

22 August 2019

**Foresight Solar Fund Limited**

(‘Foresight Solar’ or ‘the Company’)

**Interim Results to 30 June 2019 and Dividend Announcement**

Foresight Solar, a fund investing in a diversified portfolio of ground-based solar PV assets in the UK and internationally, is pleased to announce its Interim Results for the six-month period ended 30 June 2019.

**Highlights**

- Continued solid operational performance of the portfolio, with production for the period 2.9% above base case, generating over 400GWh of clean energy
- NAV decreased to £601.5m (31 Dec 2018: £610.3m), being 109.6p per share (31 Dec 2018: 111.2p). This was predominantly driven by a downward revision of UK power price forecasts but partially offset by a 0.25% reduction in the discount rate applied to the UK portfolio and improved financing terms
- Declared total dividend of 3.38p per share during the period and on track to deliver 2019 target dividend of 6.76p per share\*
- Positive progress on delivering value enhancing initiatives across the portfolio, including a successful PPA re-tender for 22 UK assets in April 2019, resulting in improved commercial terms for the sale of electricity and ROCs
- Successful £245m refinancing closed post period end, negotiated on attractive terms delivering significant value and capital structure flexibility. Due to the material impact of the new terms, this has been taken into consideration for the NAV as at 30 June 2019
- The Company’s operating portfolio produced enough clean electricity to power c.130,000 UK homes and avoid the equivalent of over 309,283 tonnes of CO<sub>2</sub> production

\* Target returns are not a profit forecast. There can be no assurance that target returns will be met and it should not be seen as an indication of the Company’s expected or actual results or returns.

## Key Metrics

	<b>As at 30 June 2019</b>	<b>As at 30 June 2018</b>
Gross Asset Value ("GAV")	£1,100.6 million	£749.0 million
Net Asset Value ("NAV")	£601.5 million	£473.1 million
NAV per Share	109.6 pence	105.2 pence
Profit after Tax for the Year	£9.4 million	£6.0 million
Total Dividend per Share for the period	3.38 pence	3.28 pence
Annual Total Shareholder Return since IPO**	8.78%	7.03%

\*\* Annualised from IPO on 29 October 2013.

### Commenting on the Company's results, Alex Ohlsson, Chairman of Foresight Solar Fund Limited said:

"As expected, the first half of 2019 has been a successful period of portfolio consolidation and performance optimisation for the Company. I am particularly pleased with the work of the Asset Management team in delivering substantial improvements to the operational performance of the portfolio, with production continuing to be above budget.

"We remain confident that, with the positive operational performance of our assets, the delivery of value enhancing initiatives and the successful refinancing of 28 UK assets post-period, Foresight Solar continues to be well-positioned to deliver further growth in the second half of the year.

"We remain on track to deliver the target total dividend of 6.76 pence per share for the year."

### Results presentation

A presentation for analysts will take place at 09:00 today at Foresight Group's offices, The Shard, 32 London Bridge Street, London SE1 9SG. Analysts wishing to attend or dial in should contact [foresightsolar@citigatedewerogerson.com](mailto:foresightsolar@citigatedewerogerson.com) to register.

### Dividend Declaration

Foresight Solar is also pleased to announce a second interim dividend, in respect of the period 1 April 2019 to 30 June 2019, of 1.69 pence per ordinary share ("the Dividend"). The shares will go ex-dividend on 24 October 2019 and the Dividend will be paid on 29 November 2019 to shareholders on the register as at the close of business on 25 October 2019.

Full details of the scrip dividend alternative that is being offered in respect of the Dividend (the "Scrip Offer") and the Scrip Dividend Scheme can be found in the Scrip Dividend Alternative Offer Document (the "Scrip Document") available on the Company's website at <https://fsfl.foresightgroup.eu/investor-relations/dividend-history/>. The Scrip Document is also available on the National Storage Mechanism website at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM) and copies are also available for inspection at JTC House, 28 Esplanade, St. Helier, Jersey JE2 3QA.

The reference price of the new shares issued under the Scrip Offer will be calculated and published on or around 31 October 2019.

Shareholders will receive the Dividend in cash, unless they have previously completed a standing election (a "Form of Election") to receive new shares pursuant to the Scrip Offer. Shareholders who would like to receive such new shares rather than cash, and who have not previously submitted a Form of Election, should complete the Form of Election at the back of the Scrip Document and return it to the Company's Receiving Agent, Computershare Investors Service (Jersey) Limited by no later than 5.00pm on 11 November 2019.

The expected timetable in relation to the Dividend will be as follows:

Ex-Dividend Date	24 October 2019
Record Date	25 October 2019
Scrip Price Announcement	31 October 2019
Last Date for Submission of Forms of Election	11 November 2019 at 17h00
Last Date Crest Elections	11 November 2019 at 17h00
Anticipated Listing of New Shares	29 November 2019
Dividend Payment Date	29 November 2019

For further information, please contact:

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## **Notes to Editors**

### **About Foresight Solar Fund Limited**

Foresight Solar is a Jersey registered, closed-end investment company investing in a diversified portfolio of ground-based solar PV assets in the UK and internationally.

Since its IPO in October 2013, the Company has more than tripled in size and raised more than £569 million through share placings. The Company targets an index-linked annualised dividend inflated by RPI and has paid all target dividends to date. The target dividend for 2019 is 6.76 pence per share.

Foresight Solar Fund Limited is managed by Foresight Group, a leading independent global infrastructure and private equity manager, which provides the Company with depth of experience in fund management, deal origination and execution. The Company has a fully independent Board of Directors and is chaired by Alex Ohlsson. The lead Investment Manager for the Company is Ricardo Piñeiro, Head of UK Solar at Foresight Group.

# Chairman's Statement

On behalf of the Board, I am pleased to present the Unaudited Interim Report and Financial Statements for Foresight Solar Fund Limited (the "Company" or the "Fund") for the six months ended 30 June 2019.

The Company has had an encouraging start to the year delivering on a number of portfolio and capital structure optimisation initiatives and benefiting from continued positive operational performance, despite the decrease in UK wholesale power prices during the period.

The portfolio continued to perform above base case. Electricity production for the six-month period was 2.9% above expectations, driven by high levels of irradiation for the period and the continued work of the asset management team, including optimising asset performance and portfolio consolidation. Post period end, the Company successfully closed the refinancing of 28 UK assets, adding significant value and flexibility to the Company's capital structure.

## KEY FINANCIALS

In the six months to 30 June 2019, the NAV per Ordinary Share decreased to 109.6 pence (31 December 2018: 111.2 pence). The key driver behind the decrease was a material downward revision of UK power price forecasts obtained from independent third-party consultants.

During the period, the Investment Manager undertook a review of the discount rates applied to UK asset valuations. As a result of this analysis, discount rates for the UK assets have been reduced by 0.25% to reflect the current market valuation of operational solar assets.

Profit for the period was £9.4 million (six months to June 2018: £6.0 million) and Earnings per Share increased to 1.71 pence, up from 1.34 pence in June 2018.

## CAPITAL STRUCTURE OPTIMISATION

At 30 June 2019, the total outstanding debt of the Company and its subsidiaries amounted to £499.1 million (31 December 2018: £504.4 million), with long term debt representing £394.1 million (December 2018: £399.4 million). The total gearing level remained flat at 45% of GAV (December 2018: 45%). Long-term gearing represents 36% of GAV (2018: 36%), which remains within the 40% long-term debt target set by the Board.

The Company's Revolving Credit Facilities ("RCFs") totalled £105 million at 30 June 2019, granting the Company the flexibility to adjust its gearing position in the short term. The RCFs were fully utilised at 30 June 2019.

Post period end, on 2 August 2019, the Investment Manager successfully completed the refinancing of 28 of its UK assets (321MW). The Company secured a £245 million debt refinancing comprising a £170 million long-term loan facility, a £65 million RCF and a £10 million debt service reserve facility. The facilities were secured on attractive terms and overall at a lower interest cost compared to the previous facilities. Due to the material impact of the new terms, this has been taken into consideration for the NAV as at 30 June 2019.

## OPERATIONAL PERFORMANCE

Electricity generation from the Company's portfolio during the first half of the year was 2.9% above base case. In the UK, irradiation levels were 3.1% above base case assumptions, whilst UK asset performance, when adjusted for compensation received, outperformed base case by 2.9%. Asset outperformance during the period was driven by the strong performance of the majority of our UK assets, as we continue to experience a reduction in the number of operational incidents compared to previous periods. The Board is pleased with the continued stable performance of the Company's UK portfolio and is confident that the Asset Manager has remedied certain historic issues, evidenced by recent sustained periods of outperformance.

In Australia, three of the four assets are now operational and exporting at full capacity with the remaining asset due to be commissioned during the second half of 2019. Whilst there have been delays in the construction and commissioning of the Australian assets, the Investment Manager does not expect these to have a material adverse financial impact as the Company is contractually protected.

During the period, the Asset Manager delivered further operational improvements. A successful PPA re-tender for 22 of our UK assets was completed in April 2019. The outcome of the retender has resulted in an improvement to the commercial terms on which Renewables Obligation Certificates ("ROCs") and power are sold by the relevant assets, resulting in an average increase in expected revenue generation of approximately 2% for a period of 10 years. The Asset Manager continues to explore operational optimisation initiatives that are expected to secure long-term value for the Company.

## DIVIDEND

The Company has declared a dividend of 3.38 pence per share in the first half and is on track to deliver its target of 6.76 pence per share for the year. The second 2019 interim dividend of 1.69 pence will be paid on 30 August 2019.

Dividend cover for the period on a cash basis was 1.12 times, down from 1.14 times for the prior year on a like-for-like basis as a result of the decrease in UK wholesale power prices experienced in the period.

The target dividend for 2019 is 6.76 pence, which has grown in line with the UK's RPI 2019.

Following shareholder approval at the AGM on 11 July 2019, the Company is now offering shareholders a Scrip Dividend alternative to the Dividend. The Scrip Dividend Scheme provides shareholders with the opportunity to receive dividends in the form of new ordinary shares rather than cash and applies to any subsequent interim or final Dividends in respect of which a Scrip Dividend alternative is offered.

Since IPO, the Company has met all target dividends and has maintained dividend growth in line with UK inflation rates. As previously noted, the Board reviews the dividend policy on an ongoing basis to ensure it remains reflective of the ongoing correlation between power prices and inflation levels as well as the expected evolution of the investment portfolio as the Company continues to explore investment opportunities in non-UK and subsidy free markets. In a scenario where the Company experiences a decrease in the proportion of its revenues which are linked to UK inflation it may become prudent to adopt a "progressive" dividend policy. Under such a policy, the Board would intend to target a positive progression of dividend levels, but not necessarily linked to UK inflation.

## CORPORATE GOVERNANCE

At the beginning of June 2019, we were pleased to announce the appointment of Monique O'Keefe to the Board as an Independent Non-Executive Director. Monique provides additional breadth of expertise with over 20 years' experience in law and finance which will be invaluable to the Company in its next phase of growth.

## OUTLOOK

Following the various optimisation initiatives we undertook during the first half of the year, and the post-period refinancing, we expect our UK portfolio to enter more of a steady state. We are extremely pleased with the progress made to date by the Investment Manager and Asset Management team in delivering value-enhancing initiatives and optimising performance across the portfolio and we will continue to explore new opportunities and initiatives to optimise performance further. The fourth Australian asset, which is currently under construction, is expected to become operational before year end. We also remain active in exploring opportunities to further optimise the Company's capital structure.

The Investment Manager continues to review international investment opportunities in markets that benefit from regulatory support, however European markets are showing signs of increased consolidation and inflated asset valuations at present. We maintain a disciplined approach to acquisitions, only acquiring assets that meet return requirements on a risk adjusted basis, and, as previously noted, the subsidised market in the UK remains highly competitive with limited investment opportunities based on current market valuations.

We are closely monitoring the development of subsidy-free markets in Southern Europe and the UK. In Southern Europe, this market has developed rapidly and a number of relevant transactions have recently been announced in Spain and Portugal with attractive PPA structures. In the UK, whilst this market has progressed, we remain of the view that the current market economics are not yet in-line with the Company's return requirements. However, we expect this will present significant opportunity for the Company in the future.

### Alexander Ohlsson

Chairman

22 August 2019

# Corporate Summary and Investment Objective

## CORPORATE SUMMARY

The Company is a closed-ended company with an indefinite life and was incorporated in Jersey under the Companies (Jersey) Law 1991, as amended on 13 August 2013, with registration number 113721.

As at 30 June 2019, the Company has 548,941,550 ordinary shares in issue which are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market.

The Company makes its investments through intermediate holding companies and underlying Project Vehicles/Special Purpose Vehicles ("SPVs").

## INVESTMENT OBJECTIVE

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

## THE COMPANY

The Company's Initial Public Offering on 24 October 2013 raised £150 million, creating the largest dedicated solar investment company listed in the UK at the time. To date, the Company has raised a total of £569 million through equity issuance and reached a gross asset value of £1,100.6 million as at 30 June 2019. It is the largest UK-listed dedicated solar energy investment company by installed capacity.

As at 30 June 2019, the Company's portfolio consisted of 54 assets with a net installed capacity of 869MW, including four Australian assets representing 146MW, one of which remains under construction.

## INVESTMENT POLICY

The Company will pursue 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 or debt or intermediate instruments but not in any 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 in value (or, if it is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired) 30 per cent of the Company's GAV post-acquisition. 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 will 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 project developers, EPC contractors, O&M contractors, panel manufacturers and PPA providers.

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.

Any material change to the investment policy will require the prior approval of shareholders by way of an ordinary resolution (for so long as the Ordinary Shares are listed on the Official List) in accordance with the Listing Rules.

## SIGNIFICANT SHAREHOLDERS

The Company's shareholders include a substantial number of blue-chip institutional investors.

Shareholders in the Company with more than a 5% holding as at 30 June 2019 are as follows:

Investor	% Shareholding in Fund
BlackRock Investment Management Ltd	15.27
Baillie Gifford & Co Ltd	7.73
Newton Investment Management Ltd	7.32
Legal & General Investment Mgmt Ltd	7.29
Schroders Plc	6.76
Tredje AP Fonden	5.25
<b>Total</b>	<b>49.62%</b>

#### ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE (“AIFMD”)

The AIFMD, which was implemented across the EU on 22 July 2013 with the transition period ending on 22 July 2014, aims to harmonise the regulation of Alternative Investment Fund Managers (“AIFMs”) and imposes obligations on managers who manage or distribute Alternative Investment Funds (“AIFs”) in the EU or who market shares in such funds to EU investors. Under the AIFMD, the Company is self-managed and acts as its own Alternative Investment Fund Manager.

Both the Company and the Investment Manager are located outside the European Economic Area (“EEA”) but the Company’s marketing activities in the UK are subject to regulation under the AIFMD.

#### PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS REGULATION

The EU Packaged Retail and Insurance-based Investment Products Regulation (“PRIIPs Regulation”) took effect on 1 January 2018. The PRIIPs regulation requires the Company to publish a Key Information Document (“KID”) that must be accurate, fair, clear and not misleading. It is the Company’s policy to review the KID on an annual basis and every time there is a change that significantly affects or is likely to significantly affect the information in the KID. The KID is available on the Company’s website under Publications and can be found at the following website address: [www.fsfl.foresightgroup.eu](http://www.fsfl.foresightgroup.eu).

## Board of Directors

The Directors, who are Non-Executive and independent of the Investment Manager, are responsible for the determination of the investment policy of the Company, have overall responsibility for the Company including its investment activities and for reviewing the performance of the Company’s portfolio. The Directors are as follows:

#### Alex Ohlsson (Chairman)

Mr Ohlsson is Managing Partner of the law firm Carey Olsen in Jersey. He is recognised as a leading expert in corporate and finance law in Jersey and is regularly instructed by leading global law firms and financial institutions. He sits on the boards of a number of companies and is also Chairman of the listed company GCP Asset Backed Income Fund Limited. He is an Advisory Board member of Jersey Finance, Jersey’s promotional body and Treasurer of the Jersey Law Society. He has recently retired as the independent Chairman of the States of Jersey’s Audit Committee. He was educated at Victoria College, Jersey and at Queens’ College, Cambridge, where he obtained an MA (Hons) in Law. He has also been an Advocate of the Royal Court of Jersey since 1995.

Mr Ohlsson was appointed as a Non-Executive Director and Chairman on 16 August 2013 and was reappointed on 25 June 2019.

#### Chris Ambler

Mr Ambler has been the Chief Executive of Jersey Electricity Plc since 1 October 2008. He has experience in a number of senior positions in the global industrial, energy and materials sectors working for major corporations including ICI/Zeneca, The BOC Group and Centrica/British Gas, as well as in strategic consulting roles. He is a Director on other boards including a Non-Executive Director of Apax Global Alpha Limited, a listed fund which launched on the London Stock Exchange on 15 June 2015. Mr Ambler is a Chartered Director, a Chartered Engineer and a Member of the Institution of Mechanical Engineers. He holds a First-Class Honours Degree from Queens’ College, Cambridge and an MBA from INSEAD.

Mr Ambler was appointed as a Non-Executive Director on 16 August 2013 and was reappointed on 25 June 2019.

#### Peter Dicks

Mr Dicks is currently a Director of a number of quoted and unquoted companies. He is also on the Board of Mercia Fund 1 General Partnership Limited and Miton UK Microcap Trust plc and Chairman of Unicorn AIM VCT plc and SVM Emerging Fund plc.

Mr Dicks was appointed as a Non-Executive Director on 16 August 2013 and was reappointed on 25 June 2019.

#### Monique O’Keefe

Mrs O’Keefe is the co-founder of investment consultancy business, Kairos Wealth Limited. She also serves on a number of boards, including Phoenix Spree Deutschland Limited which is a London Stock Exchange listed property fund, a private equity fund, a European hedge fund and an oil and gas financing fund. Mrs O’Keefe also sits on the Board of Commissioners at the Jersey Financial Services Commission.

Mrs O’Keefe was appointed as a Non-Executive Director on 1 June 2019 and was reappointed on 25 June 2019.



## Investment Manager

The Company's Investment Manager, Foresight Group CI Limited, is responsible for the acquisition and management of the Company's portfolio, including the sourcing and structuring of new acquisitions and advising on the Company's borrowing strategy. The Investment Manager is a Guernsey registered company, incorporated under Guernsey Law with registered number 51471. The Investment Manager is licensed and regulated by the Guernsey Financial Services Commission.

The Manager and its adviser, Foresight Group, are together referred to as "Foresight Group". Foresight Group was founded in 1984 and is a leading independent infrastructure and private equity investment company managing £4.0 billion of assets on behalf of institutions and retail clients with offices in Australia, Italy, South Korea, Spain and the UK.

On 5 June 2019, Foresight Group announced the acquisition of the John Laing Environmental Assets Group Limited ("JLEN") advisory mandate from John Laing Group, effective from 1 July 2019. Foresight Group maintains a formal allocation policy for investments across its funds. Following the acquisition, Foresight Group's global infrastructure investments increased to £3.1 billion, with a cumulative generating capacity of 1.9GW. Currently Foresight Group's infrastructure team manages 103 solar projects internationally, representing £1.7 billion with a total generating capacity of 1.3GW. The remaining generation capacity under management includes bioenergy projects, onshore wind, battery storage facilities and reserve power generation assets.

Foresight Group's 89 strong infrastructure team includes 39 investment professionals, with an average of 12 years industry experience.

Foresight Group's Investment Management team is led by three experienced UK-based managers, supported by a team of seven people of investment managers located in the UK and internationally. The Investment Management team based in Australia comprises three investment professionals, three portfolio managers and one member of support staff. This team is instrumental in the management of the Company's four Australian assets.

Foresight Group is overseen by an Executive Committee of which Gary Fraser is a member. Foresight Group's Executive Committee provides strategic investment advice to the management team and the Board.

### **RICARDO PINEIRO, PARTNER, HEAD OF UK SOLAR**

Ricardo has led Foresight Group's UK solar investments team since 2011 and has been part of the Fund's advisory team since its IPO, remaining primarily focused on identifying and acquiring new renewable energy transactions across the UK and international markets. Prior to joining Foresight, Ricardo worked at Espirito Santo Investment where he focused on lending and advisory for the energy infrastructure and transportation sectors.

### **Gary Fraser, Partner, Chief Financial Officer**

Gary is a Chartered Accountant and Chartered Fellow of the Securities Institute. He worked with Ernst & Young between 1993 and 1999, predominantly in the audit and risk assurance and corporate finance areas and joined ISIS Asset Management plc in 1999 where he was responsible for the provision of similar services to several investment companies. He joined Foresight Group in 2004 and is a member of the Executive Committee.

### **MATT HAMMOND, Partner**

Matt is a Partner in Foresight Group's infrastructure team having joined Foresight in 2015. Prior to joining Foresight, Matt was a Managing Director at Macquarie where he worked in various roles for fifteen years. There he focused on infrastructure and renewable energy advisory, principal investing and lending. He has also worked at Henderson, BT Alex Brown and the WHEB Group where he raised and invested two renewable energy funds investing across Europe.

## Portfolio Assets

### Current Portfolio

	Asset	Installed Peak Capacity (MW)	Net MW	Connection Date	Acquisition Cost <sup>1</sup> (£m)	Current Fair Value <sup>2</sup> (£m)
<b>UK</b>						
1	Wymeswold <sup>3</sup>	34	34	March 2013	45.0	49.3
2	Castle Eaton	18	18	March 2014	22.6	21.3
3	Highfields	12	12	March 2014	15.4	13.5
4	High Penn	10	10	March 2014	12.7	10.5
5	Pitworthy	16	16	March 2014	19.3	16.7
6	Hunters Race	10	10	July 2014	13.3	13.9
7	Spriggs Farm	12	12	March 2014	14.6	14.3
8	Bournemouth	37	37	September 2014	47.9	52.2
9	Landmead	46	46	December 2014	52.4	49.6
10	Kencot	37	37	September 2014	49.5	45.9
11	Copley	30	30	December 2015	32.7	37.7
12	Atherstone	15	15	March 2015	16.2	15.3
13	Paddock Wood	9	9	March 2015	10.7	10.7
14	Southam	10	10	March 2015	11.1	11.1
15	Port Farm	35	35	March 2015	44.5	45.4
16	Membury	16	16	March 2015	22.2	21.1
17	Shotwick	72	72	March 2016	75.5	84.9
18	Sandridge	50	50	March 2016	57.3	58.1
19	Wally Corner	5	5	March 2017	5.7	5.9
20	Coomeshead	10	10	December 2014	36.6	39.7
21	Park Farm	13	13	March 2015		
22	Sawmills	7	7	March 2015		
23	Verwood	21	21	February 2015		
24	Yardwall	3	3	June 2015		
25	Abergelli	8	8	March 2015	3.7	4.9
26	Crow Trees	5	5	February 2016	1.8	2.1
27	Cuckoo Grove	6	6	March 2015	2.5	3.3
28	Field House	6	6	March 2015	3.1	3.7
29	Fields Farm	5	5	March 2016	1.7	2.5
30	Gedling	6	6	March 2015	1.9	2.8
31	Homeland	13	13	March 2014	5.2	7.8
32	Marsh Farm	9	9	March 2015	4.0	4.8
33	Sheepbridge	5	5	December 2015	1.9	2.7
34	Steventon	10	10	June 2014	4.2	5.4
35	Tengore	4	4	February 2015	1.3	1.8
36	Trehawke	11	11	March 2014	4.7	6.5
37	Upper Huntingford	8	8	October 2015	3.1	4.1
38	Welbeck	11	11	July 2014	4.4	5.5
39	Yarburgh	8	8	November 2015	3.4	4.5
40	Abbey Fields	5	5	March 2016	1.5	3.2
41	SV Ash	8	8	March 2015	3.4	4.2
42	Bilsthorpe	6	6	November 2014	1.9	2.7
43	Bulls Head	6	6	September 2014	2.2	3.0
44	Lindridge	5	5	January 2016	1.7	2.6
49	Manor Farm	14	14	October 2015	6.1	6.8
45	Misson	5	5	March 2016	2.0	2.9
46	Nowhere	8	8	March 2015	3.7	4.5
47	Pen Y Cae	7	7	March 2015	2.9	3.9
48	Playters	9	9	October 2015	4.0	4.9
50	Roskrow	9	9	March 2015	3.7	4.9
	<b>UK Subtotal</b>	<b>723</b>	<b>723</b>		<b>685.1</b>	<b>723.1</b>
<b>AUSTRALIA</b>						
1	Bannerton	110	53 <sup>4</sup>	July 2018	22.9	20.0 <sup>6</sup>
2	Longreach	17	8 <sup>4</sup>	March 2018	2.7	2.9
3	Oakey 1	30	15 <sup>4</sup>	February 2019	4.4	4.8 <sup>6</sup>
4	Oakey 2	70	70	Q4 2019 <sup>5</sup>	34.0	32.7 <sup>6</sup>

	<b>Australia Subtotal</b>	<b>227</b>	<b>146</b>		<b>63.9</b>	<b>60.4</b>
	<b>Total</b>	<b>950</b>	<b>869</b>		<b>749.0</b>	<b>783.5</b>

- 1 Original cost at time of acquisition, including transaction costs.
- 2 UK investments valued using an unlevered discount rate of 6.50% or a levered discount rate between 7.25% and 7.50% depending on the debt structure. Australian operational assets use a levered discount rate of 8.5%.
- 3 Includes the 2MW extension acquired in March 2015.
- 4 Accounts for the 49% stake the Company holds of this asset
- 5 Expected connection date.
- 6 Held at cost incurred to date. This does not represent expected final cost and assumes an AUD/GBP exchange rate of 0.55 as at 30 June 2019.

## Investment Manager's Report

*For the period ended 30 June 2019*

### KEY INVESTMENT METRICS

	30 June 2019	31 December 2018	30 June 2018
Market Capitalisation	£659.8 million	£592.9 million	£489.5 million
Share Price	120.2 pence	108.0 pence	108.8 pence
Dividend Declared per Share for the period	3.38 pence	6.58 pence	3.28 pence
GAV	£1,100.6 million	£1,114.7 million	£749.0 million
NAV	£601.5 million	£610.3 million	£473.1 million
NAV per Share	109.6 pence	111.2 pence	105.2 pence
Annual Total Return (NAV) since IPO	7.61%	7.36%	6.89%
Annual Total Shareholder Return since IPO	8.78%	6.83%	7.03%
Profit after Tax for the Period	£9.4 million	£56.0 million	£6.0 million

### PORTFOLIO SUMMARY

As at 30 June 2019, the Company's portfolio consisted of 54 assets with a total net peak capacity of 869MW. Of the 54 assets, 50 assets are located in the UK and represent 723MW of total installed capacity. The remaining four assets are located in Australia and account for 146MW of total installed capacity.

All of the Company's assets benefit from government-backed subsidies. The UK assets are accredited under the Renewable Obligation scheme, except for Yardwall which is a Feed-in Tariff accredited asset (representing less than 1% of the UK portfolio). In Australia, the assets benefit from subsidies in the form of Large-Scale Generation Certificates. During the six-month period, approximately 60% of total revenue was derived from subsidies and 40% from the sale of electricity.

The ROC buy-out price for the annual compliance period which commenced in April 2019 increased to £48.78 (2018-19 compliance period: £47.22), reflecting the average monthly percentage change in RPI during 2018. On average, the Company received 1.42 ROC/MWh during the period across the UK portfolio at an average price of £46.24/ROC (30 June 2018: £44.50/ROC).

During the period the Company sold the 0.5MW onshore wind asset included in the 53.3MW solar portfolio acquired in April 2018.

Further details on the portfolio as at 30 June 2019 is shown in the charts on pages 14-15. The analysis provided illustrates the diversification of the portfolio across inverter and panel manufacturers and O&M counterparties. The level of diversification achieved allows for efficiencies of scale through reducing ongoing operational costs.

### Market Developments

#### UNITED KINGDOM

In June 2019, Prime Minister Theresa May announced the UK's intention to introduce new legislation which would commit the UK to eradicating its net contribution to climate change by 2050. This announcement further strengthens the UK's role in leading climate change initiatives. The target is expected to be achieved through a combination of initiatives including balancing carbon emissions with carbon removal (e.g. carbon capture and

storage technologies) and the adoption of low-carbon technologies. Whilst the announcement does not address the solar industry directly, it reinforces the UK's long-term commitment to renewable generation sources.

There has been no update on the UK's capacity market, which continues to be in a "standstill" period following its suspension in November 2018. An update is expected at the end of September 2019 in relation to the potential approval of new state aid. The Company has no revenues directly linked to the capacity market mechanism.

In July 2018, Ofgem initiated a consultation into residual network charging arrangements. Amongst the reforms is a change to the Balancing Services Use of System ("BSUoS"), BSUoS being the means through which the cost to National Grid of balancing the network is recovered. Currently, generators connecting into the distribution network receive BSUoS as a credit, in light of the positive effect this capacity had on alleviating constraint on the transmission network. This was in response to changes in the use of the network due to growing volumes of renewable and distribution connected generation. In May 2019, Ofgem published an update on timing and next steps. Ofgem ruled out making any changes to embedded benefits before April 2021 and similarly the possibility of new arrangements for residual charging will not be implemented before April 2023. The Investment Manager continues to actively monitor the situation and engage with Ofgem. Embedded benefits revenue represents less than 2% of lifetime revenues for the portfolio and any expected impact on valuations is expected to be limited.

In March 2019, the UK's deadline to exit the European Union was extended. As Brexit negotiations continue the Investment Manager remains of the view that Brexit is unlikely to have a significant impact on the Company's prospects, from both a financial and operational perspective.

## AUSTRALIA

On 18 May 2019, the Federal Government elections took place in Australia. The incumbent minority Coalition Government, consisting of the Liberal and National parties, was elected for a third three-year term. The elected Coalition Government will be led by Scott Morrison who replaced former Prime Minister Malcolm Turnbull on 31 August 2018 following an internal leadership vote.

The Coalition Government has confirmed the emissions reduction target at 26%-28% by 2030 (against 2005 levels) and proposed no replacement to the existing Renewable Energy Target for which the target gigawatt hours from renewable generation does not increase beyond 2020. Support in the form of Large-Scale Generation Certificates ("LGCs") remained unchanged and is expected to end in 2030. Following the election result, the Investment Manager does not expect any relevant energy policy updates in the immediate future.

In May 2019, Marginal Loss Factors ("MLFs") for FY2019 were published by the Australian Energy Market Operator ("AEMO"). MLFs reflect the amount of energy assumed to be lost in the transmission network and are assigned to each individual renewable asset. The MLFs published indicated a decrease in MLFs of up to 5% which will have an adverse impact on generators in 2019-20. The change was based on the expected increase in the number of new generators coming online and an ageing transmission network. The Bannerton asset was the most affected asset in our Australian portfolio with the annual MLF for 2019-20 decreasing by more than 10%.

It is the Investment Manager's view the MLF methodology is not fit for purpose and it is working alongside other industry participants to recommend amendments to the existing MLF methodology to reflect a more accurate transmission loss factor based on regional local consumption. The Investment Manager will reflect the results of its assessment relative to the MLF methodology in due course.

Whilst the country adapts to new technologies and greater demand and the associated challenges, the market does continue to benefit from significant electricity demand and an irradiation profile well suited to solar development.

## **HISTORIC POWER PRICES**

### UNITED KINGDOM

Wholesale power prices decreased throughout the reported period to approximately £40/MWh in June 2019 following a period of relatively high prices during the second half of 2018. This reduction was driven by declining natural gas prices globally as a result of new supplies from the US and Australia entering the market. In addition to this, historically high gas storage levels in Western Europe following one of the mildest winters on record had a downward effect on spot and forward prices for natural gas resulting in further downward pressure on wholesale power prices.

The average power price achieved across the UK portfolio during the period, including fixed price arrangements was £47.25/MWh, versus £46.54/MWh in the first half of 2018, an increase of 1.5%. The proportion of current revenues subject to fixed price arrangements across the UK portfolio as at 30 June 2019 was 45%, at a weighted average price of £53.38/MWh.

The existing fixed price arrangements have differing tenures. The contract with the longest tenure expires in March 2021. The percentage of fixed price arrangements will gradually decrease between 30 June 2019 and March 2021. These arrangements provide greater visibility over future cash flows and limit potential price volatility in the short and medium term. The Company will continue to monitor forward electricity prices and, where appropriate, will enter into new fixed price arrangements.

The Investment Manager regularly reassesses conditions in the electricity market and updates its view on likely future movements. The Company retains the option to fix the PPAs for its assets at any time. The Investment Manager is satisfied that the current proportion of fixed price arrangements provides the appropriate level of price certainty.

#### PPA tenders

As announced in the 2018 Annual Report, in Q3 2018 the Company launched a tender for the supply of PPAs to 22 UK sites representing 179MW. On 1 April 2019, the new PPA contracts were entered into for a period of 10 years resulting in an average increase in pass-through rates at which ROCs and power are paid of 1.43% and 0.5%, respectively, against the previous agreements. The new PPA agreements had a positive impact on the Company's NAV of £3.7m.

#### AUSTRALIA

Gas peaking power plants remain a key price setter for the Australian electricity markets.

Wholesale power prices in Victoria increased dramatically during the Australian summer months. On 25 January 2019, spot prices reached the maximum level of A\$14,500/MWh. This was driven by extremely high temperatures as well as impacted by three of out six generation units being offline.

During the period, the weighted average spot price in Queensland was A\$83.50/MWh, versus A\$72.00/MWh in the first half of 2018, an increase of 16%.

Prices were higher in Victoria with a weighted average spot price of A\$157.00/MWh, versus A\$103.00/MWh in the first half of 2018, an increase of 52%.

#### **POWER PRICE FORECASTS**

The Investment Manager uses forward looking power price assumptions to assess the likely future income of the portfolio assets for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis for each market.

#### UNITED KINGDOM

During the period, power price forecasts decreased by 3.8% mainly due to movements in the short and medium term. The main driver of this reduction was the stronger pound assumptions forecast by one of the third-party consultants. In the longer term the deployment of more low-cost generation, notably onshore wind, is expected to help offset the upward pressure from an increase in demand.

The Company's forecasts assume an increase in power prices in real terms over the medium to long-term of 0.4% per annum (31 December 2018: 0.6%).

Where the assumed asset life extends beyond 2050, the Investment Manager has assumed no real growth in forecast power prices.

#### AUSTRALIA

During the period, Queensland and Victoria power price forecasts increased by 3.15% and 7.23% respectively, mainly due to assumptions around the retirement of coal plants in the medium to long term. This is not only driven by increasing maintenance costs, but also by future decarbonisation ambitions, which are expected to require the retirement of coal capacity to reach current policy targets.

The Company's forecasts assume an increase in Queensland and Victoria power prices in real terms over the medium to long-term of 1.16% and 0.79% respectively, per annum.

#### **THIRD PARTY DEBT ARRANGEMENTS AND GEARING POSITION**

As at 30 June 2019, total outstanding long-term debt was £394.1 million, representing 36% of the GAV (calculated as NAV plus outstanding debt) of the Company and its Subsidiaries (31 December 2018: £399.4 million or 36% of GAV).

At period end, total outstanding debt including RCFs was £499.1 million, representing 45% of GAV (31 December 2018: £504.4 million or 45% of GAV.)

#### Long-Term Facilities

As at 30 June 2019, £394.1 million of long-term debt facilities were outstanding (including £4.8m of nominal revaluation of the inflation-linked facilities).

Inflation linked debt facilities represented £89.1 million of the total long-term debt outstanding as at 30 June 2019.

At 30 June 2019, the average cost of long-term debt, was 2.9% per annum (2018: 2.8%), including the cost of the interest inflation linked facilities of 1.29% per annum.

#### Revolving Credit Facilities

The Company currently holds two separate RCF facilities totalling £105 million. The RCFs remained fully drawn during the period.

The £40 million RCF facility in place for FS Holdco 1 has been extended for three years and is now due to expire in March 2022. The terms of the new facility offer a more favourable margin, resulting in an ongoing interest expense saving for the Company.

At 30 June 2019, the total annualised cost of the RCFs was 2.8% (2018: 1.7%). The increase in costs compared to 2018 is due to the facilities being fully drawn following the acquisitions completion in 2018.

The Investment Manager expects to refinance the remaining balance either through future equity raisings or other long-term refinancing arrangements.

#### Debt Facilities

The following table summarises the debt position of the Fund as at 30 June 2019.

Borrower	Holding Vehicle	Provider	Facility Type	Amount Outstanding (m)	Maturity	Applicable Rate
FS Holdco	FS Holdco 1	MIDIS	Fixed rate, fully-amortising	£62.3	Mar-24	3.78%
		MIDIS	Inflation linked, fully-amortising	£62.1	Mar-34	RPI Index <sup>1</sup> + 1.08%
		Santander	Term loan, fully-amortising	£23.9	Mar-34	LIBOR + 1.70%
Project SPVs (25 vehicles)	FS Holdco 2	RBS	Term loan	£159.2	Sep-19	LIBOR + 1.75%
Second Generation Portfolio 1	FS Holdco 3	MIDIS	Fixed rate, fully-amortising	£4.2	Aug-34	4.40%
			Inflation linked, fully-amortising	£27.0	Aug-34	RPI Index <sup>1</sup> + 1.70%
Foresight Solar Australia Pty Ltd	FS Holdco 4 <sup>2</sup>	CEFC	Term loan	A\$62.0	Jun-27	Base rate (2.95%) + margin (2.55% to 2.80%)
Longreach Finco Pty Ltd		CEFC	Term loan	A\$12.0	Mar-22	Base rate (2.57%) + margin (constr - operation - 1.55%; 1.40%) Base rate (3.28%) <sup>3</sup> Base rate (2.58%) Base rate (3.14%) <sup>3</sup>
Longreach Finco Pty Ltd		MUFG	Term loan	A\$12.0	Mar-22	
Oakey 1 Finco Pty Ltd		CEFC	Term loan	A\$16.1	Mar-22	
Oakey 1 Finco Pty Ltd		MUFG	Term loan	A\$16.1	Mar-22	
Oakey 2 Finco Pty Ltd		CEFC	Term loan	A\$42.5	Oct-22	Base rate (2.48%) + 2.25%
TOTAL LONG-TERM DEBT				£427.4		
FS Holdco	FS Holdco 1	Santander	Revolving credit	£40.0	Mar-22	LIBOR + 1.75%
FS Debtco	FS Holdco 2	Santander	Revolving credit	£65.0	Feb-20	LIBOR + 2.00%
TOTAL REVOLVING DEBT				£105.0		

TOTAL DEBT				£532.4		
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1 RPI-linked facilities have a long-term inflation assumption of 2.75%

2 Australian debt presented in full and not prorated for Foresight ownership proportion

3 Interest rate swap for 100% of the outstanding debt during the initial 5 years, 75% from years six to ten and 50% thereafter

During the period the Company repaid total debt of £6.3 million.

The Company continues to have limited exposure to benchmark rate movements in the UK and Australia as a result of the long-term interest rate swaps in place to protect the Company from underlying interest rate movements. Sterling denominated debt facilities priced over LIBOR benefit from interest rate swaps hedging 80% of the outstanding debt during the terms of the loans. In Australia, debt facilities entered into with the CEFC have no exposure to the Bank Bill Swap Bid Rate ("BBSY") as the rate was fixed at financial close. Debt facilities provided by MUFG have in place interest rate swaps on a decreasing nominal amount for a notional tenor of 20 years.

#### Refinancing of UK debt facilities

Post period end, on 2 August 2019, the Investment Manager successfully completed the refinancing of 28 of the Company's UK assets (321 MW). The debt refinancing totalled £245 million, comprising a £170 million term loan facility, a £65 million RCF and a £10 million debt service reserve facility. The refinancing was secured on attractive terms. Although the refinancing was not completed until after the end of the period, due to the material impact of the new terms this has been taken into consideration for the NAV as at 30 June 2019, resulting in an increase in the Company's NAV of £17.0 million.

The £170 million fully amortising term loan facility will expire in March 2036 and will be provided jointly by Landesbank Hessen-Thüringen Girozentrale ("Helaba") and Sumitomo Mitsui Banking Corporation ("SMBC"). The term loan facility all-in annual cost of debt is approximately 230bps and includes interest rate swaps hedging 100% of the outstanding debt during the term of the loan. The proceeds of the loan facility will be used partially to refinance the asset-level debt facilities expiring in September 2019.

The £65 million RCF has a three-year term and will be provided by National Westminster Bank plc ("NatWest"). This facility replaces the existing £65 million RCF entered into in 2017.

Based on the Company's 30 June 2019 GAV and following the refinancing, the total outstanding long-term debt of £404.9 million represents gearing of approximately 37%. The total outstanding debt including revolving credit facilities of £509.9 million represents approximately 46% of GAV.

#### DIVIDENDS

The Company is targeting a full year dividend for the year ending 31 December 2019 of 6.76 pence, representing a 2.70% increase against the dividend declared for the 2018 financial year. The Company has met all target dividends since IPO.

#### DIVIDEND TIMETABLE FOR FY2019

Dividend	Amount	Status	Payment Date
Interim 1	1.69 pence	Approved	30 August 2019
Interim 2	1.69 pence	Approved	29 November 2019
Interim 3	1.69 pence	Targeted	Q1 2020
Interim 4	1.69 pence	Targeted	Q2 2020
TOTAL	6.76 pence		

The first interim dividend of 1.69 pence for the year ending 31 December 2019 will be paid on 30 August 2019.

On 19 August 2019 the Board approved the second interim dividend relating to FY2019 of 1.69 pence per share.

Dividend Timetable – Interim 2	
Ex-dividend Date	24 October 2019
Record Date	25 October 2019
Payment Date	29 November 2019

Full details of the scrip dividend alternative that is being offered in respect of the Dividend (the "Scrip Offer"), its timetable and the Scrip Dividend Scheme can be found in the Scrip Dividend Alternative Offer Document (the "Scrip Document") available on the Company's website to view and/or download at [fsfl.foresightgroup.eu/investor-relations/](http://fsfl.foresightgroup.eu/investor-relations/). The Scrip Document is also available on the National Storage Mechanism website at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM) and copies are also available for inspection at JTC House, 28 Esplanade, St. Helier, Jersey JE2 3QA.

## DIVIDEND COVER

Total dividends of £18.1 million were paid during the period to 30 June 2019 with £35.2 million paid during the 12 months to 30 June 2019. Compared with the relevant net cash flows of the Company and underlying investments, these dividends were covered 1.12 times (30 June 2018: 1.14 times).

## FOREIGN EXCHANGE

The Company is exposed to foreign exchange movements in respect of its investments in Australia. As such, the Company continues to implement a hedging strategy in order to reduce the possible impact of currency fluctuations and to minimise the volatility of equity returns and cash flow distributions. The Company has entered into forward contracts for up to two years for an amount equivalent to approximately 75% of its expected distributable foreign currency cash flows at project level. Due to the predictable nature of solar irradiation in Australia and the known dividend payment dates, the Investment Manager believes this hedging strategy will protect the cash yields from the Australian assets.

Foreign exchange hedging will not be applied to the cost of the equity investments, considering the long-term investment strategy of the Company.

The Company reviews its foreign exchange strategy on a regular basis with the objective of limiting the short-term volatility in sterling distributable cash flows caused by foreign exchange fluctuations and of optimising the costs of the hedging instruments.

## ONGOING CHARGES

The ongoing charges ratio for the period to 30 June 2019 was 1.18% (31 December 2018: 1.18%). This has been calculated using methodology as recommended by the Association of Investment Companies ("AIC"). Asset management fees charged by Foresight Group LLP on an arm's length basis at project level are excluded from the ongoing charge ratio.

## INVESTMENT PERFORMANCE

The NAV per share as at 30 June 2019 decreased to 109.6 pence compared to 111.2 pence as at 31 December 2018.

## MOVEMENTS IN NAV

A breakdown in the movement of the Company's NAV during the reporting period is shown in the table below.

	NAV	NAV per share
<b>NAV as at December 2018</b>	<b>£610.3m</b>	<b>111.2p</b>
Dividend paid	£(18.1)m	(3.3)p
Interest earned	£22.9m	4.2p
Management fee	£(3.1)m	(0.6)p
Finance costs	£(1.3)m	(0.2)p
Other costs (incl. Corporation Tax)	£(2.2)m	(0.4)p
Inflation*	£(2.3)m	(0.4)p
Refinancing Terms*	£17.0m	3.0p
PPA Terms*	£3.7m	0.7p
Discount Rate*	£14.7m	2.7p
Valuation Date*	£(3.0)m	(0.5)p
Power Curve*	£(32.4)m	(5.9)p
Large-Scale Generation Certificate ("LGC") Curve*	£(3.7)m	(0.7)p
Other (incl. FX)*	£(1.0)m	(0.2)p
<b>NAV as at June 2019</b>	<b>£601.5m</b>	<b>109.6p</b>

\* Movement in the valuation of underlying solar assets

## VALUATION OF THE PORTFOLIO

The Investment Manager is responsible for providing fair market valuations of the Company's underlying assets to the Board of Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are undertaken quarterly. A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short-term fluctuations, be it economic or technical.

It is the policy of the Investment Manager to value with reference to Discounted Cash Flows ("DCF") from the later of commissioning or transaction completion. This is partly due to the long periods between agreeing an acquisition price and financial completion of the acquisition. Occasionally this delay reflects construction. Revenues accrued do not form part of the DCF calculation in making a fair valuation.



The current portfolio consists of non-market traded investments and valuations are based on a DCF methodology or held at cost where the assets have not yet reached commissioning. This methodology adheres to both IAS 39 and IFRS 13 accounting standards as well as the International Private Equity and Venture Capital (“IPEV”) Valuation Guidelines.

The Company’s Directors review and challenge the operating and financial assumptions, including the discount rates, used in the valuation of the Company’s portfolio and approve them based on the recommendation of the Investment Manager.

#### METHODOLOGY

During the period, the Investment Manager undertook a review of the discount rates applied to the valuation of the portfolio. As a result of this analysis, discount rates for the UK portfolio have been reduced by 0.25% in order to bring valuations in line with the expected market pricing for operational assets.

The unlevered discount rate has been reduced from 6.75% to 6.50%. This applies to assets that have been acquired using the RCF facilities of the Company, being Shotwick, Sandridge and Wally Corner.

Assets that have debt in place at portfolio level continue to be valued using a premium to the unlevered rate of 0.75%, at a discount rate of 7.25%. Assets that have debt at SPV level, and are therefore not cross-collateralised, are considered to carry a higher premium of 1.00% and as such are valued using a discount rate of 7.50%.

The discount rate used for UK asset cashflows which have received lease extensions beyond the initial investment period of 25 years is 8.50% for years subsequent, reflecting the merchant risk of the expected cash flows beyond the initial 25-year period.

For the Australian portfolio, operational assets with PPAs in place are valued using an 8.50% discount rate. Assets under construction are valued at cost and will continue to be held at cost until the assets are connected to the grid and fully operational. These asset valuations are updated quarterly to reflect movements related to exchange rates.

The weighted average discount rate across the portfolio is 7.15% compared to 7.30% as at 31 December 2018.

#### Asset life

The weighted life of the UK portfolio as at 30 June 2019 is 28.4 years (31 December 2018: 28.4 years) from the date of commissioning.

The average useful economic life across 37 of the 50 UK assets goes beyond 25 years, averaging 30.5 years from the date of commissioning. Additional conservative operational and lifecycle costs are incorporated into the extended useful life period.

Assets located in Australia currently assume a useful economic life of 25 years. This assumption is currently under review by the Investment Manager.

#### DIVIDENDS PAID

The Company paid dividends of £18.1m during the six-month period to 30 June 2019 or 3.38p per share.

#### INTEREST EARNED

The Company and its subsidiaries accrued £22.9 million of investment income during the period. This is the interest accrued on shareholder loans.

#### COSTS

Total costs of £6.6 million, which include corporation tax, management fees, finance and other costs, were incurred by the Company and its subsidiaries on a consolidated basis during the period.

#### INFLATION

The Company continues to use 2.75% as its medium/long-term inflation assumption. As at 30 June 2019, the valuation models reflect Office for Budget Responsibility (“OBR”) RPI forecasts for the periods 2019, 2020 and 2021 of 2.95%, 2.77% and 3.02% respectively. The Company’s RPI assumption adopted for subsequent years has remained unchanged at 2.75%.

#### REFINANCING TERMS

This movement reflects the updated debt terms secured in the post-period refinancing of UK debt facilities. The positive movement results from the margins and LIBOR swap rates of the new facilities being lower than the refinancing assumptions made at the time of acquisition.

#### PPA TERMS

On 1 April 2019, new PPA contracts across 22 assets representing 179MW were entered for a period of 10 years. The new contracts resulted in an average increase in pass-through rates at which ROCs and power are sold of 1.43% and 0.5%, respectively, against the previous PPAs.

## DISCOUNT RATE

As reported above, the Company's UK discount rates have been reduced by 0.25% for unlevered and levered assets.

During the period, Oakey 1 and Bannerton have reached full export and have been revalued using a discount rate methodology, applying an 8.5% discount rate for operational assets with PPA arrangements in place.

The Investment Manager regularly reviews the discount rate to ensure it remains in line with any changes to the market and risk profile of the Company.

## VALUATION DATE

This movement represents the impact of moving from one valuation date to another. Over the life of an asset this movement will reduce the valuation to nil. Short-term increases arise from moving towards higher cash yields (and therefore discounting them less).

## POWER CURVE

The Company uses forward looking power price assumptions to assess the likely future income of the portfolio assets for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis.

During the period there was a downward movement of 3.8% in the medium to long-term power price forecast for the UK market. The Company's forecasts continue to assume an increase in power prices in real terms over the medium to long-term of 0.4% per annum (31 December 2018: 0.6%).

Movements during the period also include the impact of revaluing Bannerton using a discount rate methodology and consequent update of the Victoria power price curve against the assumption made at the time of acquisition, resulting in a negative impact on the asset valuation. The impact for Oakey 1 was negligible.

## Large-scale Generation Certificates ("LGC") CURVE

The Company uses forward looking LGC price assumptions to assess the likely future income of the certificates generated by the Australian portfolio assets for valuation purposes. The Company's assumptions are formed from a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis.

## OTHER MOVEMENTS

This includes other factors behind the valuation movements, including long term O&M cost assumptions, insurance premiums and changes in exchange rate assumptions.

## VALUATION SENSITIVITIES

Where possible, assumptions are based on observable market and technical data. In many cases, such as forward power prices, independent advisors are used to provide evidenced information enabling the Investment Manager to adopt a prudent approach. The Investment Manager has set out the inputs which it has ascertained would have a material effect upon the NAV in note 17 of the Financial Statements. All sensitivities are calculated independently of each other.

## OUTLOOK

The UK has more than 13GW of solar PV installed capacity however the market has demonstrated only marginal growth since the closure of the RO Scheme in 2016. As a result, investment opportunities in the UK subsidised market continue to be limited as the ongoing consolidation in the secondary market is compressing returns to levels that do not meet the minimum requirements of the Company.

We continue to review international investment opportunities in markets that benefit from regulatory support. However, European markets are also showing signs of increased consolidation and inflated asset valuations at present. This trend is expected to continue in European markets as competition for assets increase as a result of new entrants with lower target yield requirements and as the introduction of new subsidies is expected to be limited over time.

The announcement of the UK's intention to commit to a net zero emissions target by 2050 was a positive development for the renewable industry and although it did not address the solar industry directly it is expected to create a supportive environment for the future growth of installed capacity, at a time when the solar levelised cost of energy continues on a downwards trajectory. This is expected to act as a catalyst for subsidy-free investment opportunities.

We continue to review the Australian market and are closely monitoring the development of subsidy-free markets in Southern Europe and the UK. In Southern Europe, this market has developed rapidly and a number of relevant transactions have recently been announced in Spain and Portugal with attractive PPA structures. In the UK, whilst this market has progressed, we remain of the view that the current market economics are not yet in-line with the Company's return requirements. However, we expect this market to develop rapidly and it therefore could present significant opportunity in the future.

Foresight Group's experience in the aforementioned markets provides the Investment Manager with a solid understanding of the value-accretive potential of these investment opportunities.

In recent periods we have identified and delivered on a significant number of optimisation initiatives that have created additional value for the Company, including the post-period completion of the £245 million refinancing and the PPA re-tender finalised in April 2019. We will continue to explore value enhancement initiatives across the portfolio, including the Australian assets, as the consolidation of the existing portfolio progresses and new technical, commercial and financial solutions are identified.

## Asset Manager's Report

The Asset Management services provided ensure the day to day operation of the sites is robust with sound operational and commercial decisions. The comprehensive list of services includes:

- Technical and financial performance monitoring
- Contractual compliance of all operational agreements
- Portfolio optimisation including renegotiation of project contracts, spare parts management and equipment replacement strategy and technology improvements
- Liaising with and oversight of O&M counterparties
- Debt reporting and other debt compliance services
- Accounting, bookkeeping, tax compliance and statutory reporting of all SPVs
- Corporate governance activities including health and safety compliance.

### **Portfolio Performance**

The operational performance during the period has been robust with electricity generation 2.9% above base case, when adjusted for compensation received. Performance has been driven by irradiation 3.1% above base case.

The portfolio has benefited from previous remedial works to specific sites and optimisation initiatives to improve the reliability of the assets in general. In addition, the Asset Manager has continued to pro-actively engage with service providers including Distribution Network Operators ("DNOs") and Operation and Maintenance ("O&M") contractors and sub-contractors. The Asset Manager believes this will result in improved optimisation of 'planned' outages and a reduction in unplanned outages.

The use of real-time data at asset level, together with closely working with O&M providers, is expected to reduce downtime, improve efficiency in the short term and build a greater understanding of the replacement of key components. It is also expected to help with warranty management down to string, solar panel level or inverter performance level thereby optimising output while minimising the total operating cost base.

Incidents affecting the UK portfolio during the period were mainly caused by grid outages (Fields Farm, Welbeck) and equipment failures that have been promptly rectified during the period, as was the case with Wymeswold which was affected by faults on string cables and inverter issues.

During the period, in Australia, two additional assets reached full export capacity, Bannerton and Oakey 1. The projects have previously experienced construction and commissioning delays due to the new grid commissioning requirements introduced by AEMO in 2018 and as a result of EPC contractor RCR Tomlinson ("RCR") going into administration in November 2018, particularly in the case of Oakey 1. The delays in commissioning are not expected to have a material impact on overall financial performance as the Company is contractually and financially protected and the Company will continue to enforce all its contractual rights.

Longreach continues to experience some limited levels of grid curtailment caused by export constraints at one of the local substations. A solution to the curtailment issue is being discussed with the local DNO and is expected to be implemented in 2020.

### **ASSETS UNDER CONSTRUCTION**

Oakey 2 achieved initial export in April 2019 as part of staged commissioning process in the Australian market. The project is expected to begin full commissioning in the second half of 2019.

### **PRODUCTION**

The production figures below have been adjusted, where relevant, for events where compensation has been, or will be, received.

Site	MW	Total Production (kWh)	Production Variance	Irradiation Variance
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Abbey Fields	4.9	2,858,791	5.5%	5.3%
Abergelli	7.7	3,958,282	-1.6%	-2.2%
Atherstone	14.8	7,665,666	5.9%	6.6%
Bilsthorpe	5.7	3,051,355	6.0%	8.8%
Bournemouth	37.3	21,618,620	3.2%	-2.4%
Bulls Head	5.5	2,972,019	8.5%	7.7%
Castle Eaton	17.8	9,474,475	9.7%	4.4%
Coombeshead	9.8	5,470,793	0.3%	1.0%
Copley	30.0	16,345,528	9.4%	5.8%
Crow Trees	4.7	2,517,206	9.6%	8.6%
Cuckoo Grove	6.1	3,395,399	-9.7%	-5.7%
Field House	6.4	3,467,484	1.0%	0.7%
Fields Farm	5.0	2,005,628	-20.1%	5.1%
Gedling	5.7	3,038,120	8.0%	8.6%
High Penn	9.6	5,094,344	4.0%	-4.2%
Highfields	12.2	5,991,541	0.2%	3.6%
Homeland	13.2	7,225,856	-4.3%	-4.9%
Hunters Race	10.3	5,917,826	4.0%	1.9%
Kencot Hill	37.2	20,204,496	6.3%	4.7%
Landmead	45.9	23,869,171	5.1%	8.2%
Lindridge	4.9	2,694,682	7.1%	3.2%
Longreach	17.3	16,810,431	-7.1%	3.4%
Manor Farm	14.2	7,275,845	9.7%	7.3%
Marsh Farm	9.1	4,964,413	-0.1%	0.9%
Membury	16.5	8,690,608	2.8%	1.0%
Misson	5.0	2,724,775	6.8%	3.2%
Nowhere	8.1	4,685,693	10.3%	10.1%
Paddock Wood	9.2	5,115,386	5.0%	1.8%
Park Farm	13.2	7,116,383	12.4%	6.1%
Pen Y Cae	6.8	3,417,142	-2.7%	-1.6%
Pitworthy	15.6	7,736,037	-0.4%	-0.9%
Playters	8.6	4,711,475	1.6%	4.4%
Port Farm	34.7	18,838,830	6.1%	2.6%
Roskrow	8.9	4,672,968	-5.7%	-2.6%
Sandridge	49.6	25,691,297	-0.4%	1.5%
Sawmills	6.6	3,548,373	-1.3%	-2.0%
Sheepbridge	5.0	2,755,980	11.1%	11.2%
Shotwick	72.2	36,378,464	3.1%	2.8%
Southam	10.3	5,433,151	5.3%	4.1%
Spriggs	12.0	6,596,490	6.8%	0.5%
Steventon	10.0	5,380,741	1.5%	5.5%
SV Ash	8.4	4,464,156	7.1%	4.0%
Tengore	3.6	1,931,979	2.0%	0.7%
Trehawke	10.6	5,997,694	2.4%	2.4%
Upper Huntingford	7.7	3,929,512	-0.1%	0.3%
Verwood	20.7	11,351,409	1.8%	0.8%
Wally Corner	5.0	2,819,692	6.9%	5.0%
Welbeck	11.3	5,653,498	-1.1%	8.8%
Wymeswold	34.5	16,852,756	0.6%	7.9%
Yarburgh	8.1	4,524,994	6.3%	8.0%
Yardwall	3.0	1,718,255	0.9%	0.1%
<b>Total</b>	<b>740.4</b>	<b>400,625,711</b>		
<b>Weighted Total</b>			<b>2.9%</b>	<b>3.1%</b>

## Sustainability and ESG

Sustainability and Environmental, Social and Governance (“ESG”) considerations are at the core of the Company’s strategy, helping to inform its investment process and its asset management operations. The following is a review of recent activities undertaken by the Company in terms of environmental stewardship, social engagement and good governance.

As mentioned in the Company’s 2018 Annual Report, Foresight Group’s Infrastructure team has refined its sustainability tracking and reporting to further improve its investment processes, enhance the sustainability performance of existing assets and demonstrate more comprehensively the environmental benefits and social contribution of the Group’s activities. This resulted in the implementation of its Sustainable Investing in Infrastructure strategy, which focuses on ensuring all assets are evaluated prior to acquisition and throughout their ownership, in accordance with Foresight Group’s Sustainability Evaluation Criteria. Based on the key metrics this exercise provides, the Company is able to report against the United Nations Sustainable Development Goals (“SDGs”). The SDGs represent a call to action for all UN member states to promote prosperity while protecting the environment. Of the SDGs, the Company contributes most significantly to the following:

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS
<b>Goal 3: “Good Health and Well-Being.</b> Ensure healthy lives and promote well-being for all at all ages.” Achieved through the reduction of pollution and emitted greenhouse gases (“GHGs”) by the installation and management of clean, low-carbon energy generation assets.
<b>Goal 7: “Affordable and Clean Energy.</b> Ensure access to affordable, reliable, sustainable and modern energy.” Achieved by driving a reduced reliance on fossil fuels by investment in utility-scale, renewable energy generation assets.
<b>Goal 9: “Industry, Innovation and Infrastructure.</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.” Achieved by future-proofing energy systems through investment in de-centralised, interconnected generation assets, using the latest technologies to maximise electrical output.
<b>Goal 13: “Climate Action.</b> Take urgent action to combat climate change and its impacts.” Achieved by demonstrating commitment to the 2015 Paris Agreement and contributing to the globally supported decarbonisation agenda through investment in low-carbon, renewable energy assets.
<b>Goal 15: “Life on Land.</b> Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.” Achieved by preserving the integrity of land through investment in low-impact and low-polluting technologies and introducing environmental initiatives through active asset management, supporting biodiversity and the ecosystem.

**THERE ARE FIVE CENTRAL THEMES TO FORESIGHT GROUP’S SUSTAINABILITY EVALUATION CRITERIA. THE COMPANY’S ADHERENCE, AND CONTRIBUTION, TO THESE THEMES IS ASSESSED BELOW.**

### 1. SUSTAINABLE DEVELOPMENT CONTRIBUTION

This theme supports reporting on the development of affordable and clean energy, improved resource and energy efficiency and contributions to the fight against climate change. In H1 2019, the Company’s 740MW operational portfolio produced over 400GWh of renewable energy. Furthermore, using Ofgem’s assessment that the average UK household consumes 3.1 MWh per year, it can be inferred that the Company’s portfolio generated enough clean electricity to power c. 130,000 UK homes during the period.

### 2. ENVIRONMENTAL FOOTPRINT

Each asset is closely monitored for its localised environmental impact. As such, this criterion assesses potential environmental impacts such as emissions to air, land and water, effects on biodiversity and noise and light pollution. The Asset Manager ensures that solar power plants are managed in a manner that maximises the agricultural, landscape, biodiversity and wildlife potential, which can also contribute to lowering maintenance costs and enhancing security.

As a working partner of the Solar Trade Association, the Asset Manager recently helped to co-author the organisation’s report, The Natural Capital Value of Solar (June 2019), which is available to download at: <https://www.solar-trade.org.uk/wp-content/uploads/2019/06/The-Natural-Capital-Value-of-Solar.pdf>. In this report, Foresight Group highlights the importance of wetlands, drainage and on-site water management at solar sites, and the associated benefits such as the reduction of both nitrogen loads and intermittent pesticide fluxes on

surrounding land, with the added positive effect of enhanced ease of access for O&M contractors and a resultant lower susceptibility to long-term land damage.

Furthermore, the Asset Manager's Environment and Sustainability Manager, James Jenkison, has continued to pursue a number of initiatives to ensure the solar power plants are being effectively managed for biodiversity. Such schemes include:

- Hedgerow and tree planting – To date, more than 35km of hedgerows have been planted across the portfolio. With the majority of hedgerow planting now complete, the hedgerows are managed to ensure they develop into dense species-rich habitats. Hedgerows help to promote biodiversity, absorb carbon, improve both drainage and soil quality and reduce site exposure to extreme weather conditions.

Hedgerows are managed in the winter months every second year to ensure that hedges and trees can flower and produce berries as forage for insects, birds and other wildlife, whilst also being managed to maintain good structure and diversity in accordance with best practice guidance.

- Building of animal refuges – Hibernacula and log piles are built at most sites to provide natural shelter as well as to help improve natural drainage.
- Bat and bird boxes – The Asset Manager regularly installs bird and bat boxes to attract local species to the sites.
- Sheep grazing – Numerous sites have been either built or adapted through the installation of barriers and the protection of cabling, to ensure their suitability for continued sheep grazing.
- Beehive installation – The Asset Manager continues to work with local bee keepers to install hives as a means of helping to restore the native bee population and support crop pollination and honey production. The Asset Manager also encourages the productivity of these hives through the planting of nectar rich wildflower species.
- Climate change risk – Flood risk assessments have been carried out for all sites. Panels are installed above the 'worst-case scenario' water level and land drains, swales and ponds are also maintained to ensure safe working conditions and good soil condition which further promotes diverse grass and wildflower growth.
- Grassland management – A grassland cutting timetable is being implemented to limit cutting in the Summer so as to promote the growth, flowering and seed spreading of wildflowers to encourage biodiversity and forage for insects and birds.

### **3. SOCIAL ENGAGEMENT**

During the acquisition process, and throughout an asset's lifecycle, the Company engages with contractors, local residents, community organisations, landowners and local authorities to promote public support for the project, maximise the local benefit and minimise any actual or perceived negative effects. This has been achieved through a number of initiatives:

- Community engagement – The Asset Manager regularly attends parish council and local community meetings, conducts visits with O&M providers, landowners and construction companies to encourage community engagement and ensure that local stakeholders understand the Asset Manager's expectations of site management and to discuss areas of improvement in management techniques. To date, over 67 site visits have been conducted by the Environment and Sustainability Manager.
- Community investment – The Company supports community benefit schemes which assist local authorities in developing and maintaining community assets and organisations. In the six-month period to 30 June 2019, over £80k worth of grants were provided to local communities throughout the UK, bringing the total grants provided to date to £225k. Further details of the community projects that have benefitted from these funds will be provided in the 2019 Annual Report.
- Educational initiatives – A large part of generating public support comes as a result of educational initiatives, which help to promote an understanding, and appreciation of, the benefit of solar power generation. To date in 2019, college tours have been undertaken at Gedling, Southam and Wymeswold where students and staff were able to witness first-hand the operational aspects of a solar farm and the steps taken to maximise operational efficiency and environmental stewardship.
- Health and well-being – The management and monitoring of Health and Safety ("H&S") onsite is a top priority for the O&M contractor, which is responsible for recording and reporting all H&S related incidents to the Asset Manager on an ongoing basis. In addition to this, to improve the management of SHEQ (Safety, Health, Environmental and Quality), reinforce best practice and ensure regulatory compliance, the Asset Manager appoints independent professionally accredited H&S consultants. Consultants ensure that contractors are appointed on the basis of their health and safety competence and regularly visit the sites to ensure they are meeting industry and legal standards.

### **4. GOVERNANCE**

The Asset Manager actively reviews the regulatory and property consents of every solar asset to ensure compliance with the permissions and conditions attached and actively engages with local government organisations to ensure ongoing compliance. In addition to ensuring the Company is protected from potential legal action, this promotes trust with the sites' local communities.

### Compliance

Integral to the maintenance of the Company's reputation is its regulatory compliance and adherence to relevant laws. The Company is committed to carrying out business fairly, honestly and openly and the Investment Manager has established policies and procedures to prevent bribery within its organisation. The Company has also committed to a policy to conduct all its business in an honest and ethical manner, taking a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

As a means of ensuring that sustainability considerations are at the forefront of the investment process, the Investment Manager delivers Best Practice sessions to its staff. These sessions focus on how the sustainability performance of a given asset can be assessed, measured and improved, whilst also demonstrating how good ESG management can result in a financial upside.

## 5. THIRD PARTY INTERACTIONS

Counterparty due diligence forms an essential part of ensuring that key counterparties are reputable, that they have a robust and sustainable supply chain and have a similarly aligned approach to governance, compliance and ESG as the Company, which must be evidenced by appropriate policies. Consequently, two initiatives are being undertaken by the Company to further enhance these processes with a view to improving overall asset performance and protecting the Company against reputational risk.

- **Enhanced supplier and counterparty checks** – The Company now contracts out due diligence to an expert third party. Using this highly specialised legal advisory and consultancy firm allows for a greater depth of analysis to be conducted in a shorter space of time, thus speeding up the acquisition process and giving a higher degree of assurance that the counterparties involved are both legally and financially sound.
- **Active Supplier Engagement** – A more formalised approach to supplier engagement on the topic of ESG is being developed, with the aim of encouraging more sustainable practices in the operation and maintenance of the solar sites.

While the Company actively tracks data pertaining to the above criteria on an internal basis, it also seeks external validation of its performance through third party organisations:

- **GRESB** (Global Real Estate Sustainability Benchmark) – The Company submitted the Southam Solar Farm to the GRESB Infrastructure ESG Assessment in 2018, believing this particular asset was representative of the portfolio as a whole. For consistency it has also been resubmitted for the 2019 assessment year. As a means of further demonstrating our commitment to external validation, the Investment Manager is currently reviewing options for assessing the Company as a whole, one of which is the GRESB Infrastructure ESG Fund Assessment. The results of our 2018 GRESB Infrastructure ESG Assessment are below. The results of the 2019 submission are due to be released in September 2019 and will be published in the 2019 Annual report:

Module	2018 Score	Peer Average
Environment	61/100	52/100
Social	71/100	60/100
Governance	47/100	46/100

- **PRI** (Principles for Responsible Investment) – The Investment Manager has been a signatory to the United Nations-backed PRI since 2013. The PRI is a globally recognised voluntary framework concerned with the incorporation of ESG considerations into the investment decision making process. As a signatory, the Investment Manager reports annually on its responsible investment activities by responding to asset-specific modules in the PRI's Reporting Framework. In its recent 2019 assessment, the Investment Manager achieved an A+ level rating for 'Strategy and Governance', the highest possible rating, surpassing the peer average (A). An A rating was achieved in the 'Infrastructure' module, with scoring improving by four points to 27 out of 30, up from 23 points awarded in 2018. The Investment Manager's approach to post-investment monitoring and active ownership of ESG within the asset class contributed to the higher score.

Module	2019 Score	Peer Average
Strategy and Governance	29/30 (A+)	A
Infrastructure	27/30 (A)	A

## Principal Risks

Reliance is placed on the internal systems and controls of the Investment Manager and external service providers such as the Administrator to effectively manage risk across the portfolio. Foresight Group has a

comprehensive Risk Management Framework in place which is reviewed on a regular basis by the Company's Directors.

The Directors consider the following as the principal risks and uncertainties to the Company at this time:

- Risks relating to the sale of electricity
- Risks relating to regulatory changes to subsidy schemes
- Risks relating to gearing
- Risks relating to RPI
- Risks relating to marginal loss factors applicable to the Australian assets
- Risks relating to the construction of solar PV assets
- Risks relating to exchange rate

More detailed information on the risks and uncertainties affecting the Company can be found on pages 19-37 of the Company's most recent Prospectus issued on 3 March 2017 and the Risk Management section in the Company's latest Full Year Results Report for the year ended 31 December 2018.

## Statement of Directors' Responsibilities

For the period 1 January 2019 to 30 June 2019

The Disclosure Guidance and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Unaudited Half-Yearly Financial Report for the six months ended 30 June 2019.

The Directors confirm to the best of their knowledge that:

(a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;

(b) the Unaudited Half-Yearly Financial Report for the six months ended 30 June 2019 includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the year and a description of principal risks and uncertainties that the Company faces for the remaining six months of the year);

(c) the summarised set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and

(d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Alexander Ohlsson  
Chairman

For and on behalf of Foresight Solar Fund Limited  
22 August 2019

## ASSET SUMMARIES

### UNITED KINGDOM

Wymeswold, Leicestershire

ROCs 2.0/1.4  
Acquisition Date  
November '13 / March '15  
Highfields, Essex

ROCs 1.6

Castle Eaton, Wiltshire

ROCs 1.6  
Acquisition Date  
June '14

High Penn, Wiltshire

ROCs 1.6



Acquisition Date  
June '14  
Pitworthy, North Devon

ROCs 1.4  
Acquisition Date  
June '14  
Spriggs Farm, Essex

ROCs 1.6  
Acquisition Date  
November '14  
Landmead, Oxfordshire

ROCs 1.4  
Acquisition Date  
December '14  
Copley, Lincolnshire

ROCs 1.3  
Acquisition Date  
June '15  
Paddock Wood, Kent

ROCs 1.4  
Acquisition Date  
July '15  
Port Farm, Wiltshire

ROCs 1.4  
Acquisition Date  
August '15  
Shotwick, Flintshire

ROCs 1.3  
Acquisition Date  
February '17  
Wally Corner, South Oxfordshire

ROCs 1.2  
Acquisition Date  
July '17  
Park Farm, Leicestershire

ROCs 1.4  
Acquisition Date  
April '18  
Verwood, Dorset

ROCs 1.4  
Acquisition Date  
April '18  
Abergelli, Swansea

ROCs 1.4  
Acquisition Date  
August '18  
Cuckoo Grove, Pembrokeshire

ROCs 1.4  
Acquisition Date  
August '18  
Fields Farm, Warwickshire

Acquisition Date  
June '14  
Hunters Race, West Sussex

ROCs 1.4  
Acquisition Date  
September '14  
Bournemouth, Dorset

ROCs 1.4  
Acquisition Date  
December '14  
Kencot, Oxfordshire

ROCs 1.4  
Acquisition Date  
March '15  
Atherstone, Warwickshire

ROCs 1.4  
Acquisition Date  
July '15  
Southam, Warwickshire

ROCs 1.4  
Acquisition Date  
July '15  
Membury, Berkshire

ROCs 1.4  
Acquisition Date  
September '15  
Sandridge, Wiltshire

ROCs 1.3  
Acquisition Date  
February '17  
Coombeshead, Devon

ROCs 1.4  
Acquisition Date  
April '18  
Sawmills, Devon

ROCs 1.4  
Acquisition Date  
April '18  
Yardwall, Somerset

FIT  
Acquisition Date  
April '18  
Crow Trees, Nottinghamshire

ROCs 1.3  
Acquisition Date  
August '18  
Field House, Hampshire

ROCs 1.4  
Acquisition Date  
August '18  
Gedling, Nottinghamshire

ROCs 1.3  
Acquisition Date  
August '18  
**Homeland, Dorset**

ROCs 1.6  
Acquisition Date  
August '18  
**Sheepbridge, Berkshire**

ROCs 1.3  
Acquisition Date  
August '18  
**Tengore, Somerset**

ROCs 1.4  
Acquisition Date  
August '18  
**Upper Huntingford, Gloucestershire**

ROCs 1.3  
Acquisition Date  
August '18  
**Yarburgh, Lincolnshire**

ROCs 1.3  
Acquisition Date  
August '18  
**SV Ash, Shropshire**

ROCs 1.4  
Acquisition Date  
November '18  
**Bulls Head, Buckinghamshire**

ROCs 1.4  
Acquisition Date  
November '18  
**Manor Farm, Bedfordshire**

ROCs 1.3  
Acquisition Date  
November '18  
**Nowhere, Lincolnshire**

ROCs 1.4  
Acquisition Date  
November '18  
**Playters, Suffolk**

ROCs 1.3  
Acquisition Date  
November '18

## AUSTRALIA

**Bannerton, Victoria**

LGC accredited  
Acquisition Date  
September '17  
**Oakey 1, Queensland**

LGC eligible

ROCs 1.4  
Acquisition Date  
August '18  
**Marsh Farm, Wiltshire**

ROCs 1.4  
Acquisition Date  
August '18  
**Steventon, Oxfordshire**

ROCs 1.4  
Acquisition Date  
August '18  
**Trehawke, Cornwall**

ROCs 1.6  
Acquisition Date  
August '18  
**Welbeck, Nottinghamshire**

ROCs 1.4  
Acquisition Date  
August '18  
**Abbey Fields, Kent**

ROCs 1.3  
Acquisition Date  
November '18  
**Bilsthorpe, Nottinghamshire**

ROCs 1.4  
Acquisition Date  
November '18  
**Lindridge, Leicestershire**

ROCs 1.3  
Acquisition Date  
November '18  
**Misson, Nottinghamshire**

ROCs 1.3  
Acquisition Date  
November '18  
**Pen Y Cae, Camarthenshire**

ROCs 1.4  
Acquisition Date  
November '18  
**Roskrow, Cornwall**

ROCs 1.4  
Acquisition Date  
November '18

**Longreach, Queensland**

LGC accredited  
Acquisition Date  
October '17  
**Oakey 2, Queensland**

LGC eligible

Acquisition Date  
 October '17

 Acquisition Date  
 October '17

## Statement of Comprehensive Income

For the period 1 January 2019 to 30 June 2019

	Notes	Unaudited Period 1 January 2019 to 30 June 2019 £'000	Unaudited Period 1 January 2018 to 30 June 2018 £'000	Audited year 1 January 2018 to 31 December 2018 £'000
<b>Revenue</b>				
Interest income	4	19,698	18,322	36,817
(Loss) / Gain on investments at fair value through profit or loss	14	(6,972)	(9,542)	25,311
		<u>12,726</u>	<u>8,780</u>	<u>62,128</u>
<b>Expenditure</b>				
Management fees	5	(2,972)	(2,299)	(5,106)
Administration and accountancy expenses	6	(83)	(84)	(203)
Directors' fees	7	(85)	(85)	(170)
Other expenses	8	(189)	(267)	(643)
Total expenditure		<u>(3,329)</u>	<u>(2,735)</u>	<u>(6,122)</u>
Profit before tax for the period/year		9,397	6,045	56,006
Taxation		-	-	-
Profit for the period/year		9,397	6,045	56,006
Other comprehensive income		-	-	-
Profit and total comprehensive income for the period/year		<u>9,397</u>	<u>6,045</u>	<u>56,006</u>
Earnings per Ordinary Share (pence per Share)	9	1.71	1.34	11.60

All items above arise from continuing operations, there have been no discontinued operations during the period.  
 The accompanying notes on pages 46 to 80 form an integral part of these Financial Statements.

## Statement of Financial Position

As at 30 June 2019

		Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments held at fair value through profit or loss	14	523,215	403,422	530,187
<b>Total non-current assets</b>		<b>523,215</b>	<b>403,422</b>	<b>530,187</b>
<b>Current assets</b>				
Interest receivable	10	74,190	68,948	69,338
Trade and other receivables	11	258	1,926	265
Cash and cash equivalents	12	5,710	180	12,282
<b>Total current assets</b>		<b>80,158</b>	<b>71,054</b>	<b>81,885</b>
<b>Total assets</b>		<b>603,373</b>	<b>474,476</b>	<b>612,072</b>
<b>Equity</b>				
Retained earnings		42,742	18,619	51,460
Stated capital	18	558,798	454,515	558,798
<b>Total equity</b>		<b>601,540</b>	<b>473,134</b>	<b>610,258</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	13	1,833	1,342	1,814
<b>Total current liabilities</b>		<b>1,833</b>	<b>1,342</b>	<b>1,814</b>
<b>Total liabilities</b>		<b>1,833</b>	<b>1,342</b>	<b>1,814</b>
<b>Total equity and liabilities</b>		<b>603,373</b>	<b>474,476</b>	<b>612,072</b>
<b>Net Asset Value per Ordinary Share</b>	<b>19</b>	<b>109.6</b>	<b>105.2</b>	<b>111.2</b>

The Financial Statements on pages 42 to 80 were approved by the Board of Directors and signed on its behalf on 21 August 2019 by:

Chairman

The accompanying notes on pages 46 to 80 form an integral part of these Financial Statements.

## Statement of Changes in Equity

For the period 1 January 2019 to 30 June 2019

	Notes	Stated Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2019 (unaudited)		558,798	51,460	610,258
Total comprehensive income for the period:				
Profit for the period		-	9,397	9,397
Transactions with owners, recognised directly in equity:				
Dividends paid in the period	22	-	(18,115)	(18,115)
Balance as at 30 June 2019		558,798	42,742	601,540

For the period 1 January 2018 to 30 June 2018 (unaudited)

	Notes	Stated Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2018:		454,515	26,793	481,308
Total comprehensive income for the period:				
Profit for the period		-	6,045	6,045
Transactions with owners, recognised directly in equity:				
Dividends paid in the period	22	-	(14,219)	(14,219)
Balance as at 30 June 2018		454,515	18,619	473,134

For the period 1 January 2018 to 31 December 2018 (audited)

	Notes	Stated Capital £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2018:		454,515	26,793	481,308
Total comprehensive income for the year:				
Profit for the year		-	56,006	56,006
Transactions with owners, recognised directly in equity:				
Dividends paid in the year	22	-	(31,339)	(31,339)
Issue of Ordinary Shares	18	106,189	-	106,189
Issue costs	18	(1,906)	-	(1,906)
Balance as at 31 December 2018		558,798	51,460	610,258

The accompanying notes on pages 46 to 80 form an integral part of these Financial Statements.

## Statement of Cash Flows

For the period 1 January 2019 to 30 June 2019

	Unaudited Period	Unaudited Period	Audited
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	<b>1 January 2019 to 30 June 2019 £'000</b>	1 January 2018 to 30 June 2018 £'000	year 1 January 2018 to 31 December 2018 £'000
Profit for the period after tax from continuing operations	9,397	6,045	56,006
Adjustments for:			
Unrealised loss/(gain) on investments	6,972	9,542	(25,311)
Investment income	(19,698)	(18,322)	(36,817)
Finance costs	-	-	1
Operating cash flows	(3,329)	(2,735)	(6,121)
Decrease in trade and other receivables	7	7	1,668
(Decrease)/Increase in trade and other payables	19	(42)	430
Net cash outflow from operating activities	(3,303)	(2,770)	(4,023)
Investing activities			
Increase in shareholder loan to/from subsidiary	-	(4,500)	(95,206)
Investment income received	14,846	7,000	23,898
Net cash inflow/(outflow) from investing activities	14,846	2,500	(71,308)
Financing activities			
Dividends paid	(18,115)	(14,219)	(31,339)
Issue costs paid	-	-	(1,906)
Proceeds from issue of shares	-	-	106,189
Net cash (outflow)/inflow from financing activities	(18,115)	(14,219)	72,944
Net decrease in cash and cash equivalents	(6,572)	(14,489)	(2,387)
Cash and cash equivalents at the beginning of the period	12,282	14,669	14,669
Cash and cash equivalents at the end of the period	5,710	180	12,282

The accompanying notes on pages 46 to 80 form an integral part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2019

#### 1. COMPANY INFORMATION

Foresight Solar Fund Limited (the "Company") is a closed-ended company with an indefinite life and was incorporated in Jersey under the Companies Law (Jersey) 1991, as amended, on 13 August 2013, with registered number 113721. The address of the registered office is: 28 Esplanade, St Helier, Jersey, JE4 2QP.

The Company has one investment, Foresight Solar (UK Hold Co) Limited (“UK Hold Co”). UK Holdco has investments in four subsidiaries: FS Holdco Limited (“FS Holdco”), FS Holdco 2 Limited (“FS Holdco 2”), FS Holdco 3 Limited (“FS Holdco 3”) and FS Holdco 4 Limited (“FS Holdco 4”) and FS Holdco 2 also has an investment in a subsidiary, FS Debtco Limited (“FS Debtco”). FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4 invest in further holding companies (the “SPVs”) which then invest in the underlying solar investments.

The principal activity of the Company, UK Hold Co, FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3, FS Holdco 4 and the SPVs (together “the Group”) is investing in operational UK and Australian ground based solar power plants.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of presentation

The Unaudited Interim Financial Statements (the “Interim Financial Statements”) for the period 1 January 2019 to 30 June 2019 have been prepared in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”).

The Interim Financial Statements do not include all the information and disclosures required in the annual Financial Statements and should be read in conjunction with the annual Financial Statements as at 31 December 2018.

These are not statutory accounts in accordance with Article 105 of the Companies Law (Jersey) 1991, as amended and the financial information for the period ended 30 June 2019 and 30 June 2018 has been neither audited nor formally reviewed. Statutory accounts in respect of the period to 31 December 2018 have been audited and reported on by the Company’s auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under Article 113B (3) or 113B (6) of the Companies Law (Jersey) 1991. No statutory accounts in respect of any period after 31 December 2018 have been reported on by the Company’s auditors or delivered to the Registrar of Companies.

### 2.2 Going concern

The Directors have considered the Company’s cash flow projections for a period of no less than twelve months from the date of approval of these Interim Financial Statements together with the Company’s borrowing facilities. These projections show that the Company will be able to meet its liabilities as they fall due.

The Directors have therefore prepared the Interim Financial Statements on a going concern basis.

### 2.3 Changes in accounting policies and disclosures

#### **New and revised IFRSs adopted by the Company**

Management have assessed all new standards and amendments to standards and interpretations are effective for annual periods after 1 January 2019 and have deemed none of them to be applicable to the Fund.

#### **New and revised IFRSs in issue but not yet effective**

There are no standards, amendments or interpretations in issue at the reporting date which are effective after 1 January 2019 that are deemed to be material to the Fund.

### 2.4 Consolidation

#### *Associates*

Associates are entities over which the Company has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control).

#### *Subsidiaries*

All subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

#### *Investment Entity*

Qualifying entities that meet the definition of an investment entity are not required to produce a consolidated set of Financial Statements and instead account for subsidiaries at fair value through profit or loss.

The defined criteria of an ‘investment entity’ are as follows:

- It holds more than one investment;

- It has more than one investor;
- It has investors that are not related parties to the entity; and
- It has ownership interests in the form of equity or similar interests.

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an 'investment entity', provided all other characteristics are met and the entity otherwise meets the definition of an 'investment entity':

- It obtains funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;
- It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- It measures and evaluates the performance of substantially all of its investments on a fair value basis.

As discussed in note 1, the Company has one direct subsidiary, a 100% controlling interest in UK Hold Co and a number of indirect subsidiaries and associates.

Under IFRS 10 "Consolidated Financial Statements", the directors deem that the Company is an investment entity and therefore the Company does not consolidate its subsidiary but carries it at fair value through profit or loss. The Company does not meet all the defined criteria of an 'investment entity' as the Company only has one investment. However, the Directors deem that the Company is nevertheless an 'investment entity' as the remaining requirements have been met and, through the Group, there is a diverse investment portfolio which will fill the criteria of having more than one investment. Therefore, the Company qualifies as an 'investment entity'.

As UK Hold Co is not consolidated, its subsidiaries (plus their underlying investments) are not separately presented at fair value through profit or loss in the Company's accounts. However accounting standards require that if an investment entity is the parent of another investment entity, the parent shall also provide the additional disclosures required by IFRS 12 Interest in unconsolidated subsidiaries. These disclosures are set out in notes 16 and 17.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Board considers that the only areas where management make critical estimates and judgements that may have a significant effect on the financial statements are in relation to the valuation of investments at fair value through profit and loss, significant judgements and key sources of estimation uncertainty related to the determination that the Company meets the definition of an investment entity.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis.

The Board considers that the determination that the Company meets the definition of an investment entity involves significant judgement because the entity does not possess all the typical characteristics of an investment entity. While the absence of one or more of the typical characteristics of an investment entity described in IFRS 10 Consolidated Financial Statements does not immediately disqualify an entity from being classified as an investment entity. The entity is required to disclose its reasons for concluding that it is nevertheless an investment entity if one or more of these characteristics are not met. In order to reach that conclusion of whether the Company meets the definition of an investment entity the Board had to make significant judgements.

The Board considers that the fair value of Investments not quoted in an active market involves critical accounting estimates and judgements because it is determined by the Directors using their own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Models use observable data, to the extent practicable. However, they also rely on significant unobservable inputs about the output of the asset (including assumptions such as solar irradiation and technological performance of the asset), power prices, operating costs, discount and inflation rates applied to the cash flows, and the duration of the useful economic life of the asset. Furthermore, changes in these



inputs and assumptions could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

#### 4. INTEREST INCOME

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Bank interest income	–	–	1
Interest on loan notes	17,203	16,751	33,172
Interest on shareholder loans	2,495	1,571	3,644
	<u>19,698</u>	<u>18,322</u>	<u>36,817</u>

Loan notes were issued by the Company to UK Hold Co for the purchase of investments. Interest is payable at 9% per annum in arrears on each Interest Payment Date (28 / 29 February and 31 August each year). Where interest is not paid on the payment date, it will compound and future interest shall accrue at 11% per annum from the due date up to the date of actual payment, compounding on each Interest Payment Date. The loan notes balance at period end on which interest is charged is £250,000,000 (30 June 2018: £250,000,000, 31 December 2018: £250,000,000). These loans form part of the fair value of the investments as per note 14.

A Shareholder loan is created when the total amount paid by the Company on behalf of UK Hold Co to acquire the underlying investments is more than the total loan notes issued by the Company to UK Hold Co. Interest is accrued at 2% per annum and is repayable in full on demand. The shareholder loan balance at period end is £158,609,725 (30 June 2018: £158,609,725, 31 December 2018: £158,609,725). These loans form part of the fair value of the investments as per note 14.

During the prior year, four additional shareholder loans were issued to UK Holdco - £45,000,000 on 2 August 2018, £9,106,725 on 27 November 2018, £33,100,000 on 28 November 2018 and £3,500,000 on 18 December 2018. Loan interest on all four new shareholder loans is charged at a fixed rate of 2% per annum. These loans form part of the fair value of the investments as per note 14.

#### 5. MANAGEMENT FEES

The Investment Manager of the Company, Foresight Group CI Limited, receives an annual fee of 1% of the Net Asset Value ("NAV") of the Company up to £500m – NAV in excess to this is charged at 0.9% per annum. This is payable quarterly in arrears and is calculated based on the published quarterly NAV. For the period ended 30 June 2019, the Investment Manager was entitled to a management fee of £2,971,549 (1 January 2018 to 30 June 2018: £2,299,044, 1 January 2018 to 31 December 2018: £5,106,080) of which £1,506,292 was outstanding as at 30 June 2019 (30 June 2018: £1,341,858, 31 December 2018: £1,537,638).

#### 6. ADMINISTRATION AND ACCOUNTANCY FEES

Under an Administration Agreement, the Administrator of the Company, JTC (Jersey) Limited, is entitled to receive minimum annual administration and accountancy fees of £156,000 (2018: £156,000) payable quarterly in arrears. For the period ended 30 June 2018, total administration and accountancy fees were £82,557 (1 January 2018 to 30 June 2018: £84,105, 1 January 2018 to 31 December 2018: £203,220) of which £39,000 was outstanding as at 30 June 2019 (1 January 2018 to 30 June 2018: £39,000, 1 January 2018 to 31 December 2018: £39,000).

#### 7. DIRECTORS' FEES

No members of staff were employed during the period (period ended 30 June 2018: nil, year ended 31 December 2018: nil).

Total directors' fees were £85,000 (1 January 2018 to 30 June 2018: £85,000, 1 January 2018 to 31 December 2018: £170,000).

## 8. OTHER EXPENSES

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Legal and professional fees	187	120	607
Other expenses	2	147	36
	189	267	643

Included within legal and professional fees is £11,250 (1 January 2018 to 30 June 2018: £19,750, 1 January 2018 to 31 December 2018: £22,500) relating to the accrual of the 2019 audit fees. There were no other fees paid to the auditors for non-audit services (1 January 2018 to 30 June 2018: £nil, 1 January 2018 to 31 December 2018: £nil).

## 9. EARNINGS PER ORDINARY SHARE – BASIC AND DILUTED

The basic and diluted loss per Ordinary Share for the Company is 1.71 pence per share (period ended 30 June 2018: 1.34 profit, year ended 31 December 2018: 11.60 profit). This is based on the profit for the period of £9,397,313 (1 January 2018 to 30 June 2018: £6,044,557, 1 January 2018 to 31 December 2018: £56,005,471) and on 548,941,550 (1 January 2018 to 30 June 2018: 449,952,091, 1 January 2018 to 31 December 2018: 482,619,846) Ordinary Shares, being the weighted average number of shares in issue during the period.

There is no difference between the weighted average ordinary or diluted number of shares.

## 10. INTEREST RECEIVABLE

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Interest receivable on loan notes	61,017	65,497	56,814
Interest receivable on shareholder loan	13,173	3,451	12,524
	74,190	68,948	69,338

Information about the Company's exposure to credit and market risk and impairment losses for interest receivable is included in note 20.

Interest receivable at 31 December 2018 has been updated for the reclassification (£1,206,000) as explained in note 14.

## 11. TRADE AND OTHER RECEIVABLES

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Prepaid expenses	8	4	17
Amounts due from subsidiaries*	-	1,146	-
Other receivables	250	776	248
	258	1,926	265

\*Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

Information about the Company's exposure to credit and market risk and impairment losses for trade and other receivables is included in note 20.

## 12. CASH AND CASH EQUIVALENTS

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
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Cash at bank	5,710	180	12,282
	5,710	180	12,282

Information about the Company's exposure to credit and market risk and impairment losses for cash and cash equivalents is included in note 20.

### 13. TRADE AND OTHER PAYABLES

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Accrued expenses	1,646	1,342	1,630
Amounts due to subsidiaries*	187	-	184
	1,833	1,342	1,814

\*Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

### 14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table presents the Company's investments at fair value through profit or loss:

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
Investment in UK Hold Co			
Equity	-	-	-
Loans	523,215	403,422	530,187
	523,215	403,422	530,187
Book cost as at 1 January	499,315	404,109	404,109
Opening investment holding gains	30,872	4,355	4,355
Valuation as at 1 January	530,187	408,464	408,464
Movements during the period			
Purchase at cost	-	4,500	95,206
Reclassification – see below	-	-	1,206
Investment holding (losses)/gains	(6,972)	(9,542)	25,311
Valuation as at 30 June/ 31 December	523,215	403,422	530,187
Book cost as at 30 June/ 31 December	499,315	408,609	499,315
Closing investment holding gains	23,900	(5,187)	30,872
	523,215	403,422	530,187

The Company has one investment in Foresight Solar (UK Hold Co) Limited ("UK Hold Co"). This investment consists of both debt and equity (Share Capital of £100) and is not quoted in an active market. Accordingly, the investment in UK Hold Co has been valued using its net assets.

These investments also consist of both debt and equity and are not quoted in an active market. FS Holdco is fair valued using its net asset value as reported at year end, with adjustments to its long term external

debt to reflect the fact that the carrying value at amortised cost is not considered to be the best approximation of its fair value. FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4 are fair valued using their net asset value as reported at period end.

In turn, FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4's investment portfolios consist of unquoted investments in solar projects, the valuations of which are based on a discounted cash flow methodology (as set out in note 17) for solar projects that are operational. One investment held by FS Holdco 4 is not yet operational at period end and is therefore valued at cost.

In turn, UK Hold Co has four investments in FS Holdco Limited ("FS Holdco"), FS Holdco 2 Limited ("FS Holdco 2"), FS Holdco 3 Limited ("FS Holdco 3") and FS Holdco 4 Limited ("FS Holdco 4"), and FS Holdco 2 has one investment in FS Debtco Limited ("FS Debtco").

During the prior year the Company identified a historical misallocation between the fair value of investments and the interest receivable on loan notes to the subsidiary. This has been reclassified in the prior year.

#### Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows investments recognised at fair value, categorised between those whose fair value is based on:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All investments held at fair value through profit or loss are classified as level 3 within the fair value hierarchy.

As UK Hold Co's net asset value is not considered observable market data the investment in UK Hold Co has been classified as level 3. There were no movements between levels during the period.

As at 30 June 2019:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	-	-	523,215	523,215
	-	-	523,215	523,215

As at 30 June 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	-	-	403,422	403,422
	-	-	403,422	403,422

As at 31 December 2018:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	-	-	530,187	530,187
	-	-	530,187	530,187

#### Sensitivity Analysis

Due to the nature of the Group structure and the underlying valuation basis of UK Hold Co, FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3, FS Holdco 4 and the underlying solar project investments, the valuation of the Company's investment at fair value through profit or loss is directly linked to the valuation of the underlying solar investments. Therefore, the unobservable inputs driving the valuation of the Company's

investments in UK Hold Co are directly attributable to the valuation of the unquoted investments in FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4 which are discussed further in note 17.

## 15. SUBSIDIARIES AND ASSOCIATES

### Investments in subsidiaries

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Foresight Solar (UK Hold Co) Limited ("UK Hold Co")	Direct	UK	Holding Company	100%
FS Holdco Limited ("FS Holdco")	Indirect	UK	Holding Company	100%
FS Holdco 2 Limited ("FS Holdco 2")	Indirect	UK	Holding Company	100%
FS Debtco Limited ("FS Debtco")	Indirect	UK	Holding Company	100%
FS Holdco 3 Limited ("FS Holdco 3")	Indirect	UK	Holding Company	100%
FS Holdco 4 Limited ("FS Holdco 4")	Indirect	UK	Holding Company	100%
FS Wymeswold Limited	Indirect	UK SPV	Holding Company	100%
FS Castle Eaton Limited	Indirect	UK SPV	Holding Company	100%
FS Pitworthy Limited	Indirect	UK SPV	Holding Company	100%
FS Highfields Limited	Indirect	UK SPV	Holding Company	100%
FS High Penn Limited	Indirect	UK SPV	Holding Company	100%
FS Hunter's Race Limited	Indirect	UK SPV	Holding Company	100%
FS Spriggs Limited	Indirect	UK SPV	Holding Company	100%
FS Bournemouth Limited	Indirect	UK SPV	Holding Company	100%
FS Landmead Limited	Indirect	UK SPV	Holding Company	100%
FS Kencot Limited	Indirect	UK SPV	Holding Company	100%
FS Copley Limited	Indirect	UK SPV	Holding Company	100%
FS Port Farms Solar Limited	Indirect	UK SPV	Holding Company	100%
FS Membury Limited	Indirect	UK SPV	Holding Company	100%
FS Southam Solar Limited	Indirect	UK SPV	Holding Company	100%
FS Atherstone Solar Limited	Indirect	UK SPV	Holding Company	100%
FS Paddock Wood Solar Farm Limited	Indirect	UK SPV	Holding Company	100%
Atherstone Hold Co Limited	Indirect	UK SPV	Holding Company	100%
Southam Hold Co Limited	Indirect	UK SPV	Holding Company	100%
Paddock Wood Hold Co Limited	Indirect	UK SPV	Holding Company	100%
FS Shotwick Limited	Indirect	UK SPV	Holding Company	100%
FS Sandridge Limited	Indirect	UK SPV	Holding Company	100%
FS Wally Corner Limited	Indirect	UK SPV	Holding Company	100%
Acquisition Co 4 Limited	Indirect	UK SPV	Holding Company	100%
FS Welbeck Limited	Indirect	UK SPV	Holding Company	100%
FS Trehawke Limited	Indirect	UK SPV	Holding Company	100%
FS Homeland Limited	Indirect	UK SPV	Holding Company	100%
FS Marsh Farm Limited	Indirect	UK SPV	Holding Company	100%
FS Steventon Limited	Indirect	UK SPV	Holding Company	100%
FS Fields Farm Limited	Indirect	UK SPV	Holding Company	100%
FS Gedling Limited	Indirect	UK SPV	Holding Company	100%
FS Sheepbridge Limited	Indirect	UK SPV	Holding Company	100%
FS Tengore Limited	Indirect	UK SPV	Holding Company	100%
FS Cuckoo Limited	Indirect	UK SPV	Holding Company	100%
FS Field House Limited	Indirect	UK SPV	Holding Company	100%
FS Upper Huntingford Limited	Indirect	UK SPV	Holding Company	100%
FS Abergelli Limited	Indirect	UK SPV	Holding Company	100%
FS Crow Trees Limited	Indirect	UK SPV	Holding Company	100%
FS Yarburgh Limited	Indirect	UK SPV	Holding Company	100%

FS Nowhere Solar Limited	Indirect	UK SPV Holding Company	100%
FS Bilsthorpe Solar Limited	Indirect	UK SPV Holding Company	100%
FS Bulls Head Solar Limited	Indirect	UK SPV Holding Company	100%
FS Roskrow Solar Limited	Indirect	UK SPV Holding Company	100%
FS Abbeyfields Solar Limited	Indirect	UK SPV Holding Company	100%
FS Lindridge Solar Limited	Indirect	UK SPV Holding Company	100%
FS Misson Solar Limited	Indirect	UK SPV Holding Company	100%
FS Pentre Solar Limited	Indirect	UK SPV Holding Company	100%
FS Players Solar Limited	Indirect	UK SPV Holding Company	100%
FS PS Manor Farm Solar Limited	Indirect	UK SPV Holding Company	100%
FS SV Ash Solar Park Limited	Indirect	UK SPV Holding Company	100%
FS Pen Y Cae Solar Limited	Indirect	UK SPV Holding Company	100%
Second Generation Portfolio Holdings 1	Indirect	UK SPV Holding Company	100%
Second Generation Portfolio 1	Indirect	UK SPV Holding Company	100%
Oakey 2 Asset Company Pty Limited	Indirect	Australia SPV Holding Company	100%
Wymeswold Solar Farm Limited ("Wymeswold")	Indirect	UK Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton")	Indirect	UK Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy")	Indirect	UK Investment	100%
Highfields Solar Farm Limited ("Highfields")	Indirect	UK Investment	100%
High Penn Solar Farm Limited ("High Penn")	Indirect	UK Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race")	Indirect	UK Investment	100%
Spriggs Solar Farm Limited ("Spriggs")	Indirect	UK Investment	100%
Bournemouth Solar Farm Limited ("Bournemouth")	Indirect	UK Investment	100%
Landmead Solar Farm Limited ("Landmead")	Indirect	UK Investment	100%
Kencot Hill Solar Farm Limited ("Kencot")	Indirect	UK Investment	100%
Copley Solar Limited ("Copley")	Indirect	UK Investment	100%
Port Farms Solar Limited ("Port Farm")	Indirect	UK Investment	100%
Membury Solar Limited ("Membury")	Indirect	UK Investment	100%
Atherstone Solar Farm Ltd ("Atherstone")	Indirect	UK Investment	100%
Southam Solar Farm Ltd ("Southam")	Indirect	UK Investment	100%
Paddock Wood Solar Farm Ltd ("Paddock Wood")	Indirect	UK Investment	100%
Shotwick Solar Limited ("Shotwick Solar")	Indirect	UK Investment	100%
Sandridge Solar Power Limited ("Sandridge")	Indirect	UK Investment	100%
SSR Wally Corner Limited ("SSR Wally")	Indirect	UK Investment	100%
Foresight Solar Australia Pty Limited	Indirect	Australia Investment	100%
RE Oakey Pty Limited	Indirect	Australia Investment	100%
Oakey Network Pty Limited	Indirect	Australia Investment	100%
Longreach Asset Company Pty Limited	Indirect	Australia Investment	100%
Second Generation Yardwall Limited ("Yardwall")	Indirect	UK Investment	100%
Second Generation Verwood Limited ("Verwood")	Indirect	UK Investment	100%
Second Generation Park Farm Limited ("Park Farm")	Indirect	UK Investment	100%
Second Generation Coombeshead Limited ("Coombeshead")	Indirect	UK Investment	100%
Second Generation Sawmills Limited ("Sawmills")	Indirect	UK Investment	100%

Welbeck Limited ("Welbeck")	Indirect	UK	Investment	100%
Trehawke Limited ("Trehawke")	Indirect	UK	Investment	100%
Homeland Limited ("Homeland")	Indirect	UK	Investment	100%
Marsh Farm Limited ("Marsh Farm")	Indirect	UK	Investment	100%
Steventon Limited ("Steventon")	Indirect	UK	Investment	100%
Fields Farm Limited ("Fields Farm")	Indirect	UK	Investment	100%
Gedling Limited ("Gedling")	Indirect	UK	Investment	100%
Sheepbridge Limited ("Sheepbridge")	Indirect	UK	Investment	100%
Tengore Limited ("Tengore")	Indirect	UK	Investment	100%
Cuckoo Limited ("Cuckoo")	Indirect	UK	Investment	100%
Field House Limited ("Field House")	Indirect	UK	Investment	100%
Upper Huntingford Limited ("Upper Huntingford")	Indirect	UK	Investment	100%
Abergelli Limited ("Abergelli")	Indirect	UK	Investment	100%
Crow Trees Limited ("Crow Trees")	Indirect	UK	Investment	100%
Yarburgh Limited ("Yarburgh")	Indirect	UK	Investment	100%
Nowhere Solar Limited ("Nowhere Solar")	Indirect	UK	Investment	100%
Bilsthorpe Solar Limited ("Bilsthorpe Solar")	Indirect	UK	Investment	100%
Bulls Head Solar Limited ("Bulls Head Solar")	Indirect	UK	Investment	100%
Roskrow Solar Limited ("Roskrow Solar")	Indirect	UK	Investment	100%
Abbeyfields Solar Limited ("Abbeyfields Solar")	Indirect	UK	Investment	100%
Lindridge Solar Limited ("Lindridge Solar")	Indirect	UK	Investment	100%
Misson Solar Limited ("Misson Solar")	Indirect	UK	Investment	100%
Pentre Solar Limited ("Pentre Solar")	Indirect	UK	Investment	100%
Playters Solar Limited ("Playters Solar")	Indirect	UK	Investment	100%
PS Manor Farm Solar Limited ("PS Manor Farm Solar")	Indirect	UK	Investment	100%
SV Ash Solar Park Limited ("SV Ash Solar Park")	Indirect	UK	Investment	100%
Pen Y Cae Solar Limited ("Pen Y Cae Solar")	Indirect	UK	Investment	100%

## Investments in associates

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
Kiamco Hanwha Foresight Bannerton Pty Limited	Indirect	UK	SPV Holding Company	48.50%
Longreach New Holdco Pty Limited	Indirect	Australia	Investment	49%
Oakey 1 New Holdco Pty Limited	Indirect	Australia	Investment	49%

## 16. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

### Period ended 30 June 2019

The following table represents the fair values of the investments held by FS Holdco Limited as required by IFRS 12.

	Cost at 1 January 2019 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2019 £'000	Unrealised gain/(loss) as at 1 January 2019 £'000	Movement on unrealised gain/(loss) at 30 June 2019 £'000	Unrealised gain/(loss) as at 30 June 2019 £'000	Fair value as at 30 June 2019 £'000
FS Wymeswold Limited	48,590	-	48,590	1,230	(564)	666	49,256

FS Castle Eaton Limited	21,630	-	21,630	(160)	(199)	(359)	21,271
FS Pitworthy Limited	18,210	-	18,210	(1,087)	(445)	(1,532)	16,678
FS Highfields Limited	14,300	-	14,300	(457)	(356)	(813)	13,487
FS High Penn Limited	11,310	-	11,310	(681)	(151)	(832)	10,478
FS Hunter's Race Limited	13,160	-	13,160	1,132	(399)	733	13,893
FS Spriggs Limited	14,580	-	14,580	129	(393)	(264)	14,316
FS Bournemouth Limited	50,060	-	50,060	2,363	(240)	2,123	52,183
FS Landmead Limited	51,580	-	51,580	(1,026)	(960)	(1,986)	49,594
FS Kencot Limited	47,210	-	47,210	(1,329)	47	(1,282)	45,928
FS Copley Limited	35,670	-	35,670	2,678	(654)	2,024	37,694
FS Paddock Wood Limited	11,145	-	11,145	406	(422)	(16)	11,129
FS Atherstone Limited	16,004	-	16,004	(404)	(268)	(672)	15,332
FS Southam Limited	10,621	-	10,621	102	(39)	63	10,684
FS Port Farms Limited	44,215	-	44,215	1,534	(390)	1,144	45,359
FS Membury Limited	21,160	-	21,160	154	(250)	(96)	21,064
	<b>429,445</b>	<b>-</b>	<b>429,445</b>	<b>4,584</b>	<b>(5,683)</b>	<b>(1,099)</b>	<b>428,346</b>

The cost and valuation of the indirect investments in solar farms directly correlate to the cost and valuation of the direct SPV investments as presented in the table above.

#### Period ended 30 June 2018

The following table represents the fair values of the investments held by FS Holdco Limited as required by IFRS12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2018 £'000	Fair value as at 30 June 2018 £'000
FS Wymeswold Limited	48,590	-	48,590	(272)	433	161	48,751





FS Castle Eaton Limited	21,630	-	21,630	(835)	28	(807)	20,823
FS Pitworthy Limited	18,210	-	18,210	(1,582)	(117)	(1,699)	16,511
FS Highfields Limited	14,300	-	14,300	(726)	(91)	(817)	13,483
FS High Penn Limited	11,310	-	11,310	(804)	(145)	(949)	10,361
FS Hunter's Race Limited	13,160	-	13,160	389	135	524	13,684
FS Spriggs Limited	14,580	-	14,580	(699)	52	(647)	13,933
FS Bournemouth Limited	50,060	-	50,060	364	112	476	50,536
FS Landmead Limited	51,580	-	51,580	(3,096)	(77)	(3,173)	48,407
FS Kencot Limited	47,210	-	47,210	(2,151)	74	(2,077)	45,133
FS Copley Limited	35,670	-	35,670	1,390	92	1,482	37,152
FS Paddock Wood Limited	10,621	-	10,621	553	(71)	482	11,103
FS Atherstone Limited	16,004	-	16,004	(321)	(113)	(434)	15,570
FS Southam Limited	11,145	-	11,145	115	(63)	52	11,197
FS Port Farms Limited	44,215	-	44,215	92	(14)	78	44,293
FS Membury Limited	21,160	-	21,160	(460)	(9)	(469)	20,691
	<b>429,445</b>	<b>-</b>	<b>429,445</b>	<b>(8,043)</b>	<b>226</b>	<b>(7,817)</b>	<b>421,628</b>

The above individual project valuations do not include a (£6,200,517) adjustment relating to future tax payments which will be settled at the Fund level.

#### Year ended 31 December 2018

The following table represents the fair values of the investments held by FS Holdco Limited as required by IFRS 12.

	Cost at 1 January 2018 £'000	Additions /31 (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
FS Wymeswold Limited	48,590	-	48,590	(272)	1,502	1,230	49,820



FS Castle Eaton Limited	21,630	-	21,630	(835)	675	(160)	21,470
FS Pitworthy Limited	18,210	-	18,210	(1,582)	495	(1,087)	17,123
FS Highfields Limited	14,300	-	14,300	(726)	269	(457)	13,843
FS High Penn Limited	11,310	-	11,310	(804)	123	(681)	10,629
FS Hunter's Race Limited	13,160	-	13,160	389	743	1,132	14,292
FS Spriggs Limited	14,580	-	14,580	(699)	828	129	14,709
FS Bournemouth Limited	50,060	-	50,060	364	1,999	2,363	52,423
FS Landmead Limited	51,580	-	51,580	(3,096)	2,070	(1,026)	50,554
FS Kencot Limited	47,210	-	47,210	(2,151)	822	(1,329)	45,881
FS Copley Limited	35,670	-	35,670	1,390	1,288	2,678	38,348
FS Paddock Wood Limited	10,621	-	10,621	553	(147)	406	11,027
FS Atherstone Limited	16,004	-	16,004	(321)	(83)	(404)	15,600
FS Southam Limited	11,145	-	11,145	115	(13)	102	11,247
FS Port Farms Limited	44,215	-	44,215	92	1,442	1,534	45,749
FS Membury Limited	21,160	-	21,160	(460)	614	154	21,314
	<b>429,445</b>	<b>-</b>	<b>429,445</b>	<b>(8,043)</b>	<b>12,627</b>	<b>4,584</b>	<b>434,029</b>

The cost and valuation of the indirect investments in solar farms directly correlate to the cost and valuation of the direct SPV investments as presented in the table above.

**Period ended 30 June 2019**

The following table represents the fair values of the investments held by FS Holdco 2 Limited as required by IFRS 12.

Cost at 1 January 2019 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2019 £'000	Unrealised gain/(loss) as at 1 January 2019 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2019 £'000	Fair value as at 30 June 2019 £'000
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FS Debtco Limited – Equity	-	-	-	14,911	(486)	14,425	14,425
FS Debtco Limited – Loan	74,894	-	74,894	-	-	-	74,894
FS Welbeck Limited	4,350	-	4,350	561	584	1,145	5,495
FS Trehawke Limited	4,670	-	4,670	1,069	809	1,878	6,548
FS Homeland Limited	5,190	-	5,190	1,686	954	2,640	7,830
FS Marsh Farm Limited	3,960	-	3,960	267	571	838	4,798
FS Steventon Limited	4,210	-	4,210	579	570	1,149	5,359
FS Fields Farm Limited	1,670	-	1,670	589	276	865	2,535
FS Gedling Limited	1,930	-	1,930	557	353	910	2,840
FS Sheepbridge Limited	1,890	-	1,890	492	305	797	2,687
FS Tengore Limited	1,330	-	1,330	267	222	489	1,819
FS Cuckoo Limited	2,500	-	2,500	248	542	790	3,290
FS Field House Limited	3,120	-	3,120	96	495	591	3,711
FS Upper Huntingford Limited	3,110	-	3,110	362	627	989	4,099
FS Abergelli Limited	3,650	-	3,650	772	455	1,227	4,877
FS Crow Trees Limited	1,810	-	1,810	93	166	259	2,069
FS Yarburgh Limited	3,420	-	3,420	579	538	1,117	4,537
FS Nowhere Solar Limited	3,672	-	3,672	211	613	824	4,496
FS Bilsthorpe Solar Limited	1,893	-	1,893	437	402	839	2,732
FS Bulls Head Solar Limited	-	-	2,203	371	475	846	3,049
FS Roskrow	-	-	3,674	748	470	1,218	4,892

Solar Limited							
FS Abbeyfields Solar Limited	-	-	1,526	743	978	1,721	3,247
FS Lindridge Solar Limited	-	-	1,721	561	296	857	2,578
FS Misson Solar Limited	-	-	2,012	550	309	859	2,871
FS Playters Solar Limited	-	-	3,963	428	536	964	4,927
FS PS Manor Farm Solar Limited	-	-	6,116	558	99	657	6,773
FS SV Ash Solar Park Limited	-	-	3,387	317	496	813	4,200
FS Pen Y Cae Solar Limited	-	-	2,927	599	356	955	3,882
	<b>127,269</b>	<b>-</b>	<b>154,798</b>	<b>28,651</b>	<b>12,011</b>	<b>40,662</b>	<b>195,460</b>

#### Period ended 30 June 2018

The following table represents the fair values of the investments held by FS Holdco 2 Limited as required by IFRS 12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2018 £'000	Fair value as at 30 June 2018 £'000
FS Debtco Limited – Equity	-	-	-	10,269	(873)	9,756	9,756
FS Debtco Limited – Loan	74,894	74,894	74,894	-	-	-	74,894
	<b>74,894</b>	<b>74,894</b>	<b>74,894</b>	<b>10,269</b>	<b>(873)</b>	<b>9,756</b>	<b>84,650</b>

#### Year ended 31 December 2018

The following table represents the fair values of the investments held by FS Holdco 2 Limited as required by IFRS 12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
FS Debtco Limited – Equity	-	-	-	10,269	4,642	14,911	14,911



FS Debtco Limited – Loan	74,894	-	74,894	-	-	-	74,894
FS Welbeck Limited	-	4,350	4,350	-	561	561	4,911
FS Trehawke Limited	-	4,670	4,670	-	1,069	1,069	5,739
FS Homeland Limited	-	5,190	5,190	-	1,686	1,686	6,876
FS Marsh Farm Limited	-	3,960	3,960	-	267	267	4,227
FS Steventon Limited	-	4,210	4,210	-	579	579	4,789
FS Fields Farm Limited	-	1,670	1,670	-	589	589	2,259
FS Gedling Limited	-	1,930	1,930	-	557	557	2,487
FS Sheepbridge Limited	-	1,890	1,890	-	492	492	2,382
FS Tengore Limited	-	1,330	1,330	-	267	267	1,597
FS Cuckoo Limited	-	2,500	2,500	-	248	248	2,748
FS Field House Limited	-	3,120	3,120	-	96	96	3,216
FS Upper Huntingford Limited	-	3,110	3,110	-	362	362	3,472
FS Abergelli Limited	-	3,650	3,650	-	772	772	4,422
FS Crow Trees Limited	-	1,810	1,810	-	93	93	1,903
FS Yarburgh Limited	-	3,420	3,420	-	579	579	3,999
FS Nowhere Solar Limited	-	3,672	3,672	-	211	211	3,883
FS Bilsthorpe Solar Limited	-	1,893	1,893	-	437	437	2,330
Sub-total carried forward	74,894	52,375	127,269	10,269	13,507	23,776	151,045

**Year ended 31 December 2018**

The following table represents the fair values of the investments held by FS Holdco 2 Limited as required by IFRS 12 (continued).

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
Sub- total brought forward FS Bulls Head Solar Limited	74,894	52,375	127,269	10,269	13,507	23,776	151,045
	-	2,203	2,203	-	371	371	2,574
FS Roskrow Solar Limited	-	3,674	3,674	-	748	748	4,422
FS Abbeyfie lds Solar Limited	-	1,526	1,526	-	743	743	2,269
FS Lindridg e Solar Limited	-	1,721	1,721	-	561	561	2,282
FS Misson Solar Limited	-	2,012	2,012	-	550	550	2,562
FS Playters Solar Limited	-	3,963	3,963	-	428	428	4,391
FS PS Manor Farm Solar Limited	-	6,116	6,116	-	558	558	6,674
FS SV Ash Solar Park Limited	-	3,387	3,387	-	317	317	3,704
FS Pen Y Cae Solar Limited	-	2,927	2,927	-	599	599	3,526
	74,894	79,904	154,798	10,269	18,382	28,651	183,449

**Period ended 30 June 2019**

The following table represents the fair values of the investments held by FS Debtco Limited as required by IFRS 12.

	Cost at 1 January 2019 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2019 £'000	Unrealised gain/(loss) as at 1 January 2019 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2019 £'000	Fair value as at 30 June 2019 £'000
FS Shotwick	74,894	-	74,894	11,889	(1,844)	10,045	84,939

Solar Limited							
FS Sandridge Solar Power Limited	57,046	-	57,046	2,322	(1,306)	1,016	58,062
FS SSR Wally Corner Limited	5,718	-	5,718	236	(57)	179	5,897
	<u>137,658</u>	<u>-</u>	<u>137,658</u>	<u>14,447</u>	<u>(3,207)</u>	<u>11,240</u>	<u>148,898</u>

**Period ended 30 June 2018**

The following table represents the fair values of the investments held by FS Debtco Limited as required by IFRS12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2018 £'000	Fair value as at 30 June 2018 £'000
FS Shotwick Solar Limited	74,894	-	74,894	9,696	(429)	9,267	84,161
FS Sandridge Solar Power Limited	57,046	-	57,046	959	(415)	544	57,590
FS SSR Wally Corner Limited	5,718	-	5,718	41	(26)	15	5,733
	<u>137,658</u>	<u>-</u>	<u>137,658</u>	<u>10,696</u>	<u>(870)</u>	<u>9,826</u>	<u>147,484</u>

**Year ended 31 December 2018**

The following table represents the fair values of the investments held by FS Debtco Limited as required by IFRS 12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
FS Shotwick Solar Limited	74,894	-	74,894	9,696	2,193	11,889	86,783
FS Sandridge Solar Power Limited	57,046	-	57,046	959	1,363	2,322	59,368
FS SSR Wally Corner Limited	5,718	-	5,718	41	195	236	5,954
	<u>137,658</u>	<u>-</u>	<u>137,658</u>	<u>10,696</u>	<u>3,751</u>	<u>14,447</u>	<u>152,105</u>

**Period ended 30 June 2019**

The following table represents the fair values of the investments held by FS Holdco 3 Limited as required by IFRS 12.

	Cost at 1 January 2019 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2019 £'000	Unrealised gain/(loss) as at 1 January 2019 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2019 £'000	Fair value as at 30 June 2019 £'000
FS Yardwall Limited	2,474	-	2,474	165	(70)	95	2,569
FS Verwood Limited	13,955	-	13,955	1,933	(424)	1,509	15,464
FS Park Farm Limited	8,116	-	8,116	995	(243)	752	8,868
FS Coombeshead Limited	7,126	-	7,126	904	(214)	690	7,816
FS Sawmills Limited	4,453	-	4,453	637	(136)	501	4,954
	<b>36,124</b>	<b>-</b>	<b>36,124</b>	<b>4,634</b>	<b>(1,087)</b>	<b>3,547</b>	<b>39,671</b>

**Period ended 30 June 2018**

The following table represents the fair values of the investments held by FS Holdco 3 Limited as required by IFRS12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2018 £'000	Fair value as at 30 June 2018 £'000
FS Yardwall Limited	-	2,530	2,530	-	35	35	2,565
FS Verwood Limited	-	14,110	14,110	-	(122)	(122)	13,988
FS Park Farm Limited	-	8,180	8,180	-	(111)	(111)	8,069
FS Coombeshead Limited	-	7,240	7,240	-	(98)	(98)	7,142
FS Sawmills Limited	-	4,530	4,530	-	(61)	(61)	4,469
	<b>-</b>	<b>36,590</b>	<b>36,590</b>	<b>-</b>	<b>(357)</b>	<b>(357)</b>	<b>36,233</b>

**Year ended 31 December 2018**

The following table represents the fair values of the investments held by FS Holdco 3 Limited as required by IFRS 12.

	Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
FS Yardwall Limited	-	2,474	2,474	-	165	165	2,639



FS Verwood Limited	-	13,955	13,955	-	1,933	1,933	15,888
FS Park Farm Limited	-	8,116	8,116	-	995	995	9,111
FS Coombeshed Limited	-	7,126	7,126	-	904	904	8,030
FS Sawmills Limited	-	4,453	4,453	-	637	637	5,090
	-	36,124	36,124	-	4,634	4,634	40,758

**Period ended 30 June 2019**

The following table represents the fair values of the investments held by FS Holdco 4 Limited as required by IFRS 12.

	Cost at 1 January 2019 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2019 £'000	Unrealised gain/(loss) as at 1 January 2019 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2019 £'000	Fair value as at 30 June 2019 £'000
Bannerton Solar Farm	22,882	-	22,882	(450)*	(2,472)	(2,922)	19,960
Longreach New Holdco Pty Limited	2,650	295	2,945	431	(524)	(93)	2,852
Oakey 1 New Holdco Pty Limited	4,367	479	4,846	(85)*	37	(48)	4,798
FS Oakey 2 Pty Limited	33,988	-	33,988	(681)*	(625)*	(1,306)*	32,682
	63,887	774	64,661	(785)	(3,584)	(4,369)	60,292

\*This relates to FX gain on translation from AUD to GBP at 30 June 2019 and 31 December 2018.

**Period ended 30 June 2018**

The following table represents the fair values of the investments held by FS Holdco 4 Limited as required by IFRS12.

	Cost at 1 January 2018 £'000	Adjusted Cost at 1 January 2018 £'000	Additions / (Disposals) £'000	Cost as at 30 June 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 30 June 2018 £'000	Fair value as at 30 June 2018 £'000
Bannerton Solar Farm	12,482	12,482	10,400	22,882	-	-	-	22,882
Longreach New	5,218	2,613	37	2,650	-	370	370	3,020

Holdco Pty Limited								
Oakey 1 New Holdco Pty Limited	7,842	4,306	61	4,367	80*	(80)	-	4,367
FS Oakey 2 Pty Limited	15,910	22,051	3,552	25,603	120*	(120)	-	25,603
	<u>41,452</u>	<u>41,452</u>	<u>14,050</u>	<u>55,502</u>	<u>200</u>	<u>170</u>	<u>370</u>	<u>55,872</u>

**Year ended 31 December 2018**

The following table represents the fair values of the investments held by FS Holdco 4 Limited as required by IFRS 12.

	Adjusted Cost at 1 January 2018** £'000	Additions / (Disposals) £'000	Cost as at 31 December 2018 £'000	Unrealised gain/(loss) as at 1 January 2018 £'000	Movement on unrealised gain/(loss) £'000	Unrealised gain/(loss) as at 31 December 2018 £'000	Fair value as at 31 December 2018 £'000
Bannert on Solar Farm	12,482	10,400	22,882	-	(450)*	(450)*	22,432
Longreach New Holdco Pty Limited	2,650	-	2,650	-	431	431	3,081
Oakey 1 New Holdco Pty Limited	4,367	-	4,367	-	(85)*	(85)*	4,282
FS Oakey 2 Pty Limited	22,153	11,835	33,988	200*	(881)*	(681)*	33,307
	<u>41,652</u>	<u>22,235</u>	<u>63,887</u>	<u>200</u>	<u>(985)</u>	<u>(785)</u>	<u>63,102</u>

\*This relates to FX gain on translation from AUD to GBP at 31 December 2018 and 31 December 2017.

\*\* In the prior year the cost was reflected as per the Share Purchase Agreement. In the current year it is split per the production output of each investment.

**17. FAIR VALUE OF THE INVESTMENTS IN UNCONSOLIDATED ENTITIES**
**Valuation process**

Valuations are the responsibility of the Board of Directors. The Investment Manager is responsible for submitting fair market valuations of Group assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly. The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines, using levered and unlevered Discounted Cash Flow principles. The Investment Manager and Directors consider that the discounted cash flow methodology used in deriving a fair value is in accordance with the fair value requirements of IFRS 13. Certain investments held by FS Holdco 4 were valued at cost as at 30 June 2019, 30 June 2018 and 31 December 2018 as these projects were not yet operational, and are therefore not included in the sensitivity analysis on the following pages.

**Useful economic lives ("UELS")**

The valuation of the Company's investments is determined based on the discounted value of future cash flows of those investments over their UELs.

The UEL of individual assets is determined by reference to a fixed contractual lease term, and therefore, the Board and Manager do not consider that the UEL can have a significant impact on the valuation of the investments.

However, the Board notes that if extended contractual lease terms were negotiated for individual assets, this would increase the value of those assets. Similarly, if the assets did not operate for the duration of the fixed contractual period, this would reduce the value of those assets.

#### Sensitivity analysis of significant changes in unobservable inputs within Level hierarchy of underlying Investments

The majority of the Company's underlying investments (indirectly held through its unconsolidated subsidiaries FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4) are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be appropriate. The Board review, at least annually, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments. A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

The Directors consider the following to be significant inputs to the discounted cash flows ("DCF") calculation.

#### Discount rate

The weighted average discount rate used is 7.15% (2018: 7.30%). The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.5% is considered reasonable.

	-0.50%	-0.25%	Base	+0.25%	+0.50%
Directors' valuation (£m)	835.8	819.8	804.3	<b>789.3</b>	<b>774.7</b>
NAV per share (pence)	115.3	112.4	109.6	106.8	104.2
Change vs Base Case (%)	3.92	1.93	0.00	<b>(1.87)</b>	<b>(3.68)</b>

#### Production

Base case production is a function of a number of separate assumptions including irradiation levels, availability of the sites and technical performance of the equipment. A sensitivity of +/-10% is considered reasonable given stable levels of irradiation, contractual availability guarantees and understanding of future performance levels of the equipment.

	-10%	Base	+10%
Directors' valuation (£m)	694.7	804.3	913.2
NAV per share (pence)	89.6	109.6	129.4
Change vs Base Case (%)	(13.62)	0.00	13.54

#### Power Price

DCF models assume power prices that are consistent with the Power Purchase Agreements ("PPA") currently in place. At the PPA end date, the model reverts to the power price forecast.

The power price forecasts are updated quarterly and based on power price forecasts from leading independent sources. The Investment Manager adjusts where more conservative assumptions are considered appropriate and applies expected PPA sales discounts. The forecast assumes an average annual increase in power prices in real terms of approximately 1.3%.

During the year, c.60% of the Company's operational performance came from the sale of renewable obligation certificates ("ROCs"). These revenues are directly and explicitly linked to inflation for 20 years from the accreditation date under the ROC regime and therefore are not considered for sensitivity analysis. The remaining c.40% of revenue is derived from electricity sales which are subject to power price movements.

	-20.0%	-10.0%	Base	+10.0%	+20.0%
--	--------	--------	------	--------	--------

Directors' valuation (£m)	697.3	751.0	804.3	<b>857.4</b>	<b>910.4</b>
NAV per share (pence)	90.1	99.9	109.6	119.3	128.9
Change vs Base Case (%)	(13.30)	(6.63)	0.00	<b>6.60</b>	<b>13.19</b>

#### Inflation

A variable of 1.5% is considered reasonable given historic fluctuations. A long term inflation rate of 2.75% (2018: 2.75%) has been used.

	-1.50%	-0.75%	Base	+0.75%	+1.50%
Directors' valuation (£m)	710.4	755.6	804.3	<b>856.9</b>	<b>913.9</b>
NAV per share (pence)	92.5	100.7	109.6	119.2	129.5
Change vs Base Case (%)	(11.67)	(6.06)	0.00	<b>6.54</b>	<b>13.62</b>

#### Operating costs (investment level)

Operating costs include operating and maintenance ("O&M"), insurance and lease costs. Other costs are fixed and are therefore not considered to be sensitive to changes in unobservable inputs. Base case costs are based on current commercial agreements. We would not expect these costs to fluctuate widely over the life of the assets and are comfortable that the base case is prudent. A variance of +/- 5.0% is considered reasonable, a variable of 10.0% is shown for information purposes.

	-10.0%	-5.0%	Base	+5.0%	+10.0%
Directors' valuation (£m)	820.1	812.2	804.3	<b>796.4</b>	<b>788.4</b>
NAV per share (pence)	112.5	111.0	109.6	108.1	106.7
Change vs Base Case (%)	<b>1.97</b>	<b>0.98</b>	0.00	<b>(0.99)</b>	<b>(1.97)</b>

## 17. FAIR VALUE OF THE INVESTMENTS IN UNCONSOLIDATED ENTITIES (CONTINUED)

#### AUD/GBP Exchange Rate

The Fund is directly exposed to fluctuations in foreign currency due to its investments in Australian dollar denominated assets. Whilst the Group mitigates its exposure to fluctuations in AUD through the use of forward contracts, the valuations of these assets will be directly impacted. Whilst we would not expect to see fluctuations quite this large, a variable of 20% is considered appropriate.

	-20.0%	-10.0%	Base	+10.0%	+20.0%
Directors' valuation (£m)	792.0	798.2	804.3	<b>810.4</b>	<b>816.5</b>
NAV per share (pence)	107.3	108.5	109.6	110.7	111.8
Change vs Base Case (%)	<b>(1.52)</b>	<b>(0.76)</b>	0.00	<b>0.76</b>	<b>1.52</b>

## 18. STATED CAPITAL AND SHARE PREMIUM

The share capital and share premium of the Company consists solely of Ordinary Shares of nil par value and therefore the value of the stated capital relates only to share premium. At any General Meeting of the Company each Shareholder will have, on a show of hands, one vote and on a poll one vote in respect of each Ordinary Share held. Stated capital is the net proceeds received from the issue of Ordinary Shares (net of issue costs capitalised). The holders of the Ordinary Shares are entitled to receive dividends from time to time.

#### Ordinary Shares

30 June 2019 Shares	30 June 2018 Shares	31 December 2018 Shares
---------------------------	---------------------------	-------------------------------

Opening balance	548,941,550	449,952,091	449,952,091
Issued during the period	–	–	98,989,459
Closing balance	548,941,550	449,952,091	548,941,550
	<b>30 June 2019 £'000</b>	<b>30 June 2018 £'000</b>	<b>31 December 2018 £'000</b>
Opening balance	588,798	454,515	454,515
Proceeds from share issue	-	-	106,189
Less: issue costs	-	-	(1,906)
Closing balance	588,798	454,515	558,798

## 19. NAV PER ORDINARY SHARE

The Net Asset Value (“NAV”) per redeemable Ordinary Share for the Company 109.6 pence per ordinary share (period ended 30 June 2018: 105.2, year ended 31 December 2018: 111.2) This is based on the Net Asset Value at the reporting date of £601,540,008 (30 June 2018: £473,133,573, 31 December 2018: £610,257,766) and on 548,941,550 (30 June 2018: 449,952,091, 31 December 2018: 548,941,550) redeemable Ordinary Shares, being the number of Ordinary Shares in issue at the end of the period.

## 20. FINANCIAL INSTRUMENTS AND RISK PROFILE

The Company holds cash and liquid resources as well as having receivables and payables that arise directly from its operations. The underlying investments of the Company’s investment activities indirectly expose it to various types of risk associated with solar power. The main risks arising from the Company’s financial instruments are market risk, liquidity risk, credit risk and interest rate risk. The Directors regulatory review and agree policies for managing each of these risks and these are summarised below:

### 20.1 Market risk

#### (a) Foreign exchange risk

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in income.

The Company has no direct exposure to foreign currency risk, however through its underlying investment in FS Holdco 4 it has indirect exposure. FS Holdco 4 is directly exposed to fluctuations in foreign currency due to its investments in Australian dollar denominated assets. The Group mitigates its exposure to fluctuations in foreign currency through the use of forward exchange contracts.

The carrying amount of FS Holdco 4’s foreign currency exposure at the reporting date is as follows:

	<b>30 June 2019 £'000</b>	<b>30 June 2018 £'000</b>	<b>31 December 2018 £'000</b>
AUD	60,292	55,872	63,102

The FX rate applied at 30 June 2019 0.55 (30 June 2018: 0.56, 31 December 2018: 0.55). A 10% weakening or strengthening of the FX rate would have a £6,028,200 impact on the valuation of assets denominated in AUD.

#### (b) Price risk

The Company’s investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Board’s Investment Manager provides the Company with investment recommendations. The Board’s Investment Manager’s recommendations are reviewed and approved by the Investment Manager before the investment decisions are implemented. To manage the market price risk, the Board’s Investment Manager reviews the performance of the investments on a regular basis and is in regular contact with the management of the non current investments for business and operational matters.

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. At 30 June 2019, the Company's only investment was valued at net assets excluding the outstanding loans issued by the Company. Were this value to increase by 10%, the increase in net assets attributable to shareholders for the period would have been £52,321,494 (30 June 2018: £40,342,170, 31 December 2018: £53,018,750). The impact of changes in unobservable inputs to the underlying investments is considered in note 17.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing to its subsidiary. At period end the Company had no long term borrowings with third parties (1 January 2018 to 30 June 2018: £Nil, 1 January 2018 to 31 December 2018: £Nil).

	<b>Total portfolio</b>	<b>Weighted average</b>	<b>Weighted average</b>
	<b>30 June</b>	<b>interest rate</b>	<b>time for which</b>
	<b>2019</b>	<b>30 June</b>	<b>rate is fixed</b>
	<b>£'000</b>	<b>2019</b>	<b>30 June</b>
		<b>%</b>	<b>2019</b>
			<b>Days</b>
Loan notes	250,000	11.00%	961
Shareholder loans	249,316	2.00%	1,652
Cash	5,710	0.05%	-
	<u>505,026</u>		

	<b>Total portfolio</b>	<b>Weighted average</b>	<b>Weighted average</b>
	<b>30 June</b>	<b>interest rate</b>	<b>time for which</b>
	<b>2018</b>	<b>30 June</b>	<b>rate is fixed</b>
	<b>£'000</b>	<b>2018</b>	<b>30 June</b>
		<b>%</b>	<b>2018</b>
			<b>Days</b>
Loan notes	250,000	11.00%	234
Shareholder loans	158,610	2.00%	741
Cash	180	-	-
	<u>408,790</u>		

	<b>Total portfolio</b>	<b>Weighted average interest</b>	<b>Weighted average time for</b>
	<b>31 December 2018</b>	<b>rate</b>	<b>which rate is fixed</b>
	<b>£'000</b>	<b>31 December 2018</b>	<b>31 December 2018</b>
		<b>%</b>	<b>Days</b>
Loan notes	250,000	11.00%	780
Shareholder loans	249,316	2.00%	1,287
Cash	12,282	0.05%	-
	<u>511,598</u>		

**20.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

**30 June 2019**

	Carrying amount £'000	Contractual Total £'000	Less than 6 months £'000	6 to 12 Months £'000	Greater than 12 months £'000
Financial Assets					
Investments	523,215	523,215	-	-	523,215
Trade and other Receivables	258	258	258	-	-
Interest receivable	74,190	74,190	74,190	-	-
Cash and cash equivalents	5,710	5,710	5,710	-	-
<b>Total Financial assets</b>	<b>603,373</b>	<b>603,373</b>	<b>80,158</b>	<b>-</b>	<b>523,215</b>
Trade and other payables	(1,833)	(1,833)	(1,833)	-	-
<b>Total financial liabilities</b>	<b>(1,833)</b>	<b>(1,833)</b>	<b>(1,833)</b>	<b>-</b>	<b>-</b>
<b>Net position</b>	<b>601,540</b>	<b>601,540</b>	<b>78,325</b>	<b>-</b>	<b>523,215</b>

### 30 June 2018

	Carrying amount £'000	Contractual Total £'000	Less than 6 months £'000	6 to 12 Months £'000	Greater than 12 months £'000
Financial Assets					
Investments	403,422	403,422	-	-	403,422
Trade and other Receivables	1,926	1,926	1,926	-	-
Interest receivable	68,948	68,948	68,948	-	-
Cash and cash equivalents	180	180	180	-	-
<b>Total Financial assets</b>	<b>474,476</b>	<b>474,476</b>	<b>71,054</b>	<b>-</b>	<b>403,422</b>
Trade and other payables	(1,342)	(1,342)	(1,342)	-	-
<b>Total financial liabilities</b>	<b>(1,342)</b>	<b>(1,342)</b>	<b>(1,342)</b>	<b>-</b>	<b>-</b>
<b>Net position</b>	<b>473,134</b>	<b>473,134</b>	<b>69,712</b>	<b>-</b>	<b>403,422</b>

### 31 December 2018

	Carrying amount £'000	Contractual Total £'000	Less than 6 months £'000	6 to 12 Months £'000	Greater than 12 months £'000
Financial Assets					
Investments	530,187	530,187	-	-	530,187
Trade and other Receivables	265	265	265	-	-
Interest receivable	69,338	69,338	69,338	-	-
Cash and cash equivalents	12,282	12,282	12,282	-	-
<b>Total Financial assets</b>	<b>612,072</b>	<b>612,072</b>	<b>81,885</b>	<b>-</b>	<b>530,187</b>
	(1,814)	(1,814)	(1,814)	-	-

Trade and other payables

Total financial liabilities	(1,814)	(1,814)	(1,814)	-	-
Net position	610,258	610,258	80,071	-	530,187

### 20.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company places cash with authorised deposit takers and is therefore potentially at risk from the failure of such institutions.

In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the period and at the reporting date, the Company maintained relationships with the following financial institutions:

	Moody's Credit Rating	30 June 2019 £'000
Cash in hand:		
Royal Bank of Scotland International Limited	P2	5,708
Lloyds Bank International Limited	P1	2
Total cash balances held by banks		<u>5,710</u>

	Moody's Credit Rating	30 June 2018 £'000
Cash in hand:		
Royal Bank of Scotland International Limited	P2	10
Lloyds Bank International Limited	P1	170
Total cash balances held by banks		<u>180</u>

	Moody's Credit Rating	31 December 2018 £'000
Cash in hand:		
Royal Bank of Scotland International Limited	P2	12,280
Lloyds Bank International Limited	P1	2
Total cash balances held by banks		<u>12,282</u>

The Company is also indirectly exposed to credit risk through its investment in UK Hold Co. The Board of UK Hold Co has determined that the maximum exposure to credit risk in relation to investments is £610,239,946, being the portion of UK Hold Co investments that are made up of loans as at 30 June 2019 (30 June 2018: £582,019,152, 31 December 2018: £610,239,946). Included within this are the related party loans as disclosed within note 23 as well as an external long term debt facility entered into by FS Holdco and FS Debtco and Santander. The balance of the external debt facility as at period end amounted to £251,057,609 (30 June 2018: £251,057,609, 31 December 2018: £251,057,609).

#### b) Expected credit loss assessment

Investments held at fair value through profit or loss are not subject to IFRS 9 impairment requirements.

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a 12 month expected loss allowance for all trade receivables. The expected credit



loss on trade receivables and the balance at year end was deemed by management to be not material and therefore no impairment adjustments were accounted for.

#### 20.4 Other risks

##### Political and economic risk

The value of Ordinary Shares may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation or interest rates, currency repatriation and other political and economic developments in law or regulations and, in particular, the risk of expropriation, nationalisation, and confiscation of assets and changes in legislation relating to the level of foreign ownership.

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

For the Company's UK solar sites the main risks from Brexit that the Company is currently considering are the stability of the operating and maintenance (O&M) companies that are employed across the portfolio and the supply chain of components as part of either corrective or preventative maintenance work.

In relation to the O&M companies themselves, all of the primary O&M companies across a majority of the UK portfolio are UK based operations who are wholly owned by UK entities.

The supply chain for spare parts is the other main risk that Management foresees due to Brexit in terms of getting spare parts to sites promptly from other parts of the EU, especially in the event of a no deal Brexit.

Whilst Brexit presents certain risks in relation to the operation of the UK solar portfolio the Asset Manager shall be working to ensure that there are robust spare parts provision in the UK and continue to work with the O&M providers and their downstream suppliers to ensure down time is minimised across the portfolio as much as possible.

#### 21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares (up to its authorised number of shares) or sell assets to reduce debt.

#### 22. DIVIDENDS

	30 June 2019 £'000	2019 Pence/ Ordinary share	30 June 2018 £'000	2018 Pence/ Ordinary share	31 December 2018 £'000	2018 Pence/ Ordinary share
Quarter 1	9,057	1.64	7,110	1.58	7,109	1.58
Quarter 2	9,058	1.64	7,109	1.58	7,109	1.58
Quarter 3	N/A	N/A	N/A	N/A	8,118	1.64
Quarter 4	N/A	N/A	N/A	N/A	9,003	1.64
	<u>18,115</u>		<u>14,219</u>		<u>31,339</u>	

#### 23. RELATED PARTY DISCLOSURES

For the purposes of these Financial Statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Company's operations.

As noted in Note 2, the Company does not consolidate its subsidiary. However, the Company and its subsidiaries (direct and indirect) are a Group and therefore, are considered to be related parties.

### Transactions with UK Hold Co

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2019 £'000
Loan Notes	250,000	-	-	250,000
Interest on Loan Notes	56,814	17,203	(13,000)	61,017
Shareholder Loan 1	249,316	-	-	249,316
Interest on Shareholder Loan 1	12,524	2,495	(1,846)	13,173
Non interest bearing loan included in trade and other payables	183	4	-	187

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2018 £'000
Loan Notes	250,000	-	-	250,000
Interest on Loan Notes	48,746	16,751	-	65,497
Shareholder Loan 1	154,110	4,500	-	158,610
Interest on Shareholder Loan 1	8,880	1,571	(6,920)	3,531
Non interest bearing loan included in trade and other receivables	1,116	-	-	1,116

For the period ended 31 December 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Loan Notes	250,000	-	-	250,000
Interest on Loan Notes	48,746	33,172	(25,104)	56,814
Shareholder Loan 1	154,110	95,206	-	249,316
Interest on Shareholder Loan 1	8,880	3,644	-	12,524
Non interest bearing loan included in trade and other receivables	1,116	-	(1,116)	-
Non interest bearing loan included in trade and other payables	-	183	-	183

The increases in the shareholder loan of £95,206,725 were funded through 2 separate placing proceeds during 2018.

### Transactions between UK Hold Co and its underlying subsidiaries

#### Transactions with FS Holdco

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2019 £'000
Interest bearing Investment loan 1	343,731	-	-	343,731
Interest on investment loan 1	47,053	13,636	(10,532)	50,157

Interest bearing Investment loan 2	(40,000)	-	-	(40,000)
Interest on investment loan 2	(1,253)	(992)	-	(2,245)
Non interest bearing loan	(143,504)	-	-	(143,504)
Non interest bearing loan included in trade and other receivables	875	-	-	875

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2018 £'000
Interest bearing Investment loan 1	343,731	-	-	343,731
Interest on investment loan 1	37,711	13,636	-	51,347
Interest bearing Investment loan 2	-	(40,000)	-	(40,000)
Interest on investment loan 2	-	(395)	-	(395)
Non interest bearing loan	(143,504)	-	-	(143,504)
Non interest bearing loan included in trade and other receivables	715	160	-	875

For the period ended 31 December 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Interest bearing Investment loan 1	343,731	-	-	343,731
Interest on investment loan 1	37,711	27,499	(18,157)	47,053
Interest bearing Investment loan 2	-	(40,000)	-	(40,000)
Interest on investment loan 2	-	(1,403)	150	(1,253)
Non interest bearing loan	(143,504)	-	-	(143,504)
Non interest bearing loan included in trade and other receivables	715	160	-	875

## Transactions with FS Holdco 2

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2019 £'000
Interest bearing Investment loan 1	74,894	-	-	79,894
Interest on investment loan 1	3,745	1,857	-	5,602
Interest bearing Investment loan 2	9,107	-	-	9,107
Interest on investment loan 2	42	226	-	268
Interest bearing Investment loan 3	33,094	-	-	33,094
Interest on investment loan 3	150	820	-	970
Interest bearing Investment loan 4	3,432	-	-	3,432
Interest on investment loan 4	6	85	-	91
Interest bearing Investment loan 5	46,500	-	-	46,500
Interest on investment loan 5	962	1,153	-	2,115

Interest bearing loan payable 1	(28,970)	-	-	(28,970)
Interest on loan payable 1	(1,449)	(718)	-	(2,167)
Interest bearing loan payable 2	(13,000)	-	-	(13,000)
Interest on interest bearing loan payable 2	(819)	(322)	-	(1,141)
Interest bearing loan payable 3	(7,082)	-	-	(7,082)
Interest on loan payable 3	(263)	(176)	-	(439)
Interest bearing loan payable 4	(8,386)	-	-	(8,386)
Interest on loan payable 4	(208)	(208)	-	(416)
Non interest bearing loan 1	(2,604)	(63)	-	(2,667)
Non interest bearing loan 2	(875)	-	-	(875)

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2018 £'000
Interest bearing Investment loan 1	74,894	-	-	74,894
Interest on investment loan 1	-	1,857	-	1,857
Interest bearing loan payable 1	(28,970)	-	-	(28,970)
Interest on loan payable 1	-	(718)	-	(718)
Interest bearing loan payable 2	(13,000)	-	-	(13,000)
Interest on interest bearing loan payable 2	(169)	(322)	-	(491)
Interest bearing loan payable 3	-	(7,082)	-	(7,082)
Interest on loan payable 3	-	-	-	-
Non interest bearing loan 1	(3,734)	-	102	(3,632)
Non interest bearing loan 2	(715)	(160)	-	(875)

For the year ended 31 December 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Interest bearing Investment loan 1	74,894	-	-	74,894
Interest on investment loan 1	-	3,745	-	3,745
Interest bearing Investment loan 2	-	9,107	-	9,107
Interest on investment loan 2	-	42	-	42
Interest bearing Investment loan 3	-	33,094	-	33,094
Interest on investment loan 3	-	150	-	150
Interest bearing Investment loan 4	-	3,432	-	3,432
Interest on investment loan 4	-	6	-	6
Interest bearing Investment loan 5	-	46,500	-	46,500
Interest on investment loan 5	-	962	-	962
Interest bearing loan payable 1	(28,970)	-	-	(28,970)
Interest on loan payable 1	-	(1,449)	-	(1,449)
Interest bearing loan payable 2	(13,000)	-	-	(13,000)
Interest on interest bearing loan payable 2	(169)	(650)	-	(819)
Interest bearing loan payable 3	-	(7,082)	-	(7,082)
Interest on loan payable 3	-	(263)	-	(263)
Interest bearing loan payable 4	-	(8,386)	-	(8,386)
Interest on loan payable 4	-	(208)	-	(208)

Non interest bearing loan 1	(3,734)	-	1,130	(2,604)
Non interest bearing loan 2	(715)	(160)	-	(875)

### Transactions with FS Debtco

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2019 £'000
Interest bearing loan 1	55,000	-	-	55,000
Interest on loan 1	4,769	1,364	-	6,133
Non interest bearing loan	140	-	-	140

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2018 £'000
Interest bearing loan 1	55,000	-	-	55,000
Interest on loan 1	2,019	1,364	-	3,383
Non interest bearing loan	-	140	-	140

For the year ended 31 December 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Interest bearing loan 1	55,000	-	-	55,000
Interest on loan 1	2,019	2,750	-	4,769
Non interest bearing loan	-	140	-	140

### Transactions with FS Holdco 3

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2019 £'000
Interest bearing Investment loan 1	36,124	-	-	36,124
Interest on investment loan 1	-	450	(450)	-
Non interest bearing loan payable	317	3,259	(981)	2,595

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Interest bearing Investment loan 1	-	36,124	-	36,124
Interest on investment loan 1	-	144	(500)	(356)

For the period year 31 December 2018:

	Opening Balance as at 1 January 2018	Increase in loan/Interest charged	Repayment of loan/Interest repaid	Closing Balance as at 31 December 2018
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	£'000	£'000	£'000	£'000
Interest bearing Investment loan 1	-	36,124	-	36,124
Interest on investment loan 1	-	1,267	(1,267)	-
Non interest bearing loan payable	-	317	-	317

#### Transactions with FS Holdco 4

For the period ended 30 June 2019:

	Opening Balance as at 1 January 2019 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2019 £'000
Interest bearing Investment loan 1	28,970	-	-	28,970
Interest on investment loan 1	1,449	718	-	2,167
Interest bearing Investment loan 2	12,482	-	-	12,482
Interest on investment loan 2	786	310	-	1,096
Interest bearing Investment loan 3	10,380	-	-	10,380
Interest on investment loan 3	385	258	-	643
Interest bearing Investment loan 4	8,386	-	-	8,386
Interest on investment loan 4	208	208	-	416
Interest bearing Investment loan 5	3,141	-	-	3,141
Interest on investment loan 5	107	78	-	185
Non interest bearing loan	353	788	-	1,141

For the period ended 30 June 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 30 June 2018 £'000
Interest bearing Investment loan 1	28,970	-	-	28,970
Interest on investment loan 1	-	718	-	718
Interest bearing Investment loan 2	12,482	-	-	12,482
Interest on investment loan 2	162	310	-	472
Interest bearing Investment loan 3	-	10,380	-	10,380
Interest on investment loan 3	-	124	-	124
Interest bearing Investment loan 5	-	3,141	-	3,141
Interest on investment loan 5	-	-	-	-
Non interest bearing loan	-	353	-	353

For the year ended 31 December 2018:

	Opening Balance as at 1 January 2018 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2018 £'000
Interest bearing Investment loan 1	28,970	-	-	28,970
Interest on investment loan 1	-	1,449	-	1,449
Interest bearing Investment loan 2	12,482	-	-	12,482
Interest on investment loan 2	162	624	-	786
Interest bearing Investment loan 3	-	10,380	-	10,380
Interest on investment loan 3	-	385	-	385
Interest bearing Investment loan 4	-	8,386	-	8,386

Interest on investment loan 4	-	208	-	208
Interest bearing Investment loan 5	-	3,141	-	3,141
Interest on investment loan 5	-	107	-	107
Non interest bearing loan	-	353	-	353

### Transactions between FS Holdco, FS Debtco, FS Holdco 3, FS Holdco 4 and their SPVs

All of the SPVs are cash generating solar farms (except for the non-operational Australian investments). On occasion revenues received and expenses are paid on their behalf by FS Holdco, FS Holdco 2, FS Debtco, FS Holdco 3 and FS Holdco 4. All of these transactions are related party transactions.

For the period ended 30 June 2019:

	Opening Balance receivable/ (payable) as at 1 January 2019 £'000	Amounts paid on behalf of SPV 2019 £'000	Amounts received from SPV 2019 £'000	Net amount (payable)/ receivable as at 30 June 2019 £'000
FS Holdco and its SPVs	(15,594)	11,225	(8,888)	(13,257)
FS Holdco 2 and its SPVs	(2,689)	1,819	(689)	(1,559)
FS Debtco and its SPVs	(2,763)	4,799	(3,353)	(1,317)

For the period ended 30 June 2018:

	Opening Balance receivable/ (payable) as at 1 January 2018 £'000	Amounts paid on behalf of SPV 2018 £'000	Amounts received from SPV 2018 £'000	Net amount (payable)/ receivable as at 30 June 2018 £'000
FS Holdco and its SPVs	(11,437)	15,154	(13,749)	(10,032)
FS Holdco 2 and its SPVs	-	3,054	(621)	2,433
FS Debtco and its SPVs	(6,968)	7,885	(1,697)	(780)

For the year ended 31 December 2018:

	Opening Balance receivable/ (payable) as at 1 January 2018 £'000	Amounts paid on behalf of SPV 2018 £'000	Amounts received from SPV 2018 £'000	Net amount (payable)/ receivable as at 31 December 2018 £'000
FS Holdco and its SPVs	(11,437)	33,009	(37,166)	(15,594)
FS Holdco 2 and its SPVs	-	1,501	(4,190)	(2,689)
FS Debtco and its SPVs	(6,968)	12,231	(8,026)	(2,763)

### Transactions with the manager

Foresight Group LLP, a related party of Foresight Group CI, charged asset management fees to the underlying projects of £792,182 during the period (1 January 2018 to 30 June 2018: £304,000, 1 January 2018 to 31 December 2018: £1,002,002).

#### 24. COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments nor contingent liabilities.

#### 25. CONTROLLING PARTY

In the opinion of the Directors, there is no controlling party as no one party has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its direction.

## 26. POST BALANCE SHEET EVENTS

Post period end, on 2 August 2019, the Investment Manager successfully completed the refinancing of 28 of its UK assets (321MW) under FS Holdco 2, an indirect subsidiary of the Company.

## AIFMD Disclosures (unaudited)

### ALTERNATIVE INVESTMENTS FUND MANAGER DIRECTIVE REPORT

In accordance with the Alternative Investments Fund Manager Directive Report (the “Directive”), the Company is required in its capacity as the Alternative Investment Fund Manager (“AIFM”) and the Alternative Investment Fund (“AIF”) to disclose specific information in relation to the following aspects of the Company’s management:

#### OVERVIEW OF INVESTMENT ACTIVITIES

The Company’s investment activities during the year is disclosed in full in the Investment Manager’s Report on page 20 of the Annual Report.

The Company’s portfolio’s performance during the year is disclosed in full in the Asset Manager’s Report on page 36 of the Annual Report.

A list of the Company’s portfolio holdings is included on page 16 of the Annual Report.

#### LEVERAGE AND BORROWING

Leverage is defined as any method by which the Company increases its exposure through debt, borrowed capital or the use of derivatives.

The Company and its subsidiaries’ leverage position and third-party debt arrangements are disclosed in full in the Investment Manager’s Report on page 20 of the Annual Report.

‘Exposure’ is defined in two ways – ‘Gross method’ and ‘Commitment method’ – and the Company must not exceed maximum exposures under both methods.

The Directors are required to calculate and monitor the level of leverage of the Company, expressed as a ratio between the exposure of the Company and its Net Asset Value (Exposure/NAV), under both the Gross method and the Commitment method.

‘Gross method’ exposure is calculated as the sum of all positions of the Company (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes.

‘Commitment method’ exposure is also calculated as the sum of all positions of the Company (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the “Gross method”, the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the local currency of the Company that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value and which provide a return no greater than the rate of the 3-month high quality government bond;
- cash borrowings that remain in cash or cash equivalents as defined above and where the amounts of that payable are known.

The total amount of leverage calculated as at 30 June 2019 is as follows:

Gross method: 24%

Commitment method: 30%

#### LIQUIDITY

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company’s liquidity requirements to ensure there is sufficient cash to meet the Company’s operating needs.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman’s Statement, Strategic Report and Notes to the Accounts. In addition, the financial statements include the Company’s objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Company has sufficient financial resources together with investments and income generated. As a consequence, the Directors believe that the Company is able to manage its business risks.



## RISK MANAGEMENT POLICY NOTE

Please refer to Principal Risks report on page 43 of the Annual Report.

## REMUNERATION

As an AIFM, the Company is subject to a remuneration code which is consistent with the requirements of the FCA that apply to the AIFM. The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of the Directors and senior management is in line with the risk policies and objectives of the funds managed by the AIFM.

The Company does not directly employ any staff members. The Investment Management services in this regard are provided by staff members of Foresight Group LLPCI Limited with the support of staff members of Foresight Group LLP.

In accordance with the AIFMD, information in relation to the remuneration of the Company's AIFM is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period (year ending December 20178) are available from the AIFM on request.

## Advisors

### ADMINISTRATOR & COMPANY SECRETARY

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### REGISTRAR

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INDEPENDENT AUDITOR  
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## Glossary of Terms

AEMO	Australian Energy Market Operator
AIC	The Association of Investment Companies
AIC Code	The Association of Investment Companies Code of Corporate Governance
AIC Guide	The Association of Investment Companies Corporate Governance Guide for Investment Companies
AIFs	Alternative Investment Funds
AIFMs	Alternative Investment Fund Managers
AIFMD	The Alternative Investment Fund Management Directive
Asset Manager	The Company's underlying investments have appointed Foresight Group LLP, a subsidiary of Foresight Group CI, to act as Asset Manager
BSUoS	Balancing Services Use of System
BBSY	Bank Bill Swap Bid Rate
Company	Foresight Solar Fund Limited
CEFC	The Clean Energy Finance Corporation
DCF	Discounted Cash Flow
DNO	Distribution Network Operator
EEA	European Economic Area
EPC	Engineering, Procurement & Construction
ESG	Environmental, Social and Governance
EUA	European Emission Allowances
FiT	Feed-in Tariff. The Feed-in-Tariff scheme is the financial mechanism introduced on 1 April 2010 by which the UK Government incentivises the deployment of renewable and low-carbon electricity generation of up to 5MW of installed capacity.
GAV	Gross Asset Value on Investment Basis including debt held at SPV level
GFSC	Guernsey Financial Services Commission
Group Borrowing	Group Borrowing refers to all third-party debt by the Company and its subsidiaries.
GRESB	Global Real Estate Sustainability Benchmark
GWh	Gigawatt hour
Hibernacula	A shelter occupied during the winter by a dormant animal
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the EU
Investment Manager	Foresight Group CI Limited
IPEV Valuation Guidelines	International Private Equity and Venture Capital Valuation Guidelines
IPO	Initial Public Offering
KID	Key Information Document
KPMG LLP	KPMG is the Company's Auditor
LGC	Large-Scale Generation Certificate

LIBOR	London Interbank Offered Rate
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK
LRET	Large-Scale Renewable Energy Target. The LRET creates a financial incentive in Australia for the establishment and growth of renewable energy power stations, such as wind and solar farms, or hydroelectric power stations
Main Market	The main securities market of the London Stock Exchange
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MLF	Marginal Loss Factor
MUFG	Bank of Tokyo-Mitsubishi UFJ
MWh	Megawatt hour
NAV	Net Asset Value
NEG	National Energy Guarantee
OBR	Office for Budget Responsibility
Official List	The Premium Segment of the UK Listing Authority's Official List
Ofgem	Office of Gas and Electricity Markets (UK Government regulator)
O&M	Operation and Maintenance contractors
PPA	Power Purchase Agreements
PR	Performance Ratio
PRI	Principles for Responsible Investment
PRIIPS	Packaged Retail and Insurance-Based Investment Products
PV	Photovoltaic
RET	Renewable Energy Target
RO Scheme	The financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty.
ROC	Renewable Obligation Certificates
RPI	The Retail Price Index
SCR	Significant Code Review
SDG	United Nations Sustainable Development Goal
SPV	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
TCR	Targeted Charging Review
UK	The United Kingdom of Great Britain and Northern Ireland