



Foresight Solar Fund Limited

**ANNUAL RESULTS
FOR THE YEAR ENDING
31 DECEMBER 2018**

Analyst Presentation

6 March 2019

2018 Highlights




NAV growth: 111.2 pence per share (31 Dec 2017: 107.0 pence).




Portfolio expansion: 31 assets totalling 248MW acquired.



Strong operational performance: 4.9% above UK budget.



Dividend delivery: 6.58 pence per share FY2018, as per target.



Fundraising: £106 million raised through two oversubscribed fundraisings, in July and October 2018.

Key Financial Metrics

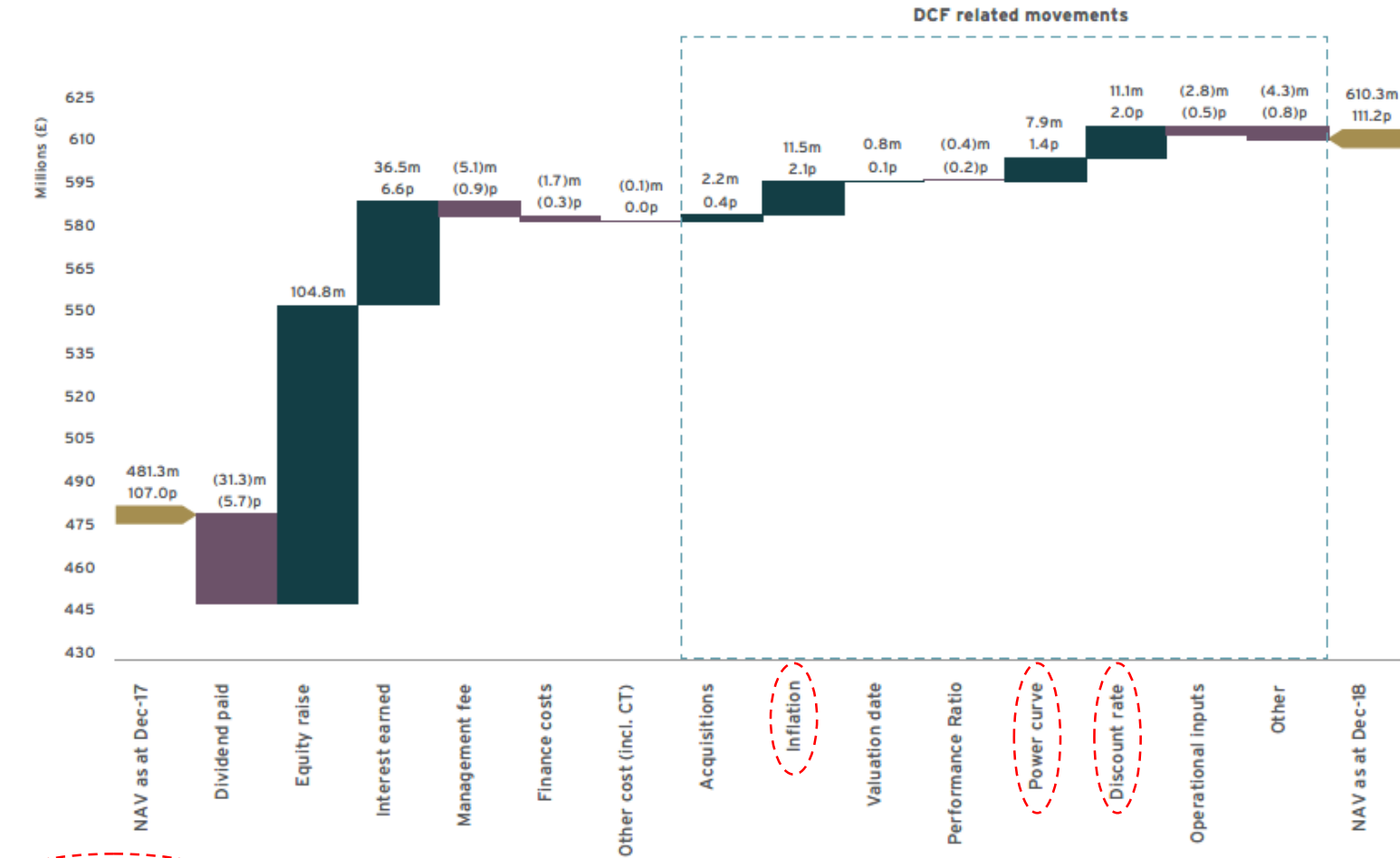
Strong year-on-year NAV growth

	31 December 2018	31 December 2017
GAV	£1,114.7 million	£680.8 million
NAV	£610.3 million	£481.3 million
NAV per Share	111.2 pence	107.0 pence
Profit after Tax for the period	£56.0 million	£35.1 million
Total Dividend per Share for the period	6.58 pence	6.32 pence
Market Capitalisation	£592.9 million	£486.0 million
Share Price	108.0 pence	108.0 pence
Annual Total NAV Return since IPO	7.36%	7.48%
Annual Total Shareholder Return since IPO	6.83%	7.02%

Net Asset Value Movements

Growth supported by a lower discount rate, power curve and short term inflation changes

Movements in NAV (£m and pence per share)



Key drivers

Financial Performance

Solid underlying earnings and underpinned by stable operating margins

- Portfolio income shows revenue generated at project level, including liquidated damages and insurance proceeds.
- Principal repayments on debt and dividends included on a cash basis, excluding payments to fully repay individual facilities during the period.
- Underlying dividend cover can be compared to 1.20x when calculated on a pure cash basis.

	£'m
Portfolio income	84.50
Portfolio operational costs	(19.31)
Operational profit (77.1% margin)	65.19
Debt interest costs	(11.89)
Fund operating costs	(6.95)
Underlying profits	46.35
Debt principal repayments	(9.83)
Underlying profits available for distribution	36.52
Dividends	30.02
Underlying dividend cover	1.22x

Dividends

Delivered on all target dividends since IPO

- Dividend cover for the period, on a cash basis, was 1.38x (excluding dividends paid to new shares issued in the period and including cash balances acquired as part of the acquisitions completed in 2018).
- Excluding cash acquired alongside new assets, dividend cover would have been 1.20x (FY2017: 1.12x).
- FY2019 target dividend of 6.76 pence, in line with UK RPI.

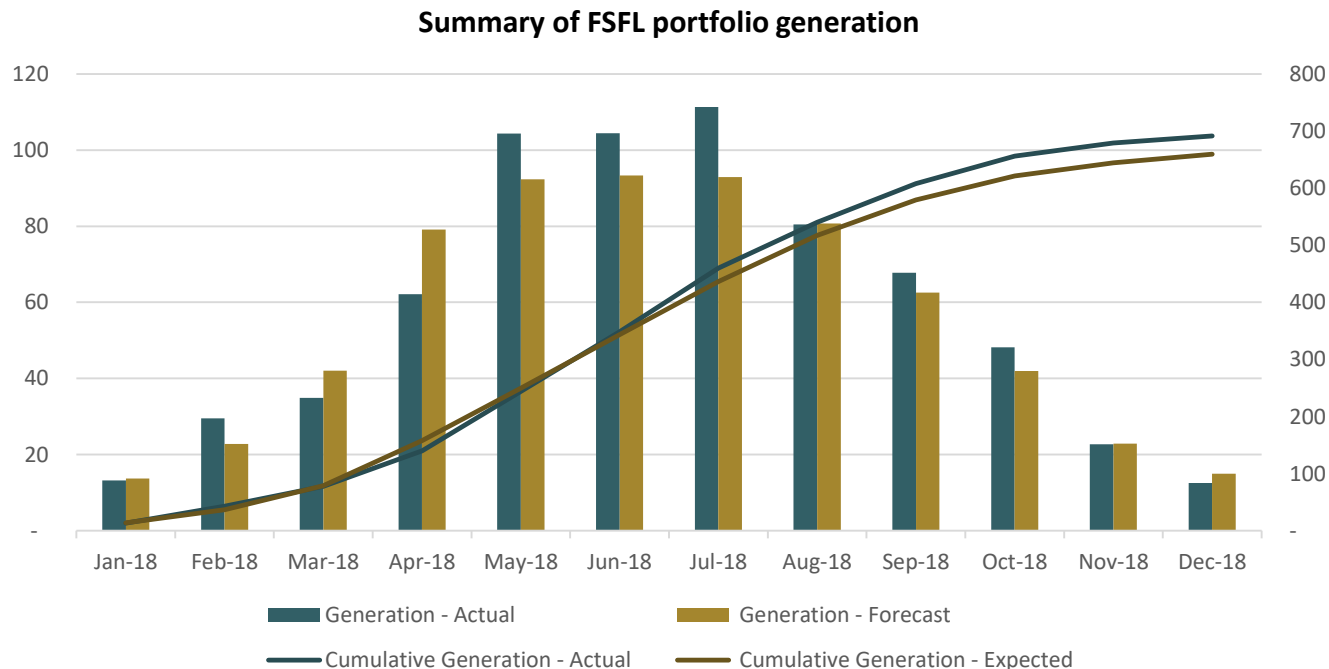
Dividend Timetable for FY2018

Dividend	Amount	Status	Payment Date
Interim 1	1.64 pence	Paid	24 August 2018
Interim 2	1.64 pence	Paid	23 November 2018
Interim 3	1.65 pence	Paid	22 February 2019
Interim 4	1.65 pence	Approved	24 May 2019
Total	6.58 pence		

UK Portfolio Performance

Significant improvement in UK portfolio performance

- FY2018 adjusted* generation was **4.9%** above expectations.
- UK irradiation levels up 6.4% above base case assumptions.
- Performance enhancing initiatives implemented by the asset manager addressed historical issues on specific sites.

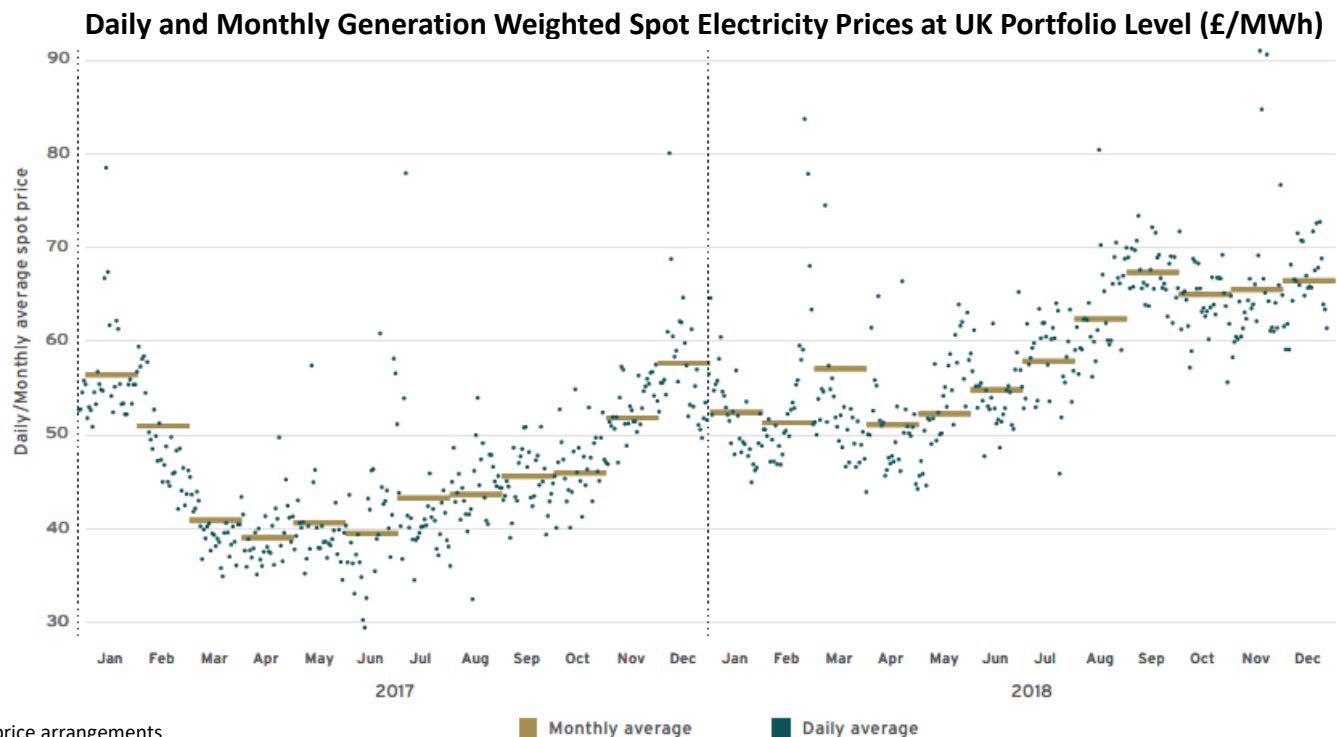


* Adjustments include insurance proceeds and liquidated damages

UK Portfolio Power Prices 2018

Strong wholesale power prices throughout the year

- **12.1%** increase in average power price to £49.54 (FY2017: £44.19)*.
- Continued to take advantage of attractive forward electricity prices through fixed price arrangements:
 - 31 Dec 18: **53%** of UK portfolio fixed at weighted average price of **£53.38/MWh** (31 Dec 17: 29% at £43.26/MWh).



* Including fixed price arrangements

Australia Portfolio Performance

Two assets representing 61MW reached first export in 2018

- **Longreach:** Fully operational after reaching first export in March 2018. Experiencing limited levels of grid curtailment.
- **Bannerton:** First electricity export in July 2018 and due to reach full export capacity in March 2019. Delays with commissioning process due to changes in AEMO commissioning requirements. Minimal financial impact due to protections in place.
- **Oakey 1:** Construction mechanically complete. Delays in reaching full commissioning due to RCR going into administration. Electricity generation expected to commence in March 2019 with full commission expected in Q2 2019.
- **Oakey 2:** Construction delay due to adverse weather event in October 2018. Damage and delays are insurable. Electricity export expected to commence in Q2 2019.

Portfolio Optimisation

Medium and long term value enhancing initiatives

O&M Tender

- 23 contracts representing 350MW re-tendered in 2018.
- 17% decrease in ongoing annual fees achieved while optimising scope.

PPA Tender

- 5 contracts representing 53MW tendered Q4 2018 resulting in a further increase in passthrough rates of 2%.
- 22 contracts representing more than 200MW being retendered in the UK following August and November acquisitions, expected to become effective by April 2019.

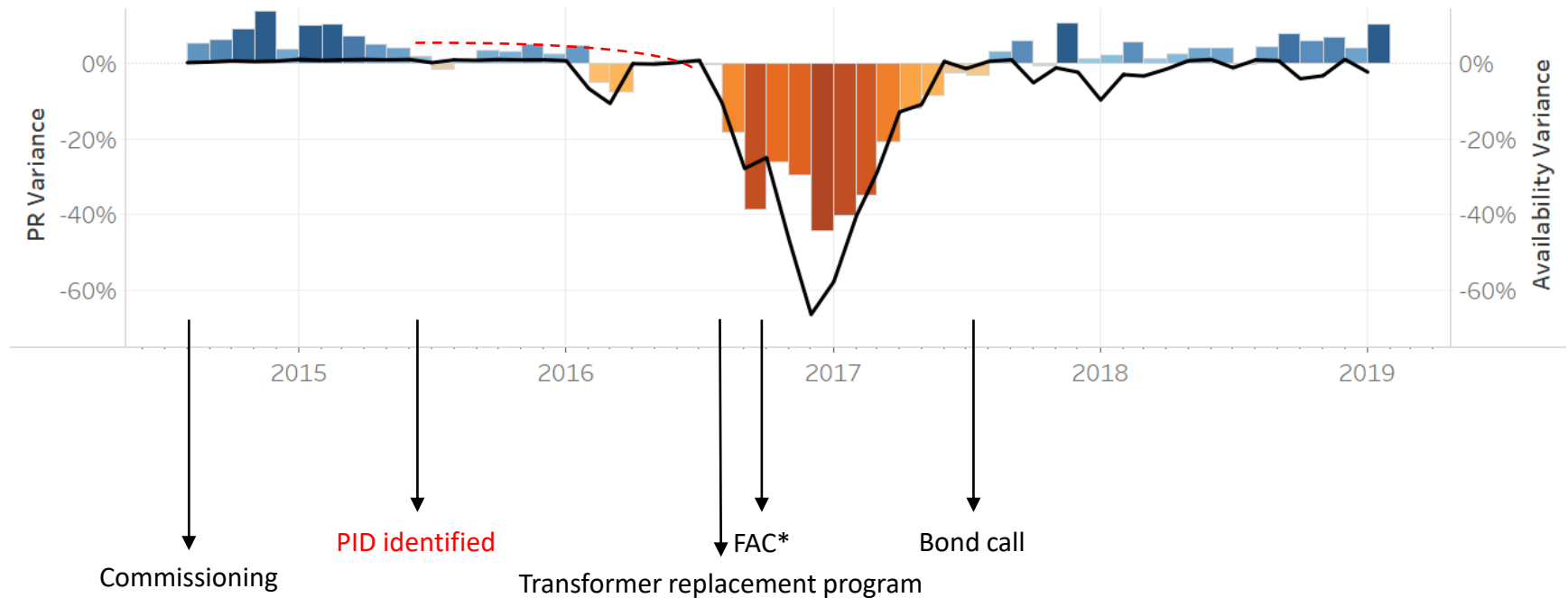
Final Acceptance Certificate (FAC)

- The asset management team continues to invest significant time and resources to ensure sites are of required quality before FAC is issued.
- Results in periods of unavailability, but with the result of optimisation of portfolio at the cost of the EPC.
- Most UK sites now through FAC, performance expected to continue to improve.

Case Study: Spriggs Solar

Investment to enable long term performance

- Systemic module (PID) and transformer defects identified during warranty period resulting in a decline in performance
- EPC negotiations in relation to defects and bond extensions ultimately led to bond call to recover losses and complete repairs
- Significant works have been performed to remedy defect (engineering solution for PID and replacing failed dry transformers for oil filled)
- Now one of our best performing sites, consistently over performing by up to 10%



* Final acceptance certificate under the EPC contract

FSFL made value-accretive investments in 2018

31 assets (248MW) acquired in 2018 supporting further sustainable growth

▶ **NAV accretive**

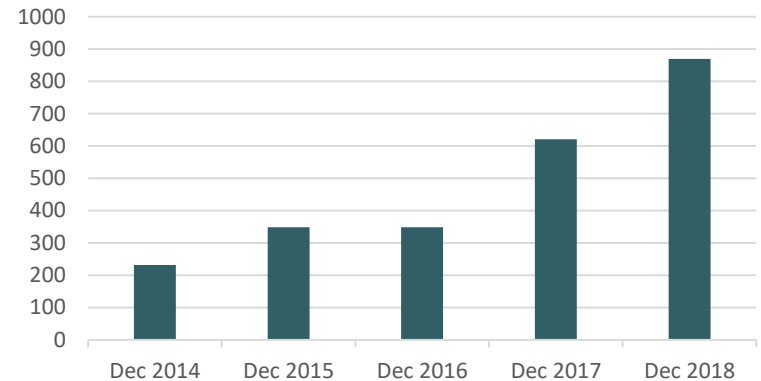
▶ **Operational and RO accredited**

▶ **No cash drag as funded through share placings**

▶ **Prior Foresight ownership**

▶ **Foresight Group platform provided flexibility in ability to transact on deals**

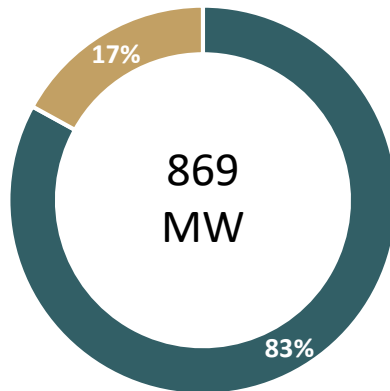
MW ownership



Portfolio Geographical Analysis

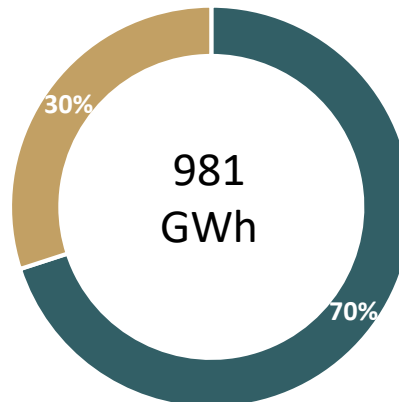
Diversified portfolio of 54 assets across the UK and Australia

Installed Capacity



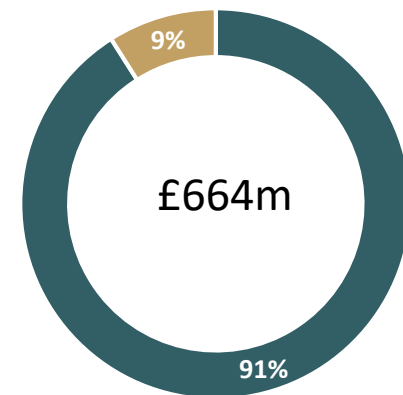
■ UK ■ Australia

Electricity Generation*



■ UK ■ Australia

Equity Invested**



■ UK ■ Australia

* UK is FY2018 figures. Australia's figures are based on the first 12 months of projected operations.

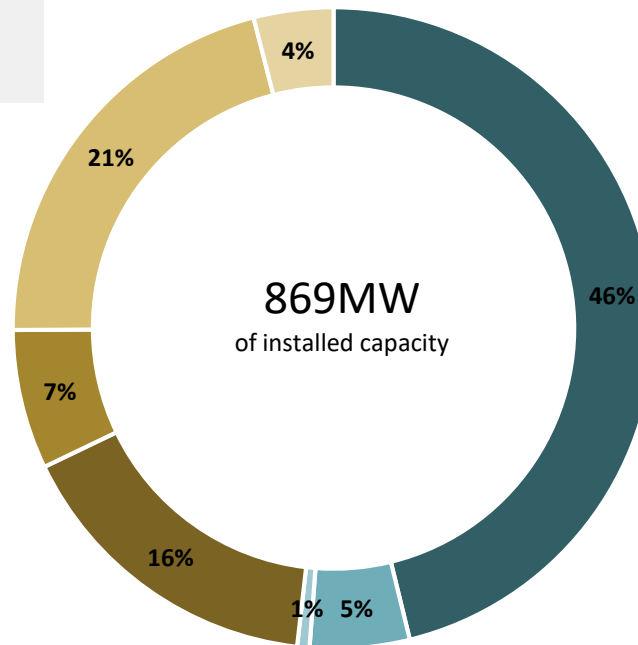
** Includes revolving credit facilities.

Portfolio Revenue Analysis

High predictability of cash flows in the short term

Projected 2019 Revenue Split*

Revenue from Subsidies - 52%
 Revenue from Electricity Sales - 48%



- UK Subsidy - Fixed
- AUS Subsidy - Merchant
- AUS Subsidy - Fixed
- UK Electricity Sales - Merchant
- AUS Electricity Sales - Merchant
- UK Electricity Sales - Fixed
- AUS Electricity Sales - Fixed

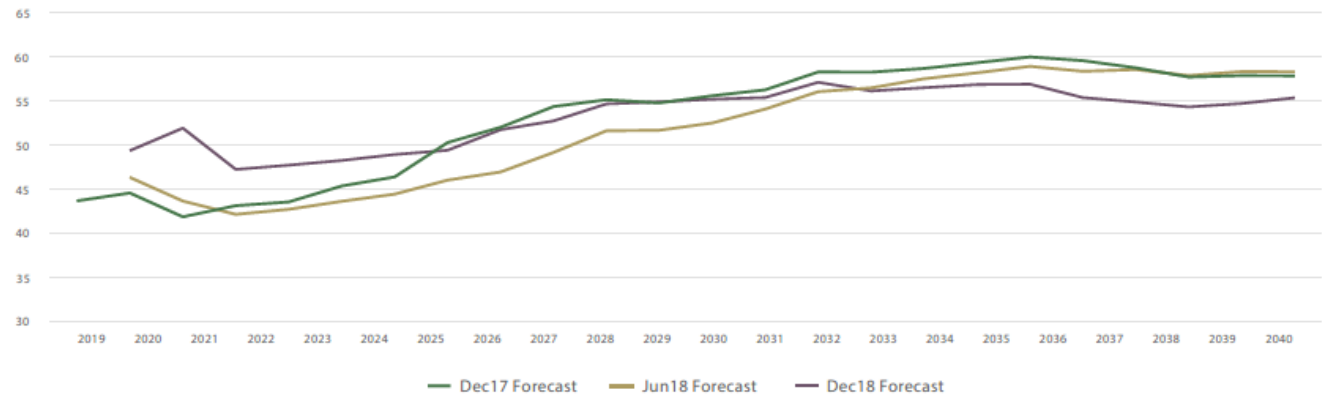
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Power Price Forecasts

Conservative forecast based on independent power price analysis

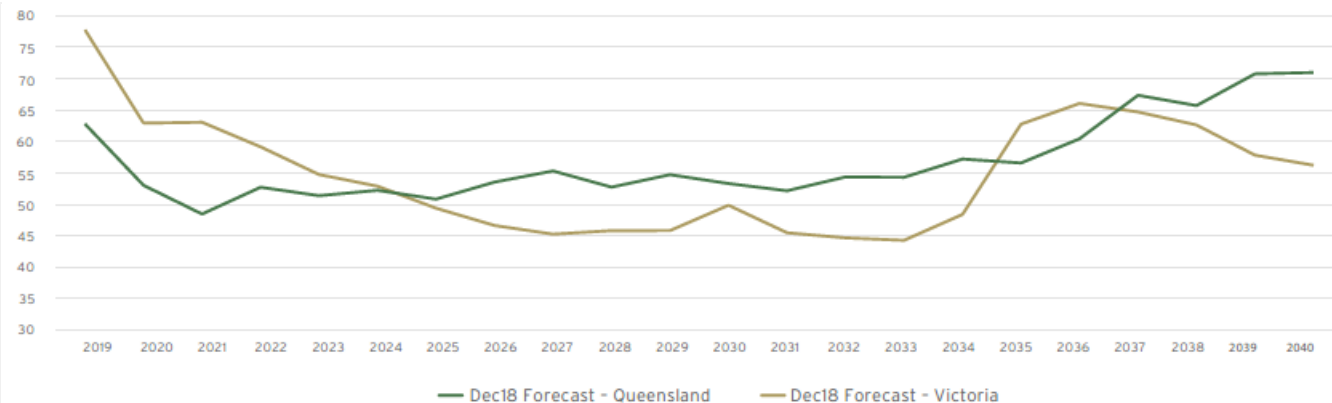
UK Wholesale Power Prices (£/MWh)

- FY2018 forecast: 0.4% increase
- Company forecast: Medium to long term increase of 0.6% per annum (31 Dec 17: 1.3%)



Australian Wholesale Power Prices (\$/MWh)

- Short-term (2019-2021) decline
- 2020s stabilisation: Gas prices offset by increases in renewable capacity
- 2030s increase: Coal generation coming offline



Outlook

- ▶ **Continue to focus on the operating performance of the assets in the UK and Australia**
- ▶ **Deliver further portfolio optimisation - including refinancing**
- ▶ **Adopt opportunistic approach to UK secondary market opportunities**
- ▶ **Continue to monitor developments in unsubsidised solar**
- ▶ **Explore solar opportunities in Europe and in high quality International markets**

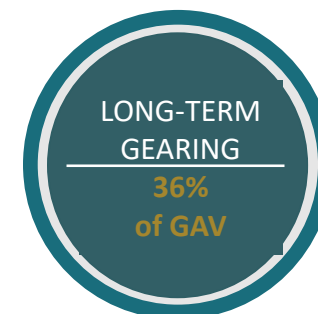
Appendices



Capital Structure

Ongoing optimisation of the capital structure

- Two oversubscribed placings in 2018 raising **£106 million**: July £48 million and October £58 million. GAV increased to **£1,114.7 million**.
- Total outstanding debt of £504.4 million (45% of GAV), including:
 - **Long-term debt**: £399.4 million (36% of GAV).
 - Increase due to acquisitions completed in 2018, which were acquired with third party debt in place.
 - Average annual cost of 2.9% for the year (2017: 2.5%), including the cost of inflation linked facilities of 1.28%.
 - **Revolving Credit Facilities** (“RCFs”): £105.0 million.
 - Fully drawn as a result of asset acquisitions.
 - All-in annualised cost of 2.54% (2017: 1.51%).
- Limited exposure to benchmark rates by entering long-term interest rate swaps and fixed rate agreements.



Sustainability

ESG Best Practice



Environmental Stewardship

- Partner of the Solar Trade Association’s Large-Scale Asset Management Working Group & Signatory to the Solar Farm Land Management Charter
- Biodiversity management via hedgerow planting, beehive installation, sheep grazing



Social Engagement

- Engagement with contractors, local residents, community organisations, landowners and local authorities
- Over 50 site visits conducted in 2018
- Over £100,000 in community grants awarded in 2018



Good Governance

- Actively reviews all consents
- Signatory of UNPRI since 2013. Grade A in 2018 submission
- Participated in the Global Real Estate Sustainability Benchmark (“GRESB”) 2018 Infrastructure Asset Assessment



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