

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA"). All Shareholders are strongly advised to consult their professional advisers regarding their own tax position.**

If you have sold or otherwise transferred all of your Shares in Foresight Solar Fund Limited (the "**Company**") you should pass this document as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# **FORESIGHT SOLAR FUND LIMITED**

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law 1991  
(as amended) with registered number 113721)*

## **Recommended proposal for the amendment of the Company's investment policy**

**and**

## **Notice of General Meeting**

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Notice of a physical general meeting of the Company to be held at 28 Esplanade, St Helier, Jersey, JE2 3QA on 15 February 2021 at 4.00 p.m. is set out at the end of this document. Shareholders are requested to return the Form of Proxy accompanying this document for use at the General Meeting. This will ensure that your votes are registered. Given the risks posed by the spread of COVID 19 and in accordance with the provisions of the Company's articles of association and Government guidance, the Directors will impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements.

**To be valid, the Form of Proxy must be completed, signed and returned in accordance with the instructions printed thereon to be received by the Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, by no later than 4.00 p.m. on 11 February 2021.**

## PART 1

### LETTER FROM THE CHAIRMAN

# FORESIGHT SOLAR FUND LIMITED

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law 1991  
(as amended) with registered number 113721)*

*Directors:*

Alexander Ohlsson (*Chairman*)  
Christopher Ambler  
Peter Dicks  
Monique O'Keefe  
Ann Markey

*Registered Office:*

28 Esplanade St Helier  
Jersey  
JE4 2QP

29 January 2021

Dear Shareholder,

#### **Recommended proposal for the amendment of the Company's investment policy**

##### **Introduction**

Foresight Solar Fund Limited (the "**Company**") was launched in October 2013 with the objective of providing Shareholders with a sustainable, progressive quarterly dividend and enhanced capital value by investing in ground-based solar power plants in the UK and internationally. Since IPO, the Company has acquired 58 ground based solar power plants, 50 of which are in the UK, and has paid all its target dividends to date.

Since the Company's launch, the renewable technology markets in which it operates have, experienced a continuous period of growth, supported by worldwide commitments to decarbonise and decreasing solar installation costs. This trend is expected to create an attractive environment for further investment in solar power plants in the UK and internationally, either through renewable energy support mechanisms or, increasingly, on a subsidy-free basis.

The continued growth in renewable energy generation is also expected to create a requirement for greater system flexibility as energy systems transition from a model of centralised generation and transmission to more flexible and decentralised systems. Battery storage systems ("**BSS**") are expected to have a significant role in the energy transition process, with the Company's existing portfolio of operational solar power plants offering utility scale BSS co-location opportunities subject to available grid connection capacity and existing land lease agreements.

In the light of this, the Board, together with the Investment Manager, is putting forward a proposal to amend the Company's current investment policy to allow for up to 10 per cent of the Company's Gross Asset Value ("**GAV**"), at the time of investment, to be invested into utility scale BSS (the majority of which are currently intended to be located adjacent to the Company's existing PV solar sites).

The purpose of this document is to set out the background to and reasons for the proposed change to the Company's investment policy, and to explain why the Board recommends you vote in favour of the requisite resolution to be proposed at the General Meeting.

The Company's existing investment policy and the New Investment Policy are set out in full in Part 2 of this document.

## **Background to, reasons for and benefits of the proposed changes**

### *Background*

To achieve its investment objective, the Company has acquired a diversified portfolio of ground-based, operational solar power plants predominantly located in the UK. This has supported the Company in successfully meeting every dividend target it has set since its launch in October 2013 and delivering an annual total shareholder return of 6.8% since IPO.

The government subsidy regime in the UK came to an end in March 2018. This combined with the ongoing consolidation of the UK solar market and the low interest rate environment has resulted in increasing valuations in the secondary market. Concurrently, the reduction in solar installation costs is creating the opportunity to invest in subsidy-free solar power plants at attractive rates of return on a risk-adjusted basis and the Company therefore continues to monitor investment opportunities in this sector. However, the current availability of long-term fixed-price power purchase agreements (“PPAs”) is relatively limited in the UK. Against this market backdrop, investment opportunities within the broader renewable technologies sector and the international solar market in developed economies, in particular in Spain and Southern Europe, are becoming increasingly attractive considering the longer PPA tenors available.

### *Reasons for broadening the Company's renewable technologies sector into battery storage systems (“BSS”)*

In order to meet UK “net zero” targets by 2050 there has been (and will continue to be) an increasing proportion of renewable energy generation capacity versus other forms of generation. The intermittent nature of renewable energy generation (particularly solar and wind) increases the risk of demand and supply variability of energy on the grid, leading to greater price volatility. BSS will help rebalance the grid and improve grid stability for the system operator. In return, BSS presents a number of financial incentives as well as potential arbitrage opportunities relating to the wholesale market price itself.

The wider Foresight Group was an early investor in the UK battery storage market, acquiring 45MW of battery storage facilities in 2018 and since investing in two BSS co-located with hydro assets. Foresight Group is also monitoring the landscape for BSS across other countries, including those in which the Company holds (or may hold) investments, such as Australia and Spain. Based on this experience, the Investment Manager has identified at least 21 of the Company's current UK portfolio of 50 ground based solar power plant sites as potentially suitable for co-located BSS development. Two of these sites are suitable for immediate development and the Company is currently in exclusivity regarding the acquisition of a fully developed BSS asset of 50 MW adjacent to one of the Company's operational portfolio assets in the UK.

The New Investment Policy would permit the Company to invest in BSS assets without them having to necessarily be co-located however co-located opportunities within the Company's solar power plants portfolio represent a more immediately accessible opportunity-base. Co-locating BSS with solar power plant sites is expected to ensure a lower installation cost for BSS development versus investing in a standalone storage assets. This is achieved by sharing existing infrastructure with the solar power plant site, most importantly the grid connection, but also the land, access tracks and security arrangements. Accordingly, the Company expects that the majority of BSS assets will be co-located alongside solar assets, either on the Company's existing portfolio or on future solar power plant acquisitions.

In addition to delivering higher diversification of cash flows for distribution, the co-location of BSS, when retrofitted onto an existing portfolio solar power plant site, is not expected to impact the value of the solar power plant investment, as the batteries will operate within the excess grid capacity outside of the solar generation profile.

Investments in BSS are expected to present a different investment risk profile compared to the Company existing solar investments considering the higher cash flow volatility associated with the anticipated revenue streams of a BSS. This can include, amongst other revenue streams, wholesale energy trading revenues, balancing services and frequency response services. The investment return for such investments will reflect the risk profile of each opportunity and is expected to be higher when compared to the existing solar investments in the relevant geography.

### *Benefits of the proposed change*

The Board believes that the proposed change to the Company's current investment policy will have the following benefits for Shareholders:

- provide increased scale, diversification and operating efficiencies to the Company's portfolio;
- provide access to attractive returns on a risk adjusted basis from BSS assets to support the Company's dividend policy;
- allow the Company to continue to deploy funds in the Company's core UK market through BSS acquisitions, where possible without having to participate in competitive third-party sales processes; and
- broadening the base of the Company's renewable technologies will provide access to asset level distributions within a short-period following investments (generally six to nine months for assets under construction).

### **General Meeting**

The Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval. The FCA has approved the New Investment Policy. The Listing Rules also require the approval of Shareholders prior to any material changes being made to the Company's published investment policy.

A notice convening the General Meeting which is to be held at 28 Esplanade, St Helier, Jersey, JE2 3QA on 15 February 2021 at 4.00 p.m. is set out at the end of this document. At this meeting an ordinary resolution will be proposed in respect of the New Investment Policy.

In order to be passed, it will require the approval of Shareholders representing at least 50 per cent. of the votes cast at the meeting. The Company's articles of association provide that at the General Meeting each Shareholder present in person or by proxy or who (being a corporation) is present by a representative shall, on a show of hands, have one vote and on a poll, shall have one vote for each Share of which he/she is a holder.

Given the risks posed by the spread of COVID 19 and in accordance with the provisions of the Company's articles of association and Government guidance, the Directors will impose entry restrictions on attendance at the General Meeting in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements. It should be noted that, in the light of these current circumstances, it is anticipated that only duly appointed representatives of the Company will be present in person to ensure that the quorum requirement under the Company's articles of association is met. However, Shareholders may and are strongly encouraged to participate in the business of the General Meeting by exercising their votes in advance of the General Meeting by completing and returning the Form of Proxy.

### **Action to be taken**

You are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon so as to be received by the Registrars as soon as possible but in any event by no later than 4.00 p.m. on 11 February 2021. The completion and return of the Form of Proxy will ensure your vote is registered despite you being precluded from attending the General Meeting and voting in person.

### **Recommendation**

The Board considers that the proposed changes to the Company's investment policy as set out in this document and the resolution to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the resolution to be proposed at the General Meeting.

The Board intends to vote in favour, or procure votes in favour, of the resolution at the General Meeting in respect of the Directors' own beneficial holdings of Shares, which in aggregate amount to 134,346 Shares (representing approximately 0.0002 per cent, of the issued Share capital (excluding Shares held in treasury) of the Company as at the date of this document).

Yours faithfully,

**Alexander Ohlsson**  
*Chairman*

## PART 2

### PROPOSED NEW INVESTMENT POLICY

The full text of the Company's current investment objective and policy and proposed new investment objective and policy are set out below

#### **Current Investment Objective**

The Company's objective is to provide investors with a sustainable, progressive quarterly dividend and enhanced capital value, through investment in ground-based solar assets predominantly located in the UK.

#### **Current Investment Policy**

The Company pursues its investment objective by acquiring ground-based, operational solar power plants predominantly located in the UK. Investments outside the UK and assets which are, when acquired, still under construction will be limited to 25 per cent. of the GAV of the Company and subsidiaries, calculated at the time of investment.

The Company will seek to acquire majority or minority stakes in individual ground-based solar assets. When investing in a stake of less than 100 per cent. in a solar power plant SPV, the Company will secure its shareholder rights through shareholders' agreements and other legal transaction documents.

Power Purchase Agreements ("PPAs") will be entered into between each of the individual solar power plant SPVs in the portfolio and creditworthy offtakers. Under the PPAs, the SPVs will sell solar generated electricity and green benefits to the designated offtaker. The Company may retain exposure to power prices through PPAs that do not include mechanisms such as fixed prices or price floors.

Investment may be made in equity, debt or intermediate instruments but not in instruments traded on any investment exchange.

The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

#### **Proposed Investment Objective**

The Company's objective is to provide investors with a sustainable, progressive quarterly dividend and enhanced capital value, through investment in a diversified portfolio of predominantly ground-based solar assets.

#### **Proposed Investment Policy**

The Company pursues its investment objective by acquiring ground-based, operational solar power plants predominantly located in the UK.

The Company is also permitted to invest in utility scale battery storage systems up to a limit of 10 per cent. of the GAV of the Company, calculated at the time of investment.

Investments outside the UK and in assets which are, when acquired, still under construction will be limited to 25 per cent. of the GAV of the Company and subsidiaries, calculated at the time of investment.

The Company will seek to acquire majority or minority stakes in individual ground-based solar assets. When investing in a stake of less than 100 per cent. in a solar power plant special purpose vehicle ("SPV"), the Company will secure its shareholder rights through shareholders' agreements and other legal transaction documents.

Power Purchase Agreements ("PPAs") will be entered into between each of the individual solar power plant SPVs in the portfolio and creditworthy offtakers. Under the PPAs, the SPVs will sell solar generated electricity and, if applicable, green benefits to the designated offtaker. The Company may retain exposure to power prices through PPAs that do not include mechanisms such as fixed prices or price floors.

Investment may be made in equity, debt or intermediate instruments but not in instruments traded on any investment exchange.

The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

In order to spread risk and diversify its portfolio, at the time of investment no single asset shall exceed 30 per cent. of the Company's GAV post-acquisition. If the investment is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired should also not exceed 30 per cent. The GAV of the Company will be calculated based on the last published gross investment valuation of the Company's portfolio, including cash, plus acquisitions made since the date of such valuation at their cost of acquisition. The Company's portfolio will provide diversified exposure through the inclusion of not less than five individual solar power plants and the Company will also seek to diversify risk by ensuring that a significant proportion of its expected income stream is derived from regulatory support (which will consist of, for example, without limitation, ROCs and FiTs for UK assets). Diversification will also be achieved by the Company using a number of different third-party providers such as developers, engineering, procurement and construction ("EPC") contractors, operations and maintenance ("O&M") contractors, panel manufacturers, landlords and distribution network operators.

The Articles provide that gearing, calculated as Group Borrowing (including any asset level gearing) as a percentage of the Company's GAV, will not exceed 50 per cent. at the time of drawdown. It is the Board's current intention that long-term gearing (including long-term, asset level gearing), calculated as Group borrowings (excluding intra-group borrowings (i.e. borrowings between members of the Group) and revolving credit facilities) as a percentage of the Company's GAV will not exceed 40 per cent. at the time of drawdown.

In order to spread risk and diversify its portfolio, at the time of investment no single asset shall exceed 30 per cent. of the Company's GAV post-acquisition. If the investment is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired should also not exceed 30 per cent. The GAV of the Company will be calculated based on the last published gross investment valuation of the Company's portfolio, including cash, plus acquisitions made since the date of such valuation at their cost of acquisition. The Company's portfolio will provide diversified exposure through the inclusion of not less than five individual solar power plants and the Company will also seek to diversify risk by ensuring that a significant proportion of its expected income stream is derived from regulatory support (which will consist of, for example, without limitation, ROCs and FiTs for UK assets). Diversification will also be achieved by the Company using a number of different third-party providers such as developers, engineering, procurement and construction ("EPC") contractors, operations and maintenance ("O&M") contractors, panel manufacturers, landlords and distribution network operators.

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## DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

<b>Articles</b>	the articles of association of the Company
<b>Board or Directors</b>	the board of directors of the Company
<b>Company</b>	Foresight Solar Fund Limited incorporated in Jersey, Channel Islands with registered number 113721
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom including any replacement or substitute thereof, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
<b>Form of Proxy</b>	the form of proxy for use by Shareholders at the General Meeting, which accompanies this document
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	The general meeting of the Company convened for 4.00 p.m. on 15 February 2021 (or any adjournment thereof) notice of which is set out on page 9 of this document
<b>GAV or Gross Asset Value</b>	the aggregate of: (i) the fair value of the Group's underlying investment (whether or not subsidiaries); (ii) the Group's consolidated cash balances and cash equivalents; and (iii) the Group's consolidated share of other relevant assets or liabilities
<b>Group</b>	the Company and each of its direct and indirect subsidiaries from time to time or any one or more of them, as the context may require
<b>Investment Manager or Foresight Group</b>	Foresight Group LLP, a limited liability partnership incorporated in England and Wales with registered number OC300878
<b>Listing Rules</b>	the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 as amended from time to time
<b>NAV or Net Asset Value</b>	the net asset value of the Company which shall be the total value of all of the assets of the Company less its liabilities as determined by the Board and calculated in accordance with the Company's accounting policies (for the avoidance of doubt, this includes accumulated revenue reserves and current period revenue and is after the deduction of any borrowings at their fair value)
<b>New Investment Policy</b>	the proposed new investment policy of the Company set out in full in Part 2 of this document
<b>Shareholders or Ordinary Shareholders</b>	holders of Ordinary Shares in the Company
<b>Ordinary Share or Share</b>	ordinary shares of no par value in the capital of the Company
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland



# FORESIGHT SOLAR FUND LIMITED

*(a company incorporated in Jersey, Channel Islands under the Companies (Jersey) Law 1991  
(as amended) with registered number 113721)*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a physical general meeting of Foresight Solar Fund Limited (the "**Company**") will be held at 28 Esplanade, St Helier, Jersey, JE2 3QA on 15 February 2021 4.00 p.m. to consider and, if thought fit, pass the following ordinary resolution.

### ORDINARY RESOLUTION

That the proposed amendment to the investment policy set out in Part 2 of the circular to shareholders of the Company dated 29 January 2021, a copy of which has been produced to the meeting and signed by the chairman for the purpose of identification, be and is hereby approved.

*By order of the Board*

JTC (Jersey) Limited  
*Company Secretary*

*Registered office*

JTC House  
28 Esplanade St. Helier  
Jersey  
JE4 2QP

Dated: 29 January 2021

### Notes:

1. Given the risks posed by the spread of COVID 19 and in accordance with the Company's articles of association and Government guidance, the Company is not expecting shareholders to attend the Meeting and will impose entry restrictions on attendance at the Meeting in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements. Shareholders are therefore strongly encouraged to register their votes in advance by submitting proxy forms to the Company's Registrar in accordance with the procedure set out in these notes.
2. A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share.
3. A form of proxy for use by shareholders is enclosed with this document. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority at the address stated thereon, so as to be received by post or (during normal business hours only) by hand at the Registrars of the Company at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.
4. To have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.00 p.m. on 11 February 2021 or, in the event that the Meeting is adjourned, 48 hours (excluding non-working days) before the time of the adjourned Meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting referred to above.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID 3RA50) no later than 4.00 p.m. on 11 February 2021 (or in the event the meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST Sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST Sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 2, 3 and 5 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.
9. As at close of business on 26 January 2021 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 607,711,311 ordinary shares of no par value and there were no shares held in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 26 January 2021 was 607,711,311.
10. Any person holding 3 per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

12. Any member attending the meeting has the right to ask questions. However, given the risks posed by the spread of COVID 19 and in accordance the provisions in the Company's articles of association and Government guidance, Shareholders are strongly encouraged to submit any questions they have in advance of the General Meeting. You may submit any questions you have been planning to raise at the General Meeting by email to [foresightsolar@jtcgroup.com](mailto:foresightsolar@jtcgroup.com) and you may also call +44 203 846 9774 should you wish to discuss any queries you may have.
13. You may not use any electronic address provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
14. A copy of this notice can be found at <https://fsfl.foresightgroup.eu/>.