

29 December 2017

Completion of Acquisition and Portfolio Update

Further to the announcement on 12 October 2017, Foresight Solar Fund Limited (“the Company”) is pleased to confirm the completion of the acquisition from Canadian Solar Inc. (NASDAQ: CSIQ) of a portfolio consisting of three construction stage assets in Queensland, Australia, representing 117MW of peak capacity once installed.

As previously disclosed the assets are Longreach Solar Farm (17 MW), Oakey 1 Solar Farm (30 MW) and Oakey 2 Solar Farm (70 MW) with the Company acquiring 49% interests in each of Longreach and Oakey 1, and a 100% interest in Oakey 2 (“the Acquisition Portfolio”).

Longreach and Oakey 1 are expected to connect to the grid in March 2018 and September 2018 respectively, while Oakey 2 is expected to connect to the grid in October 2018. Longreach and Oakey 1 are under construction and Oakey 2 is due to start construction now financial close has been reached.

Project finance for Longreach and Oakey 1 was already in place when the Company signed binding contracts to acquire the projects. In connection with the completion of the acquisition of the Acquisition Portfolio, the Company has further secured a senior debt facility for Oakey 2.

The Company’s total equity investment, including construction cost, has increased to c. A\$74m and will be funded by the existing Revolving Credit Facility (“RCF”). The increase is the result of an amendment to the Oakey 2 capital structure to deliver a more conservative gearing position. The total consideration paid to the vendor for the Acquisition Portfolio has broadly remained unchanged.

Longreach and Oakey 1 benefit from senior debt facilities from the Clean Energy Finance Corporation (“CEFC”) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“MUFG”) jointly totalling A\$65m across both projects with five year terms. Oakey 2 will benefit from a c. A\$55m senior debt facility from CEFC, with a four and a half year term to align with the maturity dates of the other projects’ financing terms. The total gearing of the Acquisition Portfolio is expected to represent c. 58% once the assets are operational and the facilities fully drawn down.

As previously disclosed, both Longreach and Oakey 1 have entered into 20-year Power Purchase Agreements (“PPAs”) for both power and Large-scale Generation Certificates (“LGCs”) with the Queensland Government. The Investment Manager believes these contracts significantly de-risk the projects, given the low credit risk of the counterparty (Per Moody’s Aa1 rating¹). The Investment Manager is currently reviewing the PPA options for Oakey 2 and expects to enter a PPA before the target commissioning date of October 2018.

To reduce the risk of currency fluctuations and to increase the predictability of future dividends the Company will implement a hedging strategy, entering forward contracts for up to two years in length to

hedge the majority of its distributable foreign currency cash flows at project level. The equity invested will not benefit from foreign exchange hedging.

Following the acquisition, the Company's portfolio comprises 23 assets with a net peak capacity of 621MW, of which 146MW are under construction.

Current UK Portfolio Update

The Company has taken advantage of current attractive electricity prices and increased the proportion of fixed price arrangements from 7% to 31% of the electricity sales of the UK portfolio. This arrangement is for the period 1 December 2017 to 31 March 2019 at a weighted-average price of £43.26/MWh. This provides greater visibility over future cash flows and limits potential price volatility.

The performance of the UK portfolio for the second half of 2017 to date has improved throughout the period when compared with the first half of the year. The issues experienced in the first half of the year at specific sites have now been substantially resolved as a result of the efforts of Foresight's asset management team and the remedial plan implemented on the Sun Edison sites.

The expected energy generation figures for 2017 will be below expectations given the works performed at sites throughout the year and low levels of irradiation, currently showing an irradiation shortfall of c. 3% for the year to date. The lower levels of production for 2017 have been significantly outweighed by financial compensation received through Liquidated Damages and the asset manager is confident that future production will be robust.

For further information, please contact:

Foresight Group

Romy Abrahams RAbrahams@ForesightGroup.eu +44 (0)20 3763 6956

Stifel Nicolaus Europe Limited

+44 (0)20 7710 7600

Mark Bloomfield

Neil Winward

Tunga Chigovanyika

¹ <http://statements.qld.gov.au/Statement/2017/4/20/palaszczuk-government-delivers-stable-ratings-outlook>