



Foresight
FOR A SMARTER FUTURE

FORESIGHT
SOLAR FUND
LIMITED

AUDITED ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR
1 JANUARY 2019 TO
31 DECEMBER 2019

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Financial Highlights

As at 31 December 2019

Net Asset Value ("NAV")

£628.0m

(31 Dec 2018: £610.3m)

NAV per Share

103.8p

(31 Dec 2018: 111.2p)

Gross Asset Value ("GAV")

£1,071.5m*

(31 Dec 2018: £1,114.7m)

Dividend per Share declared relating to the Year

6.76p

(2018: 6.58p)

Annual Total Shareholder Return since IPO

9.43%**

Market Capitalisation

£765.6m

(31 Dec 2018: £592.9m)

- NAV increased to £628.0m (31 Dec 2018: £610.3m), while NAV per share decreased to 103.8p (31 Dec 2018: 111.2p), driven predominantly by a downwards revision in UK power price forecasts
- Strong operational performance of the UK portfolio, 3.9% above budget, as a result of high irradiation and asset availability
- UK portfolio contributed to 5.3% of total UK solar generation, enough clean electricity to power 230,000 homes
- Total of £65 million raised through an oversubscribed fundraising to partially repay the outstanding balance of the Company's Revolving Credit Facilities
- Successfully progressed delivery of value enhancing initiatives across the portfolio, including the refinancing of 28 UK assets and a PPA re-tender for 22 UK assets
- Dividends of 6.76 pence per share declared for the year, in line with target and introduced Scrip Dividend option
- Change of dividend policy to 'progressive' dividend, with target dividend for 2020 increased to 6.91 pence per share

* Calculated as NAV plus outstanding debt.

** Annualised from IPO on 29 October 2013.

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

Chairman's Statement



Alexander Ohlsson

On behalf of the Board, I am pleased to present the Audited Annual Report and Financial Statements for Foresight Solar Fund Limited (the "Company" or the "Fund") for the year ended 31 December 2019.

The primary focus of the Company during the period has been portfolio consolidation and capital structure optimisation, following the most acquisitive year in the Company's life in 2018. During 2019, the Company undertook a significant debt restructuring exercise through which 28 UK assets were refinanced. This exercise took advantage of the Company's growing size and significant scale to meaningfully lower the average cost of portfolio debt and unlock significant additional long-term value for shareholders. The Investment Manager also successfully negotiated 22 new Power Price Agreements ("PPA") during the period, securing enhanced revenues from these assets for the next decade.

The Company ended the year with a market capitalisation of £766 million, having reached a significant growth milestone in 2019 with its inclusion in the FTSE 250 index for the first time, and now owns and operates one of the larger operating portfolios of utility-scale solar assets in the listed renewables sector. This is a result of a number of accretive acquisitions in the six years since the Company's launch, supported by several rounds of equity fundraising. The Company has successfully balanced sustained growth with paying a consistent and growing annual dividend since launch.

No acquisitions were made by the Company in 2019, reflecting the increasingly expensive price environment for acquiring operating subsidised assets in both the UK and other developed markets. The Investment Manager continues to take a disciplined approach when assessing potential additions to its portfolio.

The Company's existing portfolio continues to mature as it approaches a 'steady state', evidenced by another year of solid operational performance. In the UK, electricity generation for the period was 3.9% above base case expectations. A number of optimisation initiatives undertaken by the Asset Management team resulted in record availability and decreased downtime across the UK portfolio. Elsewhere, the Company continued to make progress on its Australian solar portfolio despite local challenges which have led to commissioning delays for some assets.

Towards the end of the year, the Company considered it prudent to reduce its total level of debt, using the proceeds of an oversubscribed equity raise in October 2019 to partially pay down debt drawn on its subsidiaries' revolving credit facilities ("RCF").

KEY FINANCIALS

In 2019, the Net Asset Value ("NAV") per Ordinary Share decreased by 7.4 pence to 103.8 pence (31 December 2018: 111.2 pence per share).

The primary detractor to the Company's financial performance in the period was the weakening of both short and long-term UK wholesale power price forecasts, resulting in an impact to NAV of 10.9 pence per share. Pressure on short-term wholesale prices was driven primarily by excess levels of European gas supplies which led to a significant reduction in the cost of gas in the UK. The Investment Manager has a number of tools at its disposal to mitigate its exposure to merchant power prices including the ability to enter short-term fixed price agreements. However, the Company will continue to have an element of its revenue exposed to electricity price volatility over the medium to long-term.

The largest contributor to NAV in 2019 was a 0.5% reduction in the levered discount rate applied to the UK portfolio assets during the year. This was a result of the competitive landscape for operational solar assets in the current low interest rate environment. The overall reduction in the portfolio's weighted average discount rate to 7.1% as at 31 December 2019 had a positive impact on the NAV of 4.9 pence per share.

Another significant positive contribution to the NAV, adding 2.1 pence per share, was the Company's successful refinancing of 28 of its UK assets.

Other positive contributions included the extension of the useful economic life of a small number of portfolio assets and the successful renegotiation of PPAs across the UK portfolio.

DIVIDENDS AND DIVIDEND POLICY CHANGE

The Company has declared total dividends of 6.76 pence per share for the year, in line with its target. The fourth and final 2019 dividend of 1.69 pence will be paid on 29 May 2020.

“The period under review saw a number of significant milestones for the Company including being awarded the Green Economy Mark by the London Stock Exchange Group, highlighting the contribution of the Company to the UK’s increasingly important green economy. The inclusion of the Company in the FTSE 250 index for the first time also reflects its continued growth and coincides with another year of strong operational performance.

We are pleased to have declared total dividends of 6.76 pence per share for the year, in line with our target.”

Alexander Ohlsson,
Chairman

Chairman's Statement

Dividend cover for the period on a cash basis was 1.19 times when excluding dividends paid to new shares issued during the period and including the impact of the scrip dividend programme. The Company has met every dividend target since its launch.

As highlighted in previous reports, 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.

After careful consideration, the Board has decided that it is no longer appropriate for the Company to pursue an inflation-linked annual dividend target. This reflects reduced correlation between UK power prices and inflation in recent years and the evolution of the portfolio since launch. The Board recognises the importance to shareholders of both a stable and growing dividend. The Board is committed to a progressive dividend policy which aims to increase the annual dividend paid to shareholders going forward, without explicit linkage to RPI.

The target dividend for 2020 is 6.91 pence, an increase of 2.2% compared with 2019. This increase is in line with the current level of UK RPI.

OPERATIONAL PERFORMANCE

The UK portfolio delivered another year of positive performance ahead of budget. Irradiation was 3.8% above base case assumptions. Operational performance was strong, with only a few instances of downtime, and electricity generation for the period was 3.9% above expectations.

The Asset Manager implemented a number of optimisation initiatives during the year. In the first half of 2019, a PPA tender was completed for 22 UK sites resulting in significant improvements to the commercial terms on which power is sold by these assets. Furthermore, the Asset Manager developed the Company's spare parts management process which led to improved response times following outages.

In Australia the Company's sites at Longreach and Oakey 1 are now fully operational and performing in line with expectations. The construction of the site at Bannerton is now complete but was affected by an export restriction representing 50% of the site's total capacity. This restriction is a result of a grid oscillation identified by the network operator and affects a number of renewable generators in the area. At the time of this report the export restriction remains in place and is expected to be lifted in the second quarter of 2020. The Oakey 2 asset has experienced further construction delays following storms impacting the site, with the expected connection date delayed to the second half of 2020. As a result, the valuation of Oakey 2 has been decreased by £6.9 million to reflect the impact the commissioning delay will have on project revenues. The Investment Manager is working closely with the network operator and project contractors to minimise the financial impact to the Company.

SHARE CAPITAL

In October 2019, the Company raised £65 million of new equity via an auction process. The placing was oversubscribed at an issue price of 119.0 pence which was equivalent to a 9.2% premium to the 31 August 2019 NAV. The proceeds have been fully deployed through the partial repayment of one of its subsidiaries' RCFs. The Company has raised a total of £634 million of equity including the £150 million raised at launch in October 2013.

DEBT FACILITIES

The Fund made significant progress in optimising its capital structure during the period with the conclusion of the refinancing exercise. At 31 December 2019, the total outstanding debt of the Company and its subsidiaries amounted to £443.5 million (31 December 2018: £504.4 million), with long-term debt representing £403.5 million (December 2018: £399.4 million). Total gearing decreased to 41% of GAV (December 2018: 45%) following a repayment of £65 million of short-term debt during the period.

Long-term structural gearing represented 38% of GAV (2018: 36%), remaining within the 40% long-term debt target set by the Board.

The Fund's RCF totalled £105 million at 31 December 2019, of which £65 million remains available for investment, providing the Fund with flexibility to pursue further acquisitions should suitable opportunities arise.

The Board believes the current level of debt to be appropriate to the size and revenue profile of the portfolio.

MARKET DEVELOPMENTS

UNITED KINGDOM

The UK remains committed to its ambitious 2050 goal of becoming the world's first fully carbon-neutral nation and is set to take centre stage when it hosts the 2020 United Nations Climate Change Conference (informally known as COP26) in November. OFGEM recently set out its vision for how gas and electricity markets will contribute towards meeting the target in its 'Decarbonisation Programme Action Plan' which was published in February. Continuing to foster the growth of renewable energy and integrating these new sources of intermittent power into the network remains a core area of focus.

While 2019 saw a number of milestones in regard to the contribution of renewable energy sources, including coal-generation hitting a historic low, the period as a whole recorded relatively modest renewables buildout compared with the growth rates witnessed over the last decade. Offshore wind capacity continued to grow during the year, but there were very limited onshore renewable projects. The slowdown in new solar construction has been particularly pronounced as the market continued to adapt to the commercial reality of a post-subsidy environment. However, the recent announcement that established onshore technologies such as solar and onshore wind will once again be able to participate in CfD auctions could see a reversal in this trend.

In addition to projects supported by government Contract for Difference ("CfD") auctions, the emergence of a commercially viable subsidy free sector will be vital if the UK is to continue to make progress towards its decarbonisation goals. Whilst the number of subsidy-free solar projects completed in 2019 was extremely limited, there is a pipeline totalling an estimated 6GW expected to come online in the coming years.

The re-election of the Conservative Party in December and the comprehensive nature of the result should provide investors with a degree of clarity on several fronts. The European Union (Withdrawal Agreement) Act 2020 was passed into law in January 2020 leading to the UK leaving the European Union (EU) on 31 January 2020. The withdrawal triggered an expected 11 month transition period during which the UK and the EU will seek to agree upon the future terms of their economic and security partnership. The manager does not consider that the UK's departure from the EU will have a material impact on the Company's operations or revenues.

There were a number of regulatory developments over the course of the year. The Office of Gas and Electricity Markets ("OFGEM") published the long-awaited results of its Targeted Charging Review ("TCR"). The result of the TCR is the proposed end to embedded benefits payments to electricity generators from April 2021. This decision was published on 21 November 2019 resulting in a negative impact on the NAV of approximately 1.6 pence per share.

AUSTRALIA

In September 2019, the Clean Energy Regulator announced that Australia had met its Renewable Energy Target a full year ahead of its 2020 target. This achievement coincided with the end of a decade that saw Australia achieve a significant shift away from its historic reliance on fossil fuels to a diversified energy mix in which renewables play a central role. In 2019, renewable energy contributed over 21% of the country's electricity generation with solar energy sources, both utility scale and domestic, playing a meaningful role.

The challenge of the next decade will be the integration of these new sources of intermittent energy generation into an ageing grid infrastructure. If the progress made in decarbonisation is to continue, the regulator should work closely with generators to ensure future grid resilience and the resolution of ongoing issues such as the Marginal Loss Factor ("MLF") methodology. The Investment Manager continues to engage constructively with the regulator on these issues and is hopeful a sustainable solution can be reached which balances fairly the needs of consumers, generators, and other market participants.

It would be remiss not to comment on the bushfires that affected large parts of the country in the second half of the year. We are fortunate that none of the Investment Manager's or local contractors' staff were hurt during the widespread and destructive bushfires and can confirm that there is no damage or disruption to report with regards to the Company's assets. Despite the lack of direct impact on our operations, there were some small pockets of localised disruption, however the grid proved robust in the face of the significant challenges. Should the events of this summer repeat itself in coming years, it will present new challenges for the grid and may contribute to further climate change action from policy makers.

SUSTAINABILITY AND ESG

The importance of environmental, social and governance ("ESG") factors to global investors continues to grow as sustainable investing moves from the periphery to the mainstream. Sustainability has been a key focus of the Company's investments since launch and is embedded in every stage of the Investment Manager's processes and asset management. The Company is well positioned to serve the needs of those investors seeking to achieve positive environmental and social outcomes alongside attractive financial returns.

During the year, the Company's green credentials were recognised by the London Stock Exchange with the award of the 'Green Economy Mark'. The Green Economy Mark recognises companies and funds that generate more than 50% of their annual revenues from products and services that contribute to the global green economy.

The Company continues to contribute meaningfully to the UK's decarbonisation efforts. This year alone the portfolio produced enough clean energy to power 230,000 homes and the Asset Manager continued to develop and manage its sites in a manner that minimises their environmental footprint. This is achieved through a proactive programme of on-site initiatives such as sustainable drainage and flood control works, which not only improves local biodiversity but also protects sites from potentially damaging extreme weather events. Other habitat enhancing initiatives, such as the installation of bat and bird-boxes and partnerships with local beekeepers, are undertaken wherever feasible. Furthermore, the Company continues to support the local communities in which it operates through financial contributions to community funds that help to directly address pressing local issues.

BOARD UPDATE

In June 2019, we were pleased to announce the appointment of Monique O'Keefe as a Non-Executive Director, bringing the size of the Company's Board to four, and she was subsequently named Chairman of the Remuneration and Nomination Committee. Monique brings a considerable amount of valuable experience to the Board having worked in law and finance for over 20 years.

The Board, supported by its Remuneration and Nomination Committee, has initiated a formal recruitment process with a view to appointing a fifth Non-Executive Director to the Board. The Board has retained an independent recruitment consultant to help the Board identify an appropriate candidate with the desired combination of skills, experience and knowledge. In assessing the candidates for this appointment, the Board will also be considering how this appointment will support further diversity on the Company's Board.

The Board regularly, and at least annually, reviews its size and constitution to seek an adequately diverse mix of gender, backgrounds and professional experience.

During 2019 the Board also undertook an extensive externally facilitated board evaluation to consider Corporate Governance, Board Effectiveness, Board Performance and Board Strategy. Broadly, the evaluation found that the Company was in line with best practice, as contemplated in the AIC Code of Corporate Governance, 2019. Following this review, key focus areas for the Board in 2020 will be Board size, Board Committee structure and composition, considering the appointment of a Senior Independent Director and succession planning.

OUTLOOK

As the decarbonisation of energy markets in the UK and Europe continues, the Company is well positioned to identify investment opportunities in an expanding renewable energy sector. The growth in solar assets in the UK and other European markets is expected to be delivered by subsidy free developments as regulatory support continues to decrease. As a result of the consolidation of subsidised European markets, pricing for operational assets is expected to remain expensive which, combined with the Company's disciplined approach to new acquisitions, is likely to result in limited investment opportunities in the secondary market. The Company will closely monitor the competitiveness of solar in future CfD auctions given the recent government announcement on the eligibility of established renewable technologies.

The Company continues to review the development of subsidy free markets in both the UK and Southern Europe, supported by the Investment Manager's extensive network of project developers in those markets. Investments in subsidy free projects represent an exciting opportunity for the Company and opportunities will continue to be considered based on their risk-adjusted return profile.

The Company's portfolio will continue to be predominantly UK based but, despite the progress experienced in the UK subsidy free market, the Investment Manager believes the case for subsidy free investment is currently more compelling in Southern Europe due to the combination of higher irradiation levels and the longer PPA tenors available.

The Company is working closely with the Investment Manager to identify areas of potential disruption at portfolio level resulting from the emergence of Coronavirus and it can confirm there has been no impact to date.

With the UK portfolio now in a 'steady state' and the capital structure effectively optimised, the Asset Manager will be focused on delivering continued positive operational performance. More optimisation initiatives will be undertaken by the Asset Manager, building on the solid platform in place, including the introduction of further cost saving initiatives at operational level and possibly the retrofitting of battery storage units to selected UK assets. The Company will continue to leverage the expertise of the Asset Manager to deliver solid operational performance whilst placing its sustainability targets at the centre of its operational objectives.

ANNUAL GENERAL MEETING

We look forward to meeting shareholders at the Company's next Annual General Meeting ("AGM") on 18 June 2020 at 9:30am at 28 Esplanade, St. Helier, Jersey JE2 3QA.



Alexander Ohlsson
Chairman

9 March 2020

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 31 December 2019, the Company has 605,196,526 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, progressive 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 £634 million through equity issuance and reached a gross asset value of £1,071.5 million as at 31 December 2019. It is the largest UK-listed dedicated solar energy investment company by installed capacity and market capitalisation.

In October 2019, the Company announced a placing of 54,894,155 new ordinary shares, raising £65 million in total. The placing was oversubscribed and the Company undertook a scaling back exercise.

During the year the Company also introduced a Scrip Dividend programme providing shareholders with the flexibility to receive their quarterly dividend in cash or newly issued Ordinary shares. In 2019, 1,360,821 new Ordinary shares were issued under the scrip dividend programme.

Following the issuance of the new shares, via the placing and scrip issues, the Company has 605,196,526 shares in issue representing a market capitalisation of £765.6 million as at 31 December 2019.

As at 31 December 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% of the GAV of the Company and subsidiaries, calculated at the time of investment.

The Company will seek to acquire majority or minority stakes in individual ground-based solar assets. When

investing in a stake of less than 100 per cent in a solar power plant SPV, the Company will secure its shareholder rights through shareholders' agreements and other legal transaction documents.

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

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

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

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's portfolio will provide diversified exposure through the inclusion of not less than five individual solar power plants and the Company will also seek to diversify risk by ensuring that a significant proportion of its expected income stream is derived from regulatory support (which will consist of, for example, without limitation, ROCs and FITs for UK assets). Diversification will also be achieved by the Company using a number of different third-party providers such as developers, engineering, procurement and construction ("EPC") contractors, operation and maintenance ("O&M") contractors, panel manufacturers, landlords and distribution network operators.

The Articles provide that gearing, calculated as Group Borrowing (including any asset level gearing) as a percentage of the Company's GAV, will not exceed 50% 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 31 December 2019 are as follows:

Investor	% Shareholding in Fund
BlackRock Investment Management Ltd	14.52
Schroders Plc	8.36
Baillie Gifford & Co Ltd	7.10
Legal & General Investment Management Ltd	6.84
Newton Investment Management Ltd	6.67
Tredje AP Fonden	5.40
Total	48.89%

ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE ("AIFMD")

The AIFMD, which was implemented across the EU on 22 July 2013, 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 and the National Private Placement Regime.

PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS REGULATION

The EU regulation, the Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPS"), came into effect on 1 January 2018. Its aim is to ensure retail investors are provided with transparent and consistent information across different types of financial products. This regulation requires the Company to publish a Key Information Document ("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.

Board of Directors

The Directors 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 all Non-Executive. Alex Ohlsson, Chris Ambler and Monique O'Keefe are all considered to be independent of the Investment Manager under the AIC Code. Peter Dicks is not considered to be independent from the Investment Manager under the AIC Code, due to his previous service on boards of other Funds managed by the Investment Manager within the last three years. However, Peter has no current material business relationships with the Company or the Investment Manager, other than serving on the Board of the Company. Accordingly, the Company considers Peter to be factually independent and unimpaired as a Director of the Company and member of the Audit and Risk Committee and Remuneration and Nomination Committee.

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 Boards of Mercia Fund 1 General Partnership Limited, Unicorn AIMTC VCT plc, and Miton UK Microcap Trust plc and is the Chairman of the Gabelli Value Plus+ Trust 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 a non performing credit 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.



Alex Ohlsson, Chris Ambler, Monique O'Keefe and Peter Dicks

Investment Manager

The Company's Investment Manager, Foresight Group LLP, is responsible for the acquisition and management of the Company's assets, including the sourcing and structuring of new acquisitions and advising on the Company's borrowing strategy. The Investment Manager is a UK registered company, incorporated in England and Wales with registered number OC300878. The Investment Manager is regulated by the Financial Conduct Authority.

The Investment Manager was founded in 1984 and is now a leading independent infrastructure and private equity investment company that currently manages over £4.2 billion of assets on behalf of institutions and retail clients with offices in Australia, Italy, South Korea, Spain and the UK. Foresight Group's global infrastructure investments total £3.1 billion, with a cumulative generating capacity of over 2.2GW. The infrastructure investment team was established in 2007 and currently manages 103 solar power assets across the UK, Europe and Australia with a total generating capacity of 1.3GW.

In the UK, the wider infrastructure team also manages 900MW of investments in bioenergy projects, onshore wind, lithium ion battery storage facilities and reserve power generation assets.

Foresight Group's 89 strong infrastructure team, includes 25 solar investment professionals, with an average of 12 years industry experience.

Foresight Group's Investment Management team is led by an experienced team of UK based managers, supported by a further team of solar investment managers located in the UK and internationally. The Investment Management team based in Australia includes six people comprising three investment professionals, three technical professionals and one support staff. This team has been 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. He has overseen more than 70 acquisitions representing over 800MW and remains primarily focused on leading 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 its Executive Committee.

Asset Manager

Foresight Group has a leading Asset Management capability with expertise across electrical and civil engineering, finance, commercial and legal disciplines. The team manages over 200 energy infrastructure projects including solar, battery storage, reserve power, bio-energy and onshore wind investments, with a renewable energy capacity of 2.2GW.

As an early market entrant, Foresight has a wealth of experience in the technical and operational management of renewable energy infrastructure assets and has developed centralised monitoring systems to support the team in allowing assets to be monitored remotely in real time. Foresight has a range of monitoring tools, including remote access to asset's control systems, direct access to operator log sheets and detailed daily data. These then form the basis for performance analysis and reporting. The monitoring tools allow the Portfolio Management Team to assess the performance of the portfolio of sites on a continuous, real-time basis. Moreover, the systems that have been setup ensure that all information is consistent, accurate and relevant. These systems allow the Portfolio Management Team to identify and respond quickly to issues, which in conjunction with the team's extensive experience, allows operational issues to be rectified in the shortest possible timeframe.

The Asset Management services provided ensure the day to day operation of the sites is robust, with commercial and strategic decisions clearly communicated to the O&M counterparties. The services also include:

- Portfolio optimisation including negotiation of project contracts (insurance, O&M, PPA, import power, security, warranties), spare part and replacement strategy and technology improvements
- Oversight of O&M counterparties
- Contractual compliance of all contracts
- Reporting to debt providers and other debt compliance services
- Accounting, bookkeeping, tax compliance and statutory reporting of all SPVs
- Corporate governance activities including health and safety compliance.



Portfolio Assets

CURRENT PORTFOLIO

	Asset	Installed Peak Capacity (MW)	Connection Date	Acquisition Cost (£m) ¹
1	Wymeswold	34	March 2013	45.0
2	Castle Eaton	18	March 2014	22.6
3	Highfields	12	March 2014	15.4
4	High Penn	10	March 2014	12.7
5	Pitworthy	16	March 2014	19.3
6	Hunters Race	10	July 2014	13.3
7	Spriggs Farm	12	March 2014	14.6
8	Bournemouth	37	September 2014	47.9
9	Landmead	46	December 2014	52.4
10	Kencot	37	September 2014	49.5
11	Copley	30	December 2015	32.7
12	Atherstone	15	March 2015	16.2
13	Paddock Wood	9	March 2015	10.7
14	Southam	10	March 2015	11.1
15	Port Farm	35	March 2015	44.5
16	Membury	16	March 2015	22.2
17	Shotwick	72	March 2016	75.5
18	Sandridge	50	March 2016	57.3
19	Wally Corner	5	March 2017	5.7
20	Coombeshead	10	December 2014	36.6
21	Park Farm	13	March 2015	
22	Sawmills	7	March 2015	
23	Verwood	21	February 2015	
24	Yardwall	3	June 2015	3.7
25	Abergelli	8	March 2015	
26	Crow Trees	5	February 2016	1.8
27	Cuckoo Grove	6	March 2015	2.5
28	Field House	6	March 2015	3.1
29	Fields Farm	5	March 2016	1.7
30	Gedling	6	March 2015	1.9
31	Homeland	13	March 2014	5.2
32	Marsh Farm	9	March 2015	4.0
33	Sheepbridge	5	December 2015	1.9
34	Steventon	10	June 2014	4.2
35	Tengore	4	February 2015	1.3
36	Trehawke	11	March 2014	4.7
37	Upper Huntingford	8	October 2015	3.1
38	Welbeck	11	July 2014	4.4
39	Yarburgh	8	November 2015	3.4
40	Abbey Fields	5	March 2016	1.5
41	SV Ash	8	March 2015	3.4
42	Bilsthorpe	6	November 2014	1.9
43	Bulls Head	6	September 2014	2.2
44	Lindridge	5	January 2016	1.7
45	Misson	5	March 2016	2.0
46	Nowhere	8	March 2015	3.7
47	Pen Y Cae	7	March 2015	2.9
48	Playters	9	October 2015	4.0
49	Manor Farm	14	October 2015	6.1
50	Roskrow	9	March 2015	3.7
	UK Subtotal*	723		685.1
1	Bannerton	53 ²	July 2018	22.9
2	Longreach	8 ²	March 2018	2.7
3	Oakey 1	15 ²	February 2019	4.4
4	Oakey 2	70	H2 2020 ³	34.0
	Australia Subtotal*	146		63.9
	TOTAL*	869		749.0

¹ Original cost at time of acquisition, including transaction costs.

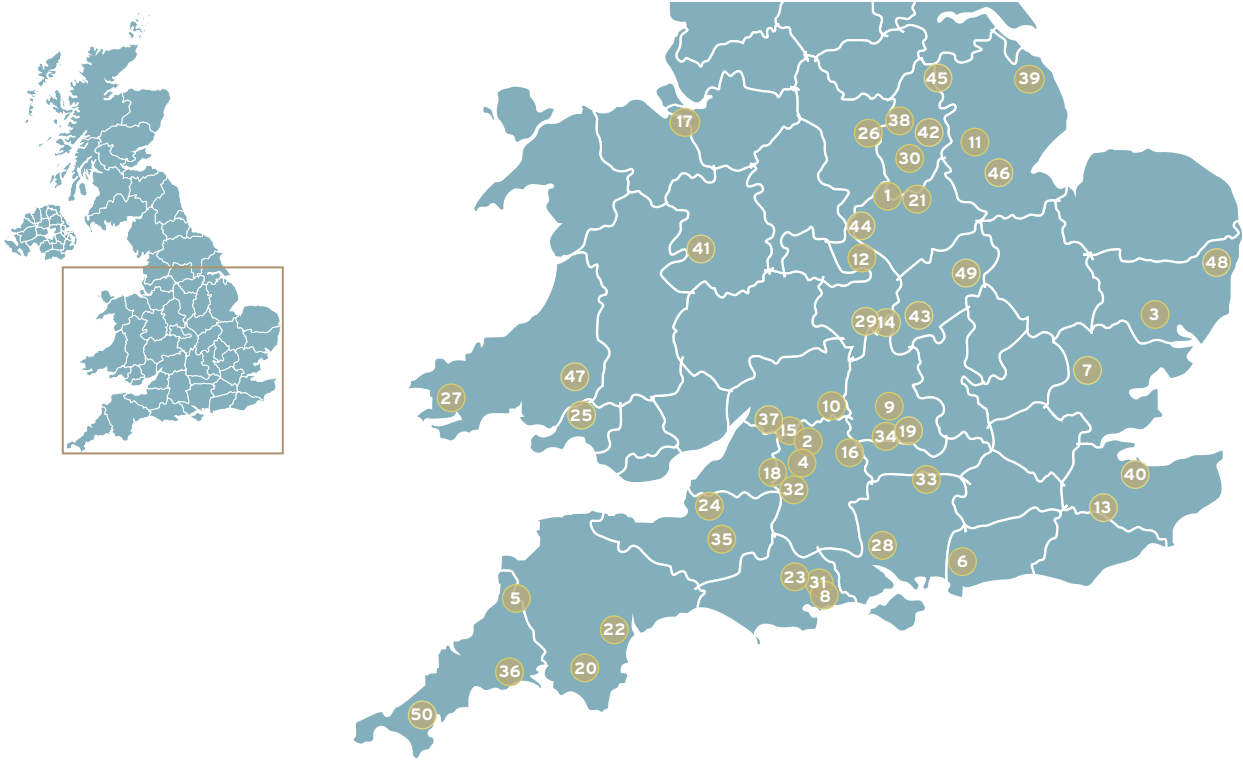
² Accounts for the 48.5% stake the Company holds of Bannerton (110MW), the 49% stake held of Longreach (17MW) and the 49% stake held of Oakey 1 (30MW).

³ Expected connection date.

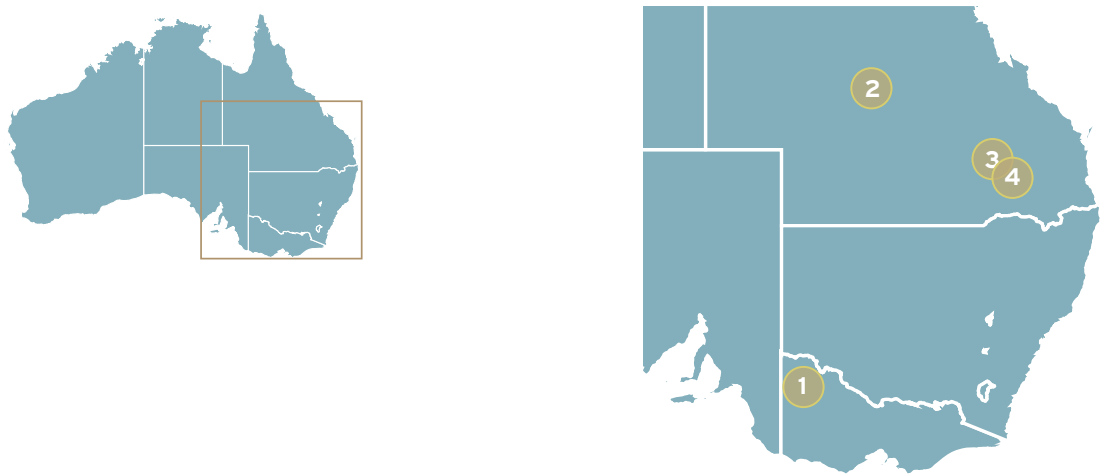
* Totals may not sum due to roundings.

Portfolio Assets

ASSET LOCATIONS
UNITED KINGDOM

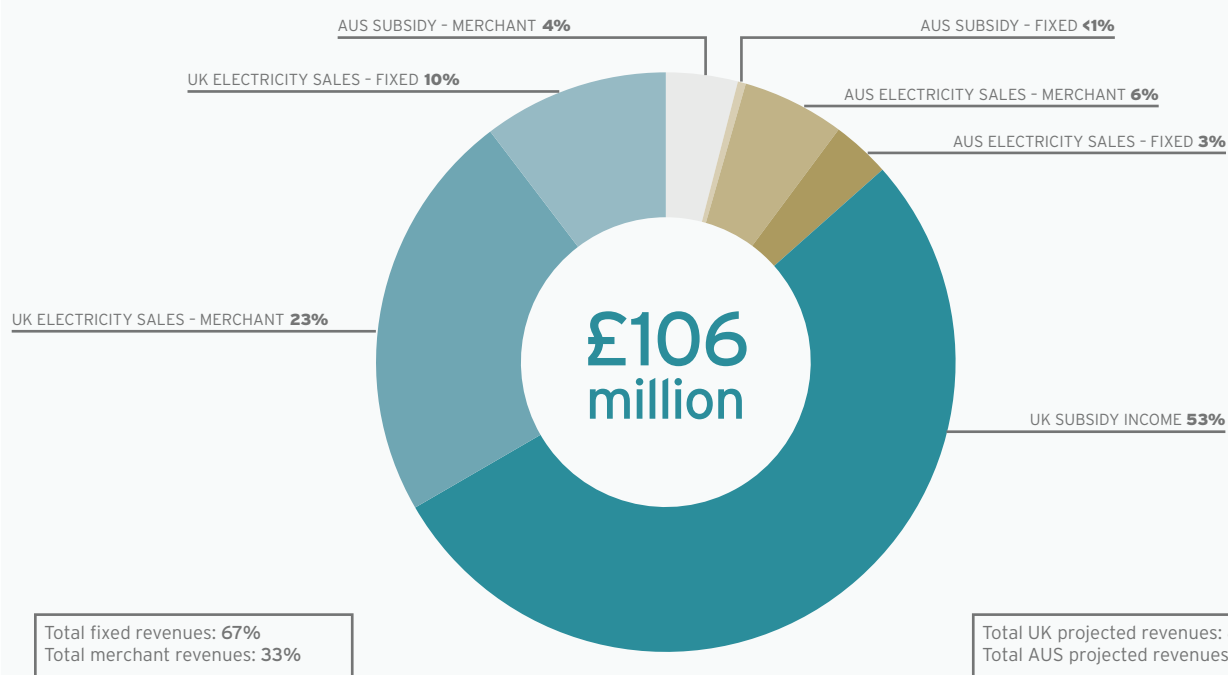


AUSTRALIA

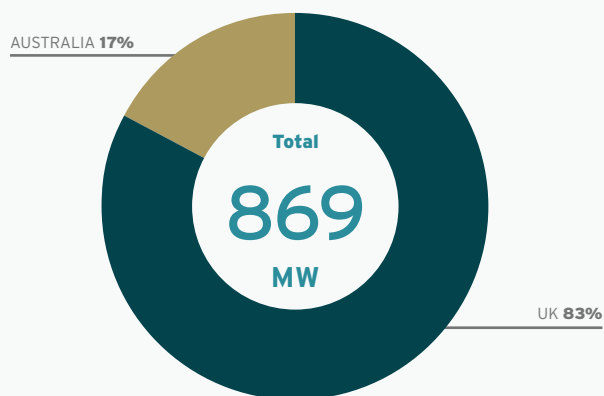


PORTFOLIO ANALYSIS

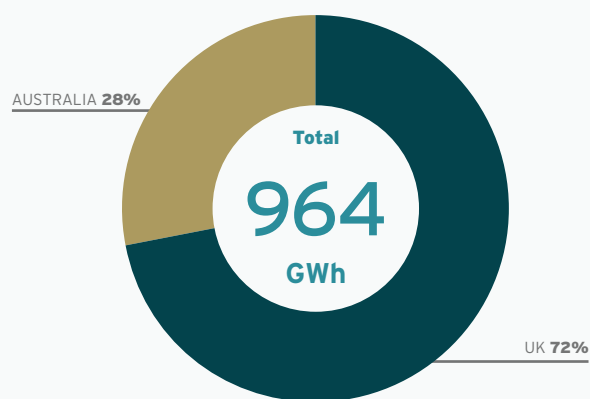
PROJECTED 2020 GLOBAL PORTFOLIO REVENUE SPLIT*



COUNTRIES BY INSTALLED CAPACITY



DISTRIBUTION BY PRODUCTION*

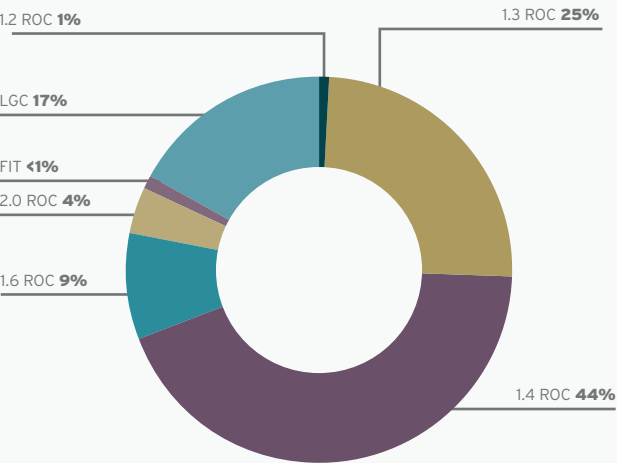


* Australia figures are based on the first 12 months of projected operations.

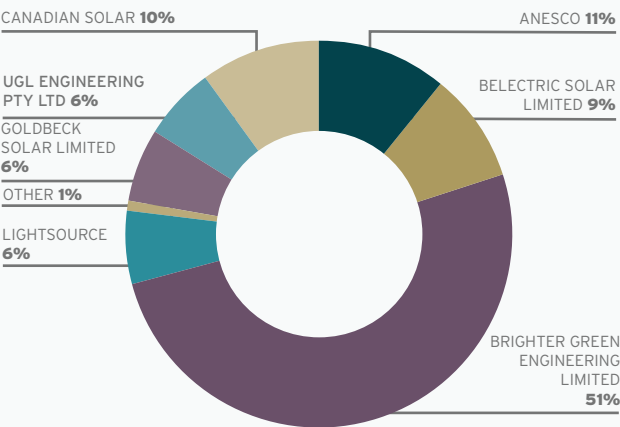
Portfolio Assets

PORTFOLIO ANALYSIS

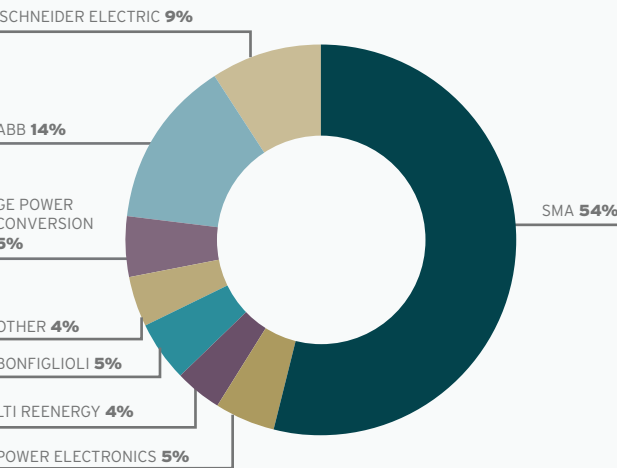
SUBSIDY BY INSTALLED CAPACITY



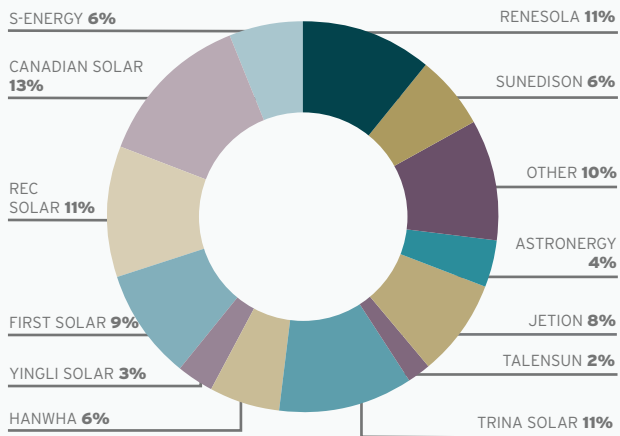
O&M CONTRACTORS BY INSTALLED CAPACITY



INVERTERS BY INSTALLED CAPACITY



PANEL SUPPLIERS BY INSTALLED CAPACITY



Investment Manager's Report

For the year ended 31 December 2019

KEY INVESTMENT METRICS

	31 December 2019	31 December 2018
Market Capitalisation	£765.6 million	£592.9 million
Share Price	126.5 pence	108.0 pence
Dividend Declared per Share for the year	6.76 pence	6.58 pence
GAV	£1,071.5 million	£1,114.7 million
NAV	£628.0 million	£610.3 million
NAV per Share	103.8 pence	111.2 pence
Annual Total Return (NAV) since IPO	6.57%	7.36%
Annual Total Shareholder Return since IPO	9.43%	6.83%
(Loss)/Profit after Tax for the Year	(£10.8) million	£56.0 million

PORTFOLIO SUMMARY

As at 31 December 2019, the Company's portfolio comprised 54 assets with a total net peak capacity of 869MW. In the UK, the Company has a portfolio of 50 assets representing a total installed capacity of 723MW. The Company owns a further four assets in Australia which account for 146MW of installed capacity.

All of the Company's assets benefit from regulatory support. The Company's UK assets are accredited under the Renewables Obligation ("RO") scheme, with the exception of Yardwall which is a Feed-in-Tariff scheme ("FiT") accredited asset (representing less than 1% of the UK portfolio). The Australian assets benefit from subsidies in the form of Large-Scale Generation Certificates ("LGC").

In 2019, approximately 57% of revenues were derived from subsidies, with the remaining 43% from the sale of electricity.

The Renewables Obligation Certificate ("ROC") buy-out price for the 2019-2020 annual compliance period increased to £48.78 (2018-2019 compliance period: £47.22), reflecting the average monthly percentage change in RPI during 2019. On average, the Company received 1.42 ROC/MWh across the UK portfolio.

The charts on pages 15-16 show a detailed analysis of the portfolio as at 31 December 2019. The portfolio continues to be well diversified by inverter and panel manufacturers and by O&M counterparties.

MARKET DEVELOPMENTS

UNITED KINGDOM

The United Kingdom continues to make progress towards its ambitious 2050 net-zero greenhouse gas emissions target. Much of the progress in cutting harmful emissions to date has been achieved by a radical overhaul of the country's electricity generation mix.

Despite the progress made in recent years, 2019 saw a marked slowdown in the addition of new renewables capacity to the network. A number of large offshore wind projects were completed over the course of the year, but onshore developments were more muted. New utility scale solar installations were conspicuously absent as the solar industry continued a period of consolidation that started in April 2017 with the closure of government ROC support for new projects.

Solar capacity in the UK grew marginally in the year to 13.4GW, with the continued adoption of rooftop solar panels driving modest growth of approximately 233MW. Despite a slowdown in construction compared to previous years, the solar industry passed a significant milestone in December when the number of solar installations across the country surpassed the one million mark for the first time.

In the absence of newly built solar projects coming to market, competition for operating assets continued to intensify. The combination of increased competition and a lack of operating assets being marketed pushed valuations higher and led to a reduced number of secondary transactions over the period.

Despite much anticipation around the arrival of the next wave of solar construction, only a handful of small sites claiming to be subsidy-free were completed in 2019. However, a growing pipeline of subsidy-free assets looks set to drive an increased wave of construction during 2020, as the economic viability of these projects in the UK becomes a more realistic prospect. The Investment Manager has engaged with a number of project developers over the course of the year as it continues to assess the suitability of subsidy-free assets for the Company's portfolio.

Investment Manager's Report

From a regulatory perspective, OFGEM published the Decision and Impact Assessment of the TCR in November, detailing changes to the 'embedded benefits' currently received by generators. The result of the TCR is the proposed end of Balancing Services Use of System ("BSUoS") payments to suppliers from April 2021. The Company has previously highlighted the potential removal of these 'embedded benefits' and the results of the TCR are broadly in line with the Investment Manager's expectations. Subject to the finalisation of the TCR and assuming no embedded benefits from April 2021, the negative impact on the Company's NAV is anticipated to be approximately 1.56 pence per share.

On 24 October 2019, the Secretary for State for Business, Energy and Industrial Strategy ("BEIS") confirmed that the UK's Capacity Market system will be reintroduced following its suspension in November 2018. While this will not directly impact existing portfolio assets, this will increase potential revenue streams to those able to offer flexible supply or demand profiles to the network via batteries or other solutions.

GENERAL ELECTION AND BREXIT

Much of 2019 was dominated by ongoing debate and division regarding the UK's decision to leave the European Union. Following a period of political deadlock, a General Election was held on 12 December 2019 which saw the re-election of the Conservative Party with a significant working majority.

The Conservative Party's policy on clean energy has been consistent in recent years and the 2019 election manifesto indicated no change of direction. The preferred renewable technology of choice for the current Government continues to be offshore wind. This was evident in the results of the Contracts for Difference ("CfD") Round 3 auction in September which awarded 5.4GW of greenfield projects to offshore wind, with the remaining 0.4GW awarded to waste-to-energy projects.

The UK left the European Union on 31 January 2020 and the negotiations to decide upon the future relationship are expected to take place during the course of the year. As previously stated, the Investment Manager does not consider the Company to be particularly sensitive to the various possible scenarios that the UK Government could pursue.

In December 2019, the Government announced that it plans to abandon a proposed cut in Corporation Tax from 19% to 17%. The Company expects this change to have a minor financial impact. For more information please refer to the valuation sensitivity section on page 26. The Investment Manager expects clarification on the Government's proposals in the upcoming Budget in March 2020.

AUSTRALIA

The Federal Election in May 2019 saw the re-election of the minority Coalition Government led by Scott Morrison. The Coalition has restated Australia's commitment to meet

its 2030 Paris Agreement target of cutting carbon dioxide emissions by 26-28%, from 2005 levels. Government support for renewables projects, in the form of Large-Scale Generation Certificates, is still scheduled to end in 2030.

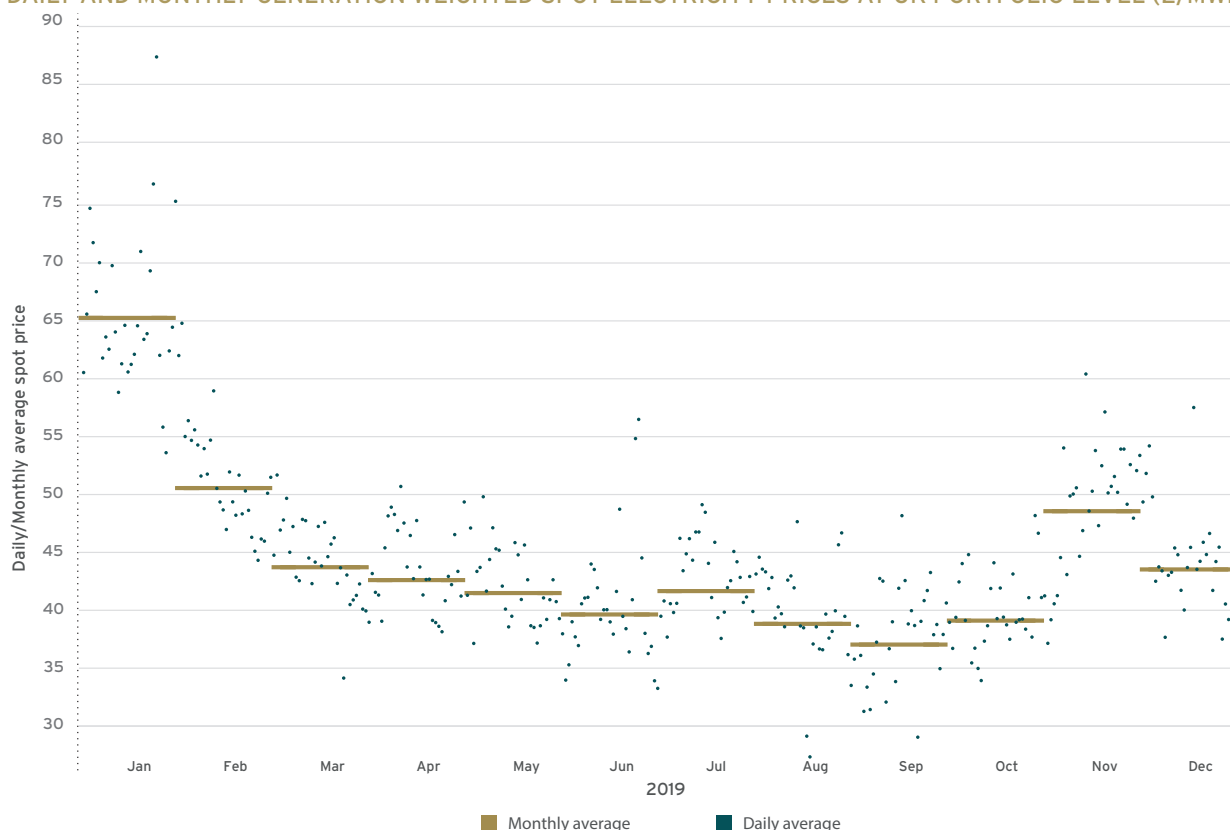
September 2019 witnessed a landmark moment for renewables in Australia when the Clean Energy Regulator announced that Australia had met its Renewable Energy Target ahead of its 2020 goal. Despite the significant progress made in renewable generation there have been no plans announced to replace the 2020 target. The current Federal policy vacuum risks a potential slowdown in future renewables investment. However, the significant human, economic, and environmental cost of the 2019-2020 bushfire season may increase pressure on policy makers to consider more ambitious climate change and renewables policies.

There are a number of proposed regulatory changes which are under review in the National Electricity Market ("NEM") to manage the transition of Australia from a centralised system relying on synchronous generation to a system which increases renewable energy through connectivity to Renewable Energy Zones. There are key areas which the regulatory review will look to address: (i) access to transmission (ii) delivering new build transmission and (iii) locational signals for new build generation. These are in turn leading to proposed regulatory changes to the fundamental value drivers for generators including power prices, MLF calculations, inter-regional settlement residues ("IRSRs"), transmission rights and the creation of new markets for other power system benefits such as capacity markets and fast frequency response.

There are a number of Australian agencies which are currently assessing various overlapping scopes of work. The Energy Security Board ("ESB") is conducting a post-2020 review of the market where, amongst other options, the ESB is considering the introduction of capacity markets. The Australian Energy Market Commission ("AEMC") is conducting a review of the Adani submission for a rule change in respect of transitioning marginal loss factors to average loss factors and the sharing of IRSRs between generators and consumers. The AEMC is also conducting a Coordination of Generation and Transmission Investment ("COGATI") review through which the AEMC has proposed the introduction of dynamic local pricing and non-firm financial transmission rights from July 2022. These reviews are being submitted to the Coalition of Australian Governments ("COAG") which is a body comprising all State and Federal Energy Ministers. Unanimous approval by the COAG will result in the implementation of a rule change by the AEMC. The proposed changes are all currently under review or for public consultation, and it is unlikely that they will be approved by the COAG in their current form. The Company is actively engaging in the regulatory dialogue through meetings with the regulators, written submissions and participation in the Clean Energy Investor Group regarding these matters.

POWER PRICES

DAILY AND MONTHLY GENERATION WEIGHTED SPOT ELECTRICITY PRICES AT UK PORTFOLIO LEVEL (£/MWH)



UNITED KINGDOM

The average power price achieved across the UK portfolio during the year, including fixed price arrangements was £45.38/MWh, versus £49.54/MWh in 2018, a decrease of 8.4%.

The first half of 2019 saw a marked decline in wholesale power prices. Increased volumes of natural gas imported into the UK, coupled with a relatively mild winter, kept gas prices significantly constrained. This led to wholesale power prices dropping to levels as low as £40/MWh in June. Power price weakness persisted throughout the summer months with several days of gas pricing below £30/MWh. In line with the usual pattern of seasonality, prices recovered in November as we entered the winter months. However, the recovery stalled in December when Russia and Ukraine reached an accord on natural gas flows, which secured European gas supplies for the next five years.

As at 31 December 2019, fixed price arrangements were in place across 32% of the UK portfolio at a weighted-average price of £52.33/MWh. This compares to 53% as at 31 December 2018, at a weighted average price of £53.38/MWh.

The percentage of fixed price arrangements will decrease to 8.0% by the end of 2020 due to the expiration of contracts during the year, with the final fixed price arrangements expiring in March 2021. Fixed price arrangements provide

greater visibility over future cash flows and limit potential price volatility in the short and medium term.

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 of its portfolio assets at any time, but the Investment Manager is satisfied that the current proportion of fixed price arrangements offers an appropriate level of price certainty.

PPA TENDERS

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 the pass-through rates at which ROCs and power are sold of 1.43% and 0.5%, respectively, against the previous PPAs. This represented an opportunity to improve the revenue profile of the assets by bringing to market a sizeable operational portfolio.

AUSTRALIA

In 2019, the average wholesale power price increased in all states compared to 2018 which has been largely driven by increasing gas prices and, in Victoria, the closure of Hazelwood coal fired power station.

Average wholesale prices in Queensland and Victoria were \$80/MWh and \$110/MWh respectively in 2019, up from

Investment Manager's Report

\$73/MWh and \$92/MWh in 2018. However, due to a rise in solar generation, the price captured by solar assets started to diverge from the average price in the second half of 2019, particularly in Queensland where the average discount was around \$10/MWh in 2019. This trend is expected to continue as more solar generation comes online.

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 two third party consultants and are updated on a quarterly basis for each relevant market without further adjustments from the Investment Manager.

UNITED KINGDOM

In 2019, power price forecasts decreased by 11.5% mainly due to movements in the short to medium term. Power curves steadily declined in the year, largely driven by an oversupply of gas to the UK market and depressed global gas prices.

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

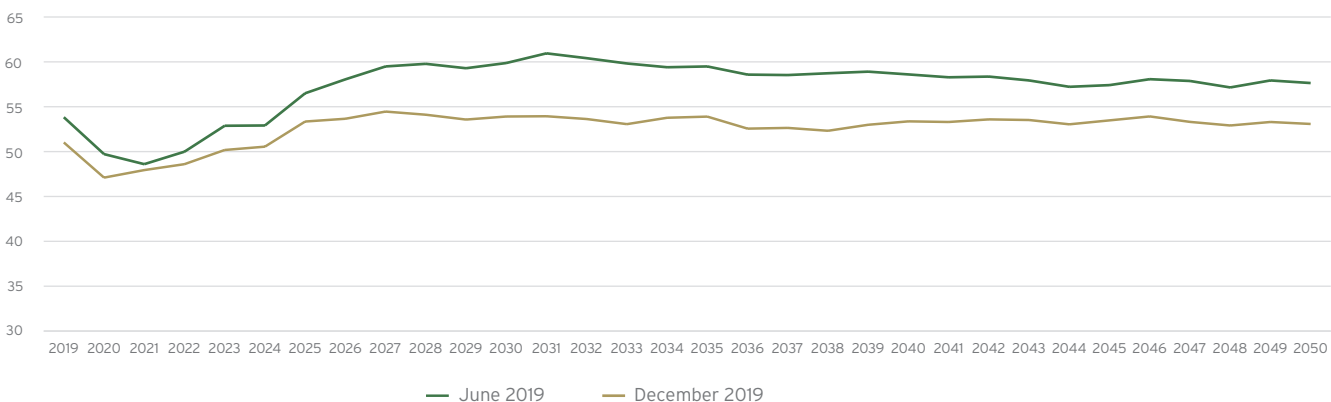
Where the assumed asset life extends beyond 2050, the Investment Manager has assumed no real growth in forecast power prices.

AUSTRALIA

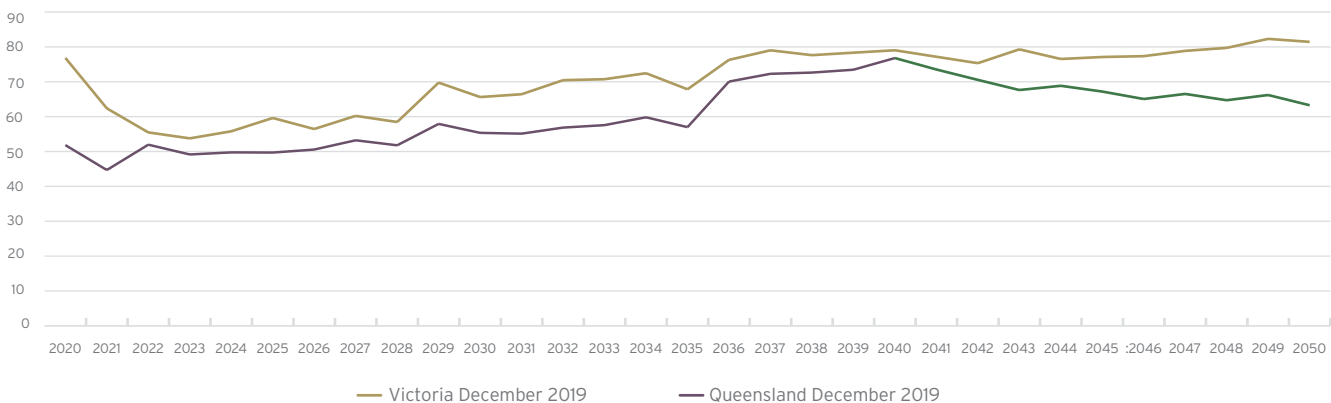
The power price captured by solar assets is forecast to decrease in the next 1-2 years as solar projects which are currently under construction come online, pushing down daytime pricing.

However, the recent growth in renewables is expected to slow as connection delays and MLF issues reduce investor appetite for new build renewables. From the early 2020s, power prices are expected to gradually increase as the upward pressure of rising gas prices is only partially offset by an increase in renewable capacity. In the 2030s, it is expected that power prices will further rise, particularly in Queensland, as coal fired power stations retire. Power price is increasingly set by the marginal cost of gas and other flexible or technologies.

UK WHOLESALE POWER PRICES (£/MWH)



AUSTRALIA WHOLESALE POWER PRICES (A\$/MWH)



THIRD PARTY DEBT ARRANGEMENTS AND GEARING POSITION

As at 31 December 2019, total outstanding long-term debt was £403.5 million, representing 38% 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).

As at 31 December 2019, total outstanding debt including RCFs was £443.5 million, representing 41% of GAV (31 December 2018: £504.4 million or 45% of GAV).

The Company net debt position, when deducting the existing cash balances, is £380.0 million, representing 35% of GAV.

REFINANCING OF UK DEBT FACILITIES

As previously reported the Investment Manager successfully completed the refinancing of 28 of the Company's UK assets representing 321 MW in the period. 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 and resulted in an increase in the Company's NAV of 2.1 pence per share. Following the refinancing no further assets in the UK portfolio include debt at project level.

The £65 million RCF has a three-year term and replaces the previous £65 million RCF entered into in 2017.

LONG-TERM FACILITIES

As at 31 December 2019, £403.5 million of long-term debt facilities were outstanding.

Inflation linked debt facilities represent £86.8 million of total long-term debt outstanding as at 31 December 2019.

At 31 December 2019, the average cost of long-term debt, was 2.66% per annum (2018: 2.8%), including the cost of inflation linked facilities of 1.32% per annum. The cost of the inflation linked facility is expected to increase over time assuming the Company's long-term annual RPI forecast of 2.75%, to an equivalent average annual cost of around 3.1% over the term of the facilities.

REVOLVING CREDIT FACILITIES

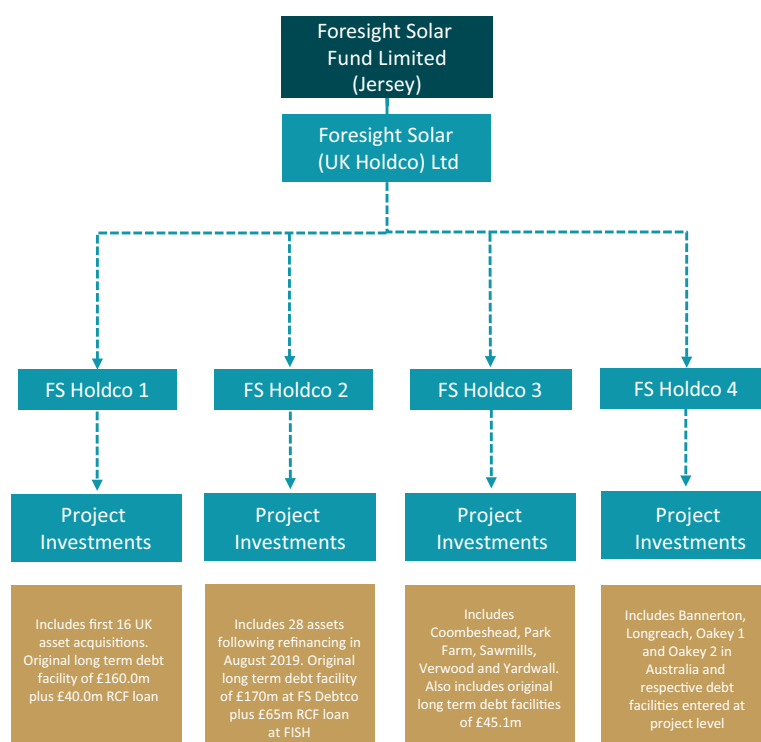
The Company currently holds two separate RCF facilities totalling £105 million.

The £40 million RCF facility in place for FS Holdco 1 has been extended for three years during the period 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.

The £65 million RCF provided by Natwest was undrawn as of 31 December 2019.

At 31 December 2019, the weighted total cost of the RCFs was 2.8% (2018: 2.3%).

DEBT STRUCTURE



Note: simplified for illustrative purposes. For outstanding debt balances please refer to the table below.

Investment Manager's Report

DEBT FACILITIES

The following table summarises the debt position of the Fund as at 31 December 2019.

Borrower	Holding Vehicle	Provider	Facility Type	Amount Outstanding (m)	Maturity	Applicable Rate	
FS Holdco Ltd	FS Holdco 1	MIDIS	Fixed rate, fully-amortising	£61.4	Mar-34	3.78%	
		MIDIS	Inflation linked, fully-amortising	£60.6	Mar-34	RPI Index + 1.08%	
		Santander/ Aviva	Term loan, fully-amortising	£21.6	Mar-24	LIBOR + 1.70%	
FS Debtco Ltd	FS Holdco 2	SMBC & Helaba	Term loan, fully-amortizing	£15.7	Mar-22	LIBOR + 1.20%	
FS Debtco Ltd	FS Holdco 2	SMBC & Helaba	Term loan, fully-amortizing	£154.3	Mar-36	LIBOR + 1.30%	
Second Generation Portfolio 1 Ltd	FS Holdco 3	MIDIS	Fixed rate, fully-amortising	£4.1	Aug-34	4.40%	
Second Generation Portfolio 1 Ltd	FS Holdco ²	MIDIS	Inflation linked, fully-amortising	£26.2	Aug-34	RPI Index + 1.70%	
Foresight Solar Australia Pty Ltd	FS Holdco 4 ²	CEFC	Term loan	A\$41.7 ²	Jun-27	Base rate (2.95%) + margin (2.55% to 2.80%)	
Longreach Finco Pty Ltd		CEFC	Term loan	A\$5.6 ¹	Mar-22	Base rate (2.57%) Base rate (3.28%) ² Base rate (2.58%) Base rate (3.14%) ²	+ margin (constr - 1.55%; operation - 1.40%)
Longreach Finco Pty Ltd		MUFG	Term loan	A\$5.6 ¹	Mar-22		
Oakey 1 Finco Pty Ltd		CEFC	Term loan	A\$7.8 ¹	Mar-22		
Oakey 1 Finco Pty Ltd		MUFG	Term loan	A\$7.8 ¹	Mar-22		
Oakey 2 Finco Pty Ltd		CEFC	Term loan	A\$43.7	Oct-22	Base rate (2.48%) + 2.25%	
TOTAL LONG-TERM DEBT				£403.5			
FS Holdco Ltd	FS Holdco 1	Santander	Revolving credit	£40.0	Mar-22	LIBOR + 1.75%	
Foresight Intermediate Solar Holding Ltd	FS Top Holdco 2	Natwest	Revolving credit	£nil	Aug-22	LIBOR + 2.00%	
TOTAL REVOLVING DEBT				£40.0			
TOTAL DEBT				£443.5			

¹ Australian debt prorated for Foresight asset ownership. AUD/GBP exchange rate of 0.53 as at 31 December 2019

² 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 £10.2 million of debt, excluding RCF payments.

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 between 80% and 100% of the outstanding debt during the terms of the loans, depending on the facility. 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 Mitsubishi UFJ Financial Group (MUFG) have in place interest rate swaps on a decreasing nominal amount for a notional tenor of 20 years.

DIVIDENDS

The Company will deliver a full year dividend for the year ended 31 December 2019 of 6.76 pence, in line with its target. The Company has met all target dividends since its IPO in October 2013.

DIVIDEND TIMETABLE FOR FY2019

Dividend	Amount	Status	Payment Date	Scrip Dividend Take Up	Average Mid-Market Price per Share	New Shares Issued
Interim 1	1.69 pence	Paid	30 August 2019	-	-	-
Interim 2	1.69 pence	Paid	29 November 2019	42,136,915	£1.192	597,383
Interim 3	1.69 pence	Paid	28 February 2020	53,127,131	£1.176	763,438
Interim 4	1.69 pence	Approved	29 May 2020	39,984,119	£1.175	575,063
TOTAL	6.76 pence					1,935,884

On 6 March 2020 the Board approved the fourth interim dividend relating to FY2019 of 1.69 pence per share which will be paid on 29 May 2020.

Dividend Timetable - Interim 4	
Ex-dividend Date	30 April 2020
Record Date	1 May 2020
Payment Date	29 May 2020

DIVIDEND POLICY AND 2020 DIVIDEND TARGET

The Company has moved from an inflation-linked dividend annual growth target to a progressive dividend policy reflecting the divergence of power prices and inflation since the launch of the Company.

The target dividend for 2020 is 6.91 pence per share, an increase of 2.2% compared to 2019.

DIVIDEND COVER

Total dividends of £36.0 million were paid during the year to 31 December 2019. Dividend cover for the period was 1.19 times when excluding dividends paid to new shares issued during the period and including the impact of the scrip dividend program. Dividend cover for the year on a cash basis was 1.12 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 Fund has entered into forward

contracts for up to two years in an amount equivalent to c.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.

The cost of the equity investments will not benefit from foreign exchange hedging, 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 year to 31 December 2019 was 1.14% (31 December 2018: 1.18%). This has been calculated using methodology recommended by the Association of Investment Companies ("AIC"). Foresight Group LLP charges asset management fees directly to the assets and these are not included within the ongoing charge ratio.

Investment Manager's Report

INVESTMENT PERFORMANCE

As at 31 December 2019, the NAV per share for the Company decreased to 103.8 pence from 111.2 pence at 31 December 2018.

MOVEMENTS IN NAV

A breakdown in the movement of the Group NAV during the reporting period is shown in the table below.

	NAV	NAV per share
NAV as at 31 December 2018	£610.3m	111.2p
Dividend paid	(36.0)	(6.4)
Equity raised	64.5	0.7
Interest earned	52.0	9.3
Management fee	(6.0)	(1.1)
Finance costs	(8.1)	(1.4)
Valuation date*	(13.7)	(2.4)
Power curve*	(61.3)	(10.9)
PPA Terms*	3.7	0.7
UEL & Leases*	8.5	1.5
Discount Rate*	28.1	4.9
Refinancing*	11.7	2.1
Targeted Charging Review*	(9.5)	(1.6)
LGC Forecasts*	(3.3)	(0.6)
Marginal Loss Factors (MLF)*	(2.9)	(0.5)
Oakey 2 Revaluation*	(6.9)	(1.2)
Other*	(2.9)	(0.5)
NAV as at December 2019	£628.0m	103.8p

* 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 is 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") at 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. 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 IFRS 9 and IFRS 13 accounting standards as well as the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

The Company's Directors review and query the operating and financial assumptions, including the discount rates, used in the valuation of the Company's portfolio and approve them as appropriate after due consideration based on the recommendation of the Investment Manager.

METHODOLOGY

Following the successful refinancing of the UK debt facilities all UK assets are valued at a levered discount rate of 7.0%, a decrease of 0.5% compared to the 2018 financial year. The reduction in levered discount rate over the course of the period is informed by a wide variety of benchmarks and market intelligence. A discount rate of 8.0% is applied to cashflows for any periods over 25 years where the useful economic life ("UEL") of an asset has been extended.

For the Australian portfolio a single levered discount rate of 8.0% is used, representing a decrease of 0.5% against 2018. The overall reduction in the discount level over the period reflects pricing available in the market for operating assets with high quality PPAs in place, as is the case for the assets at Longreach and Oakey 1.

The weighted average discount rate across the portfolio is now 7.1%, compared to 7.3% at 31 December 2019.

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.

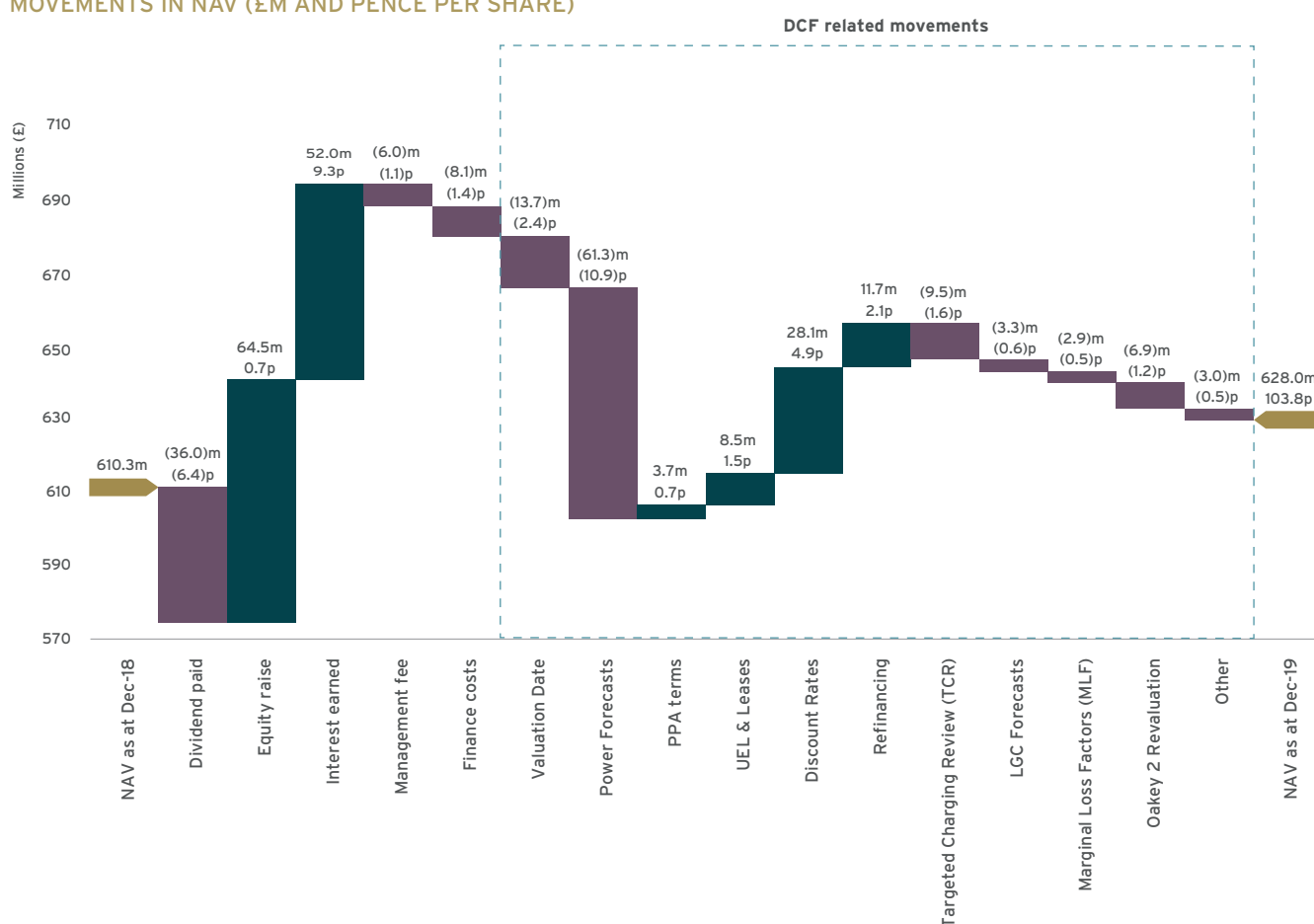
USEFUL ECONOMIC LIFE (UEL)

The weighted life of the UK portfolio as at 31 December 2019 is 29.8 years (31 December 2018: 28.4 years) from the date of commissioning. This represents a remaining portfolio useful life of 25.1 years when the historical operational periods are taken into consideration.

The average useful economic life across 40 of the 50 UK assets goes beyond 25 years, averaging 31.1 years from the date of commissioning. Additional conservative operational and lifecycle costs are incorporated into the extended useful life period. The maximum UEL assumed for the UK portfolio is 35 years, subject to existing land lease restrictions.

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

MOVEMENTS IN NAV (£M AND PENCE PER SHARE)



DIVIDENDS PAID

The Company declared dividends of £36.0 million during the year, equating to 6.76p per share.

EQUITY RAISED

One oversubscribed share placing was completed, raising net proceeds of £64.5 million from new and existing investors. The share placing resulted in a net asset value accretion of 0.7 pence per share.

INTEREST EARNED

The Company and its subsidiaries accrued £52.0 million of investment income during the year. This is the interest accrued on shareholder loans.

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 PRICE FORECAST

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.

Investment Manager's Report

During the year, there was a significant downwards movement of 11.5% in the medium to long term power price forecast. 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%).

PPA TERMS

On 1 April 2019, new PPA contracts across 22 assets representing 179MW were entered into 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 RATES

As reported the levered discount rate for UK operational assets has decreased from 7.5% to 7.0%. This reduction took place over two rate reductions in June and December 2019 and reflects the competitive landscape for operational assets in the UK.

During the period, Oakey 1 and Bannerton have reached full export and have been revalued using a discounted cash flow methodology. The levered discount rate used for Australian asset that benefit from PPAs as of 31 December 2019 is 8.0%, a 0.5% reduction against the rate at the start of the period.

REFINANCING TERMS

This movement reflects the updated debt terms secured in the refinancing of the Company's 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.

TARGETED CHARGING REVIEW (TCR)

This movement reflects the impact of OFGEM's Targeted Charging Review (TCR) findings, confirmed in November 2019, which ends 'embedded benefit' payments to generators from April 2021.

LGC FORECASTS

The company uses forward looking LGC price assumptions to assess the likely future income of the certificates generated by the portfolio's Australian assets. 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.

MARGINAL LOSS FACTORS

The valuation movement reflects the FY2019 MLF published by AEMO for the Bannerton asset and the manager's expectation of future MLF value. The remaining assets in the Australian portfolio have remained broadly unaffected.

Oakey 2 REVALUATION

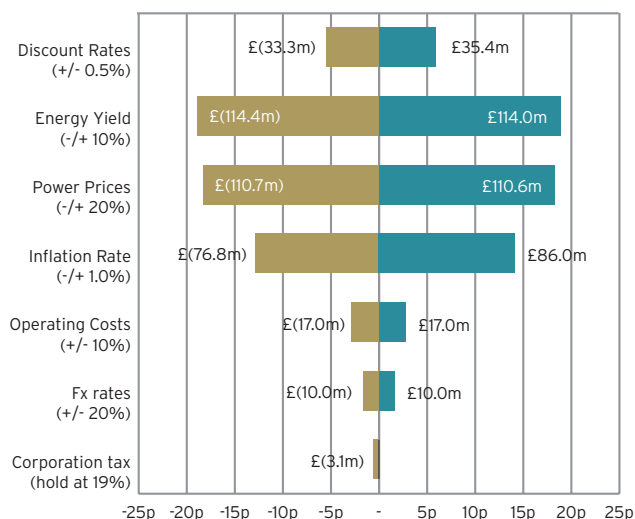
The Australian asset Oakey 2 has had its commissioning date pushed back further due to delays following a storm in January 2020, negatively impacting its latest valuation.

OTHER MOVEMENTS

This includes other factors behind the valuation movements, including exchange rate fluctuations and insurance cost assumptions, amongst others.

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 reliable and 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. All sensitivities are calculated independently of each other.



OUTLOOK

The decrease in regulatory support mechanisms in European markets, associated with the ongoing consolidation in established markets, has limited the pipeline of available investment opportunities. Subsequently, European secondary markets remain expensive and are expected to continue to be so in the near future. The Investment Manager, through its network of contacts, will continue to identify new opportunities within the Company's investment policy however the expectation is for acquisition activity in the secondary market for operational subsidised assets to remain opportunistic.

On 3 March 2020 BEIS announced the decision to revoke its 2015 decision to exclude solar and onshore wind technologies from future CfD auctions. The full details of future auctions are yet to be disclosed however it is expected to support further deployment of solar in the UK market. The Investment Manager will review the impact of this announcement on the Company's pipeline opportunities as more information becomes available.

As a result of the expected transition to subsidy free solar markets, the growth in solar assets in the main European markets, including the UK are expected to be delivered through subsidy free developments.

Pipeline opportunities in the subsidy free markets will be evaluated based on their risk-adjusted return profile, taking into consideration the level of exposure to merchant electricity prices and level of contracted revenues.

In the view of the Investment Manager, for subsidy-free investments, Southern European markets continue to deliver more attractive risk-adjusted returns compared to the UK market despite the increased development activity observed over the last 12 months (estimated 6.2 GW of capacity, or over 300 projects, in the UK planning system as at December 2019). This is due to the higher irradiation and production profile in Southern European markets and longer PPA contractual structures.

From a portfolio perspective the Asset Manager will continue to focus on optimisation initiatives and maintaining the high operational performance that the UK portfolio has demonstrated in recent periods. Short term initiatives include the further reduction of operational costs e.g. by renegotiating existing maintenance agreements and evaluating the opportunity to install battery storage units in a limited number of assets included in the UK portfolio.

Finally, we will continue to deliver an asset management approach focused on sustainability and are aiming to deliver best-in-class initiatives with the co-operation of local communities.



Asset Manager's Report

UK PORTFOLIO PERFORMANCE

The portfolio has once again generated more electricity than base case during the year reinforcing the established performance of the operating portfolio. Electricity generation was 3.9% above base case when adjusted for compensation received. The improved performance of the portfolio means that production now exceeds irradiation received at 3.8% above base case.

The Asset Manager has expanded its team of multi-disciplinary experts supporting this portfolio, further enhancing the depth of in-house capabilities available to optimise portfolio performance. This team are constantly evaluating commercial and technical enhancement opportunities to improve production from the portfolio. An example of this approach has been the significant reduction in production losses during 2019 which was largely due to investments in strategic spares in 2018. Access to these strategic spare parts combined with the predictive maintenance approach adopted by the asset manager ensured failures were rectified very promptly. The Asset Manager continues to review the wider portfolio and work with O&M partners to ensure the availability of key components to prevent extended outages.

Further examples of the asset manager's pro-active approach to optimise portfolio production during the period include:

- A trial of string optimisers at Kencot (37MW) to test the viability of the technology. Once the test period is complete in Q1 2020, a review of the data and any potential uplift will be undertaken to determine whether a more extensive roll out of the technology should be carried out across the portfolio.
- Liaising with key component manufactures to understand and ensure correct maintenance of plant equipment. Negotiation of Warranty terms of key components to feed into new portfolio acquisitions.
- Continued development and implementation of a thorough technical review at Final Acceptance to ensure any longer-term technical issues are highlighted. Conducting and completing Final Acceptance negotiations across the entire portfolio to ensure that the plants are in best operational condition for future operation.

In addition to the above activities, the Asset Manager has been reviewing the portfolio to identify opportunities to add a battery storage system to existing sites. The battery storage system would be using the spare grid connection capacity of the existing site outside the solar PV peaking time to operate a merchant regime and take advantage of energy price volatility, in addition to other grid ancillary services. The review ensures that the existing grid connection can be upgraded to increase the import capacity and that there is a suitable location for the equipment on the existing site. Planning implications are also reviewed as part of the process. To date various sites have been

identified as suitable for the installation of a battery storage and the Asset Manager is progressing these plans with the aim of installing a limited number of battery storage systems in Q4 2020.

The Asset Manager also conducted a historic review of business rates paid by the Fund's project companies which resulted in a clawback of overpayments and contributed positively to income in the year.

In 2019 the incidents affecting the UK portfolio were predominantly caused by grid outages and equipment failures in particular Welbeck and Fields Farm. As detailed in the interim report, Wymeswold has underperformed due to string faults and inverter issues in early 2019. Since then, a significant number of inverter spare parts have been purchased for the site to reduce future down time and the string repairs completed.

AUSTRALIAN PORTFOLIO UPDATE

The Company's sites at Bannerton and Oakey 1 are now operational following the commissioning of Longreach in 2018.

Bannerton achieved full export capacity in the first quarter of 2019 but due to an oscillation issue on the network the project and four other local generators have been constrained to 50% of output since September 2019. The Asset Manager has been working closely with the market operator, the network operator and the other affected generators to resolve the issue which is expected to occur in the second quarter of 2020.

Longreach has been experiencing limited grid curtailment since completion of commissioning due to reduced loads in the area and a low capacity grid transformer. The Asset Manager is working with the local grid operator Ergon, on a plan to relieve this local grid constraint. We are hopeful that this issue will be resolved during the second half of 2020.

Oakey 2 (UNDER CONSTRUCTION)

The area of Oakey 2 which was affected by storm damage in October 2018 has been rebuilt during the period with the project reaching initial export in April 2019.

The project has experienced grid commissioning delays following first export as a result of initial grid compliance tests. As a consequence, further equipment is expected to be installed on site to address grid compliance issues identified on site, resulting in delays to full commissioning.

Oakey 2 was damaged by a second storm in January 2020 affecting approximately 15% of the site and further delaying commissioning works to late 2020.

Asset Manager's Report

PRODUCTION

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

Site	MW	Production (kWh)	Production Variance	Irradiation Variance
Abbey Fields	4.9	5,381,454	6.8%	6.2%
Abergelli	7.7	7,299,419	0.0%	-0.1%
Atherstone	14.8	14,224,380	4.5%	5.8%
Bilsthorpe	5.7	5,697,719	6.8%	6.7%
Bournemouth	37.3	40,178,200	3.0%	-1.8%
Bulls Head	5.5	5,469,279	7.7%	7.8%
Castle Eaton	17.8	17,590,918	10.7%	6.9%
Coombeshead	9.8	10,386,364	2.7%	3.0%
Copley	30.0	30,106,402	8.6%	5.9%
Crow Trees	4.7	4,612,474	7.6%	7.3%
Cuckoo Grove	6.1	6,393,893	-4.8%	-2.5%
Field House	6.4	6,494,995	1.6%	1.8%
Fields Farm	5.0	4,405,592	-6.0%	5.1%
Gedling	5.7	5,593,604	7.9%	9.0%
High Penn	9.6	9,544,478	6.1%	0.5%
Highfields	12.2	11,329,781	1.5%	2.7%
Homeland	13.2	13,647,412	-0.8%	-1.9%
Hunters Race	10.3	10,879,922	3.7%	1.3%
Kencot Hill	37.2	37,303,933	5.4%	4.6%
Landmead	45.9	45,212,723	7.2%	9.8%
Lindridge	4.9	4,875,374	4.8%	2.9%
Manor Farm	14.2	13,262,296	6.4%	4.7%
Marsh Farm	9.1	9,225,811	0.7%	2.0%
Membury	16.5	16,217,894	3.8%	2.5%
Misson	5.0	4,872,681	3.7%	3.8%
Nowhere	8.1	8,560,482	8.0%	7.4%
Paddock Wood	9.2	9,788,315	6.7%	3.2%
Park Farm	13.2	12,670,160	7.4%	5.3%
Pen Y Cae	6.8	6,397,086	0.4%	1.5%
Pitworthy	15.6	14,316,652	1.1%	1.2%
Playters	8.6	8,658,418	1.9%	4.0%
Port Farm	34.7	34,989,437	7.1%	4.7%
Roskrow	8.9	8,705,229	4.2%	-1.5%
Sandridge	49.6	47,702,642	0.9%	2.7%
Sawmills	6.6	6,679,958	0.5%	0.2%
Sheepbridge	5.0	5,083,277	8.8%	10.5%
Shotwick	72.2	66,286,620	4.1%	3.1%
Southam	10.3	10,129,711	5.6%	3.9%
Spriggs	12.0	12,076,074	4.4%	-0.2%
Steventon	10.0	10,272,536	4.6%	6.8%
SV Ash	8.4	8,335,361	8.6%	6.2%
Tengore	3.6	3,632,459	0.9%	2.6%
Trehawke	10.6	10,882,217	2.0%	2.6%
Upper Huntingford	7.7	7,495,155	3.4%	3.6%
Verwood	20.7	21,405,369	2.4%	2.4%
Wally Corner	5.0	5,253,985	7.4%	5.1%
Welbeck	11.3	10,728,819	1.2%	8.0%
Wymeswold	34.5	31,315,766	0.5%	6.3%
Yarburgh	8.1	8,175,048	5.0%	7.4%
Yardwall	3.0	3,173,172	0.6%	1.2%
Total*	723.1	712,920,946	3.9%	
Weighted Total				3.8%

AUSTRALIA

Site	MW	Production (kWh)	Production Variance	Irradiation Variance
Longreach	17.3	34,753,522	-9.8%	5.8%

*Totals may not sum due to rounding

Sustainability and ESG Considerations

APPROACH

Sustainability and Environmental, Social and Governance (“ESG”) considerations are firmly at the centre of the Company’s strategy, helping to inform its investment process and its asset management operations. 2019 marked a year of significant development in terms of how the Company embeds ESG considerations in the way it does business to achieve sustainable growth, recognising that such factors are of increasing importance to global investors.

The nature of the Company’s business means it is well positioned to serve the needs of those investors seeking to achieve positive environmental and social outcomes alongside attractive financial returns.

Over the course of the year, Foresight Group 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 the Company’s ‘Sustainable Investing in Infrastructure’ strategy, which focuses on ensuring all assets are evaluated prior to acquisition and consistently throughout their ownership, in order to meet the Company’s Sustainability Evaluation Criteria.

GREEN ECONOMY MARK



In September 2019 the London Stock Exchange launched a new initiative to support sustainable finance on its markets.

The Green Economy Mark recognises companies and investment funds in all segments of the Main Market and AIM that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy.

The initiative is designed to support issuers implementing sustainable business models, and investors who are increasingly focusing on environmental products and services supporting the transition to a low carbon economy.

We are pleased to report that Foresight Solar Fund Ltd was one of approximately 75 UK listed companies which received the designation at the launch of the initiative.

Sustainability and ESG

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



Demonstrating Foresight Group's commitment to sustainability is the Company's ability to report against the United Nations Sustainable Development Goals ("SDGs"). The SDGs, which were adopted by all United Nations member states in 2015, comprise the most urgent economic, social and environmental issues to be addressed for peace and prosperity for people and the planet.

While we support all SDGs, Foresight Group contributes most significantly to the following:

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS		EXAMPLES OF FORESIGHT GROUP'S COMMITMENT
	Goal 3: "Good Health and Well-Being" 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. <ul style="list-style-type: none"> 230,000 UK homes powered by clean energy in 2019 Independent, professionally accredited health and safety consultants appointed to ensure contractors are selected on the basis of their health and safety competence In 2019, c.£184,000 of grants provided to local communities to improve facilities
	Goal 7: "Affordable and Clean Energy" Ensure access to affordable, reliable, sustainable and modern energy.	Achieved by reducing reliance on fossil fuels by investment in utility-scale, renewable energy generation assets. <ul style="list-style-type: none"> As at 31 December 2019, the Company's portfolio comprised 54 solar assets 230,000 UK homes powered by clean energy in 2019
	Goal 9: "Industry, Innovation and Infrastructure" 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 <ul style="list-style-type: none"> As at 31 December 2019, the Company's portfolio comprises 54 solar assets
	Goal 13: "Climate Action" 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 <ul style="list-style-type: none"> 550,000 tonnes of CO2 avoided 61,000 tonnes of oil equivalent ("TOE") saved
	Goal 15: "Life on Land" 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. <ul style="list-style-type: none"> 25 beehives installed to support crop pollination and honey production More than 35 kilometres of hedgerows planted to promote biodiversity, absorb carbon, improve drainage and soil quality and reduce site exposure to extreme weather conditions Hibernacula, log piles and 'insect hotels' established to provide natural habitats and improve natural drainage. A grassland cutting timetable has been implemented, limiting cutting in the summer months, to promote growth, flowering and seed spreading of wildflowers to encourage biodiversity and forage for insects and birds 15 sites have been built or adapted to ensure their suitability for sheep grazing. Flood risk assessments carried out for all sites and related initiatives implemented to ensure safe working conditions and good soil conditions which further promotes diverse grass and wildflower growth

SUSTAINABILITY PRIORITIES AND PROGRESS IN 2019

There are five central themes to Foresight Group's Sustainability Evaluation Criteria:

- Sustainable development contribution
- Environmental footprint
- Social engagement
- Governance
- Third party interactions

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 2019, the Company's operational portfolio produced over 712GWh 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. 230,000 UK homes during the period.

Site	MW	Production (MWh)	CO2 Production Avoided (t)*	Homes Powered per Year**	TOE (Tonnes of Oil Equivalent) Saved	Hedgerows Planted (m)	Sheep Grazing	Beehives Installed
Abbey Fields	5	5,381	4,154	1,736	462	700		
Abergelli	8	7,299	5,635	2,355	627	500	✓	
Atherstone	15	14,224	10,981	4,589	1222	60	✓	
Bilsthorpe	6	5,698	4,399	1,838	489	1,265		
Bournemouth	37	40,178	31,018	12,961	3451	2,360	✓	
Bulls Head	6	5,469	4,222	1,764	470	370	✓	
Castle Eaton	18	17,591	13,581	5,675	1511			
Coombeshead	10	10,386	8,018	3,350	892		✓	
Copley	30	30,106	23,242	9,712	2586	1,200	✓	
Crow Trees	5	4,612	3,561	1,488	396	165		
Cuckoo Grove	6	6,394	4,936	2,063	549	780		
Field House	6	6,495	5,014	2,095	558	250	✓	
Fields Farm	5	4,406	3,401	1,421	378	250		
Gedling	6	5,594	4,319	1,805	481			
High Penn	10	9,544	7,368	3,079	820	600		
Highfields	12	11,330	8,747	3,655	973	650		
Homeland	13	13,647	10,536	4,402	1172	130	✓	
Hunters Race	10	10,880	8,400	3,510	935	500		
Kencot Hill	37	37,304	28,799	12,034	3204	2,225	✓	
Landmead	46	45,213	34,905	14,585	3884	2,800		
Lindridge	5	4,876	3,764	1,573	419	60		
Manor Farm	14	13,262	10,238	4,278	1139	1,970		2
Marsh Farm	9	9,226	7,123	2,976	792	755		
Membury	16	16,218	12,521	5,232	1393	2,630		
Misson	5	4,873	3,762	1,572	419	460	✓	
Nowhere	8	8,560	6,608	2,761	735	1,200		
Paddock Wood	9	9,788	7,556	3,158	841	440		4
Park Farm	13	12,670	9,781	4,087	1088	1,826		
Pen Y Cae	7	6,397	4,939	2,064	549			
Pitworthy	16	14,317	11,053	4,619	1230	1,525	✓	

Sustainability and ESG

Site	MW	Production (MWh)	CO2 Production Avoided (t)*	Homes Powered per Year**	TOE (Tonnes of Oil Equivalent) Saved	Hedgerows Planted (m)	Sheep Grazing	Beehives Installed
Playters	9	8,658	6,684	2,793	744	454		
Port Farm	35	34,989	27,012	11,287	3005	430		2
Roskrow	9	8,705	6,720	2,808	748	830		
Sandridge	50	47,703	36,827	15,389	4098	280	✓	
Sawmills	7	6,680	5,157	2,155	574			
Sheepbridge	5	5,083	3,924	1,640	437	1,450		10
Shotwick	72	66,287	51,175	21,384	5694	1,930		
Southam	10	10,130	7,821	3,268	870	330		4
Spriggs	12	12,076	9,323	3,896	1037	735		
Steventon	10	10,273	7,931	3,314	882	660		3
SV Ash	8	8,335	6,435	2,689	716	1,200		
Tengore	4	3,632	2,804	1,172	312	65		
Trehawke	11	10,882	8,401	3,510	935	460	✓	
Upper Huntingford	8	7,495	5,786	2,418	644			
Verwood	21	21,405	16,525	6,905	1839			
Wally Corner	5	5,254	4,056	1,695	451			
Welbeck	11	10,729	8,283	3,461	922			
Wymeswold	34	31,316	24,176	10,102	2690	257	✓	
Yarburgh	8	8,175	6,311	2,637	702	640	✓	
Yardwall	3	3,173	2,450	1,024	273	380		
Total***	723	712,921	550,383	229,982	61, 237	35,772	15 sites	25

* Compared to coal emissions

** Using the OFGEM figure of 3.1 MWh / annum / household

*** Totals may not sum due to rounding

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.

The Asset Management team has continued to pursue a number of initiatives to ensure the solar power plants are being effectively managed for agriculture, landscape, and 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.
- **Building of animal refuges** - Hibernacula, log piles and 'insect hotels' have been established at Kencot Hill, Crow Trees and Sheepbridge, and ponds and swales have been installed or restored at Bilsthorpe, Castle Eaton, Crow Trees, Gedling Atherstone, Fields Farm, Paddock Wood, Sandridge, Sheepbridge, Southam and Upper Huntingford to provide natural habitat as well as to help improve natural drainage.
- **Bat and bird boxes** - The Asset Manager installed 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 beekeepers to install hives as a means of helping to restore the native bee population, support crop pollination and honey production. The Asset Manager also encourages the productivity of these hives through the planting of nectar-rich wildflower species. As at 31 December 2019, 25 beehives had been installed.

- **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 conditions which further promotes diverse grass and wildflower growth.
- **Grassland management** - A grassland cutting timetable is being implemented to limit cutting in the summer months. This promotes the growth, flowering and seed spreading of wildflowers to encourage biodiversity and forage for insects and birds.

As a working partner of the Solar Trade Association ("STA"), the Asset Manager recently helped to co-author the organisation's report, The Natural Capital Value of Solar (June 2019), and subsequently contributed to developing the STA's good practice guidelines on Land and Vegetation Management to Preserve and Enhance Natural Capital to promote better solar farm management throughout the industry. In the first report, Foresight Group highlights the importance of wetlands, drainage and on-site water management at solar sites, how hedge planting can reduce flood risk and the associated benefits such as the reduction of both nitrogen loads and intermittent pesticide fluxes on surrounding land.

Managing our environmental footprint – making a Positive Impact

ENCOURAGING BIO-DIVERSITY



Solar farms are managed to promote wildflower meadows. 35 kilometres new hedgerows have been planted and are managed to flower and produce berries for wildlife. Habitat enhancements such as bird and bat boxes have also been installed to promote a diversity of fauna in and around each site.



Sustainable drainage and flood control are features of most sites. Incorporating strategically placed filter drains, swales and balancing ponds keep ground around arrays sufficiently firm for safe access, inspection, operation and monitoring. They also promote good grass and wildflower growth and maintain soil structure, with swales and ponds also encouraging aquatic wildlife.



The Asset Manager has an active programme of encouraging professional beekeepers to establish hives at the solar farms. Foresight Group sponsored a Bee and Honey tent at the Royal County of Berkshire Show. The beekeepers often attend Foresight Group's staff inductions and community tours and give informative lectures on the important role bees play in local ecosystems and horticulture.

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 education. This ensures that local stakeholders understand the Asset Manager's expectations of site management and to discuss areas of improvement in management techniques. 79 site inspections, 10 community meetings, 3 community tours and 5 staff induction tours have been conducted during the year.
- **Community investment** - The Company supports community benefit schemes which assist local communities in developing and maintaining community assets and organisations. In 2019, approximately £184,000 worth of grants were provided to local communities throughout the UK. Examples of community work to which the grants have contributed include improvements to sports grounds, parks, playgrounds and community halls. Smaller investments, still important to the lives of rural communities, include bus shelters, installation of defibrillators and installation of signs to encourage car speed reduction.
- **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. In 2019, college tours were 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. Southam is also part of a university arachnid research initiative.

The Asset Manager also sponsored the Bee and Honey Tent at the annual Royal County of Berkshire Show as part of its initiative to promote wildflower meadows, the national bee population and local artisanal bee product businesses.

- **Health and well-being** - The management and monitoring of Health and Safety ("H&S") on site is a top priority for the O&M contractors, which are responsible for recording and reporting all H&S related incidents to the Asset Manager on an ongoing basis. Furthermore, to improve the management of safety, health, environmental and quality ("SHEQ"), and to 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 to each site and actively engages with local government organisations to ensure ongoing compliance. In addition to ensuring the Company is protected from potential legal issues, 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 in compliance with laws and regulations and the Investment Manager has established policies and procedures to prevent bribery within its organisation. The Company is 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 Jersey Law, 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 financial benefits. Foresight Group's staff are taken on induction tours of the assets and educated on how the sites are managed for biodiversity and habitat gain, as well as the processes undertaken to ensure the sites are in compliance with environmental and planning laws.

More details of the Company's approach to governance are contained in the Corporate Governance Report.

5. THIRD PARTY INTERACTIONS

Counterparty due diligence forms an essential part of ensuring that key counterparties are reputable, experienced, competent and that they have robust and sustainable supply chains and have an approach to governance, compliance and ESG aligned with the Company, which must be evidenced by appropriate policies.

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.

Sustainability and ESG

- Enhanced supplier and counterparty checks - The Company now contracts out due diligence to an expert third party. Using a 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 providing 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:

- Global Real Estate Sustainability Benchmark ("GRESB")** - The Company submitted the Southam Solar Farm to the GRESB Infrastructure ESG Assessment in 2019, believing this particular asset was representative of the portfolio as a whole.

Southam is a 10MW solar farm in Warwickshire which was connected to the grid in March 2015. In 2019 the site generated enough energy to power over 3,200 homes.

The site scored significantly higher than its peer group in a number of areas including Management, Policy & Disclosure, Risks & Opportunities, and Stakeholder Engagement.

Asset Class	Solar	
Asset Name	Southam Solar Farm	Peer Average
Management	74	51
Policy & Disclosure	65	52
Risks & Opportunities	39	32
Monitoring & EMS	30	36
Stakeholder Engagement	41	36
Performance Indicators	34	44
Certifications & Awards	0	0
GRESB Star Rating	***	-

We continue to work closely with GRESB on helping to ensure that their scoring framework adequately aligns with Foresight's Group's approach to assessing sustainability.

- Principles for Responsible Investment ("PRI")** - 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 (2018; 23 points). 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	A+ (29/30)	A
Infrastructure	A (27/30)	A

Principal Risks

Foresight Group has a comprehensive Risk Management Framework in place which is reviewed on a regular basis by the Directors. 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.

The Company is exposed to a number of potential risks which may impact the Company's reputation, financial or operational performance, including macro-economic factors. However, set out below are the principal risks and uncertainties which the Company believes are most relevant, given the nature of its business, together with their mitigants.

Major Risk	Summary of Risk	Mitigants
Risks relating to the sale of electricity	A decline in the wholesale price of electricity could materially adversely affect the price of electricity generated by solar PV assets and thus the Company's business, financial position, results of operations and business prospects.	Volatility in the wholesale electricity price in the short term can be mitigated by entering into hedging agreements against future price movements. This can be achieved through a variety of trading strategies including forward sale contracts of electricity and fixed price PPAs. The portfolio currently has PPAs in place into the medium term offering a secure route to market. At 31 December 2019, 32% of the UK portfolio was subject to fixed electricity prices, with the remaining PPAs allowing for electricity prices to be fixed at any point. The Investment Manager regularly reviews wholesale electricity price forecasts and would consider increasing the percentage of fixed wholesale revenues if future movements in prices might affect the dividend cover targets however the Company will continue to have exposure to electricity price volatility in the long term.
Risks relating to regulatory changes to subsidy schemes	The introduction of subsidy scheme changes, whether of a retrospective nature or not, could have a material adverse effect on the Company's financial results, operations and position and valuation of the existing portfolio.	Despite the early closure of the UK RO scheme for new installations, the grandfathering principle states that existing operational accredited projects will continue to be supported for the duration of their RO eligibility period (20 years from the date of accreditation). Furthermore, while the UK's renewable energy policy has, over the last few years, experienced much development and change the Government has avoided making changes with retrospective character. In addition, the UK Government remains committed to meeting its renewable generation targets and carbon emission reductions under the Climate Change Act. Australia has met its federal policy to meet its Renewable Energy Target ("RET") of 33,000 GWh by 2020. Under the Large scale Renewable Energy Target ("LRET"), support for large scale renewable projects will remain in place until 2030.
Risks relating to gearing	The Company's underlying subsidiaries currently have borrowings of £443.5 million. Under the terms of the Facility Agreements, the borrower has agreed to covenants as to its operation and financial position. Any failure by the borrower to fulfil obligations under the Facility Agreements (including repayment) may permit the lender to demand repayment of the related loan and to realise its security which could mean the loss of one or more solar power assets.	Any new debt facilities are thoroughly appraised before they are entered into to ensure they benefit the Company without creating unnecessary financial risk. Due to conservative gearing targets and sound management it is unlikely that debt covenants would negatively impact the ability to pay dividends. Gearing, calculated as Group borrowings (including any asset level gearing) as a percentage of the Company's GAV, will not exceed 50% at the time of drawdown. It is the Board's current intention that long-term gearing (including any long-term, asset level gearing), calculated as Group borrowings (excluding intra-group borrowings and any revolving credit facilities) as a percentage of the Company's GAV, will not exceed 40% at the time of drawdown.

Principal Risks

Major Risk	Summary of Risk	Mitigants
Risks relating to RPI	The revenues and expenditure of solar PV assets are frequently, partly or wholly subject to indexation, typically with reference to RPI. Additionally, £86.8 million of the Company's long-term debt is linked to RPI.	<p>The Investment Manager considers the inflation risk presented by these assets to be limited through the explicit inflation-linked nature of both operating revenues and costs. On the revenue side, ROC prices are formally linked to RPI and for PPAs the electricity price forms part of the RPI basket of goods. For costs, O&M contract prices and land rents are both linked to inflation and as such there is a natural inflation linkage to costs and revenues.</p> <p>In January 2019 the House of Lords published a report on the use of RPI in the UK market, recommending the Government to reduce its use in favour of CPI. This is not expected to affect the existing support mechanism for renewable energy but the Investment Manager will continue to monitor any regulatory changes on the use of RPI.</p>
Risks relating to Marginal Loss Factors	The Australian Energy Market Operator (AEMO) reviews annually the loss factors applicable to renewable generators as a result of energy losses due to the electrical resistance and the heating of conductors through the transmission and distributions networks. Loss factors are calculated and fixed annually. A reduction in the MLFs against the investment base case will result in less revenue generated by the Australian assets in the portfolio and adversely affect the Company's financial position.	<p>The Company's Australian portfolio assets are located across different renewable energy zones ("REZ"), limiting the exposure at portfolio level to MLF changes affecting specific REZ. In addition, the portfolio includes long term power purchase agreements that offer protection against adverse MLF movements.</p> <p>The Investment Manager is actively monitoring and participating in AEMO consultation sessions and workshops to try to assess the impact of changes to the annual MLFs. It's' also part of the Clean Energy Investor Group, an investor group comprising of 20 renewable energy investors and developers focused in identifying a solution to the challenges presented by the existing MLF calculation methodology.</p>
Risks relating to the construction of solar PV assets	The Company can invest up to 25% of its GAV in assets under construction. Delays in project construction may result in a reduction in returns caused by a delay in the project generating revenue. Failure in the construction of a plant, for example, faulty components or insufficient structural quality may not be evident at the time of acquisition or in any period during which a warranty claim may be brought against the contractor and may result in loss of value without full or any recourse to insurance or construction warranties.	The Investment Manager ensures that risks are mitigated through performance bonds and through the use of milestone payments, with funds only being transferred once certain conditions are met. In addition, the construction progress is overseen by the in-house Asset Management team with support from independent technical advisers to ensure the construction milestones are achieved on schedule and in line with the specifications set up in the construction contract.
Risks relating to taxation	Changes to existing tax rates and legislation could impact the valuation of the portfolio and Company returns.	<p>The Government has announced proposals to maintain UK corporation tax at 19%, abandoning a previously announced plan to cut the rate to 17%. We await clarification of this policy change.</p> <p>The Investment Manager will continue to work with tax advisers to ensure any potential changes in tax rates and legislation are addressed accordingly.</p>

Corporate Governance Report

The Company is a member of the Association of Investment Companies ("AIC"). The board has considered the Principles and Provisions of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses the relevant Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Foresight Solar Fund Limited.

The AIC Code is available on the AIC website (<https://www.theaic.co.uk/aic-code-of-corporate-governance-0>)

The AIC Code includes an explanation of how this adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and is supported by the Jersey Financial Services Commission (JFSC), provides more relevant information to shareholders.

The Board has not complied with the AIC Code in the following respects:

- The Board has not appointed a Senior Independent Director. However, as the Board is expected to grow to 5 Directors, the Board will consider the appointment of a Senior Independent Director during the 2020 financial year.

The company has applied the Principles and, save for specific items set out above, has substantially complied with the Provisions of the AIC Code published in February 2019.

THE BOARD

The Company has a Board of four Non-Executive Directors and all directors are considered to be independent. The Board has 25% female representation on the Board and is actively pursuing a fifth director appointment to promote further diversity on the Company's Board and to supplement the Board's existing skills, experience and knowledge.

The Directors were all reappointed at the Annual General Meeting of the Company held on 25 June 2019.

DIVISION OF RESPONSIBILITIES

The Board is responsible to Shareholders for the proper management of the Company and Board meetings are held on at least a quarterly basis with further ad hoc meetings scheduled as required. In the year under review 13 Board meetings were held. The Board has formally adopted a schedule of matters for which its approval is required, thus maintaining full and effective control over appropriate strategic, financial, operational and compliance issues. A Management Agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for approval by the Board of Directors.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In terms of the requirements of the Articles of Association the Directors retire periodically at every third Annual General Meeting after the AGM at which they were elected.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change. A formal induction programme for all new Directors appointed to the Board is now in place.

The Board has access to the officers of the Company Secretary who also attend Board Meetings. Representatives of the Investment Manager attend all formal Board Meetings although the Directors may meet without the Investment Manager being present. Informal meetings with the Investment Manager are also held between Board Meetings as required. The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board Meeting. Attendance by Directors at Board and Committee meetings is detailed in the table below.

	Board	Management Engagement	Audit & Risk	Remuneration & Nomination
Alex Ohlsson	13/13	1/1	3/3	2/2
Peter Dicks	13/13	1/1	3/3	2/2
Chris Ambler	13/13	1/1	3/3	2/2
Monique O' Keefe*	8/13	1/1	2/3	0/2

* appointed 1 June 2019

Corporate Governance Report

INVESTMENT MANAGER

The Investment Manager utilises Foresight Group's experience as a multi-fund asset manager and has in place established policies and procedures designed to address conflicts of interest in allocating investments among the Group's respective investment funds.

Foresight Group is fully familiar with, and has extensive experience in allocating investments, ensuring fair treatment for all investors and managing conflicts of interest should these arise. Foresight Group is keen to ensure such fair treatment for all investors. Under the rules and regulations of the Guernsey Financial Services Commission ("GFSC"), Foresight Group is also legally obliged to treat its investors fairly and handle such conflicts in an open and transparent manner and these processes are audited on an annual basis.

In terms of allocation, Foresight Group adheres to a formal written policy for allocating new investment opportunities which are overseen by Foresight Group's Investment Committee. Each opportunity is allocated with reference to the net capital available within each Foresight Group managed fund with a sector and asset class investment strategy matching the proposed investment. Where the allocation would result in any Foresight Group managed fund having insufficient liquidity or excessive portfolio concentration the allocation is revised accordingly.

Foresight Group's allocation policy is reviewed from time-to-time by the independent Board of Directors of each of the Foresight Group funds and this policy has been operated successfully for many years. Investments are allocated on pari passu terms.

Following an internal restructuring at Foresight Group the Board announced that Foresight Group LLP had replaced Foresight Group CI Limited in February 2020. The investment advisory arrangement that the Company had in place with Foresight CI Limited has now been novated, amended and restated and the Company has now entered into an investment management agreement directly with Foresight LLP.

The material terms and fees contained in the new investment management agreement are the same as in the previous investment management agreement with Foresight CI. The team members providing investment management services to the Company will not change as a result of this restructuring.

After an evaluation of the performance of the Investment Manager, including review of assets purchased by the Company and the results of ongoing portfolio management, it is the opinion of the Directors that the continuing appointment of the Investment Manager on the terms currently agreed is in the interests of the Shareholders.

BOARD COMMITTEES

The Board has adopted formal terms of reference, which are available to view by writing to the Company Secretary at the registered office, for three standing Committees which make recommendations to the Board in specific areas.

The Audit and Risk Committee comprises Chris Ambler (Chairman), Alex Ohlsson, Monique O'Keefe and Peter Dicks, all of whom are considered to have sufficient financial experience to discharge the role. The Committee meets at least three times a year to, amongst other things, consider the following:

- Monitor the integrity of the financial statements of the Company and approve the accounts;
- Review the Company's internal control and risk management systems;
- Make recommendations to the Board in relation to the appointment of the external auditors;
- Review and monitor the external Auditor's independence; and
- Implement and review the Company's policy on the engagement of the external Auditors to supply non-audit services.

KPMG LLP has completed the Company's external audit for the period and has not performed any non-audit services during the year. JTC (Jersey) Limited prepares all necessary tax returns following sign off of the annual accounts.

The Management Engagement Committee, which has responsibility for reviewing the terms of the investment management agreement between the Company and the investment manager and other service providers as considered appropriate. This Committee meets at least annually. This committee comprises of Alex Ohlsson (Chairman), Peter Dicks, Monique O'Keefe and Chris Ambler.

The Board has established a separate Remuneration and Nomination Committee during the course of the year under review. This Committee is to review and implement a formal and transparent procedure for developing policy on new Director appointments and remuneration, including fixing the remuneration packages of individual Directors as considered appropriate. This committee comprises of Monique O'Keefe (Chairman), Peter Dicks, Alex Ohlsson and Chris Ambler.

The Board believes that, as a whole, it has an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is important and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

In 2018, the Board adopted a formal Diversity Policy in order to support the Board's commitment to increasing diversity at board level as an essential element in maintaining an effective Board.

Copies of the terms of reference of each of the Company's Committees can be obtained from the Company Secretary upon request and are available on the Company's website.

BOARD PERFORMANCE EVALUATION

The Board undertakes an annual evaluation of its own performance and that of its Committees through an initial evaluation questionnaire. The Chairman then discusses the results with the Board and its Committees and will take appropriate action to address any issues arising from the process.

During the year under review the Company engaged Sean O'Connor to conduct an external review of the Board's effectiveness. This review included an evaluation of the Chairman, each Director, the Board as a whole, and each Board committee.

The results of this review will be considered by the Board and reported in the Company's Interim Report for the period ending 30 June 2020.

STAKEHOLDER ENGAGEMENT

Directors are required to act in good faith at all times and to act in a way that promotes the long-term success of the company for the benefits of stakeholders as a whole. While the Company is an externally managed Investment Company with no employees, the Company has identified the following key stakeholders:

- The Company's shareholders.
- The Company's Investment Manager.
- The communities in which the Company's assets are located.
- The Company's business partners and key service providers.

ENGAGEMENT WITH SHAREHOLDERS

Shareholders are the primary stakeholders in an Investment Company and all key decisions are carefully considered with their long-term interests in mind. The Company, supported by its Investment Manager, communicates with its shareholders through a variety of means and welcomes their views at all times. This includes the publication of comprehensive Annual and Interim reports, market announcements, investor factsheets, and through the Company's dedicated website.

All shareholders are invited to the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit and Risk, Remuneration and Nomination and the Management and Engagement Committee. The Board also makes itself available to meet with key shareholders at their request. From time to time, the Board may also seek feedback through shareholder questionnaires.

The Investment Manager undertakes shareholder roadshows following the publication of Annual and Interim results giving shareholders the opportunity to meet key members of the team responsible for portfolio management. The Investment Manager also makes itself available to meet shareholders and analysts throughout the year as required.

In addition, the Investment Manager and the Company's broker report to the Board on, at least, a quarterly basis and provide the Board with an overview of feedback and recommendations on how to address any issues raised.

Corporate Governance Report

ENGAGEMENT WITH THE INVESTMENT MANAGER

The Company, supported by its Management Engagement Committee, conducts an annual review of the Investment Manager's performance and the terms of engagement of the Investment Manager. This review is focused on constructive engagement with the Investment Manager in order to ensure that the expectations of the shareholders are being met and that the Board is cognisant of challenges being faced by the Investment Manager. The Board and the Investment Manager maintain and ongoing an open dialogue on key issues facing the Company with a view to ensuring that recommendations by the Investment Manager and key decisions taken by the Board are aligned with achieving long term shareholder value.

ENGAGEMENT WITH COMMUNITIES

The Company remains committed to proactively engaging with the communities within which the Company operates. The details of the Company's community initiatives can be found on page 37.

ENGAGEMENT WITH BUSINESS PARTNERS AND KEY SERVICE PROVIDERS

The Company, supported by its Management Engagement Committee, reviews all key service providers and the terms of their engagement. During the year, the Company enhanced its review process by proactively seeking feedback from its key service providers. This process allows for two-way engagement between the Board and key service providers on service delivery expectations and feedback on important issues experienced by service providers during the year. The intention of the Company is to maintain and develop high standard of business conduct across all key service providers.

INTERNAL CONTROL

The Directors of the Company have overall responsibility for the Company's system of internal controls and the review of their effectiveness. The internal controls system is designed to manage, rather than eliminate, the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

The Board's appointment of JTC (Jersey) Limited as accountant and administrator has delegated the financial administration of the Company. There is an established system of financial controls in place, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to Shareholders is accurate and reliable and that the Company's assets are safeguarded.

Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of its appointment, the Investment Manager provides the Company's Board with an investment pipeline of potential assets in solar energy infrastructure investments for it to consider, and has physical custody of documents of title relating to the equity investments involved.

The Investment Manager confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Company. This has been in place for the year under review and up to the date of approval of the Annual Report and financial statements, and is regularly reviewed by the Board. The process is overseen by the Investment Manager and uses a risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Investment Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action that has or is being taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with professional advisors.

The Audit and Risk Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management. The Audit and Risk Committee has reported its conclusions to the Board which was satisfied with the outcome of the review.

The Board monitors the investment performance of the Company in comparison to its objectives at each Board meeting. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

The Board has reviewed the need for an internal audit function. It has decided that the systems and procedures employed by the Investment Manager, the Audit and Risk Committee and other third party advisers provide sufficient assurance

that a sound system of internal control to safeguard Shareholders' investment and the Company's assets, is in place and maintained. In addition, the Company's financial statements are audited by external Auditors and thus an internal audit function specific to the Company is considered unnecessary.

DIRECTORS' PROFESSIONAL DEVELOPMENT

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change. A formal induction programme for new Directors is now in place. Directors are also provided with key information on the Company's policies, regulatory and statutory requirements and internal controls on a regular basis. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in industry seminars.

BRIBERY ACT 2010

The Company is committed to carrying out business fairly, honestly and openly. The Investment Manager has established policies and procedures to prevent bribery within its organisation.

CRIMINAL FINANCES ACT 2017

The Company has committed to a policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

The Company is committed to acting professionally, fairly and with integrity in all of its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter tax evasion facilitation.

The Company will uphold all laws relevant to countering tax evasion in all the jurisdictions in which the Company operates, including the Criminal Finances Act 2017.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in this report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are referred to in the Chairman's Statement, Investment Manager's 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.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Company over a three year period to December 2022, taking into account the Company's current position and the potential impact of the principal risks and uncertainties set out under Risk Management. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2022.

The Directors have determined that a three year period to 31 December 2022 constitutes an appropriate period over which to provide its viability statement. This is the period focussed on by the Board during the strategic planning process and is considered reasonable for a business of its size and nature. Whilst the Directors have no reason to believe the Company will not be viable over a longer period, it believes this presents users of the Annual Report with a reasonable degree of confidence whilst still providing a longer-term perspective.

In making this statement, the Board carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A summary of key valuation sensitivities is set out earlier in this document.

The Board also considers the ability of the Company to raise finance and deploy capital. The results take into account the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks.

Corporate Governance Report

This review has considered the principal risks which were identified by the Investment Manager. The Board concentrated its effort on the major factors which affect the economic, regulatory and political environment. The Board also paid particular attention to the importance of its close working relationship with the Investment Manager.

As part of this process, the Directors have also considered the ongoing viability of the Company's long-term debt strategy.

Directors Remuneration Report

INTRODUCTION

The Board has prepared this report in line with the AIC code. An ordinary resolution to approve this report will be put to the members at the forthcoming Annual General Meeting on 18 June 2020.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION AND NOMINATION COMMITTEE

The Board, which is profiled below, consists solely of Non-Executive Directors and the Committee considers at least annually the level of the Board's fees.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration and Nomination Committee comprises four Directors: Monique O'Keefe (Chairman), Alex Ohlsson, Chris Ambler and Peter Dicks. The Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate.

During the year neither the Board nor the Committee has been provided with external advice or services by any person, but has received industry comparison information from the Investment Manager in respect of the Directors' remuneration and from the external board evaluator. The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration and Nomination Committee within the framework of this policy.

The Directors are not involved in deciding their own individual remuneration with each Director abstaining from voting on their own remuneration.

REMUNERATION POLICY

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors for the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 31 December 2019 were agreed in 2016. It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' Non-Executive status.

The Company's policy is to pay the Directors quarterly in arrears, to the Directors personally (or to a third party if requested by any Director). Mr Ohlsson's remuneration is paid to Carey Olsen Corporate Services Jersey Limited Plc. 20% of Mr Ambler's remuneration is paid to Jersey Electricity Plc. None of the Directors has a service contract but, under their individual letters of appointment may resign at any time by mutual consent. No compensation is payable to Directors leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment.

The above remuneration policy was approved by the Shareholders at the Annual General Meeting held on 25 June 2019 for the financial year to 31 December 2019 and will apply in subsequent years. Shareholders' views in respect of Directors' remuneration are communicated at the Company's Annual General Meeting and are taken into account in formulating the Directors' remuneration policy.

DETAILS OF INDIVIDUAL EMOLUMENTS AND COMPENSATION

The emoluments in respect of qualifying services of each person who served as a Director during the year and those forecast for the year ahead are shown below. No Director has waived or agreed to waive any emoluments from the Company in the year under review. No other remuneration was paid or payable by the Company during the current year nor were any expenses claimed by or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company. The Company's Articles of Association do not set an annual limit on the level of Directors' fees but fees must be considered within the wider Remuneration Policy noted above. Directors' liability insurance is held by the Company in respect of the Directors.

	Anticipated Directors' fees for the year ending 31 December 2020	Directors' fees for year ended 31 December 2019
Alex Ohlsson (Chairman)	£70,000	£70,000
Chris Ambler	£55,000	£55,000
Peter Dicks	£45,000	£45,000
Monique O'Keefe	£45,000	£26,250*

* Monique O'Keefe's annual fee on joining the Board was £45,000 per annum. Fees paid during 2019 reflect the fact that she joined the Board in July 2019.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes.

Directors Remuneration Report

APPOINTMENTS AND SUCCESSION PLANNING

All appointments to the Board are subject to a formal, rigorous and transparent procedure and are typically supported by external search consultants. The requirements for vacancies on the Board are set with reference to objective criteria and promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

Further, the Board reviews, at least annually, its effectiveness and its combination of skills, experience and knowledge.

Alex Ohlsson, Chris Ambler and Peter Dicks have all served on the Board of the Company for more than 6 years. Accordingly, all directors are within the tenure limits prescribed by the Code. However, the Board, supported by its Remuneration and Nomination Committee, assesses the need for succession planning on an annual basis.

DIRECTORS' INTERESTS

Directors who had interests in the shares of the Company as at 31 December 2019 are shown below. The Directors do not have any options over shares. Mr Dicks had an investment programme in place during the year.

	Ordinary shares of nil par value held on 31 December 2019	Ordinary shares of nil par value held on 31 December 2018
Alex Ohlsson (Chairman) ¹	25,000	25,000
Chris Ambler	26,524	26,524
Peter Dicks ²	68,782	65,034
Monique O'Keefe	0	N/A

1 Shares legally and beneficially owned by a personal pension company.

2 At the time of publication Peter Dicks holds 69,783 ordinary shares.

APPROVAL OF REPORT

The Board will propose a resolution at the forthcoming AGM that the remuneration of the Directors will be at the levels shown above for the year to 31 December 2020.

Audit and Risk Committee Report

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the "Committee") is chaired by Chris Ambler and comprises the full Board. The Committee operates within clearly defined terms of reference. The terms of reference were reviewed during the year under review and were updated as deemed appropriate, including enhancing the Committee's scope to consider key risks faced by the Company.

Meetings are scheduled to coincide with the reporting cycle of the Company and the Committee has met four times in the year under review. The function of the Committee is to ensure that the Company maintains the highest standards of integrity, financial reporting, internal and risk management systems and corporate governance.

None of the members of the Committee have any involvement in the preparation of the financial statements of the Company.

The Committee is charged with maintaining an open and effective relationship with the Company's Auditors. The Chairman of the Committee keeps in regular contact with the Auditors throughout the audit process and the Auditors attend the Committee meetings at which the Company's accounts are considered. The Committee reports directly to the Board which retains the ultimate responsibility for the financial statements of the Company.

SIGNIFICANT ISSUES CONSIDERED

The Committee has identified and considered the following principal key areas of risk in relation to the business activities and financial statements of the company:

- Valuation of unquoted investments. This issue was discussed with the Investment Manager and the Auditor at the planning and conclusion of the audit of the financial statements, as explained below:

VALUATION OF UNQUOTED INVESTMENTS

The unquoted investment is a 100% controlling interest in Foresight Solar (UK Hold Co) Limited ("UK Hold Co"), a non-consolidated subsidiary company which is measured at fair value. The majority of UK Hold Co's total assets (by value) are in companies where no quoted market price is available. 100% controlling interests are held in these companies, being FS Top Holdco 2 Ltd, FS Holdco Limited ("FS Holdco"), FS Holdco 3 Limited ("FS Holdco 3") and FS Holdco 4 Limited ("FS Holdco 4"). FS Top Holdco 2 Ltd ("FS Top Holdco 2") in turn holds a 100% controlling interest in Foresight Intermediate Solar Holding Limited ("FISH") that then holds a 100% controlling interest in FS Holdco 2 ("FS Holdco 2"). FS Holdco 2 also has a 100% controlling interest investment in FS Debtco Limited ("FS Debtco"). These are all non-consolidated subsidiary companies which are also measured at fair value, established by using the fair value of the net assets of afore described companies.

The majority of FS Holdco's, FS Debtco's and FS Holdco 4's total assets (by value) are held in investments where no quoted market price is available. FS Holdco's and

FS Debtco's assets are valued by using discounted cash flow measurements. One asset in FS Holdco 4 is held at cost at 31 December 2019. These valuations of underlying investments are seen to be areas of inherent risk and judgement. There is an inherent risk of the Investment Manager unfairly valuing the investment due to the Investment Manager's fee being linked directly to the Net Asset Value of the Company.

During the valuation process the Board and the Committee and the Investment Manager follow the valuation methodologies for unlisted investments as set out in the International Private Equity and Venture Capital Valuation guidelines and appropriate industry valuation benchmarks. These valuation policies are set out in note 2 of the accounts. These were then further reviewed by the Committee. The Investment Manager confirmed to the Audit Committee that the underlying investment valuations had been calculated consistently throughout the year and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. Furthermore, the Investment Manager held discussions regarding the investment valuations with the Auditors.

The Investment Manager has agreed the valuation assumptions with the Committee.

Key assumptions used in the valuation forecasts are detailed in note 16 of the financial statements. The Investment Manager has provided sensitivities around those assumptions which are also detailed in note 16.

The Investment Manager confirmed to the Committee that they were not aware of any material misstatements. Having reviewed the reports received from the Investment Manager and Auditors, the Committee is satisfied that the key areas of risk and judgement have been addressed appropriately in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust. The Committee considers that KPMG LLP has carried out its duties as Auditor in a diligent and professional manner.

During the year, the Committee assessed the effectiveness of the current external audit process by assessing and discussing specific audit documentation presented to it in accordance with guidance issued by the Auditing Practices Board. The Audit Partner, or alternatively responsible person, is rotated every five years ensuring that objectivity and independence is not impaired. KPMG LLP has audited the Company since 2014. A new Audit Director was appointed in November 2017, and the 2017 financials were the first year that the Audit Director has been in place.

The Committee considered the performance of the Auditor during the year and agreed that KPMG LLP have provided a high level of service and maintained a good knowledge of the market, making sure audit quality continued to be maintained. There were no non-audit services provided by the Companies auditor during the year.

Statement of Directors' Responsibilities

For the year 1 January 2019 to 31 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.



Alexander Ohlsson
Chairman

For and on behalf of Foresight Solar Fund Limited
6 March 2020

Asset Summaries

UNITED KINGDOM

Wymeswold, Leicestershire



ROCs 2.0/1.4

Acquisition Date
November '13 / March '15

Castle Eaton, Wiltshire



ROCs 1.6

Acquisition Date
June '14

Highfields, Essex



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

Hunters Race, West Sussex



ROCs 1.4

Acquisition Date
September '14

Spriggs Farm, Essex



ROCs 1.6

Acquisition Date
November '14

Bournemouth, Dorset



ROCs 1.4

Acquisition Date
December '14

Asset Summaries

Landmead, Oxfordshire



ROCs 1.4

Acquisition Date
December '14

Kencot, Oxfordshire



ROCs 1.4

Acquisition Date
March '15

Copley, Lincolnshire



ROCs 1.3

Acquisition Date
June '15

Atherstone, Warwickshire



ROCs 1.4

Acquisition Date
July '15

Paddock Wood, Kent



ROCs 1.4

Acquisition Date
July '15

Southam, Warwickshire



ROCs 1.4

Acquisition Date
July '15

Port Farm, Wiltshire



ROCs 1.4

Acquisition Date
August '15

Membury, Berkshire



ROCs 1.4

Acquisition Date
September '15

Shotwick, Flintshire

ROCs 1.3

Acquisition Date
February '17**Sandridge, Wiltshire**

ROCs 1.3

Acquisition Date
February '17**Wally Corner, South Oxfordshire**

ROCs 1.2

Acquisition Date
July '17**Coombeshead, Devon**

ROCs 1.4

Acquisition Date
April '18**Park Farm, Leicestershire**

ROCs 1.4

Acquisition Date
April '18**Sawmills, Devon**

ROCs 1.4

Acquisition Date
April '18**Verwood, Dorset**

ROCs 1.4

Acquisition Date
April '18**Yardwall, Somerset**

FIT

Acquisition Date
April '18

Asset Summaries

Abergelli, Swansea



ROCs 1.4

Acquisition Date
August '18

Crow Trees, Nottinghamshire



ROCs 1.3

Acquisition Date
August '18

Cuckoo Grove, Pembrokeshire



ROCs 1.4

Acquisition Date
August '18

Field House, Hampshire



ROCs 1.4

Acquisition Date
August '18

Fields Farm, Warwickshire



ROCs 1.3

Acquisition Date
August '18

Gedling, Nottinghamshire



ROCs 1.4

Acquisition Date
August '18

Homeland, Dorset



ROCs 1.6

Acquisition Date
August '18

Marsh Farm, Wiltshire



ROCs 1.4

Acquisition Date
August '18

Sheepbridge, Berkshire



ROCs 1.3

Acquisition Date
August '18

Steventon, Oxfordshire



ROCs 1.4

Acquisition Date
August '18

Tengore, Somerset



ROCs 1.4

Acquisition Date
August '18

Trehawke, Cornwall



ROCs 1.6

Acquisition Date
August '18

Upper Huntingford, Gloucestershire



ROCs 1.3

Acquisition Date
August '18

Welbeck, Nottinghamshire



ROCs 1.4

Acquisition Date
August '18

Yarburgh, Lincolnshire



ROCs 1.3

Acquisition Date
August '18

Abbey Fields, Kent



ROCs 1.3

Acquisition Date
November '18

Asset Summaries

SV Ash, Shropshire



ROCs 1.4

Acquisition Date
November '18

Bilsthorpe, Nottinghamshire



ROCs 1.4

Acquisition Date
November '18

Bulls Head, Buckinghamshire



ROCs 1.4

Acquisition Date
November '18

Lindridge, Leicestershire



ROCs 1.3

Acquisition Date
November '18

Manor Farm, Bedfordshire



ROCs 1.3

Acquisition Date
November '18

Misson, Nottinghamshire



ROCs 1.3

Acquisition Date
November '18

Nowhere, Lincolnshire



ROCs 1.4

Acquisition Date
November '18

Pen Y Cae, Camarthenshire



ROCs 1.4

Acquisition Date
November '18

Playters, Suffolk



ROCs 1.3

Acquisition Date
November '18

Roskrow, Cornwall



ROCs 1.4

Acquisition Date
November '18

AUSTRALIA

Bannerton, Victoria



LGC accredited

Acquisition Date
September '17

Longreach, Queensland



LGC accredited

Acquisition Date
October '17

Oakey 1, Queensland



LGC eligible

Acquisition Date
October '17

Oakey 2, Queensland



LGC eligible

Acquisition Date
October '17

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Foresight Solar Fund Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and we are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. KEY AUDIT MATTERS: INCLUDING OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2018) in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

	The risk	Our response
<p>The impact of uncertainties due to the UK exiting the European Union on our audit</p> <p>Refer to page 4 (Chairman's Statement), page 11 (Investment Manager's), page 71 (accounting policy) and page 83 (financial disclosures).</p>	<p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in valuation of unquoted investments below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance.</p> <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.</p> <p>Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.</p>	<p>Our response</p> <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge - We considered the directors' assessment of Brexit-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • Sensitivity analysis - When addressing the valuation of unquoted investments and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • Assessing transparency - As well as assessing individual disclosures as part of our procedures on the valuation of unquoted investments we considered all of the Brexit related disclosures together, including those in the annual report, comparing the overall picture against our understanding of the risks. <p>Our findings</p> <p>As reported under the valuation of unquoted investments, we found the resulting estimates and related disclosures in relation to going concern to be balanced. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company and this is particularly the case in relation to Brexit.</p>

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

Valuation of unquoted investments (£542.2 million; 2018: £530.2 million)	Subjective valuation 86% (2018: 86%) of the Company's total assets (by value) is held in investments where no quoted market price is available.	Our procedures included: <ul style="list-style-type: none"> • Historical comparisons: Assessment of investment realisations in the period, if any, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations; • Methodology choice: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected; • Our valuations experience: With the assistance of our own valuation specialists, we challenged the investment manager on key judgements affecting investee company valuations, such as discount factors and the useful economic life of the underlying assets. We compared key underlying financial data inputs to external sources and management information as applicable. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required for debt that is held by the Company or its holding companies. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
<i>Refer to page 49 (Audit & Risk Committee Report), page 71 (accounting policy) and page 83 (financial disclosures).</i>	The unquoted investments is a 100% controlling interest in Foresight Solar (UK Hold Co) Limited ("UK Hold Co"), a non-consolidated subsidiary company which is measured at fair value, being the net assets of UK Hold Co.	
	85% (2018: 86%) of UK Hold Co's total assets (by value) are held in investments where no quoted market price is available. The unquoted investments are 100% controlling interests in FS Holdco Limited ("FS Holdco"), FS Holdco 3 Limited ("FS Holdco 3"), FS Holdco 4 Limited ("FS Holdco 4") and FS Top Holdco 2 Limited ("Top Co"). These are measured at fair value, being the respective fair value of the net assets of each company.	
	100% (2018: n/a) of Top Co's total assets (by value) is an investment in Foresight Intermediate Solar Holdings Limited ("FISH"). In turn, 96% (2018: n/a) of FISH's total assets (by value) are held in FS Holdco 2 Limited ("FS Holdco 2"), where no quoted market price is available. FS Holdco 2 holds one unquoted investment in a 100% controlling interest in FS Debtco Limited ("FS Debtco"), representing 88.5% of total assets (by value) (2018: 6%)	
	65% (2018: 78%) of FS Holdco's, 89% (2018: 93%) of FS Holdco 3's, 99% (2018: 100%) of FS Holdco 4's and 91% (2018: 73%) of FS Debtco's total assets (by value) are held in investments where no quoted market price is available. These are measured on discounted cash flow measurements or the price of a recent transaction. As at 31 December 2019, FS Holdco 2 held no direct investments into assets refers to above (2018: 53%)	

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

Fair value is established in accordance with the International Private Equity and Venture Capital Valuations Guidelines.

The valuation of unlisted investments requires a number of estimates based on unobservable inputs, such as discount factors and useful economic lives of assets. As a result, there is an inherent risk of estimation uncertainty in relation to the valuation of investments.

There is therefore a significant risk over valuation of underlying investments and that is the key judgemental area that our audit focused on.

The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 16) disclose the sensitivity estimated by the Company.

- **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation; and

- **Assessing transparency:** we considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of the valuation of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Our findings: We found the Company's valuation of unquoted investments to be balanced with proportionate disclosure of the related assumptions and sensitivities.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the financial statements as a whole was set at £6.0million (2018: £5.3million), determined with reference to a benchmark of total assets, of which it represents 0.9% (2018: 0.9%).

In addition, we applied materiality of £0.4million (2018: £0.4million) to interest income and management fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £300,000 (2018: £260,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the investment manager's head office in London.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 2.2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 45 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee; or
- a corporate governance statement has not been prepared by the Company.

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Report disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures;
- we have not identified material misstatements therein; and
- the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Report has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

Independent Auditor's Report

to the members of Foresight Solar Fund Limited

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies (Jersey) Law 1991, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 50, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991 and the terms of our engagement by

the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Company and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Henry Todd
for and on behalf of KPMG LLP

Chartered Accountants and Registered Auditor
15 Canada Square,
London,
E14 5GL

6 March 2020

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Revenue			
Interest income	4	39,199	36,817
(Loss)/gain on investments held at fair value through profit or loss	14	(43,001)	25,311
		<u>(3,802)</u>	<u>62,128</u>
Expenditure			
Administration and accountancy expenses	6	(186)	(203)
Directors' fees	7	(196)	(170)
Management fees	5	(5,967)	(5,106)
Other expenses	8	(600)	(643)
Total expenditure		<u>(6,949)</u>	<u>(6,122)</u>
(Loss)/profit before tax for the year		(10,751)	56,006
Taxation	2.7	-	-
(Loss)/profit for the year		(10,751)	56,006
Other comprehensive income		-	-
(Loss)/profit and other comprehensive income for the year		<u>(10,751)</u>	<u>56,006</u>
Earnings per Ordinary Share (pence per Share)	9	(1.89)	11.60

All items above arise from continuing operations, there have been no discontinued operations during the year.

The accompanying notes on pages 68 to 94 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Assets			
Non-current assets			
Investments held at fair value through profit or loss	14	542,186	530,187
Total non-current assets		542,186	530,187
Current assets			
Interest receivable	10	68,553	69,338
Trade and other receivables	11	255	265
Cash and cash equivalents	12	18,933	12,282
Total current assets		87,741	81,885
Total assets		629,927	612,072
Equity			
Retained earnings		3,102	51,460
Stated capital and share premium	17	624,922	558,798
Total equity		628,024	610,258
Liabilities			
Current liabilities			
Trade and other payables	13	1,903	1,814
Total current liabilities		1,903	1,814
Total liabilities		1,903	1,814
Total equity and liabilities		629,927	612,072
Net Asset Value per Ordinary Share	18	103.77	111.17

The Financial Statements on pages • to • were approved by the Board of Directors and signed on its behalf on 6 March 2020 by:

Alexander Ohlsson
Chairman

The accompanying notes on pages 68 to 94 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	Stated Capital and Share Premium £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2019		558,798	51,460	610,258
Total comprehensive income for the year:				
Loss for the year		-	(10,751)	(10,751)
Transactions with owners, recognised directly in equity:				
Dividends paid in the year	21	-	(35,997)	(35,997)
Issue of Ordinary Shares	17	65,324	-	65,324
Issue of Scrip Dividends	17	1,610	(1,610)	-
Capitalised issue costs	17	(810)	-	(810)
Balance as at 31 December 2019		624,922	3,102	628,024

For the period 1 January 2018 to 31 December 2018:

	Notes	Stated Capital and Share Premium £'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	21	-	(31,339)	(31,339)
Issue of Ordinary Shares	17	106,189	-	106,189
Capitalised issue costs	17	(1,906)	-	(1,906)
Balance as at 31 December 2018		558,798	51,460	610,258

The accompanying notes on pages 68 to 94 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2019

		31 December 2019 £'000	31 December 2018 £'000
Notes			
	(Loss)/profit for the year after tax	(10,751)	56,006
	Adjustments for:		
	Unrealised (loss)/gain on investments	14 43,001	(25,311)
	Operating cash flows before changes in working capital	32,250	30,695
	Decrease/(Increase) in interest receivables	10 785	(12,918)
	Decrease in trade and other receivables	11 10	1,668
	Increase in trade and other payables	13 89	430
	Net cash inflow from operating activities	33,134	19,875
	Investing activities		
	Increase in shareholder loans to subsidiary	14 (55,000)	(95,206)
	Net cash outflow from investing activities	(55,000)	(95,206)
	Financing activities		
	Dividends paid	21 (35,997)	(31,339)
	Issue costs paid	17 (810)	(1,906)
	Proceeds from issue of shares	17 65,324	106,189
	Net cash inflow from financing activities	28,517	72,944
	Net increase/(decrease) in cash and cash equivalents	6,651	(2,387)
	Cash and cash equivalents at the beginning of the year	12,282	14,669
	Cash and cash equivalents at the end of the year	12 18,933	12,282

The accompanying notes on pages 68 to 94 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1. Company information

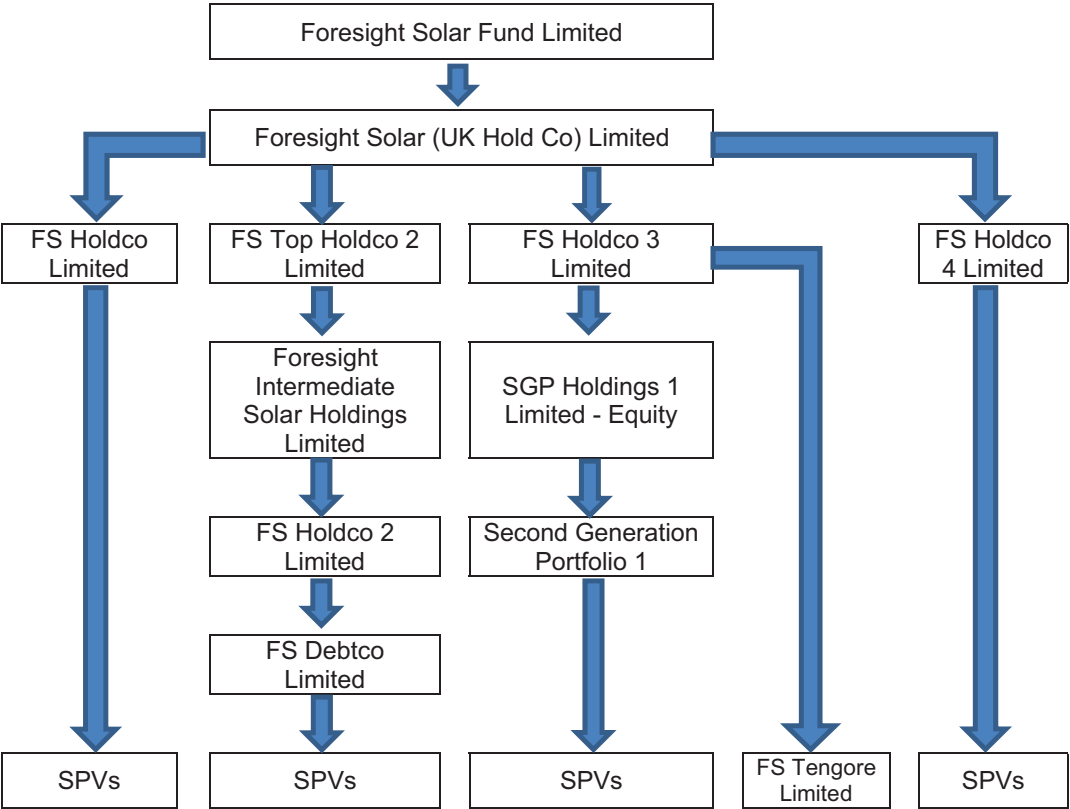
Foresight Solar Fund Limited (the “Company”) is a closed-ended public company with an indefinite life and was incorporated in Jersey under the Companies Law (Jersey) 1991, as amended, on 13 August 2013, with registered number 113721. The address of the registered office is: 28 Esplanade, St Helier, Jersey,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

The Company has one investment, Foresight Solar (UK Hold Co) Limited (“UK Hold Co”).

1.1 Restructure

Up to 29 May 2019, UK Hold Co had 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 had an investment in a subsidiary, FS Debtco Limited (“FS Debtco”).

On 29 May 2019, UK Hold Co incorporated a subsidiary, FS Top Holdco 2 Limited (“Topco”), which in turn incorporated a subsidiary, Foresight Intermediate Solar Holdings Limited (“FISH”). UK Holdco subsequently transferred ownership of FS Holdco 2 to FISH. As at 31 December 2019, the four subsidiaries of UK Hold Co were FS Holdco, FS Holdco 3, FS Holdco 4 and Topco. FS Holdco, FS Debtco, FS Holdco 3 and FS Holdco 4 invest in further holding companies (the “SPVs”) which then invest in the underlying solar investments.



Topco holds an investment in FISH. FISH in turn holds an investment in FS Holdco 2. During the year all SPVs owned by FS Holdco 2 were sold - 25 to FS Debtco and 1 to FS Holdco 3. As at 31 December 2019, FS Holdco 2 held a single investment in FS Debtco. FS Debtco invests in further holding companies (the “SPVs”) which then invest in the underlying solar investments.

1. Company information (continued)

1.2 Principal activities

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

1.3 Business combinations

On 29 May 2019, UK Hold Co incorporated a subsidiary, FS Top Holdco 2 Limited (“Topco”), which in turn incorporated a subsidiary, Foresight Intermediate Solar Holdings Limited (“FISH”). UK Hold Co owns 100% of the shares in Topco, and Topco in turn owns 100% of the shares in FISH. As both entities are newly incorporated entities, no goodwill on acquisition has been recognised.

As is set out in note 2.4, 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. As UK Hold Co is not consolidated, its subsidiaries (thus including the newly acquired Topco and FISH) are not separately presented at fair value through profit or loss in the Company’s accounts.

2. Summary of significant accounting policies

2.1 Basis of presentation

The Financial Statements for the year ended 31 December 2019 (the “Financial Statements”) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) which comprise standards and interpretations issued by the International Accounting Standards Board (“IASB”), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee that remain in effect and to the extent they have been adopted by the European Union. The Financial Statements have been prepared on the historical cost convention as modified for the measurement of certain financial instruments at fair value through profit or loss and in accordance with the provisions of the Companies (Jersey) Law 1991. The investment in UK Hold Co is held at net asset value on the Statement of Financial Position in line with the International Private Equity and Venture Capital 2018 (“IPEVC”) Valuation Guidelines.

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 Financial Statements. These projections show that the Company will be able to meet its liabilities as they fall due.

Brexit presents certain risks in relation to the operation of the UK solar portfolio (discussed in note 19.4) the Asset Manager will be working to ensure there are robust spare parts provision in the UK and continue to work with the operating and maintenance providers and their downstream suppliers to ensure down time is minimised across the portfolio as much as possible.

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

2.3 Changes in accounting policies and disclosures

New and revised IFRSs adopted by the Company

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

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 Company.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

2.4 Consolidation

Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

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.

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).

Investment Entity exemption

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, joint ventures and associates 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. The investment in UK Hold Co is held at net asset value on the Statement of Financial Position in line with the International Private Equity and Venture Capital 2018 ("IPEVC") Valuation Guidelines.

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 large 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.

2. Summary of significant accounting policies (continued)

2.5 Income

Income comprises interest income (loan interest) and income in the form of realised and/or unrealised gains on investments held at fair value through profit or loss. Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Loan interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Unrealised gains arising from changes in the fair value of the investments held at fair value through profit or loss are recognised in the period in which they arise.

2.6 Expenses

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

The Company's operating expenses are charged through the Statement of Profit and Loss and Other Comprehensive Income.

Acquisition costs of assets are capitalised on purchase of assets. Costs directly relating to the issue of Ordinary Shares are charged to the Company's share capital and share premium reserve.

2.7 Taxation

The Company is currently registered in Jersey. The Company is taxed at 0% which is the general rate of Corporation tax in Jersey. No tax has been charged in the current year (2018: nil).

2.8 Functional and presentational currency

The Directors consider the Company's functional currency to be Pounds Sterling ("GBP") as this is the currency in which the majority of the Company's assets and liabilities and significant transactions are denominated. The Directors have selected GBP as the Company's presentation currency.

Indirect subsidiaries of the Company may have assets and liabilities relating to foreign operations which will impact the investment value on the Company's balance sheet. The assets and liabilities relating to these foreign operations, including fair value adjustments arising on investments, are translated into GBP at the exchange rates at the reporting date. The income and expenses relating to foreign operations are translated into GBP at the exchange rates at the dates of the transactions.

2.9 Financial instruments

2.9.1 Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

2.9.2 Classification and subsequent measurement

2.9.2.1 Investments held at fair value through profit or loss

The investments held at fair value through profit or loss consists of one investment in UK Hold Co. The asset in this category is classified as non-current.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The fair value of UK Hold Co is made up of the fair value of its net assets. UK Hold Co has four direct subsidiaries - FS Holdco, FS Holdco 3, FS Holdco 4 and TopCo, and TopCo has one direct subsidiary - FISH - which in turn holds FS Holdco 2, which holds FS Debtco. 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 3, FS Holdco 4, FISH, Topco, FS Holdco 2 and FS Debtco are fair valued using their net asset value as reported at year end.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

The fair value of the underlying investments held by the Company's subsidiaries, which impact the value of the Company's subsidiaries, are determined by using valuation techniques. The Directors calculate the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital 2018 ("IPEVC") Valuation Guidelines, using a Discounted Cash Flow valuation methodology. The Board and the Investment Manager consider that the discounted cash flow valuation methodology used in deriving a fair value of the underlying assets is in accordance with the fair value requirements of IFRS 9. Investments not yet operational are measured at cost less any impairment as this is considered the best approximation of fair value. Gains or losses arising from changes in the fair value of the 'investments held at fair value through profit or loss' are presented in the Statement of Profit and Loss and Other Comprehensive Income within 'gains/(losses) on investments held at fair value through profit or loss' in the period in which they arise.

2.9.2.2 Other financial instruments at amortised cost

The financial instruments at amortised cost are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted on an active market. They comprise trade and other receivables, interest receivable, cash and cash equivalents and trade and other payables.

Trade and other receivables are rights to receive compensation for goods or services that have been provided in the ordinary course of business to customers. Accounts receivable are classified as current assets if receipt is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Interest receivable is the right to receive payments at fixed or variable interest rates on loans issued by the Company. Interest receivable is classified as current if the receipt is due within one year or less. If not, it is presented as a non-current asset.

Cash and cash equivalents comprise cash on hand.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

All of the above are subsequently held at amortised cost.

2.9.3 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire. The Company also derecognises a financial asset when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Lastly, the Company also derecognises the financial asset when it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows or the modified liability are subsequently different, in which case a new financial liability based on the modified terms is recognised at fair value. Any gain or loss on derecognition is recognised in profit or loss.

2.9.4 Impairment of financial assets

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 and interest receivable.

2.10 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have a nil par value.

2.11 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

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 that may have a significant effect on the financial statements are in relation to the valuation of investments held at fair value through profit and loss. The most significant judgements relate 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 because it is determined by the Directors using their own valuation models, which are 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. The Directors calculate the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital 2018 ("IPEVC") Valuation Guidelines, using a Discounted Cash Flow valuation methodology. Furthermore, changes in these inputs and assumptions could affect the reported fair value of financial instruments. The determination of what constitutes 'observable' requires 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

	31 December 2019 £'000	31 December 2018 £'000
Bank interest income	-	1
Interest on loan notes	34,110	33,172
Interest on shareholder loans	5,089	3,644
	<u>39,199</u>	<u>36,817</u>

Loan notes were issued by the company to UK Hold Co for the purchase of investments. Interest accrues 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 year end on which interest is charged is £250,000,000 (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 accrues at 2% per annum, and is repayable in full on demand. During the current year, an additional £55,000,000 was issued on

Notes to the Financial Statements

this loan, bringing the shareholder loan balance at year end to £304,316,450 (2018: £249,316,450). 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 year ended 31 December 2019, the Investment Manager was entitled to a management fee of £5,966,823 (2018: £5,106,080) of which £1,571,139 was outstanding as at 31 December 2019 (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 payable quarterly in arrears. For the year ended 31 December 2019, total administration and accountancy fees were £186,358 (2018: £203,220) of which £45,500 was outstanding as at 31 December 2019 (2018: £39,000).

7. Staff costs and Directors' fees

No members of staff were employed during the year (2018: nil).

Total directors' fees were £196,444 (2018: £170,000).

8. Other Expenses

	31 December 2019 £'000	31 December 2018 £'000
Legal and professional fees	542	607
Other expenses	58	36
	600	643

Included within legal and professional fees is £32,500 (2018: £22,500) relating to the audit of these financial statements. The total audit fee paid to KPMG LLP pertaining to the group is £180,000 for the year ended 31 December 2019 (2018: £160,000). There were no other fees paid to the auditors for non-audit services during the year (2018: Nil).

9. Earnings per Ordinary share - basic and diluted

The basic losses per Ordinary Share for the Company is 1.89 pence per share (2018: basic profit of 11.60 pence per share). This is based on the loss for the year of £10,750,671 (2018: £56,005,471 profit) and on 567,804,584 (2018: 482,619,846) Ordinary Shares, being the weighted average number of shares in issue during the year.

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

10. Interest receivable

	31 December 2019 £'000	31 December 2018 £'000
Interest receivable on loan notes	50,780	56,814
Interest receivable on shareholder loans	17,773	12,524
	68,553	69,338

Information about the Company's exposure to credit and market risk and impairment losses for interest receivable is included in note 19.

11. Trade and other receivables

	31 December 2019 £'000	31 December 2018 £'000
Prepaid expenses	5	17
Other receivables	250	248
	255	265

Information about the Company's exposure to credit and market risk and impairment losses for trade and other receivables is included in note 19.

12. Cash and cash equivalents

	31 December 2019 £'000	31 December 2018 £'000
Cash at bank	18,933	12,282
	18,933	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 19.

13. Trade and other payables

	31 December 2019 £'000	31 December 2018 £'000
Accrued expenses	1,716	1,630
Amounts due to subsidiaries*	187	184
	1,903	1,814

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

Notes to the Financial Statements

14. Investments held at fair value through profit or loss

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

	31 December 2019 £'000	31 December 2018 £'000
Investment in UK Hold Co	Equity -	-
	Loans 542,186	530,187
	542,186	530,187
Book cost as at 1 January	499,315	404,109
Opening investment holding gains	30,872	4,355
Valuation as at 1 January	530,187	408,464
Movements during the year		
Purchase at cost (loans drawn down)	55,000	95,206
Reclassification - see below	-	1,206
Investment holding (losses)/gains	(43,001)	25,311
Valuation as at 31 December	542,186	530,187
Book cost as at 31 December	554,315	499,315
Closing investment holding (losses)/gains	(12,129)	30,872
	542,186	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.

In turn, UK Hold Co has four investments in FS Holdco Limited ("FS Holdco"), FS Holdco 3 Limited ("FS Holdco 3"), FS Holdco 4 Limited ("FS Holdco 4") and FS Top Holdco 2 Limited ("Topco"), and Topco has one investment in Foresight Intermediate Solar Holdings Limited ("FISH"). FISH has one investment in FS Holdco 2 and FS Holdco 2 has one investment in FS Debtco Limited ("FS Debtco"). These investments also consist of both debt and equity and are not quoted in an active market. FS Holdco and FS Debtco are fair valued using their net asset value as reported at year end, with adjustments to their long term external debt to reflect the fact that the carrying value at amortised cost is not considered to be the best approximation of their fair value. FS Holdco 3, FS Holdco 4, FISH, FS Holdco 2 and Topco are fair valued using their net asset value as reported at year end.

In turn, FS Holdco, 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. Three investments held by FS Holdco 4 previously valued at cost became operational during the 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:

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

14. Investments held at fair value through profit or loss (continued)

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 year.

As at 31 December 2019:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Unquoted investment	-	-	542,186	542,186
	-	-	542,186	542,186

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, Topco, FISH, 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 Debtco, FS Holdco 3 and FS Holdco 4 which are discussed further in note 16.

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 Top Holdco 2 Limited ("Topco")	Indirect	UK	Holding Company	100%
Foresight Intermediate Solar Holdings Limited ("FISH")	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%

Notes to the Financial Statements

15. Subsidiaries and associates (continued)

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
FS Paddock Wood Solar Farm Limited	Indirect	UK	SPV Holding Company	100%
Southam Holdco Limited	Indirect	UK	SPV Holding Company	100%
Atherstone Holdco Limited	Indirect	UK	SPV Holding Company	100%
Paddock Wood Holdco 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 Playters 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%
FS Oakey 2 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%

15. Subsidiaries and associates (continued)

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
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%
Playters Solar Limited ("Playters Solar")	Indirect	UK	Investment	100%
PS Manor Farm Solar Limited ("PS Manor Farm")	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	SPV Holding Company	49%
Oakey 1 New Holdco Pty Limited	Indirect	Australia	SPV Holding Company	49%

Notes to the Financial Statements

16. 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 2018 ("IPEVC") 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 31 December 2019 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

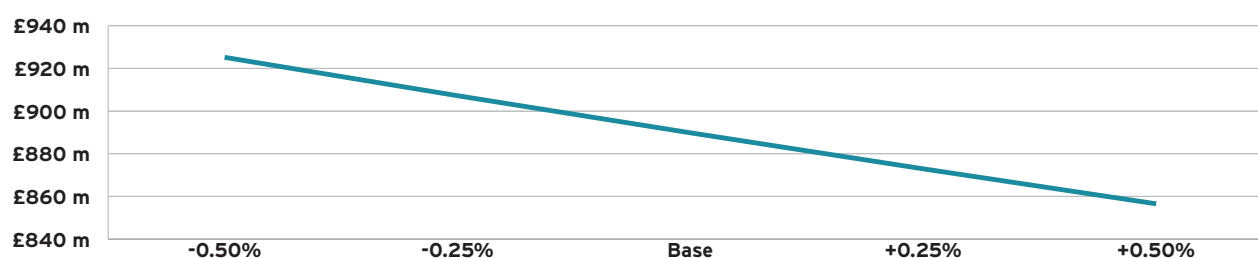
The majority of the Company's underlying investments (indirectly held through its unconsolidated subsidiaries FS Holdco, FS Debtco, FS Holdco 3, TopCo, FISH and FS Holdco 4) are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, 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 7.10% (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%
Portfolio valuation (£m)	925.2	907.2	889.8	872.9	856.5
Change in portfolio valuation (£m)	35.4	17.4	-	(16.9)	(33.3)
NAV per share change (pence)	5.9	2.9	-	(2.8)	(5.5)

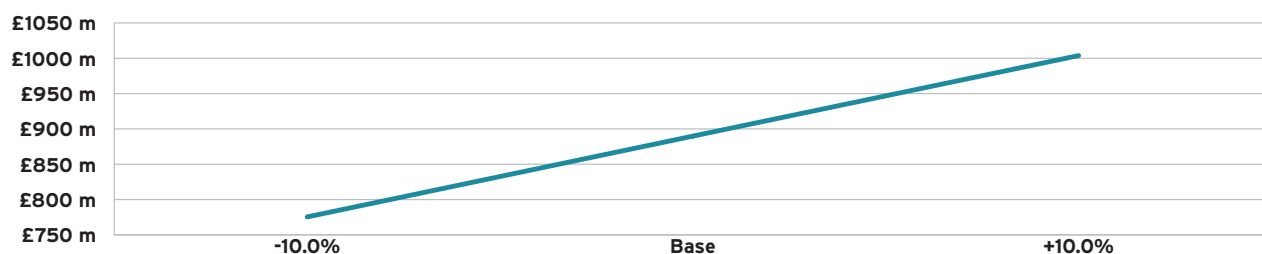


16. Fair value of the investments in unconsolidated entities Valuation process (continued)

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%
Portfolio valuation (£m)	775.4	889.8	1,003.8
Change in portfolio valuation (£m)	(114.4)		114.0
NAV per share change (pence)	(18.9)		18.8



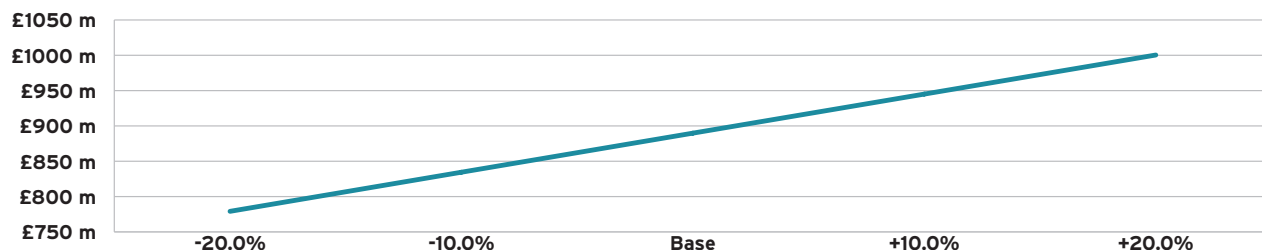
Power Price

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 forecast assumes an average annual increase in power prices in real terms of approximately 0.4%.

During the year, c.57% of the investment's operational revenues came from Regulatory support mechanisms. The remaining c.43% of revenue is derived from electricity sales which are subject to power price movements.

	-20.0%	-10.0%	Base	+10.0%	+20.0%
Portfolio valuation (£m)	779.1	834.5	889.9	945.1	1,000.4
Change in portfolio valuation (£m)	(110.7)	(55.3)	-	55.3	110.6
NAV per share change (pence)	(18.3)	(9.1)	-	9.1	18.3



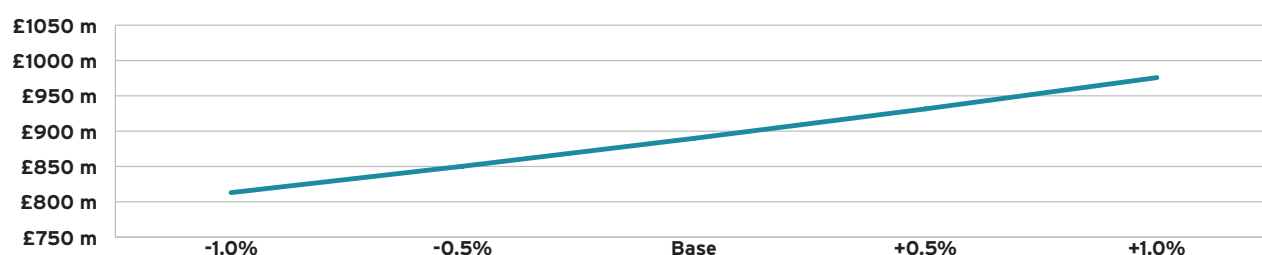
Notes to the Financial Statements

16. Fair value of the investments in unconsolidated entities Valuation process (continued)

Inflation

A variable of 0.5% to 1.0% is considered reasonable given historic fluctuations. A long term inflation rate of 2.75% (2018: 2.75%) has been used.

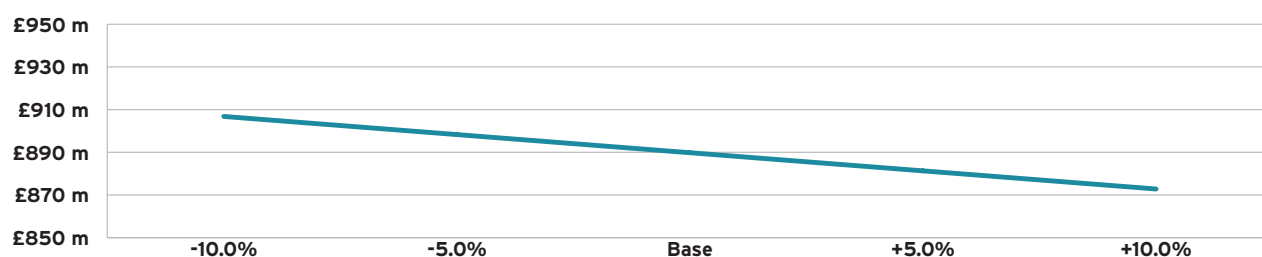
	-1.0%	-0.5%	Base	+0.5%	+1.0%
Portfolio valuation (£m)	813.0	850.3	889.8	931.5	975.8
Change in portfolio valuation (£m)	(76.8)	(39.4)	-	41.7	86.0
NAV per share change (pence)	(12.7)	(6.5)	-	6.9	14.2



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%
Portfolio valuation (£m)	906.8	898.3	889.8	881.3	872.8
Change in portfolio valuation (£m)	17.0	8.5	-	(8.5)	(17.0)
NAV per share change (pence)	2.8	1.4	-	(1.4)	(2.8)



17. 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.

Authorised Ordinary Shares

	31 December 2019 Shares	31 December 2018 Shares
Ordinary shares - nil par value	Unlimited	Unlimited

Issued Ordinary Shares

	31 December 2019 Shares	31 December 2018 Shares
Opening balance	548,941,550	449,952,091
Issued during the year	54,894,155	98,989,459
Scrip dividends issued during the year	1,360,821	-
Closing balance	605,196,526	548,941,550

	31 December 2019 £'000	31 December 2018 £'000
Opening balance	558,798	454,515
Proceeds from share issue	65,324	106,189
Value of scrip dividends issued	1,610	-
Less: issue costs capitalised	(810)	(1,906)
Closing balance	624,922	558,798

During quarter three 597,383 shares at a value of £1.192 per share were issued in lieu of cash dividends. During quarter two 763,438 shares at a value of £1.176 per share were issued in lieu of cash dividends.

18. NAV per Ordinary Share

The Net Asset Value ("NAV") per redeemable Ordinary Share for the Company is 103.77 (2018: 111.17) pence per ordinary share. This is based on the Net Asset Value at the reporting date of £628,023,734 (2018: £610,257,766) and on 605,196,526 (2018: 548,941,550) redeemable Ordinary Shares, being the number of Ordinary Shares in issue at the end of the year.

19. 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 risks associated with solar power. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. The Directors regulatory review and agree policies for managing each of these risks and these are summarised below:

19.1 Market risk

(a) Foreign currency 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.

Notes to the Financial Statements

19. Financial instruments and risk profile (continued)

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:

	31 December 2019 £'000	31 December 2018 £'000
AUD	50,185	63,102

The FX rate applied at 31 December 2019 was 0.5306 (2018: 0.5523). A 10% weakening or strengthening of the FX rate would have a £5,018,500 impact on the valuation of assets denominated in AUD (2018: £6,310,200).

(b) Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Company's Investment Manager provides the Company with investment recommendations. The Company's Investment Manager's recommendations are reviewed and approved by the Board before the investment decisions are implemented. To manage the market price risk, the Company'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 31 December 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 year would have been £54,218,661 (2018: £53,018,750). The impact of changes in unobservable inputs to the underlying investments is considered in note 16.

(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 year end the Company had no long term borrowings with third parties (2018: Nil).

	Total portfolio 31 December 2019 £'000	Weighted average interest rate 31 December 2019 %	Weighted average time for which rate is fixed 31 December 2019 Days
Loan notes	250,000	11.00%	1,145
Shareholder loans	304,316	2.00%	1,652
Cash and cash equivalents	18,933	0.05%	-
	<u>573,249</u>		

19. Financial instruments and risk profile (continued)

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

The Company is also indirectly exposed to interest rate risk through its investment in UK Hold Co. Details of the indirect interest rate risk exposure are as follows:

	Total Indirect exposure 2019 £'000	Weighted average interest rate 2019 %	Weighted average time for which rate is fixed 2019 Days
Investments - FS Holdco*	343,731	8.00	365**
Investments - Topco, FS Holdco 3 & FS Holdco 4*	263,597	5.00	1,685
Cash and cash equivalents	54		
Total indirect exposure interest rate risk	<u>607,382</u>		

	Total Indirect exposure 2018 £'000	Weighted average interest rate 2018 %	Weighted average time for which rate is fixed 2018 Days
Investment - FS Holdco*	343,731	8.00	365**
Investments - FS Holdco 2, FS Holdco 3 & FS Holdco 4*	266,509	5.00	1,320
Cash and cash equivalents	445	-	
Total indirect exposure interest rate risk	<u>610,685</u>		

* The loan portion of the investments are subject to interest rate risk

** These loans do not have a repayment date and are repayable on demand. However, the directors do not intend to demand repayment in at least 12 months after year end.

Notes to the Financial Statements

19. Financial instruments and risk profile (continued)

19.2 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.

31 December 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	542,186	542,186	-	-	542,186
Trade and other receivables	255	255	255	-	-
Interest receivable	68,553	68,553	68,553	-	-
Cash and cash equivalents	18,933	18,933	18,933	-	-
Total Financial assets	629,927	629,927	87,741	-	542,186
Financial Liabilities					
Trade and other payables	(1,903)	(1,903)	(1,903)	-	-
Total financial liabilities	(1,903)	(1,903)	(1,903)	-	-
Net position	628,024	628,024	85,838	-	542,186

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	-	-
Total Financial assets	612,072	612,072	81,885	-	530,187
Financial Liabilities					
Trade and other payables	(1,814)	(1,814)	(1,814)	-	-
Total financial liabilities	(1,814)	(1,814)	(1,814)	-	-
Net position	610,258	610,258	80,071	-	530,187

19.3 Credit risk

a) Exposure to 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 and its subsidiaries place 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 year and at the reporting date, the Company maintained relationships with the following financial institutions:

19. Financial instruments and risk profile (continued)

	Moody's Credit Rating	31 December 2019 £'000
Cash in bank:		
Royal Bank of Scotland International Limited	P2	18,933
Lloyds Bank International Limited	P1	-
Total cash and cash equivalents		18,933
	Moody's Credit Rating	31 December 2018 £'000
Cash in bank:		
Royal Bank of Scotland International Limited	P2	12,280
Lloyds Bank International Limited	P1	2
Total cash and cash equivalents		12,282

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 £607,327,419 (2018: £610,239,946), being the portion of UK Hold Co investments that are made up of loans as at 31 December 2019. Included within this are the related party loans as disclosed within note 22 as well as an external long term debt facilities entered into by FS Holdco and FISH with Santander and Natwest. The balance of the external debt facility as at year end amounted to £251,057,609 (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.

19.4 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 no deal being achieved in the negotiations post the recent UK exit from the EU.

Notes to the Financial Statements

19. Financial instruments and risk profile (continued)

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.

20. 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.

21. Dividends

	2019 £'000	2019 Pence/Ordinary share	2018 £'000	2018 Pence/Ordinary share
Quarter 1	9,057	1.65	7,109	1.58
Quarter 2	9,058	1.65	7,109	1.58
Quarter 3	8,565	1.69	8,118	1.64
Quarter 4	9,317	1.69	9,003	1.64
	35,997		31,339	

During quarter three 597,383 shares at a value of £1.192 per share were issued in lieu of cash dividends. During quarter two 763,438 shares at a value of £1.176 per share were issued in lieu of cash dividends.

22. 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 year ended 31 December 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
Loan Notes	250,000	-	-	250,000
Interest on Loan Notes	56,814	34,110	(40,144)	50,780
Shareholder Loan 1	249,316	55,000	-	304,316
Interest on Shareholder Loan 1	12,524	5,089	(160)	17,453
Non interest bearing loan included in trade and other payables	184	1,850	(1,847)	187

The increases in the shareholder loan of £55,000,000 were funded through three separate placing proceeds during 2019.

22. Related party disclosures (continued)

Transactions with UK Hold Co

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
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	-	184	-	184

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

Transactions between UK Hold Co and its underlying subsidiaries

Transactions with FS Holdco

For the year ended 31 December 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	343,731	-	-	343,731
Interest on investment loan 1	47,053	27,499	(22,851)	51,701
Interest bearing Investment loan 2	(40,000)	-	-	(40,000)
Interest on investment loan 2	(1,253)	(2,000)	-	(3,253)
Non interest bearing loan	(143,504)	-	-	(143,504)
Non interest bearing loan included in trade and other receivables	875	-	-	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	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

Notes to the Financial Statements

22. Related party disclosures (continued)

Transactions with Topco

For the year ended 31 December 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	-	167,256	-	167,256
Interest on investment loan	-	2,805	(2,805)	-
Non interest bearing loan	-	(8,965)	115	(8,850)

Topco commenced trading during the year and therefore no comparatives are shown.

Transactions with FISH

There were no transactions between UK Holdco and FISH.

Transactions with FS Holdco 2

For the year ended 31 December 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	74,894	-	(74,894)	-
Interest on investment loan 1	948	1,237	(2,185)	-
Interest bearing Investment loan 2	9,107	-	(9,107)	-
Interest on investment loan 2	42	224	(266)	-
Interest bearing Investment loan 3	33,094	-	(33,094)	-
Interest on investment loan 3	150	816	(966)	-
Interest bearing Investment loan 4	3,432	-	(3,432)	-
Interest on investment loan 4	6	94	(100)	-
Interest bearing Investment loan 5	46,500	-	(46,500)	-
Interest on investment loan 5	962	395	(1,357)	-
Interest bearing loan payable 1	(28,970)	-	28,970	-
Interest on loan payable 1	(1,361)	(845)	2,206	-
Interest bearing loan payable 2	(13,000)	-	13,000	-
Interest on loan payable 2	(819)	(379)	1,198	-
Interest bearing loan payable 3	(7,082)	-	7,082	-
Interest on loan payable 3	(263)	(207)	470	-
Interest bearing loan payable 4	(8,386)	-	8,386	-
Interest on loan payable 4	(208)	(245)	453	-
Non interest bearing loan 1	(2,604)	(63)	2,667	-
Non interest bearing loan 2	(875)	-	-	(875)

22. Related party disclosures (continued)

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	(2,797)	948
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	-	(1,448)	87	(1,361)
Interest bearing loan payable 2	(13,000)	-	-	(13,000)
Interest on 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	-	(875)	-	(875)

Transactions with FS Debtco

For the year ended 31 December 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 loan 1	55,000	-	-	55,000
Interest on loan 1	4,769	2,750	-	7,519
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

Notes to the Financial Statements

22. Related party disclosures (continued)

Transactions with FS Holdco 3

For the year ended 31 December 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	36,124	-	-	36,124
Interest on investment loan 1	-	1,806	(895)	911
Non interest bearing loan payable	(317)	(3,259)	981	(2,595)

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	-	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 year ended 31 December 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	1,489	1,408	-	2,897
Interest bearing Investment loan 2	12,482	-	-	12,482
Interest on investment loan 2	786	625	-	1,411
Interest bearing Investment loan 3	10,380	-	-	10,380
Interest on investment loan 3	385	519	-	904
Interest bearing Investment loan 4	8,386	-	-	8,386
Interest on investment loan 4	208	419	-	627
Interest bearing Investment loan 5	3,141	-	-	3,141
Interest on investment loan 5	110	154	-	264
Non interest bearing loan	353	1,153	-	1,506

22. Related party disclosures (continued)

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	-	1,489	-	1,489
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	-	110	-	110
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 year ended 31 December 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	Closing Balance (payable)/ receivable as at 31 December 2019 £'000
FS Holdco and its SPVs	(15,594)	29,987	(38,576)	(24,183)
FS Holdco 2 and its SPVs	(2,689)	2,689	-	-
FS Debtco and its SPVs	(2,763)	1,929	-	(834)

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	Closing Balance (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)

Other

During the year under review, FS Holdco 2 transferred all 26 investments - 25 to FS Debtco and 1 to FS Holdco 3. See note 1.1 for details of the restructure.

Notes to the Financial Statements

22. Related party disclosures (continued)

Transactions with the manager

Foresight Group LLP, a related party of Foresight Group CI, charged asset management fees to the underlying projects of £1,584,364 during the year (2018: £1,002,002), of which £15,961 was payable at year end (2018: £204,052).

23. Commitments and contingent liabilities

There are no commitments or contingent liabilities in the current year (2018: £Nil).

24. 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.

25. Post balance sheet events

There were no post balance sheet events requiring disclosure.

AIFMD Disclosures (unaudited)

OVERVIEW OF INVESTMENT ACTIVITIES

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

The performance of the Company's portfolio 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 Company's leverage, 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 31 December 2019 is as follows:

- Gross method: 22%
- 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. 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 services in this regard are provided by 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 2017) are available from the AIFM on request.

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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
BBSY	Bank Bill Swap Bid Rate
Company	Foresight Solar Fund Limited
CEFC	The Clean Energy Finance Corporation
DCF	Discounted Cash Flow
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.
GWh	Gigawatt hour
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the EU
Investment Manager	Foresight Group LLP
IPEV	International Private Equity and Venture Capital
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

Glossary of Terms

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 hydro electric power stations
Main Market	The main securities market of the London Stock Exchange
MIDIS	Macquarie Infrastructure Debt Investment Solutions
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
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
PR	Performance Ratio
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
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

Foresight
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