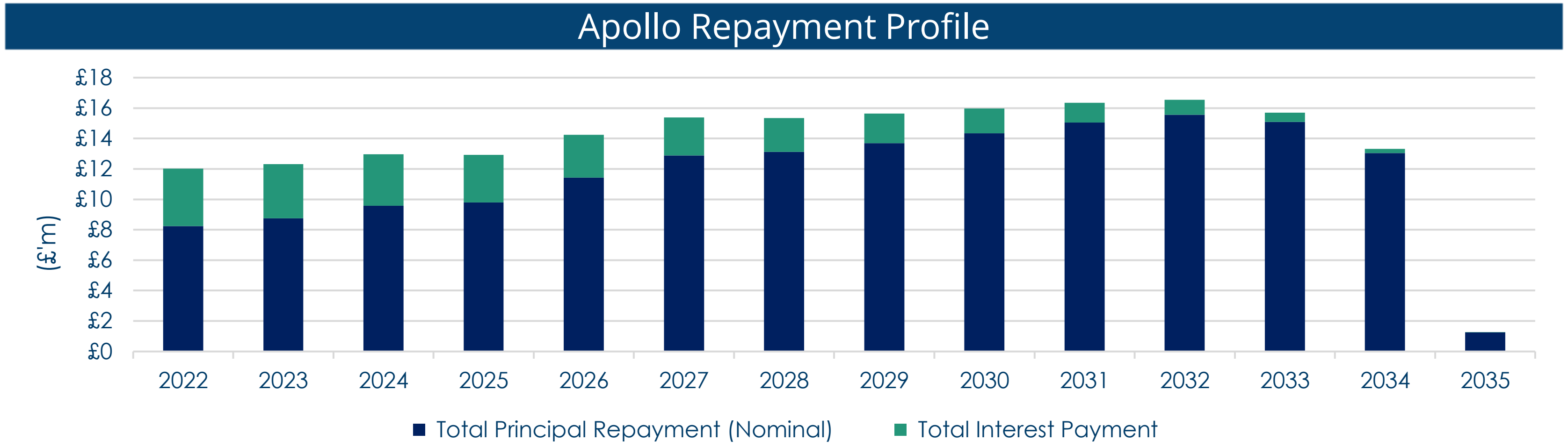
- In June 2022, the NESF Group signed a two-year extension to its £70m RCF with Santander UK, now available until July 2024.
- In September 2022, the NESF Group secured £60m additional commitments under an existing RCF from £75m to £135m, available until June 2024. The weighted average cost of financial debt as at 31 March 2023 is 3.4%
- Following the $50m commitment to NPIIII during the period, NESF accounts for the debt at NPIII on a look through equivalent basis

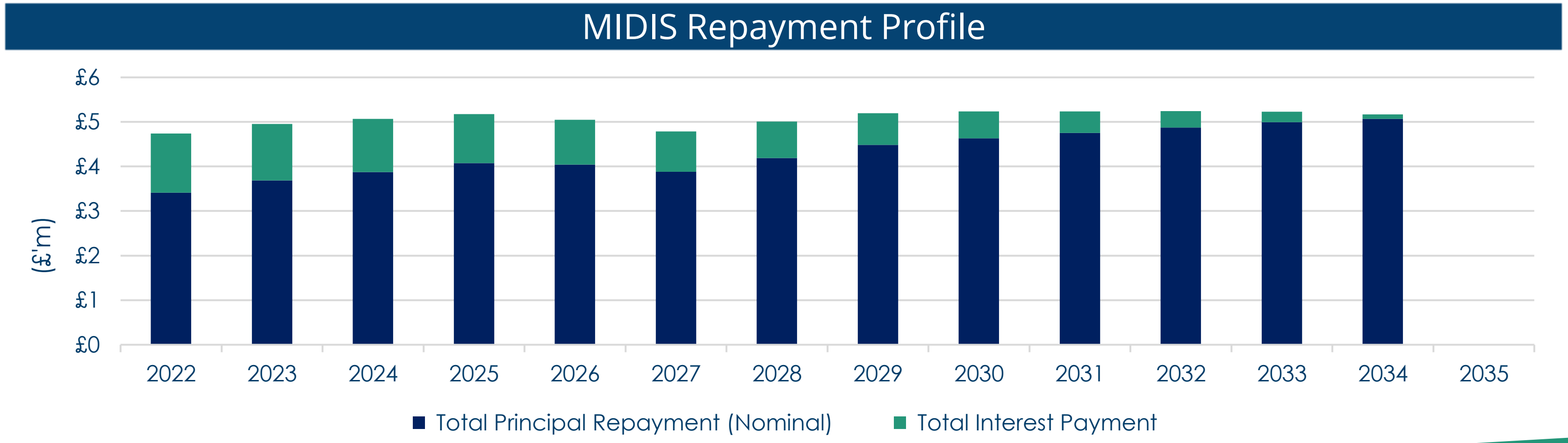
Provider / arranger	Type	Borrower	No. of power plants secured[1]	Loan to Value[2] (%)	Tranches	Facility Amount (£m)	Amount Outstanding (£m)	Termination (inc. options to extend)	Applicable rate
MIDIS / CBA / NAB	Fully-amortising long-term debt[3]	NESH	21 (241MW)	43.0%	Medium-term	48.3	35.1	Dec-26	2.91%[4]
					Floating long-term	24.2	24.2	Jun-35	3.68%[4]
					Index-linked long-term	38.7	33.4[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)	48.8%	Inflation-linked	27.5	18.9[5]	Sep-34	RPI + 1.44%
					Fixed long-term	27.5	21.7	Sep-34	4.11%
Total long-term debt						**212.5**	**171.3**		
Banco Santander	Revolving credit facility	NESH VI	13 (100MW)	N/a	N/a	70.0	31.3	Jun-24	SONIA + 1.60%
NatWest/AIB	Revolving credit facility	NESH III	19 (226MW)	N/a	N/a	135.0	135.0	Jun-24	SONIA + 1.20%
Total short-term debt						**205.0**	**166.3**		
NPIII look through debt		N/a	N/a	N/a	N/a	N/a	7.7 [6]	N/a	N/a
Total debt							**345.3**		

Footnote:
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 22b 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).

Long term debt repayment profile

- As at 31 March 2022, c.£171m of the financial debt was long-term fully amortising
- The charts show the precise yearly repayment profile for both long-term debt facilities (interest plus principal) until maturity in 2035
- The Apollo facility has 21 solar assets secured comprising 241MW
- The MIDIS facility has 5 solar assets secured comprising 84MW





Optimised capital structure – details (31 March 2022)

Equity

Ordinary Shareholders

- 590m Ordinary Shares in issue, targeting a total dividend of 7.52p per ordinary share for the financial year ending 31 March 2023

Preference shares

BAE SYSTEMS, USS

- Two £100m tranches issued in November 2018 and August 2019
- Non-redeemable and non-voting shares entitled to a fixed preferred dividend of 4.75% p.a. with conversion rights from 1 April 2036 at the nominal value
- Option to redeem at nominal value starting from 1 April 2030 for six years at sole discretion of the Company

Financial debt facilities

CommonwealthBank, nab, MACQUARIE

- Fully amortising facility (£131.4m outstanding) expiring in 2035 drawn to finance the Apollo portfolio
- Unique NAV-enhancing features (grace period, DSRF, flexible PPA)

Macquarie Infrastructure Debt Investment Solutions ("MIDIS")

- Fully amortising facility (£39.9m outstanding) expiring in 2034
- Debt in place at completion of Radius portfolio in April 2016
- Replacement of DSRA with LoC in November 2018

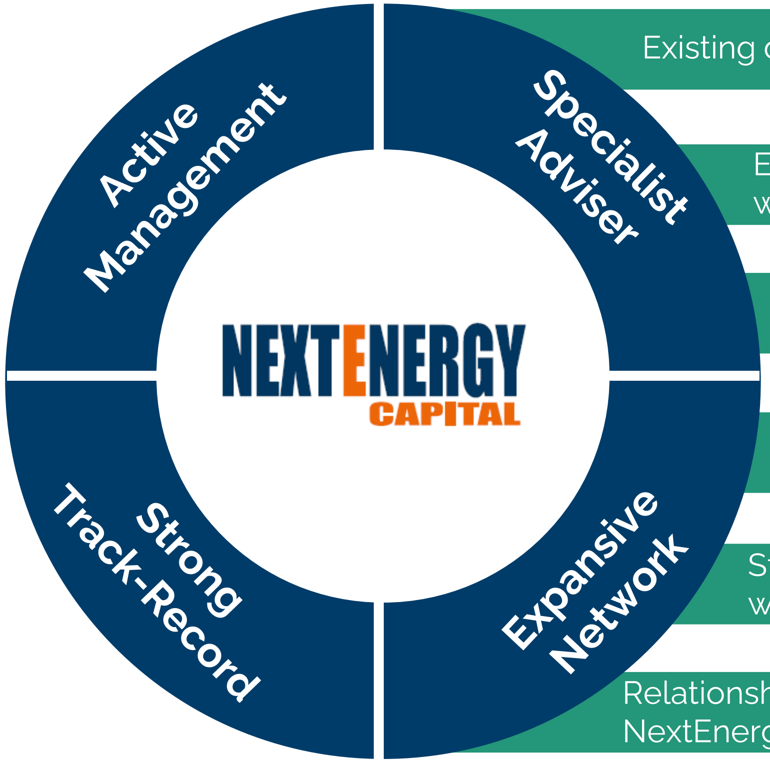
NatWest, AIB, Santander

- Santander RCF of £70m, partially drawn (£39m), recently extended (5 July 2022) until June 2024 with an option of a 12-month extension
- AIB RCF of £135m, fully drawn (£135m) and available until June 2024

Appendix: Energy Storage

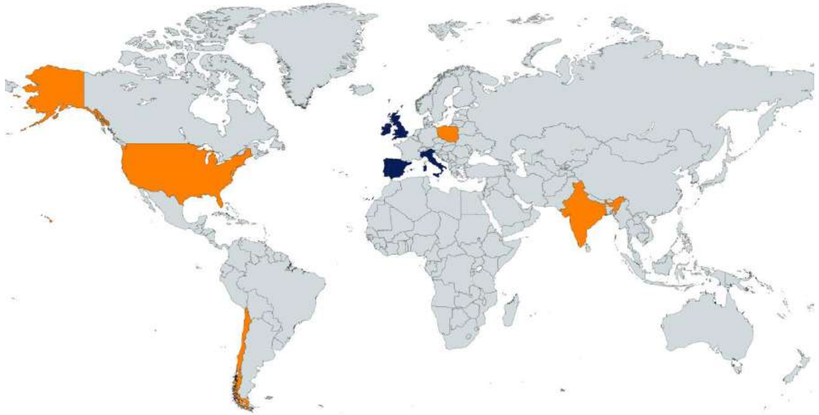
NEXTENERGY SOLAR FUND

NextEnergy has the right platform to deploy energy storage



- Existing deep knowledge of UK power markets
- Experience of managing storage assets, co-located with solar since 2018
- Competencies in de-risking and optimising projects within its portfolios
- Expansion of the NextEnergy Capital team will capture specialties in battery storage
- Strong track record of delivering attractive risk-weighted returns to shareholders across its funds
- Relationships with EelPower and across the sector provides NextEnergy Capital with a robust support network

- **14 years** experience as a Manager
- **C.$3.4bn** Solar AUM
- Over **350** solar assets acquired
- **2.4GW+** across UK, Italy, US, Portugal, Spain, Chile, Poland, and India



NextEnergy Group | NEXTENERGY CAPITAL | WISE ENERGY | STARLIGHT | NextSTEP (A NextEnergy Group Company) | NEXTENERGY FOUNDATION

Five key reasons to increase energy storage in NESF

1 Battery storage benefits from intermittency of renewables

- As the UK decarbonises, renewables are expected to provide the backbone of the future energy mix. However, renewables are a cause of strain on the grid due to their intermittency and nonsynchronous generation, increasing wholesale price volatility in all future energy scenarios. Battery storage provides essential flexibility, ensures that supply of electricity across the grid matches demand fluctuations and realizes value from increased price volatility and vital grid services

2 Battery storage is highly complimentary to NESF's solar portfolio due to non-correlated revenues

- Solar exhibits a predictable generation profile during a single day
- Batteries capitalize on wholesale market price fluctuations by charging when renewable output is high (and prices are low/negative) before dispatching at peak demand (when prices are highest)

3 Co-location of batteries with solar assets multiplies benefits and cost savings

- One of the largest hurdles to deployment of new projects is associated with grid connection availability, timeline and cost. Co-location streamlines battery deployment by using the same grid connection for both assets. OPEX is also optimised through sharing site infrastructure and maintenance (e.g. inverters)

4 NESF is well positioned to capitalise on the UK battery storage space

- NESF's has a strong portfolio of solar assets that provide a robust base revenue generation, inclusion of accretive return assets is sensible to continue the platforms' continued growth and evolution
- The joint venture partnership with EelPower allows NESF to leverage expertise as well as access to pipeline projects

5 Batteries generate revenues through multiple pathways

- Revenues driven by volatility (potential to arbitrage and financially settle without cycling battery) and provision of ancillary stability/flexibility services to grid
- Multiple revenue streams allows batteries to adapt easily to market changes, revenue stacking supported by the grid's adoption of battery storage as part of its plans for managing the future of the grid, valuing the stability that batteries can bring to grid infrastructure alongside their ability to arbitrage volatility.

NESF has an established energy storage track record

2018 | 2019 | 2020 | 2021 | 2022 | 2023 onwards

1 First two co-located batteries

NEXTENERGY SOLAR FUND

1. **Salcey Farm** (5.5MW): Buckinghamshire, acquired May 2018
2. **Pierces Farm** (1.7MW): Berkshire, acquired May 2018

2 Strategic Relationship with EelPower

EELPOWER

- Target of 1GW of storage under management
- Procured, constructed and operated 6 large-sale batteries over 6 years, including two of the UK's most profitable
- Eelpower's in-house 'Eel-Dispatch' control, data and risk management platform helps deliver an efficient turnkey asset management

NPEP I
Up to
£100m

NPEP II
Up to
£200m

3 Co-location retrofit across portfolio

NESF has an Existing UK portfolio of 91 solar assets and Investment Committee approval to develop c20MW of co-located sites, with scope to identify additional co-located assets.

Current progress:

- ✓ NESF UK portfolio reviewed for available grid import capacity
- ✓ Pilot project (North Norfolk) secured planning permission on 18 February 2022
- ✓ Planning applications in progress at 4 more sites, with a further 3 seeking grid capacity
- ✓ Remaining sites to be reviewed periodically as grid capacity changes

4 Investment Policy Increase

Increase the investment mandate up to **25%**, in order to capitalise on existing pipeline & opportunities:

Camilla:
50MW 1hr
To be energised Q1 2023

2hr augmentation of Camilla:
To be energised Q1 2024

Project Lion:
250MW 2hr
To be constructed 2025

Opportunities secured through energy storage joint ventures

2022

4

Project Camilla

Under Construction

Capacity: **50MW**

Duration: **1hr**

Energised: **Q2 2023**

The project is located adjacent to the Glenniston substation, well placed to benefit from volatility driven by high Scottish wind capacity, low local demand and constraints on National Grid interconnector capacity to areas of high demand.

5

Project Lion

Project Rights Acquired

Capacity: **250MW**

Duration: **2hr**

Constructed: **2025**

The project is adjacent to the Walpole substation, a key onshore hub for existing wind farms (Race Bank, Lincs and Inner Dowsing wind farms) and well-placed to benefit from expected additional wind capacity in the region.

2023 onwards

6

Investment Policy Increase

Look to increase the investment mandate **up to 25%**, in order to capitalise on existing pipeline & opportunities:

Project Camillia blueprint:

Example project timeline:

The strength of specialists: NextEnergy Capital & EelPower

Background

- NESF sought an industry expert with demonstrable experience in delivery of construction and optimisation of energy storage
- Eelpower was identified as the leading entity in its field

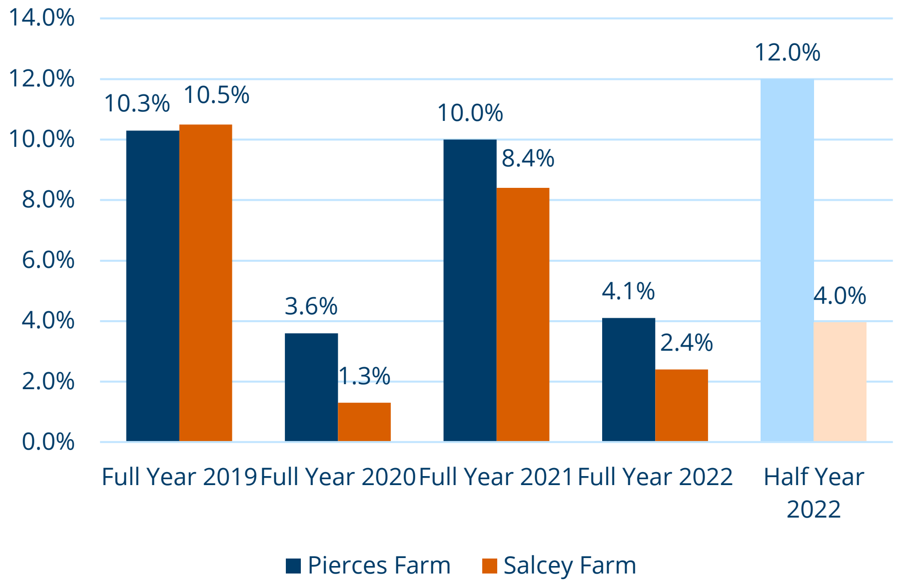
About Eelpower

- Founded to enable the UK to manage the increasing volatility created by non-dispatchable renewables and has become a leading battery developer with a target to have 1GW of storage under management
- Procured, constructed and operated six large-sale batteries over six years, including two of the UK's most profitable
- Eelpower's in-house 'Eel-Dispatch' control, data and risk management platform helps deliver an efficient turnkey asset management offering which maximises investor value
- In January 2021, SUSI Partners (one of the most experienced storage investors in the world) agreed to invest £90m alongside Eelpower in an equity JV covering 30MW operational, 60MW in construction and a development pipeline of c200MW

NextEnergy Capital track record

- Consistently generated more electricity than acquisition budget (**+4.8% p.a. since IPO for the full portfolio**)
- The sustained portfolio outperformance demonstrates the robustness of NEC's active management processes

Power Generation Performance above budget (%) for NESF's co-located projects



Example site recently realised by Eelpower:

NESF portfolio co-located battery asset, Salcey Farm:

Revenue sources for NESF batteries

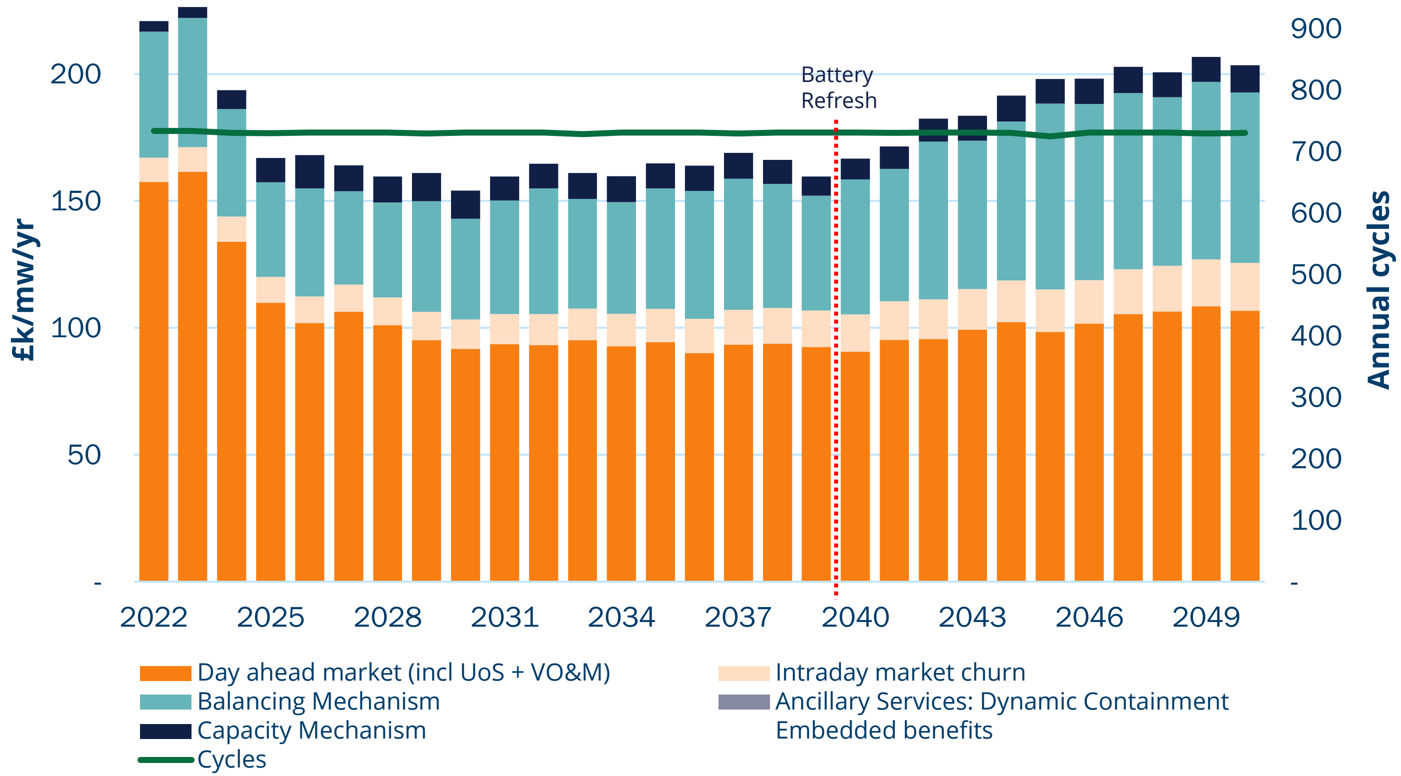
Key revenue drivers

Volatility:
Higher volatility of generation drives increased need for flexibility + arbitrage opportunities*

Inflation:
Inflation applies to all revenue and cost lines; therefore, increased inflation drives greater nominal cash flows after debt services ("CFADS")

Cycles:
Arbitrage revenue is earned through charge and discharge ("cycle") of electricity; therefore, revenue is largely driven by the number of annual cycles

Example revenue stack a 2hr duration standalone battery project



A leading optimiser predicts single market (worst case) spreads concentrating around a "natural floor" in arbitrage revenues, with additional markets providing consistent upsides

Footnote:
UoS: Use of System. See slide 28 for more details
VO&M: Fixed and variable maintenance cost

Energy storage joint venture breakdown

Joint Venture Partnership 1 ("JVP1")

JVP1

£100m

- 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

+

Joint Venture Partnership 2 ("JVP2")

JVP2

£200m

- Owned **75%** by NESF and **25%** by Eelpower
- First acquisition as part of JVP2 for **£32.5m** secured
- 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

NEXTENERGY SOLAR FUND | EELPOWER

Battery storage investment opportunities

£300m

Total announced standalone battery storage projects to date

300MW

Energy storage pipeline

500MW

Batteries generate revenue from multiple sources

Merchant trade is the backbone of a diversified revenue stack

- Wholesale markets are deep, liquid and will exist over the course of project lifetime
- Returns from **wholesale markets alone make battery projects investable now**
- Other streams simply add upside

Additional Revenues

Ancillary Services

System Balancing

Wholesale Markets

Ancillary services offer strong near-term value

- But, with new assets coming online, these markets will saturate
- In medium-to-long term, ancillary service pricing will revert to opportunity cost of merchant trade
- **Long term, ancillary services will offer opportunistic upside revenue**

Overview of UK energy storage revenue streams

Years | Hours | Minutes | Seconds

Capacity Market

- Ensures national security of supply by procuring a sufficient level of firm capacity to meet peak electricity demand
- Contracts are awarded either one or four years in advance for lengths of 1-15 years
- Payments are made on a capacity basis in £/kW/year and de-rated based on contribution to security of supply

Wholesale Market

- Provides platform to buy and sell power to meet demand every half-hour
- Contracted from years ahead to T-1 hour trading

Balancing Mechanism

- Ensures balance is maintained in the power system in each daily half-hour trading period as well as other system operational needs e.g., thermal and voltage constraints
- Contracted over a variety of timescales, including within delivery periods

Ancillary Services

- Maintains operational grid requirements and provides secondary balancing through sub second to minutes long response. Contracted in advance on monthly-yearly basis
- E.g. Dynamic containment (formerly fast frequency response)

Embedded and Behind-the meter (BTM) Benefits

- Benefits that embedded/BTM assets or demand consumers receive for reducing net demand on the system by avoiding certain costs
- Transmission Network Use of System (TNUoS): Payments for relieving peak transmission network demand. Split into the Embedded Export Tariff (Distribution connected) and Gross Half-hourly Tariff (BTM)
- Generator Distribution Use of System (GDUoS): Payments for relieving peak distribution network demand
- Balancing Service Use of System (BSUoS): Payments for reducing balancing charges
- CM Supplier Ch/arge: Payments to maintain yearly CM contract obligations

Arbitrage | Capacity Markets | Ancillary Services | Other

Local Flexibility Markets

- Maintains operational grid requirements and provides secondary balancing through sub second to minutes long response
- Contracted in advance on monthly-yearly basis

Understanding duration terminologies

Three key terms are important in understanding battery assets: *Rated Power*, *Energy Capacity*, and *Duration*

Rated Power	Energy Capacity	Duration
the maximum amount of power a BESS asset can charge or discharge at any given time	*the maximum amount of stored energy that a BESS asset can hold*	*the length of time for which a BESS asset can discharge at its full Rated Power*
MegaWatts (MW)	**MegaWatt Hours (MWh)**	**Hours (h)**

Examples

Rated Power	Energy Capacity	Duration
10MW	**10MWh**	**1h**

(a 10MW BESS asset with an Energy Capacity of 10MWh can discharge at its full Rated Power for 1hr)

Rated Power	Energy Capacity	Duration
10MW	**20MWh**	**2h**

(a 10MW BESS asset with an Energy Capacity of 20MWh can discharge at its full Rated Power for 2hrs)

Benefits of increased battery storage duration

A battery's 'duration' is the ratio between the stored energy capacity (MWh) and rated power (MW) of an asset. It defines how long it takes a battery to discharge from full to no charge

Ancillary Services:

Rated power (MW) is the determining factor for how much BESS assets can make in ancillary services. This is important because ancillary services have been the dominant revenue stream for BESS. The reason BESS assets are so well suited to these services is their fast response time, not their ability to provide power for long durations. Since the energy throughput required to provide ancillary services is relatively low, a 2h system has limited additional benefit.

✓ **Shorter Duration**

— **Longer Duration**

Wholesale Markets:

The ability to trade over multiple auction blocks in wholesale markets means that 2h assets can capture larger revenues than 1h assets. The fact that 2h systems can earn more in merchant markets may sound appealing, but price spike events haven't historically happened very often.

— **Shorter Duration**

✓ **Longer Duration**

Balancing Mechanism:

Longer-duration assets are theoretically capable of procuring larger revenues in the BM than shorter-duration assets. However, due to the lack of consistent BM opportunities, it is difficult to make the commercial case for a BESS asset of any duration based significantly on its suitability in this market.

✗ **Shorter Duration**

✗ **Longer Duration**

Capacity Market:

The CM provides long-term contracts for BESS assets, paying them on a £/MW basis for their availability to provide capacity if a system stress event occurs.

- 2h assets can earn ~2x that of 1h assets in CM revenues (for contracts awarded in the same auction).
- On average, CM revenues make up 13% of income.

— **Shorter Duration**

✓ **Longer Duration**

Battery storage duration is lengthening | Timera Energy (timera-energy.com)
What battery durations are investable? | Timera Energy (timera-energy.com)
Modo Energy – Future of GB BESS Buildout
Modo Energy – Untangling the impact of BESS duration

Eelpower partner selection

Eelpower background & track record

- Eelpower is a specialist in the UK battery market with a strong track record and extensive experience in the delivery, management, and optimisation of battery storage assets in the UK
- Eelpower will provide EPC and ongoing specialist asset management services to the storage assets and will source further acquisition opportunities for the JVP
- Very well connected in the energy storage universe, unlocking opportunities for NESF
- Eelpower's in-house 'Eel-Dispatch' control, data and risk management platform helps deliver an efficient turnkey asset management offering which maximises investor value for NESF

EELPOWER

Investors

NEXTENERGY SOLAR FUND, SUSI PARTNERS

Routes to market

EDF, HABITAT, limejump

Grid

nationalgridESO, SP ENERGY NETWORKS, sse, UK Power Networks, WESTERN POWER DISTRIBUTION

Advisors

AURORA, Baringa, cobalt, opus CORPORATE FINANCE, natural power, RINA

Suppliers

Anesco, BYD, ethical power, g2 ENERGY, KRAKENFLEX, SMITH brothers

Developers

GIGABOX, Intelligent Land Investments GROUP, JLL, RNA ENERGY

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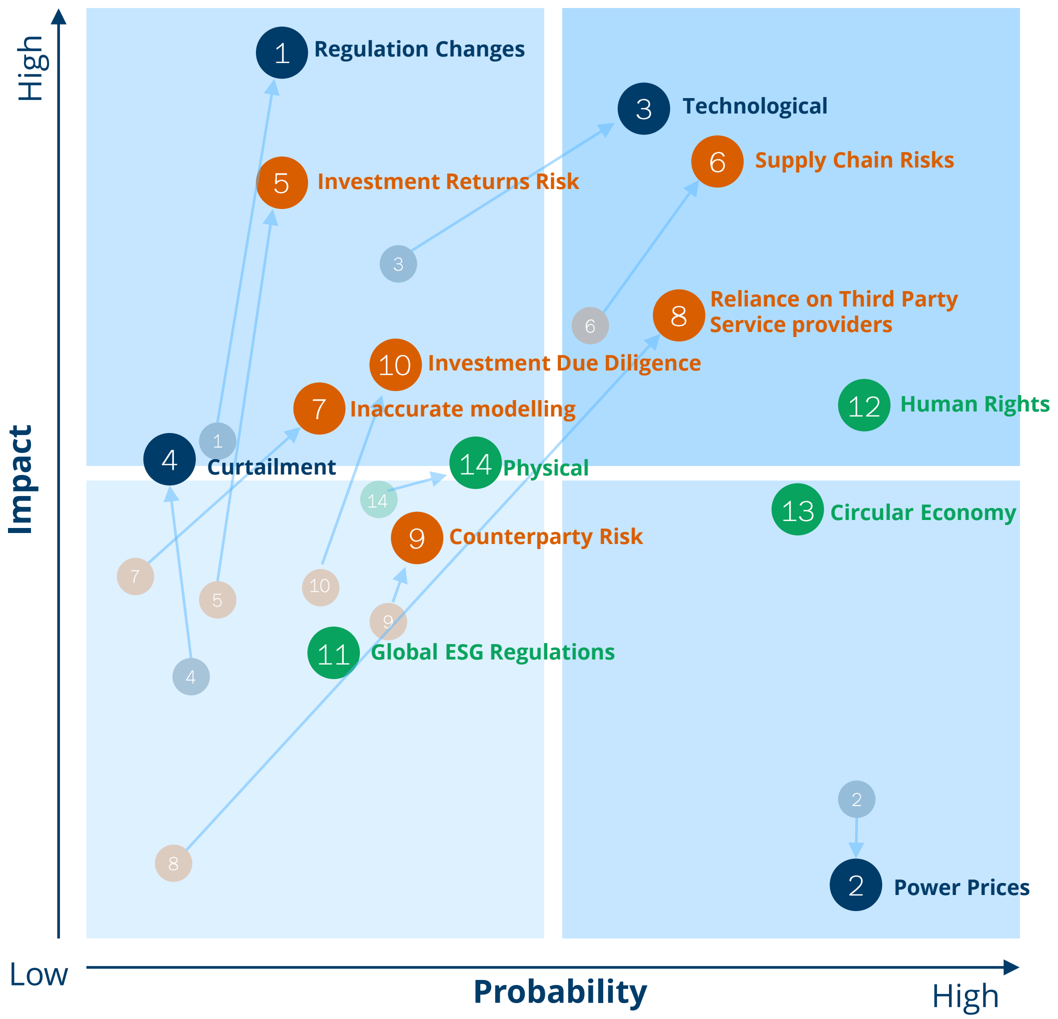
Energy storage co-location retrofit programme

- NESF has held two co-located battery assets since 2018 (Salcey Farm & Pierce Farm)
- Introduced co-located retrofit programme across the UK portfolio of **91 solar assets, with existing grid connections**
- First site for a co-located battery project already identified with planning permission secured - **11MW North Norfolk solar farm**, to include a 6MWh/12MWh battery system.
- Planning applications in progress at **4 more sites**
- Looking at behind the meter co-located installations

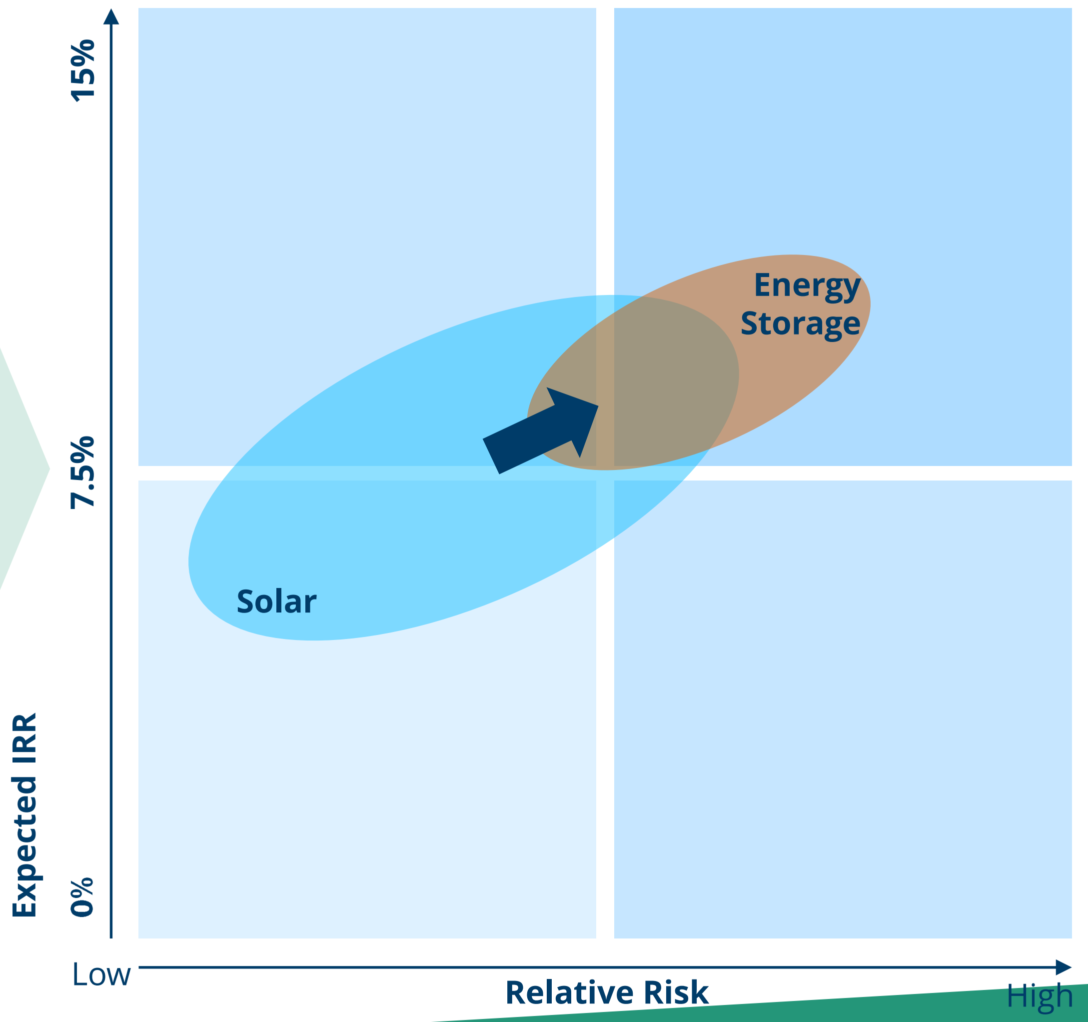
NEXTENERGY SOLAR FUND

Indicative risk return profile shift

Energy Storage Risk Matrix vs Solar[1]



Indicative Risk-Return for Energy vs Solar



(1) Please see next slide for details of specific risks

Energy storage risk matrix

		Risk	Description
1	**Regulatory**	Regulation Changes	Adverse changes to regulation of BESS assets, changes to or removal of future regulated revenues, etc. (e.g. Frequency response services: Enhanced Frequency Response, Dynamic Containment, etc.)
2	**Market**	Power Prices	Electricity prices remain below Company's forward curve used in pricing/valuation models. This is a low risk for BESS, as revenues are based on arbitrage (i.e. the difference between low charging cost and high selling price)
3	**Market**	Technological	Emerging forms of energy storage technologies and alternative methods of balancing frequencies (such as international connection grids) could undermine the economics of our business cases for BESS
4	**Market**	Curtailment	For batteries, curtailment impacts both charging and discharging phases. Given the nature of batteries as responsible for balancing grid frequencies, their installation is likely to reduce the likelihood of unforeseen curtailment
5	**Strategic**	Investment Returns Risk	As BESS becomes more commercially accepted, there is a risk that an increase in new developers, owners and operators leads to fewer attractive investments.
6	**Strategic**	Supply Chain Risks	Many of the raw materials, such as Cobalt, Lithium and Nickel are produced by just a few countries. Subsequently, this low diversification means that a single nation could greatly impact the cost of raw materials for development of future BESS assets
7	**Strategic**	Inaccurate modelling	NAV calculation portrays a false position (including the valuation of the portfolio). Currently discount rates are very varied (5-11% for GSF and GRID), which reflects the uncertainty of different revenue streams
8	**Strategic**	Reliance on Third Party Service providers	Given NEC's relative inexperience in the field of BESS, it will need to rely on expertise from 3rd parties, such as Eel Power. Fund performances (and subsequent revenues) is directly impacted by the performance of service providers.
9	**Strategic**	Counterparty Risk	Fund performances (and subsequent revenues) directly impacted by companies with which NEC Ltd engage in contracts, such as contracts for frequency response services.
10	**Strategic**	Investment Due Diligence	Due diligence on investment process inadequate to identify key risks and problems in investments
11	**ESG**	Global ESG Regulations	Risk of environmental regulation, e.g. the European commission has stated that responsibly-sourced cobalt must be mandatory for new BESS assets. Some Chinese companies sell certified processed cobalt to Europe that is in fact mixed with material sourced from unregulated mines.
12	**ESG**	Human Rights	Human rights issues associated with supply chains. • Cobalt: high risk of poor labour and H&A conditions • Lithium: risk of affecting indigenous people in Argentina, Bolivia and Chile. Extracting methods are potentially dangerous • Nickel: risk of increased waste from mines (e.g. Indonesia)
13	**ESG**	Circular Economy	Durability: Battery lifespan and their capacity must be considered Recycling: End of life disposal/recycling of materials and potential use for future BESS assets is currently unclear
14	**ESG**	Physical	Fire and noise pollution. Existing assets may have higher insurance premiums and maintenance costs due to likelihood of fires. New development assets may have delays as these risks cause difficulties in planning stages.

Now is the right time to deploy energy storage

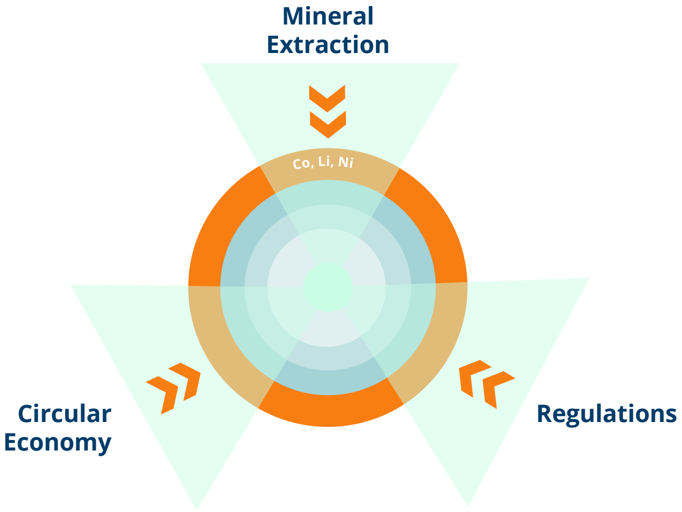
Previously	Now
Evolving, early-stage technologies	Technology established and tested
Prohibitive capex, long return horizons	Capex and return horizons reducing
Uncertain revenue streams	Revenue proven by pathfinder schemes
Stable prices = narrow arbitrage	Increased price volatility = wider arbitrage
First mover, not best mover	Fast followers benefit from lessons already learnt
Summary	**Summary**
Uncertain IRRs on unproven technology with long return horizon (Private Equity Investment Stage)	Attractive, reliable IRRs on proven technology with reasonable return horizon (Institutional Investment Stage)

Appendix: ESG

ESG integration into the NESF investment process

- ESG factors are considered throughout the investment process, from potential excluded activities during the project selection phase, to initial screening and full due diligence during the pre-acquisition phase
- ESG clauses are included in key contracts with our counterparties, including EPC and O&M contractors, and an action Plan to fill in any gaps between a project, its contractors and the standards which NEC seeks to uphold is agreed during the negotiation phase
- NEC ensure that the action plan is implemented, and that NESF report on its ESG performance
- Please see the NEC sustainable investment policy on the website for more details: nextenergycapital.com/sustainability/sustainable-investing/

ESG considerations for energy storage



Mineral Extraction

- **COBALT:** most of global supply originates from the DRC, of which c. 30% derives from small-scale miners working in poor labour and H&A conditions.
- **LITHIUM:** mining is affecting indigenous people in the Lithium Triangle (Argentina, Bolivia and Chile) which currently holds over 60% of known global lithium reserves. This region uses a unique method of extracting lithium from saltwater brines, a technique with potentially dangerous environmental consequences.
- **NICKEL:** demand is expected to increase 6-fold by 2030, with the world's largest producer, Indonesia, already upping production to meet this. Indonesia is currently dumping mine waste (tailings) into the ocean.

Circular Economy

- **DURABILITY:** of the batteries lifespan and their capacity to be recycled should be considered. Suppliers selection to consider product lifecycle and aspects relating to the circular economy. Participation in industry initiatives such as the Global Battery Alliance is a way NEC can foster stewardship and uphold company standards.
- **METAL RECYCLING:** such as cobalt, lithium and nickel are key battery components will enter a shortfall of supply before 2025. A domestic recycling programme would minimise the volumes of mineral extraction (hence the labour and water conflict risk associated with it).

Regulations

- The European Commission ("EC") has released a strategic battery action plan which identifies ways in which responsible sourcing can be upheld and solve supply chain issues. For example, some refining companies in China have been found to sell certified processed cobalt to Europe that is in fact mixed with material sourced from unregulated mines.
- In Feb 2022, the EU issued a new Directive on Corporate Sustainability Due Diligence which will require DD on ESG aspects throughout business's supply chain.

Due diligence

- NextEnergy Capital ("NEC") carries out due diligence process of batteries suppliers to ensure that human rights risks, including those of labour, H&S, or impact on environment and ecosystem services fundamental to the livelihood of communities and Indigenous People. NEC also require them to sign our Supplier Code of Conduct and ensure suppliers abide by it when working with us.

Audits

- NEC plans to adopt the third party audit and chain of custody approach that is being considered with SEUK for modules and will be the standard to promote industry-wide traceability.

Compliance

- NEC seeks to ensure compliance with applicable regulations such as the OECD due diligence guidance for responsible mineral supply chains (3rd edition), as well as voluntary principles such as the UN Guiding Principles on Business and Human Rights
- NEC carries out supplier reviews to ensure circular economy elements are considered as per the EU taxonomy; the WEEE directive on recycling and disposal; and/or the EC Batteries Directive (2006), by embedding alignment with these frameworks in the original procurement contracts.

Green inputs

- NEC is investigating how we can obtain green inputs to our battery facilities from suppliers that are also both economically viable and large enough to meet demand.
- This is a challenging goal, but we are committed to improving our input supply transparency, with the aim of having the greenest possible input. Not only does this reinforce the delivery of NEC's mission with the smallest footprint feasible, but it will direct investment to green suppliers, pushing the demand for better solutions and increasing the appetite for storage in the UK in a virtuous cycle.

Biodiversity and social enhancement

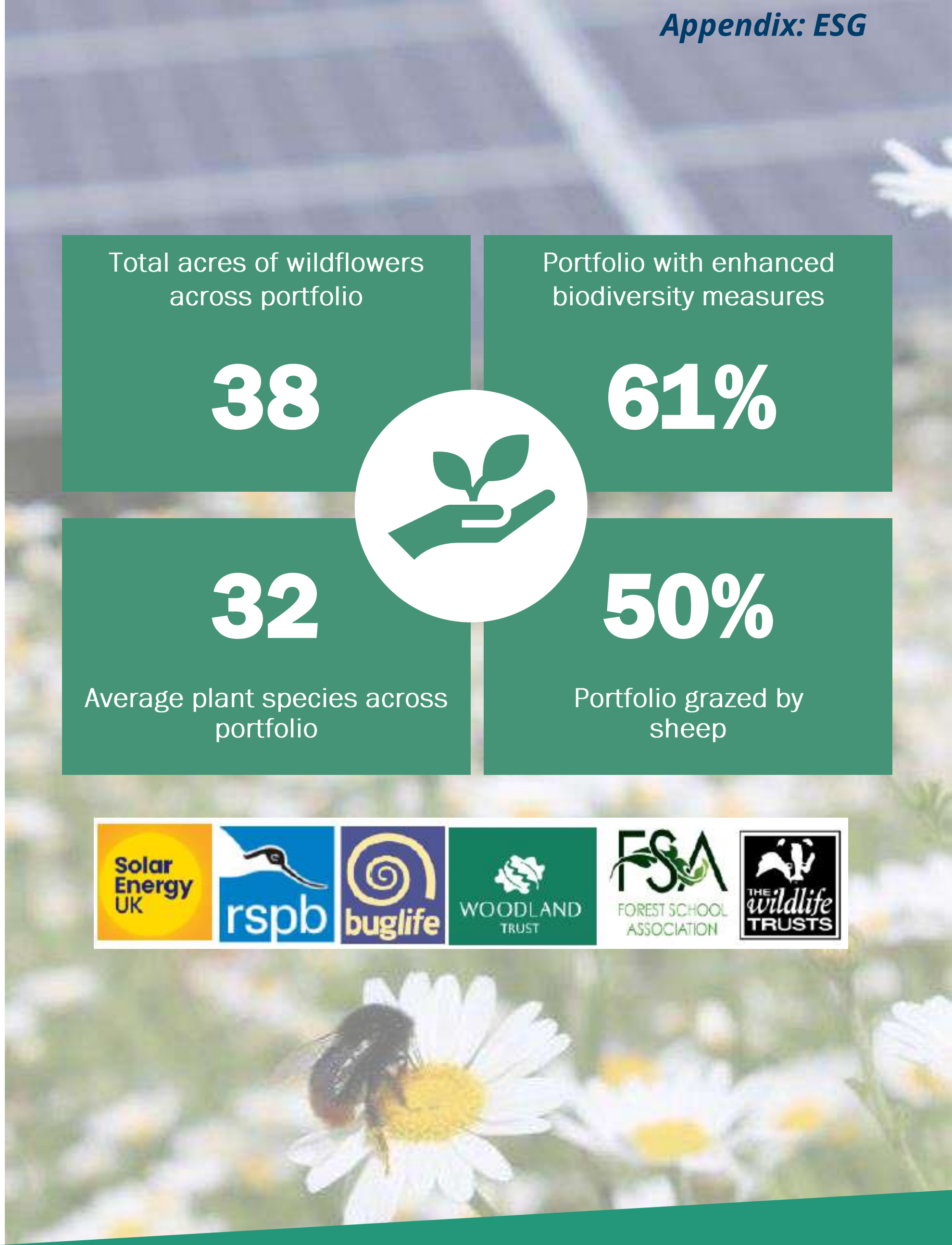
- NESF benefits from a dedicated Biodiversity team to ensure that land management and native fauna and flora are being considered throughout the investment and ownership phases.

Biodiversity looking forward

- ✓ Continue to implement best practice biodiversity measures across the NESF portfolio
- ✓ The total habitat net gain achieved from the pre-solar baseline to post-exemplar measures averaged **82%**
- ✓ Enhance local biodiversity for the surrounding areas where we operate
- ✓ Roll out extension of exemplar site programme to cover over **50%** of portfolio before year end
- ✓ Target positive biodiversity net gain at our solar sites

Enhanced community engagement

- ✓ **20** solar sites are promoting educational visits alongside Earth Energy Education, in 2023. Aiming to improve links with the local communities and supporting students with their curriculum studies
- ✓ NESF provides direct community funding through its SPVs: **£103, 668**.
- ✓ In 2022-2023, community engagement and investments included a wide range of activities, including outreach work with local schools.
- ✓ **14** community groups were successful in their bids to receive a donation from the BizGive trials, supporting a range of local initiatives.



EU Taxonomy and Sustainable Finance Disclosure Regulation

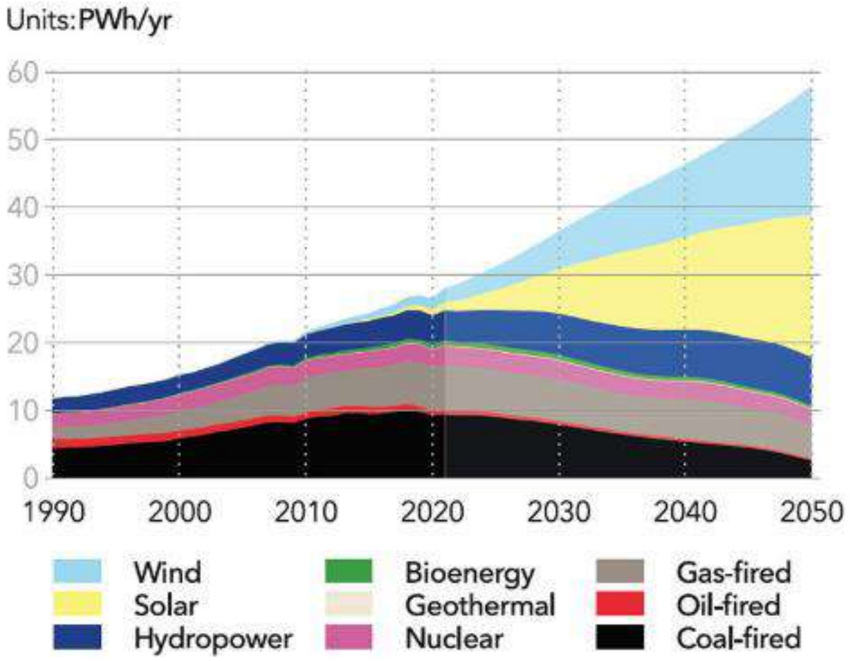
- The Sustainable Finance Disclosure Regulation (SFDR) is a European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants
- **NESF complies 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 Art. 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 focus on investments in solar PV and battery storage assets and its investment decision making processes
- In light of this classification, NextEnergy Group has made the relevant disclosures for NESF in its annual report for the year ended 31 March 2022

Appendix: Other

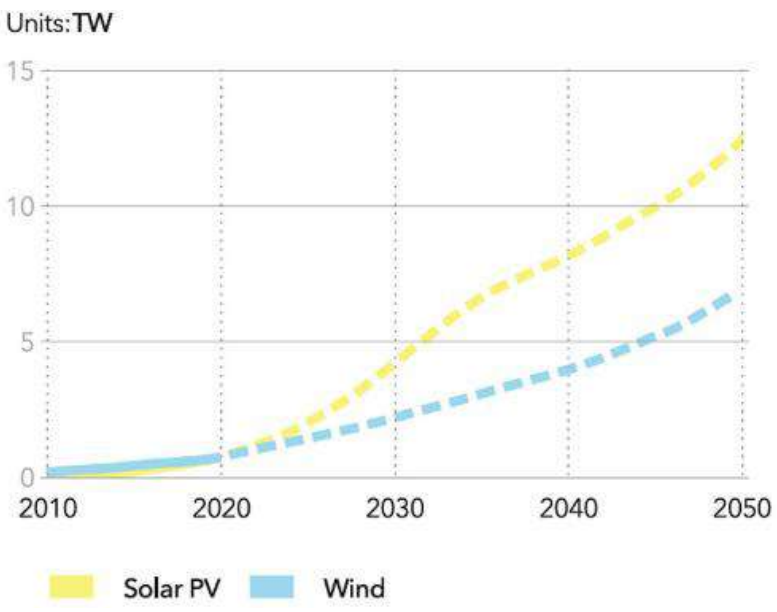
Solar growth potential

- It is expected that **$900bn** is needed to be invested into solar energy in Europe for the continent to reach its net zero targets by 2050[(1)]
- These graphs show solar is the leading renewable energy technology by 2050
- Solar LCOE[(2)] has been in a continual decline over the course of the past decade, declining by **22%** since 2019, proving it is a cost leader over other generation technologies
- The continuous cost-competitiveness of solar is a leading reason for global governments integrating the technology as part of their plan in reaching net zero by 2050

World Grid-Connected Electricity Generation by Power Station Type[(3)]



Build-up of Solar and Wind – Global Installed Capacity[(3)]



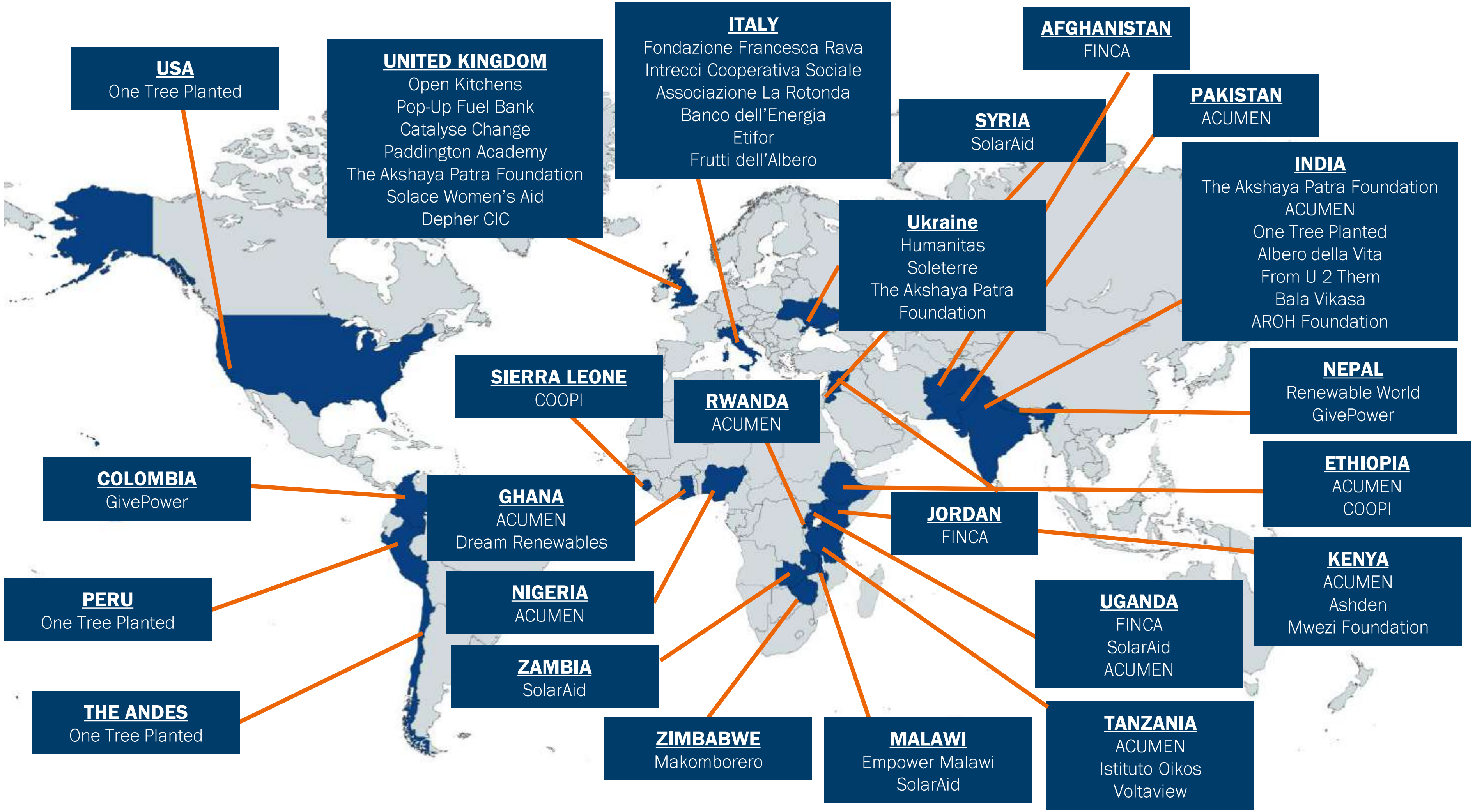
Notes:
(1) Bloomberg BNEF
(2) Levelised Cost of Electricity
(3) DNVGL: Energy Transition outlook 2021

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

NEXTENERGY SOLAR FUND

The NextEnergy Foundation

- **Established in 2016**, the Foundation's mission is to alleviate poverty through the nexus with clean energy access and emissions reductions
- NextEnergy Capital donates **at least 5%** of its net annual profits to the NextEnergy Foundation
- In 2023, the Foundation set up an endowment fund. Returns on investment will supplement grant making from capital, and investments will only be made in companies and assets contributing to NEF's mission
- The map on this slide illustrates the extent of the Foundation's impact: it has supported projects in **26 countries** and, in doing so, contributed to the achievement of 15 of the UN SDGs



NEXTENERGY FOUNDATION

NEXTENERGY SOLAR FUND

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