FOR A SMARTER FUTURE

FORESIGHT SOLAR FUND LIMITED

AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR
1 JANUARY 2020 TO
31 DECEMBER 2020

OVERVIEW

Contents

Financial Highlights

As at 31 December 2020

NET ASSET VALUE ("NAV")

£582.2m

(31 Dec 2019: £628.0m)

NAV PER SHARE

95.8p

(31 Dec 2019: 103.8p)

GROSS ASSET VALUE ("GAV")

£1,054.6m*

(31 Dec 2019: £1,071.5m)

DIVIDEND PER SHARE DECLARED RELATING TO THE YEAR

6.91p

MARKET CAPITALISATION

£622.9m

TOTAL SHAREHOLDER RETURN SINCE IPO

50.7%

ANNUALISED TOTAL SHAREHOLDER RETURN SINCE IPO

5.9%

- **Global portfolio generated 969,564 MWh of clean electricity, enough to power 334,000 homes, and helped to avoid 749,000 kilo tonnes of carbon emissions (1)**
- **Driven predominantly by a downwards revision in long-term UK and Australian power price forecasts, NAV decreased to £582.2m (31 Dec 2019: £628.0m) and NAV per share decreased to 95.8p (31 Dec 2019: 103.8p)**
- **Strong operational performance of the UK portfolio, 8.4% above budget as a result of high irradiation and asset availability, despite the operational challenges of COVID-19**
- **Acquired four subsidy-free assets in Spain with a generating capacity of 125 MW, marking the Company's first investment into unsubsidised solar**
- **Portfolio now comprises 58 assets with a total generating capacity of 994MW across the UK, Australia and Spain**
- **Declared dividends of 6.91 pence per share for the year, with an increased FY2021 target dividend of 6.98 pence per share**
- **Shareholders recently approved a change to the Company's Investment Policy to allow an allocation of up to 10% of the Company's GAV to Battery Storage Systems, which the Board believes to be an attractive complementary investment opportunity**

(1) Versus coal equivalent

Chairman's Statement

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 2020.

Despite the unique challenges presented by the COVID-19 pandemic in 2020, the Company delivered another year of growth, good operational performance and paid its target dividend to shareholders. The Company also took three significant strategic steps: geographically diversifying its portfolio through the acquisition of its first Spanish solar assets; making its first investment into subsidy-free solar; and securing shareholder approval to introduce Battery Storage Systems ("BSS") to the portfolio.

Inevitably, the emergence of COVID-19 and the operational challenges brought about by restrictions on movement were the primary focus of the Investment Manager and Board for much of the period. During the first UK national lockdown in April, the Investment Manager moved swiftly to implement its Business Continuity Plan and co-ordinated closely with its operational service providers to ensure the safety of its staff and stakeholders and the operational stability of the portfolio. This rapid and co-ordinated action between key service providers meant that there was no operational disruption during the year as a result of the pandemic.

The shutdown of UK heavy and commercial industry during the first lockdown led to a collapse in demand for electricity and a sharp fall in power prices in the second quarter of 2020. Prices gradually recovered in the second half of the year, reaching pre-pandemic levels by year-end. Despite a fall in the price at which generators were able to sell their power in the merchant markets, the Company met its dividend target for the year as a result of the strategic decision to maintain a high proportion of fixed revenues linked to government subsidies and fixed price arrangements in the short and medium term. As a result of the price recovery in the last few months of 2020, the Company increased the percentage of energy sales under fixed price arrangements for 2021 and 2022 providing additional support to future dividends.

The Company's existing UK portfolio is now well-established and operating in a 'steady state', as evidenced by another year of positive operational performance. In the UK, electricity generation for the period was 8.4% above base case expectations due to good irradiation levels and asset availability. In Australia, the Company continued to make good progress on its solar portfolio with Oakey 2 reaching full export capacity, with all four Australian assets now fully operational.

The Company reached a significant growth milestone in August when it announced the acquisition of its first asset in Spain, a deal which also marked the Company's first venture into subsidy-free solar. This acquisition was followed by a further acquisition of a portfolio of three Spanish subsidy-free assets in December. All four acquisitions are greenfield and their construction will be overseen by the Investment Manager's team on the ground in Madrid, a benefit of Foresight Group's significant regional expertise in Europe.

As well as providing meaningful geographic diversification and building upon the Company's existing Australian portfolio, these Spanish acquisitions demonstrate the Company's ability to source and deliver projected stable cash flows at attractive risk-adjusted returns, and an important step in its international expansion strategy. With these acquisitions, the portfolio has grown to 58 assets with a generating capacity of 994MW. The recent vote by shareholders to allow an allocation to BSS of up to 10% of GAV provides an additional and exciting area of potential growth for the Company.

KEY FINANCIALS

In 2020, the Net Asset Value ("NAV") per Ordinary Share decreased by 8.0 pence to 95.8 pence (31 December 2019: 103.8 pence).

The Company's financial performance in the year was negatively affected by the weakening of both short and long-term UK wholesale power price forecasts due to the COVID-19, resulting in an impact to NAV of 13.1 pence per share. Much of this impact was due to a significant decline in power prices seen in the first half of the year. However, power prices stabilised and then recovered during the second half of the year with a return to pre-pandemic price levels by the end of the year.

The negative effect of power prices on the Company's NAV was offset somewhat by a reduction in discount rates applied to the UK portfolio during the year of -0.50%. The Board believes that a discount rate of 6.5% is a fair and accurate rate to apply with the reduction justified by the ongoing demand for UK operational solar assets and recent transactions in the market.

The Investment Manager has a number of tools at its disposal to mitigate its exposure to merchant power prices, but the Company will continue to have an element of its revenue exposed to this market risk.

OPERATIONAL PERFORMANCE

Operational performance across the Company's global portfolio was in line with its target over the year, producing approximately 969,000MWh of clean electricity across the 54 operating assets, continuing the strong performance of recent years.

The UK portfolio delivered another year of positive performance, ahead of budget, generating 739MWh (FY19: 713MWh). Electricity generation for the period was 8.4% above expectations, aided by strong irradiation levels which were 8.5% above budget.

The Australian portfolio also contributed significantly to overall production, generating 230MWh during the period (FY19: 35MWh). The Oakey 2 project reached full export capacity in October 2020, with final commissioning tests ongoing. In addition, the export restriction which had curtailed 50% of the site's total capacity since the last quarter of 2019 was removed in April.

Optimisation initiatives across the portfolio were successfully deployed through the course of the year to improve energy generation, reducing downtime and lowering operational costs. This work will continue into 2021.

ACQUISITIONS

The Company has previously highlighted the attraction of the Iberian solar market which benefits from very high levels of irradiation and the ability to enter long-term PPAs with high quality counterparties without the need for government subsidies.

The Company is therefore pleased to have made two significant acquisitions during the period, adding four subsidy-free assets in Spain with strong production profiles. When construction completes in 2021/2022, the sites will add a further 125MW of generating capacity to the Company's global portfolio. Both acquisitions will include long-term fixed price arrangements with highly credible counterparties that will deliver contracted revenues and support the Company's ability to provide attractive risk-adjusted returns while increasing the portfolio's international diversification. At the time of the investment, the Company's international portfolio represented 17% of gross asset value.

DIVIDENDS

The Company has declared total dividends of 6.91 pence per share for the year, in line with its target. The fourth and final FY2020 dividend of 1.73 pence per share will be paid on 29 May 2021.

Dividend cover for the period on a cash basis was 1.11 times, including the impact of the scrip dividend programme. The Company has met all dividend targets since its launch.

The Board is pleased to declare a target dividend of 6.98 pence per share for FY2021, an increase of 1% compared with 2020.

DEBT FACILITIES

At 31 December 2020, the total outstanding debt of the Company and its subsidiaries amounted to £472.4 million (31 December 2019: £443.5 million), with long term debt representing £391.55 million (December 2019: £403.5 million). Total gearing increased to 45% of Gross Asset Value ("GAV") (December 2019: 41%) following Revolving Credit Facility drawdowns of £40.9 million during the year. Long-term debt represented 37% of GAV (2019: 38%), remaining within the 40% long-term debt target set by the Board. The Company's net debt position, when considering the available cash balances, represented 37% of GAV.

The Company's Revolving Credit Facility totalled £105 million at 31 December 2020, of which £24.1 million remains available for investment following the two Spanish acquisitions, providing the Company with flexibility to pursue further acquisitions should suitable opportunities arise.

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

CHANGE TO INVESTMENT POLICY

For some time the Investment Manager has been reviewing the attractiveness and viability of BSS with a particular focus on co-locating batteries alongside its existing UK operational assets, leveraging the wider experience of Foresight Group in the sector. Following an extensive review, the Investment Manager has identified several sites with available land and grid capacity to support BSS co-location. The market for greenfield co-location opportunities continues to develop and is expected to represent an attractive opportunity in the future as a significant contributor to the transition to low-carbon energy. The Board believes that the addition of a limited number of batteries to the existing UK solar portfolio, along with greenfield co-location investments, will provide clear benefits to the Company's investors, including an additional and diversified source of portfolio revenue with attractive risk/return characteristics. As such, a formal proposal to approve an allocation to BSS of up to ten per cent of the Company's GAV was put to shareholders at a General Meeting on 15 February 2021 and approved overwhelmingly. The Board looks forward to working with the Investment Manager to gradually introduce BSS opportunities into the portfolio.

Chairman's Statement

LISTING OF INVESTMENT MANAGER

The Company's Investment Manager, Foresight Group LLP, undertook a successful listing on the London Stock Exchange as Foresight Group Holdings Ltd (FSG) on 9 February 2021. The Board welcomes the additional visibility and profile this will provide for its Investment Manager and is confident that the services provided by the Investment Manager will remain of the same high standard following its listing.

SUSTAINABILITY UPDATE

The World Economic Forum's 2021 edition of its Global Risks Report has once again highlighted environmental risks such as 'Extreme Weather', 'Climate Action Failure', 'Human Environmental Failure, and 'Biodiversity Loss' as four of its top five most likely global risks[2]. While the existence of these non-financial risks to financial returns is not new, there is a growing focus by both governments and investors on their likelihood and impact.

The Company has frequently reported on the positive social and environmental benefits generated by its investments in renewable energy assets. The portfolio has grown consistently since the Company's inception in 2013 and each year has provided energy suppliers, companies and households with electricity generated with a minimal carbon footprint. The electricity generated in 2020 alone equated to enough clean energy to power over 334,000 UK homes.

The Company has undertaken a number of initiatives during the year to improve its sustainability credentials. The Investment Manager has secured independent certification of compliance with the EU Taxonomy for sustainable activities for two of its assets, one in the UK and one in Australia, which it believes are representative of the broader portfolio. While the green nature of the Company's activities may appear abundantly clear, the Board believes that third-party verification of assets in each of the geographies in which it operates should give investors further comfort in the Company's sustainability credentials. EU Taxonomy certification should also help to attract the attention of potential new investors seeking investment solutions with a measurable social and environmental impact alongside attractive financial returns.

As reported in the 2020 Interim report, the Investment Manager continues to work with its key operational counterparties to ensure they operate in a manner that places sustainability at the core of their service delivery. During the course of the year, the Company's three largest O&M providers entered into Sustainability Agreements that commit them to complying with a number of guidelines that ensure ESG considerations are embedded into their operating practices. The Board and Investment Manager will monitor the compliance of its counterparties with this agreement on an annual basis with the aim of encouraging ongoing engagement and improvement in this important area.

BOARD UPDATE

In September 2020, Ms Ann Markey was appointed as a Non-Executive Director, bringing the size of the Company's Board to five. Ms Markey is an experienced business leader and non-executive director with a strong financial background and over 20 years' experience as a senior executive and board director in a number of businesses, in both the public and private sectors. Ms Markey has extensive experience in the electricity industry, particularly in thermal and renewable generation, including Photovoltaic ("PV") solar and wind. Since her appointment in September, Ms Markey has already proved to be a valuable addition to the Board.

OUTLOOK

Tangible progress towards net-zero remains a top priority for the UK Government in 2021. Whilst COVID-19 has disrupted all areas of life for individuals, businesses and society, the consequences of the pandemic seem set to boost the decarbonisation agenda rather than to hinder it. The 'Build Back Better' and 'Green Recovery' agendas place renewables at the heart of the UK economic recovery plan and the country will take centre stage in global climate change discussions in November when Glasgow hosts the 26th UN Climate Change Conference of the Parties. Other international governments have also announced ambitious decarbonisation targets.

The commitment to decarbonised economies is expected to create new support mechanisms for solar technologies. The UK's Contracts for Difference auction expected to take place in late 2021 will reintroduce solar as a qualifying technology and the successful Spanish auction announced in January 2021 awarded 2GW of new solar PV capacity.

In this context, the demand for renewable energy assets such as utility scale solar, is only set to increase as renewables become an increasingly central component of the energy mix. As a result, the pricing environment for operational assets with high levels of contracted revenues in both the UK and Europe is set to remain competitive, presenting modest investment opportunities for the Company.

The measures implemented in recent periods mean that the impact on the Company of the UK leaving the EU is expected to be minimal. The Board and the Investment Manager will, however, continue to review this development.

2 http://reports.weforum.org/global-risks-report-2021/survey-results/

The acquisition of the Company's first subsidy-free assets is an exciting development and the result of its targeted efforts to identify attractive opportunities in this emerging market. It is the Investment Manager's view that this market will continue to develop in the UK and other international markets, in particular Southern Europe, and will continue to monitor opportunities in the space.

The recent change to the investment policy will also allow the Company to target BSS investments, either alongside the existing portfolio or as a greenfield investment, with an initial focus in the UK market given the size of the opportunity. As the proportion of renewable energy generation increases, the requirement for grid stability and services that are able to rebalance the intermittent nature of solar energy are expected to increase. BSS are expected to have a more significant role in this energy transition process.

At portfolio level, the Asset Manager will continue its focus on delivering continued positive operational performance along with optimisation initiatives, either at a technical or commercial level. 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.

The Company will continue to prioritise the safety of all its stakeholders and its commitment to sustainable strategies.

On behalf of the Board of Directors, I would like to conclude by thanking our suppliers and service providers for the commitment they have shown throughout such a challenging and uncertain year.

Annual General Meeting

We look forward to meeting shareholders at the Company's next Annual General Meeting ("AGM") on 16 June 2020 at 9:30am. Details of how shareholders may participate in the AGM will be announced in due course.

Alexander Ohlsson
Chairman
8 March 2020

PORTFOLIO ASSETS

Portfolio Overview

Operating Asset Locations

United Kingdom

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	Asset	Installed Peak Capacity (MW)	Connection Date	Acquisition Cost[1] (£m)
1	Wymeswold[2]	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 (Acquired as portfolio)
21	Park Farm	13	March 2015	
22	Sawmills	7	March 2015	
23	Verwood	21	February 2015	
24	Yardwall	3	June 2015	
25	Abergelli	8	March 2015	3.7
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
49	Manor Farm	14	October 2015	6.1
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
50	Roskrow	9	March 2015	3.7
	Total	**723**		**685.1**

Construction Asset Locations

Spain

4

	Asset	Installed Peak Capacity (MW)	Acquisition date	Acquisition Cost[1] (£m)
1	Virgen del Carmen[4]	26.1MW	September 2020	18.0[4]
2	Andalusia Portfolio (3 assets)	98.5MW	December 2020	64.2[4]
3				
4				
	Total	**124.6MW**		**82.2**

Portfolio Assets

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

2 Includes the 2MW extension acquired in March 2015.

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

4 Original equity cost at time of acquisition, including transaction costs. For assets under construction this includes estimated constructions costs to start of operations. International acquisition costs converted to GBP including transaction costs at the applicable rate at the applicable rate at the time of acquisition.

Operating Asset Locations

Australia

4

	Asset	Installed Peak Capacity (MW)	Connection Date	Acquisition Cost[1] (£m)
1	Bannerton	53[3]	July 2018	22.9
2	Longreach	8[3]	March 2018	2.7
3	Oakey 1	15[3]	February 2019	4.4
4	Oakey 2	70	May 2019	34.0
	Total	**146**		**64.0**

STRATEGIC REPORT

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.

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. Following multiple equity raises since launch, the Company has grown steadily and now owns a portfolio with a gross asset value of £1,054.6 million as at 31 December 2020. It is the largest UK-listed dedicated solar energy investment company by installed capacity and market capitalisation.

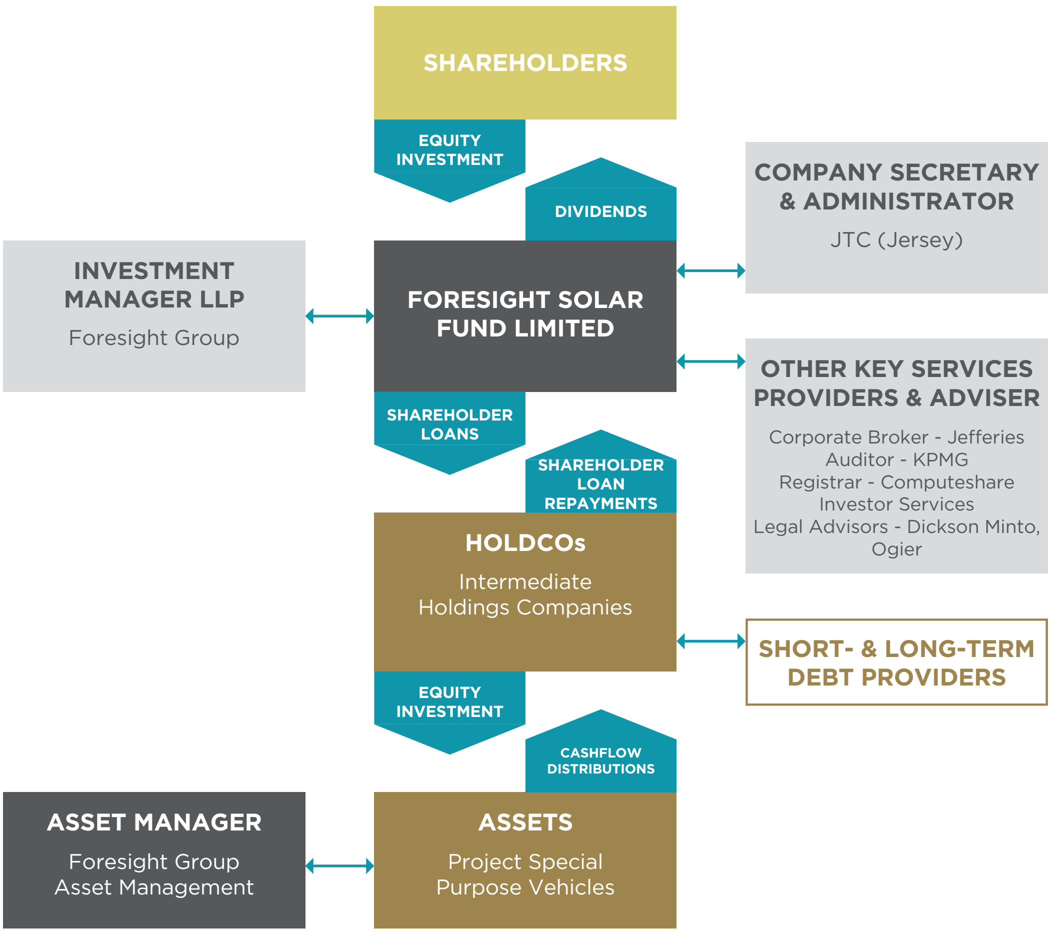
As at 31 December 2020, the Company has 607,711,311 ordinary shares in issue which are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market.

OPERATING STRUCTURE AND BUSINESS MODEL

As an Investment Company, the Company has no direct employees and outsources all operations to a number of key service providers.

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

The operating structure and key service providers are detailed in the graphic below:



Corporate Summary

SIGNIFICANT SHAREHOLDERS

The Company's shareholders include a large mix of institutional and retail investors.

Shareholders in the Company with more than a 5% holding as at 31 December 2020 are as follows:

Investor	% Shareholding in Fund
BlackRock Investment Management Ltd	16.68
Schroders Plc	8.12
Baillie Gifford & Co Ltd	7.77
Legal & General Investment Management Ltd	6.67
Valu-Trac Investment Management Ltd	5.14
Total	**44.38%**

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 and BSS predominantly located in the UK.

INVESTMENT POLICY

The Company pursues its investment objective by acquiring ground-based, operational solar power plants. The Company is also permitted to invest in utility scale battery storage systems up to a limit of 10 per cent. of the GAV of the Company, calculated at the time of investment.

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

Investments outside the UK will be limited to 25 per cent. of the GAV of the Company and subsidiaries, calculated at the time of investment.

INVESTMENT POLICY CHANGE – BACKGROUND AND RATIONALE

At a General Meeting of the Company held post-period end on 15 February 2021, shareholders overwhelmingly voted in favour of proposals to amend the Company's Investment Policy. The policy change will permit investment into BSS up to 10% of the Gross Asset Value of the Fund.

Energy generated from renewable sources is expected to represent an increasing proportion of the total energy generation capacity versus other forms of generation. The intermittent nature of primary renewable technologies (particularly solar and wind) results in increased risk of imbalance between demand and supply on the grid, leading to increased price volatility. BSS support a rebalancing of the grid and prevent loss of inertia for the system operator. In return, a number of financial incentives are available to BSS in addition to potential arbitrage opportunities relating to the wholesale market price itself.

Foresight Group was an early investor into the UK battery storage market investing in 45 MW of battery storage facilities in 2018 and has since invested in BSS co-located with hydro assets. Foresight Group is also monitoring the landscape for BSS across other countries, including those in which the Company holds investments. Based on this analysis the Investment Manager has identified that at least 21 of the Company's current portfolio of 50 ground based solar power plant sites are potentially suitable for BSS development.

Although the new Investment Policy will permit the Company to invest in BSS assets without them having to be co-located on the Company's solar power plants sites, co-located opportunities, greenfield of alongside the existing solar portfolio assets, represent a more immediately accessible opportunity-base. Co-locating BSS with the Company's existing solar power plant sites ensures a lower capital cost for BSS development versus investing in standalone storage assets.

This is achieved by sharing existing infrastructure with the site, most importantly the grid connection, but also the land, access tracks and security arrangements.

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

INVESTMENT STRATEGY

The Company will seek to build a diversified portfolio of assets by acquiring majority or minority stakes in individual ground-based solar assets and BSS.

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/or 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.

INVESTMENT RESTRICTIONS

In order to spread risk and diversify its portfolio, at the time of investment no single asset shall exceed 30% of the Company's GAV post-acquisition. If the investment is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired should also not exceed 30%.

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

The Articles provide that gearing, calculated as Group borrowing (including any asset level gearing) as a percentage of the Company's GAV, will not exceed 50% 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. borrowing 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.

Investments in BSS will be limited to 10 per cent of the GAV of the Company and subsidiaries, calculated at the time of investment.

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.

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. Foresight Group is authorised and 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 listed on the London Stock Exchange that currently manages over £6.8 billion of assets on behalf of institutions and retail clients with offices in Australia, Italy, Spain, Luxembourg and the UK. Foresight Group's global infrastructure investments total £6.1 billion, with a cumulative generating capacity of over 2.7GW. The infrastructure investment team was established in 2007 and currently manages over 100 solar power assets across the UK, Europe and Australia with a total generating capacity of 1.5GW.

Foresight Infrastructure's team consisted of 107 full time employees as at 30 September 2020. The team is comprised of

(i) an investment management team of professionals responsible for originating, assessing and pricing assets, managing due diligence and executing transactions; and

(ii) an asset management team with expertise across electrical and civil engineering, finance and legal disciplines.

The Foresight infrastructure team has substantial experience in sourcing and executing all required elements of the capital structure of an investment across geographies, including project-level debt finance and other required forms of finance.

The key strengths of the infrastructure investment team include (i) sourcing and execution of asset acquisitions; (ii) experience of pricing complex revenue streams; (iii) pricing wholesale power exposure; (iv) managing construction projects; and (v) finance and structuring, including bank debt and project finance.

The asset management team consists of individuals with engineering, consulting and operations backgrounds, accountants and in-house personnel responsible for the process of "on-boarding" and managing acquired assets as well as a technical team of specialist infrastructure engineers that help by evaluating an asset's operational and physical characteristics during due diligence, construction management and assist the asset management team to manage the assets by identifying and implementing optimisations post-acquisition. Members of these teams work together throughout the investment lifecycle.

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, component warranties and insurance policies, spare part and replacement strategy and technology improvements

Corporate Summary

- Oversight of Operation & Maintenance counterparties and operational performance
- 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.

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.

The Company is 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.

KEY FSFL PROFESSIONALS

Ricardo Piñeiro, 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 1GW and remains primarily focused on leading new renewable energy and BSS 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, CFO & COO

Gary joined Foresight in 2004 and is a Partner and CFO, based in the London office. He has over 27 years of experience. Gary is the Head of finance and administration within Foresight Group LLP, providing or facilitating specialist financial input into corporate, portfolio and VCT decisions. Prior to Foresight, Gary worked at F&C Asset Management as a Company Secretary, where he focused on legal & tax compliance, financial compliance, technical and financial reporting and corporate finance. He has also worked at EY, focusing on audit and risk assurance.

Gary is a Chartered Fellow of the Securities Institute as well as a Chartered Accountant. He holds a BAcc from the University of Stirling.

RISK AND RISK MANAGMENT

The Company is exposed to a number of risks that have the potential to materially affect the Company's valuation, reputation and financial or operational performance. The nature and levels of risk are identified according to the Company's investment objectives and existing policies, with the levels of risk tolerance ultimately defined by the Board.

The Investment Manager and the Administrator have a comprehensive Risk Management Framework in place which is reviewed on a regular basis by the Company's Audit and Risk Committee and then by the Board, with the objective of reducing the likelihood and the impact of principal and emerging risks. Reliance is placed on the internal systems and controls of the Investment Manager and external service providers such as the Administrator to effectively manage risk across the portfolio and maintain an up-to-date risk register. The adequacy and effectiveness of the systems of internal control are reviewed by the Audit and Risk Committee annually.

Climate change related risk and Task Force on Climate-related Financial Disclosures ("TCFD") reporting

The Company recognises that risks traditionally considered to be non-financial, such as climate change, have the potential to impact upon long-term shareholder returns across many sectors. While the Board believe that the Company's investments are making a meaningful contribution towards decarbonisation efforts in the countries in which it operates, the Company is working with its manager to assess climate related-risks and opportunities within its portfolio and to consider an appropriate reporting framework going forwards in line with recommendations made by the Task Force on Climate-related Financial Disclosures.

Emerging Risks

Risks that are characterised by a degree of uncertainty are regularly reviewed by the Board, with the support of the Investment Manager, the Administrator and other relevant advisers. During the period, risks relating to global pandemics, such as COVID-19, and the potential future impact on operational performance and cash flow generation in the short and medium-term have been reviewed and continue to be closely monitored. This risk is still considered material by the Investment Manager however the disruption to the portfolio operations to date has been minimal.

Principal Risks

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.

More information on the risks that should be considered before investing in the Company are contained within the Prospectus which is available at https://fsfl.foresightgroup.eu/investor-relations/publications/prospectus/

Major Risk	Summary of Risk	Mitigation
Risks relating to revenues from 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 can be mitigated in the short and medium term 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 offering a secure route to market for periods between 1 and 14 years depending on the geography. At 31 December 2020, more than 50% of the total expected portfolio revenues calculated on a net present value basis are considered fixed. The Company has the option to increase the proportion of contracted revenues by entering new fixed price arrangements in the future, subject to the prevailing prices at that point in time. Subsidy-free assets are expected to have long-term PPAs in place once operational. 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.

Major Risk	Summary of Risk	Mitigation
Risk relating to global pandemics	The emergence of a new global pandemic could potentially have a materially negative impact on economic activity, restrict freedom of movement and the hinder the Company's ability to service its assets. The COVID-19 pandemic and associated reduction in energy demand from the lower economic activity resulted in a decline in power prices. Power price recovery to previously forecast levels is uncertain.	The Company works closely with its Investment Manager and key operational counterparties to ensure adequate Business Continuity Plans are in place to mitigate risks related to unforeseen operational disruptions. During the COVID-19 pandemic Business Continuity Plans were deployed quickly by the Company's counterparties as the pandemic unfolded. The disruption to freedom of movement during pandemic related lockdowns in 2020 resulted in little disruption to the Company's operations. New safe working practise were quickly established and put into place by O&M providers allowing maintenance activities to continue uninterrupted. Mitigants to risks relating to decreased revenues from the sale of electricity are set out above.

Risk and Risk Management

Major Risk	Summary of Risk	Mitigation
Risks relating to regulatory changes, including subsidy changes	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. The Australian Energy Market Operator (AEMO) reviews annually the loss factors applicable to renewable generators as a result of energy losses in the transmission and distribution networks. A reduction in the Marginal Loss Factor ("MLF") 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.	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. The UK Government remains committed to climate change initiatives with the 'Build Back Better' and 'Green Recovery' agendas including an important role for renewable energy in the UK economic recovery plan. The UK remains bound by national and international renewable obligations, including the commitment to "net-zero" carbon emissions by 2050 which is expected to continue to deliver support for further renewable energy deployment. 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. The Investment Manager, in conjunction with the Company's local advisers, reviews the anticipated levels of MLFs on an annual basis to identify potential changes that could impact the value of the assets and the ability to distribute cash flows.
Risks related to Brexit	The UK left the European Union on 31 January 2020. The EU-UK Trade and Cooperation Agreement was agreed on 24 December 2020 and ratified by the UK Parliament on 30 December 2020. The impact of the agreement to the UK energy market and impact to the regulatory environment, legal and commercial operations of the portfolio assets remain uncertain.	The Company and the Investment Manager will continue to closely monitor the impact of the EU–UK Trade and Cooperation Agreement on the Company portfolio. A strategic review of key spare part components has been performed prior to Brexit to ensure adequate levels of spare parts are available at portfolio level to mitigate potential disruption to supply chains between EU countries.

Risk and Risk Management

Major Risk	Summary of Risk	Mitigation
Risks relating to gearing	The Company's underlying subsidiaries currently have gross borrowings of £472.4 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. The Company has £105 million of revolving credit facilities to pursue new acquisitions and A$73.5m of term loan facilities across three of the Australian assets expiring in 2022 that might not be refinanceable on similar terms or at all.	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. The current low interest rate environment and general availability of third-party debt in the market should minimise the refinancing risk of the revolving credit facilities. In addition, renewable infrastructure has shown significant support from equity investors as demonstrated in recent capital market activity in the sector, thus suggesting the fundraising environment for renewable assets remains stable.
Risks relating to inflation	The revenues and expenditure of solar assets are frequently, partly or wholly subject to indexation, typically with reference to RPI. The Company also has in place debt facilities in the UK that are inflation-linked	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, UK subsidies are formally linked to RPI. For costs, O&M contract prices and land rents are generally linked to inflation and as such there is a natural inflation linkage to costs and revenues. In January 2020 the UK Government published the response to the RPI reform consultation. The anticipated result is an alignment between RPI and CPIH to be introduced by 2030. 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.

Risk and Risk Management

Major Risk	Summary of Risk	Mitigation
Risks relating to operational performance	Operational assets may be subject to operating and technical risks, including risk of mechanical breakdown, counterparty risk and other unanticipated events that adversely affect operations. In the event that the transmission or distribution facilities are not available for the export of electricity generated at solar PV asset level, the Company may be unable to sell its electricity and this could have a material adverse effect on the Company's business, financial status and results of operations.	The Asset Manager continually monitors plant performance and develops management plans for each asset and is responsible for monitoring and reporting upon the implementation of the plans to the Board. In particular the Investment Manager monitors aspects such as operational plant performance and spare parts management to minimise production downtime as a result of component failure. The contracts entered with Operations & Maintenance service providers typically include a guaranteed level of asset availability in terms of generation and financial warranties against revenues losses. The portfolio assets maintain comprehensive damage and business interruption insurance policies against revenue and financial losses. The diversified nature of the portfolio offers additional protection with no single asset representing more than 8% of the portfolio total installed capacity.
Risks relating to the construction of solar PV assets	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 solar park, for example, due to faulty components or insufficient structural quality, 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 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 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. The risk of higher tax rates level of government borrowing required to fund emergency COVID-19 economic support measures. In March 2021 the UK Government stated its intention to increase UK Corporation Tax from 19% to 25% from 2023. Should the proposal be signed into law it will adversely impact the valuation of the portfolio.	The Investment Manager will continue to work with tax advisers to ensure any potential changes in tax rates and legislation are monitored and adequately assessed. For an estimate of the impact to the Company's NAV of the proposal to increase UK Corporation Tax please refer to the Valuation Sensitivity analysis contained in the Investment Manager's report on page 37.
Risk relating to foreign currency movements	Changes in the exchange rate between Sterling and the currencies of foreign countries in which the Company operates assets could have a meaningful impact on the value of international investments and cashflows generated by these investments. Currently this risk relates to the exchange rate between Sterling and the Euro and the Australian Dollar.	The Company implements a hedging strategy in order to reduce the possible impact of currency fluctuations and to minimise the volatility of cash flow distributions. This hedging strategy employs the use of currency derivatives to mitigate the risk of significant short-term currency moves in both the Euro and Australian Dollar. The capital value of the investments as reflected in the NAV will remain exposed to foreign currency movements.

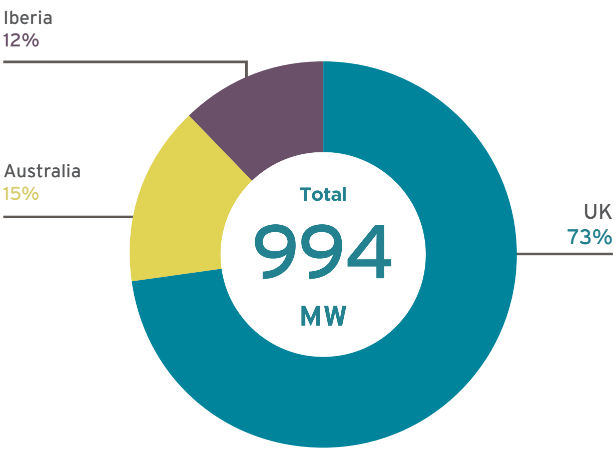
PORTFOLIO SUMMARY

As at 31 December 2020, the Company's portfolio comprised 58 assets with a total installed capacity of 994 MW, of which 125 MW remain under construction. In the UK, the Company has an operational portfolio of 50 assets representing a total installed capacity of 723 MW. The Company owns a further four operational assets in Australia which account for 146 MW of installed capacity. Two acquisitions in 2020 added an additional four 4 subsidy free assets in Spain which will add an additional 125 MW on completion of construction.

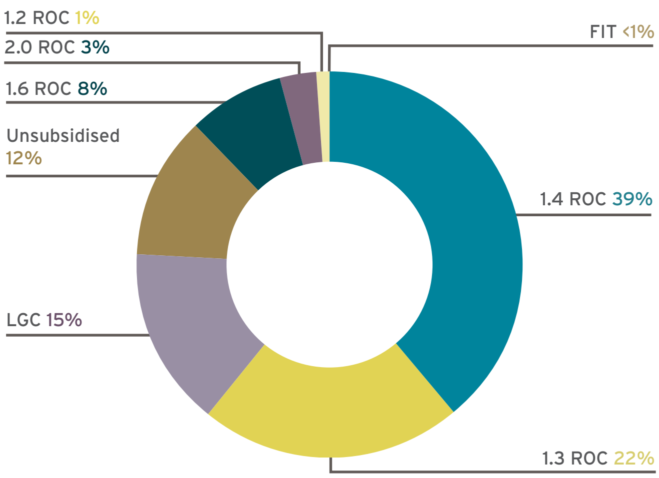
The Company's UK assets all benefit from regulatory support and are accredited under the Renewables Obligation ("RO") scheme, with the exception of Yardwall which is a Feed-in-Tariff scheme ("FiT") accredited asset representing less than 1% of the UK portfolio. The Australian assets benefit from subsidies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

The Company's recently acquired greenfield projects in Spain will not benefit from regulatory support but are expected to benefit from long-term PPAs providing a high proportion of contracted revenues that, when calculated on a net present value basis over the life of the projects, deliver an attractive risk profile considering the Company's investment objectives.

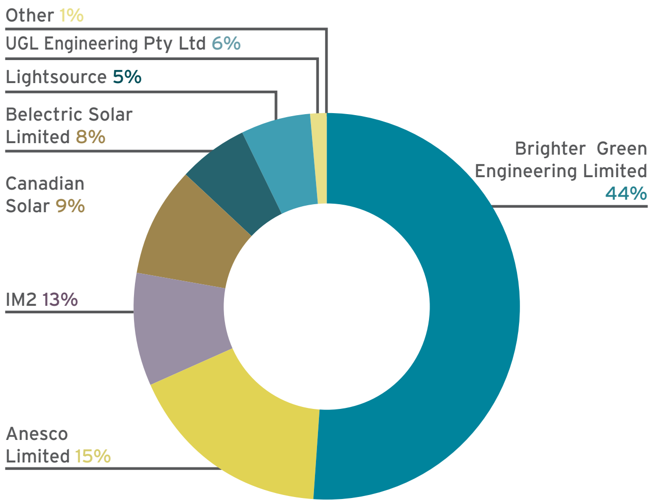
Countries by Installed Capacity



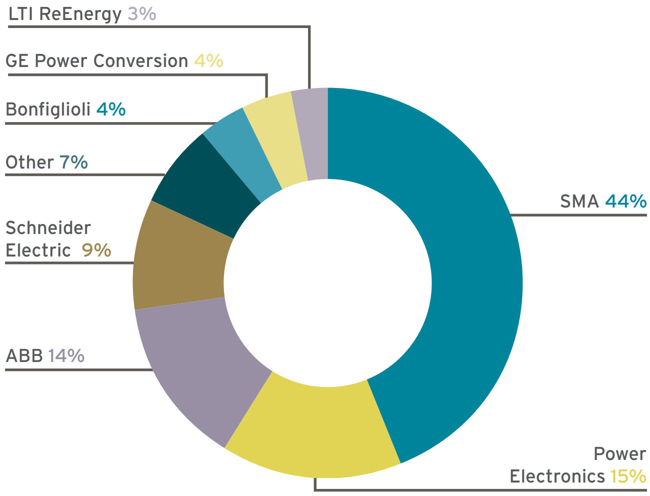
Subsidy by Installed Capacity



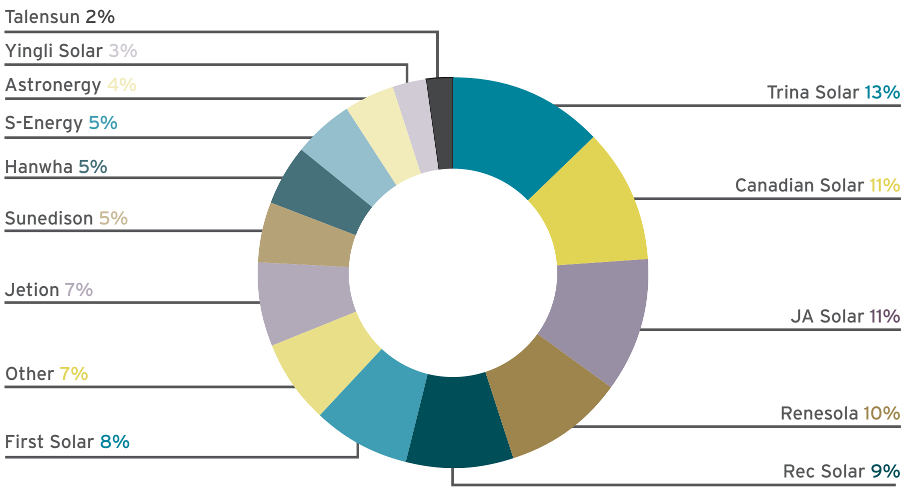
O&M Contractors by Capacity



Inverters by Capacity



Panel Suppliers by Capacity



ACQUISITIONS

The Company made two significant acquisitions in 2020 adding 125 MW to the portfolio across four assets located in Spain. These first acquisitions in continental Europe add significant geographic diversification to the portfolio, and also represented the Company's first investments in the subsidy-free market.

The Spanish electricity market has been integrated into the Iberian market or MIBEL ("Mercado Ibérico de Electricidad") since 2006, following the liberalisation of the Spanish market in 1998. Historically it has been vertically integrated and dominated by large local utilities in terms of generation, distribution and supply of electricity. The transmission network is operated exclusively by Red Eléctrica Española, the Spanish transmission system operator. The market has a well-established grid infrastructure, planning and grid connection process.

At the end of 2019 installed renewable energy capacity totalled 54 GW, or 52% of the total installed capacity, with renewable electricity generation accounting for 39% of the total electricity generated. Solar accounted for 8.6 GW at the end of 2019, a growth rate of more than 93% compared to the previous year. This was the result of a recent period of energy transition supported by the Spanish Government's commitment to the decarbonisation targets defined in the National Energy and Climate Plan. These targets include the goal of renewable energy sources representing 35% of total generation by 2030 and 100% by 2050.

The Spanish renewable energy market has also been supported by the introduction of a new auction subsidy programme and a well developed PPA market which enables solar operators to secure high levels of contracted revenues in the long term from high quality counterparties.

When combined with the country's high level of irradiation and decreasing solar installation costs, the opportunity to invest in greenfield subsidy-free assets delivers attractive return targets at the PPA prices currently available in the market.

Both acquisitions will be funded through construction according to a fixed price EPC contract with a payment schedule linked to key construction milestones, offering additional financial protection against commissioning delays. The construction process will be overseen by the Investment Manager's team based in Madrid with the support of third-party technical advisers.

Asset Name	Location	Installed Capacity	Status	Subsidy status	Acquisition Date	Acquisition Cost
Virgen del Carmen	Spain, Huelva	26.1 MW	Construction	Subsidy-Free	September 2020	€20.2 million
Andalusia Portfolio (3 assets)	Spain, Andalusia	98.5 MW	Construction	Subsidy-Free	December 2020	€72m*

* Includes estmated construction costs

VIRGIN DEL CARMEN

In September 2020 the Company announced the acquisition of the 26.1 MW Virgen del Carmen asset. The acquisition will represent an investment of €20.2 million (£18.0 million) once construction is completed and will benefit from a long-term PPA entered with into with Shell Energy Europe Limited, a subsidiary of Royal Dutch Shell Plc, for the sale of electricity under a fixed price agreement until 2030. Construction at the site has already begun with operations targeted to start in the third quarter of 2021. .

ANDALUSIA PORTFOLIO

On the 4 January 2021, the Company announced the acquisition on 31 December 2020 of a further 98.5 MW portfolio of three subsidy-free greenfield assets located in the Andalusia region of Spain. Total transaction costs are expected to amount to €72 million once construction is completed and include the acquisition of development rights for approximately €15 million. Construction is expected to start in Summer 2021, with operations targeted to start in June 2022.

It is the Company's current intention to introduce a conservative level of project finance at portfolio level to partially fund construction milestones, with the remaining funding being provided through the Company's existing revolving credit facilities. The project finance facility will be in place before the start of construction

It is anticipated that a long-term Power Purchase Agreement will be signed with a major European energy supplier, also before the start of construction.

MARKET DEVELOPMENTS

Governments in the UK and across Europe continue to remain supportive of the renewables sector and have made commitments to green energy and decarbonisation as central pillars of their pandemic recovery packages. In November the UK Prime Minister announced plans for a Green Industrial Revolution which included a 'Ten Point Plan' which promised to mobilise up to £12 billion of state investment and potentially three times as much from the private sector in a bid to create 250,000 'green jobs'. The UK has also stated its intention to use both the G7 Summit in June and the COP26 Summit in November to push other countries to follow its ambitious net carbon neutral plans.

Despite the disruption caused by the emergence of COVID-19 during 2020, the UK continued on its path towards its 2050 decarbonisation goal with renewables continuing to play an increasing role. While the extensive pipeline of UK subsidy free solar expected to be constructed during the year fell short of expectations, it is estimated that a further 545 MW of solar capacity was connected in 2020, 60% of which was utility scale[2]. European markets also saw a similar impact on expected buildout during the period but still delivered a meaningful number of subsidy-free projects in specific markets.

This new wave of subsidy-free buildout occurred in a year when global power prices were severely impacted by a collapse in electricity demand in the wake of COVID-19 related national shutdowns. The prospect for an increased rate of build out in both the UK and Europe going forwards remains strong with prices across Europe having now recovered from the lows of the first half of 2020 and investor appetite for solar projects expected to remain strong.

The next UK Contract for Difference (CfD) auction in November 2021 is likely to further boost the UK renewables industry with an additional 12 GW of capacity expected to be made available. Solar will once again be an eligible technology in the auction having been excluded in recent auction rounds. It remains to be seen whether solar developers will be able to secure pricing attractive enough to make their participation economically viable.

2020 marked the year the UK left the European Union, with the EU-UK Trade and Cooperation Agreement agreed on 24 December 2020 and ratified by the UK Parliament on 30 December 2020. The impact on the Company is expected to be limited considering the measures implemented in recent periods including maintaining robust levels of spare parts. The Investment Manager will continue to review the impact of the Agreement on the Company's operations.

In Australia, State Governments continue to support the growth of the renewable energy market with each State having adopted a net zero target by 2050. New South Wales released the Energy Infrastructure Roadmap looking to support up to 12 GW of renewables and up to 3 GW of pumped hydro. Victoria has passed the legislation to increase its renewable energy target to 50% by 2030 and has developed a rooftop Solar Homes Program, which is targeting 650,000 home solar installations in Victoria over the next 10 years. Queensland has announced A$500 million government funding for Renewable Energy Zones and to support State owned companies investment in renewables.

In September 2020, the Federal Energy Security Board released its Post-2025 consultation paper which recommends changes to the existing market design and recommends an alternative market design to deliver a secure, reliable and lower emissions electricity system at least-cost. The paper covered seven market design concepts, including resource adequacy mechanisms, essential system services, two-sided markets and transmission access reforms. The Company is actively engaging in the regulatory dialogue through meetings with the regulators, written submissions and participation in industry groups and closely monitoring proposed regulatory changes.

Investment Manager's Outlook

The operational and financial resilience shown by the portfolio and the broader renewables industry throughout 2020 has once again demonstrated the attractiveness of the asset class and helped to support ongoing demand for existing operational assets as well as fuelled continued interest from developers considering subsidy-free development.

Given the consolidation and competition for subsidised operating assets witnessed in previous years in both the UK and Europe, the opportunities for the Company to make further acquisitions in this area are likely to be limited.

However with electricity prices in the UK and other international markets recovering from the economic impact and low electricity demand caused by the COVID-19 pandemic, it is now expected that a significant volume of subsidy-free solar projects should come to market in 2021 and at a time when installation costs continue to decrease. Investment opportunities

2 Source: Solar Energy UK (formerly the Solar Trade Association) and Solar Media analysis, January 2021

within the international solar market in developed economies, in particular Southern Europe, are expected to become increasingly attractive considering the longer PPA tenors available.

Following the acquisition of the Company's first subsidy-free assets in Spain, the focus of the Investment Manager will be on delivering these projects on schedule as well as continuing to monitor the market for further attractive subsidy-free assets. The Investment Manager will also explore options to optimise the capital structure of the Company's significant Australian operating portfolio following the completion of Oakey 2.

BSS co-location opportunities in the UK, either alongside the existing portfolio or as a greenfield investment, will continue to be developed during 2021 following the Investment Policy change approved by shareholders in February this year, with the objective of finalising an initial investment in 2021.

From a portfolio perspective the Asset Manager will continue to focus on optimisation initiatives and maintaining the high operational performance that the UK portfolio demonstrated in 2020.

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 and counterparties.

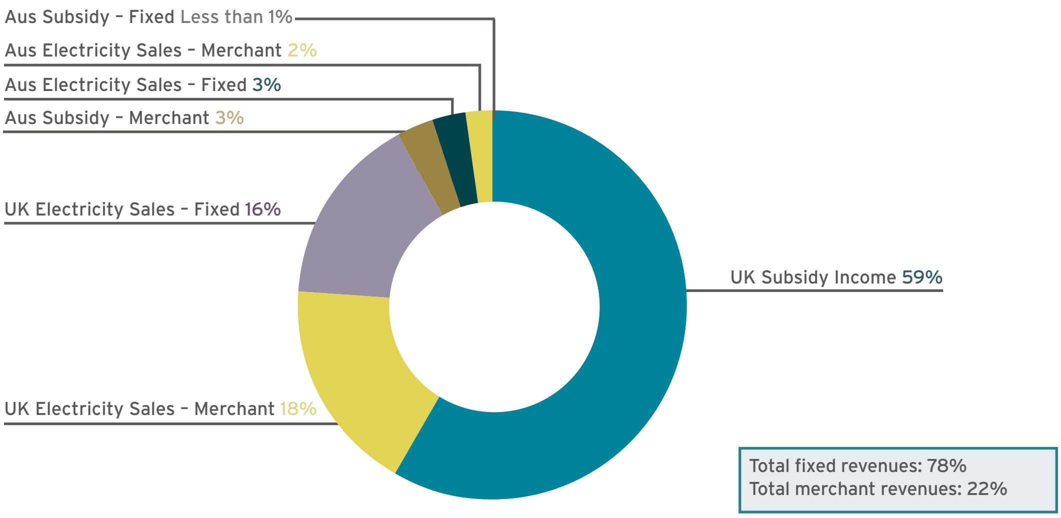
REVENUE ANALYSIS

The Company's revenues are generated from the export of electricity from the portfolio assets into the grid. The revenues are predominantly the result of the regulatory support mechanisms available in the markets in which the Company operates and the sale of electricity to third-party offtakers either at fixed or merchant electricity prices.

In 2020, approximately 62% of revenue was derived from subsidies, with the remaining 38% from the sale of electricity.

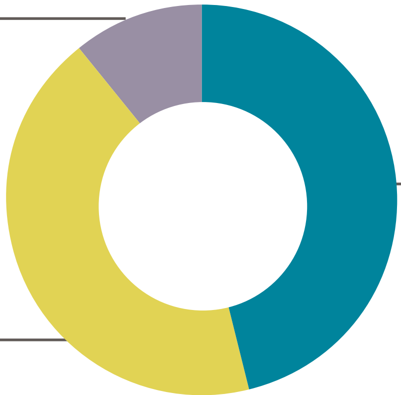
For 2021, 80% of the total expected revenues for the UK portfolio are considered fixed. That percentage decreases to 78% when total portfolio revenues are taken into consideration.

2020 Global Portfolio Revenue Split*



*Totals may not sum to 100% due to rounding

Global Portfolio Revenue Split – NPV Basis



Power Prices

United Kingdom

Wholesale power prices decreased throughout the first half of 2020, reaching prices close to £22/MWh in May 2020 as a result of the COVID-19 restrictions. The downward trend was initially driven by lower natural gas prices globally as a result of new supplies from the US and Australia entering the market at the beginning of the period. In addition to this, historically high gas storage levels in Western Europe, following consecutive mild winters had a downward effect on spot and forward prices for natural gas, resulting in further downward pressure on wholesale power prices. From this already soft position, the UK Government's restrictions in response to the COVID-19 pandemic drove down demand for gas, oil and power which has resulted in even lower wholesale power prices from March until June, with primary electricity demand in certain periods decreasing up to 10% below the previous year.

The second half of 2020 saw a steady recovery as economic activity resumed after the first national lockdown with prices reaching approximately £44/MWh in September. Prices continued to rise as the UK entered the winter months and the increase in demand served to offset further Government restrictions, prices reaching a 2020 peak at approximately £55/MWh in December.

The average power price achieved across the UK portfolio during the year, including fixed price arrangements was £37.05/MWh, versus £45.38/MWh in 2019, a decrease of 18%.

As a result of the recovery in power prices and higher short-term forecast, the Company increased the percentage of UK electricity sales under fixed price arrangements with the aim of delivering a higher cash flow predictability in 2021. Fixed price arrangements for 2021 currently represent 54% of the total expected UK electricity sales at a weighted-average price of £44.38/MWh, against. 32% as at 31 December 2019, at a weighted average price of £52.33/MWh.

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 in the short term.

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

Australia

The National Electricity Market (NEM) was less impacted than the UK and European markets by the decreased demand for electricity due to COVID-19. Compared to the significant drops in demand witnessed elsewhere in Q2 2020, NEM operational demand was down only 2% year-on-year. However, mild Q4 weather and continued strong uptake of distributed solar PV led to an overall 2.6% decrease in operational demand across the NEM comparing to 2019. During 2020, approximately 3GW of distributed PV capacity was installed Australia wide, up around 50% on the previous record in 2019.

During the period, the average wholesale power price decreased by 47% across the NEM, mainly driven by decreased operational demand and lower gas and coal prices due to the impact of COVID-19, coupled with the increased variable renewable energy output. Average wholesale prices in Queensland and Victoria were A$41/MWh and A$52/MWh respectively in 2020, down from A$80/MWh and A$110/MWh in 2019.

Subsidy revenues

The Renewables Obligation Certificate ("ROC") buy-out price for the 2019-2020 annual compliance period increased to £48.78 (2018-19 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 2020/21 FiT rate for the Yardall asset is £73.50/MWh.

In Australia, the average LGC price secured by the portfolio assets in 2020 was A$39.2 per certificate. During the period the Company entered new agreements for the sale of LGCs at a fixed price with Origin Energy until 2030 for Bannerton and Oakey 2 reducing the portfolio exposure to LGC market price volatility. The new contracts had a minor positive impact to NAV due to the higher contracted LGC price against the market price forecast. In the case of Bannerton, the new agreement will target the annual uncontracted LGC volume not sold under the LGC agreement signed with the Victorian government until 2028.

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 wholesale power price forecasts provided by third-party consultants and are updated on a quarterly basis for each relevant market without further adjustments from the Investment Manager. For assets with fixed price arrangements in place, the contracted values are used instead. The same methodology will be applied to the Spanish subsidy-free assets acquired during the period.

During the year the Company revisited its UK power price forecast methodology and introduced a third independent market consultant to the blended average forecast methodology. In the Investment Manager's view this adjustment is expected to present a more comprehensive forecast approach providing further stability to the to the Company's valuation. As part of this review the Company has also updated the expected capture price discounts for solar technologies as a result of revised levels of penetration of low marginal cost renewable generators on the network.

Operational and Financial Review

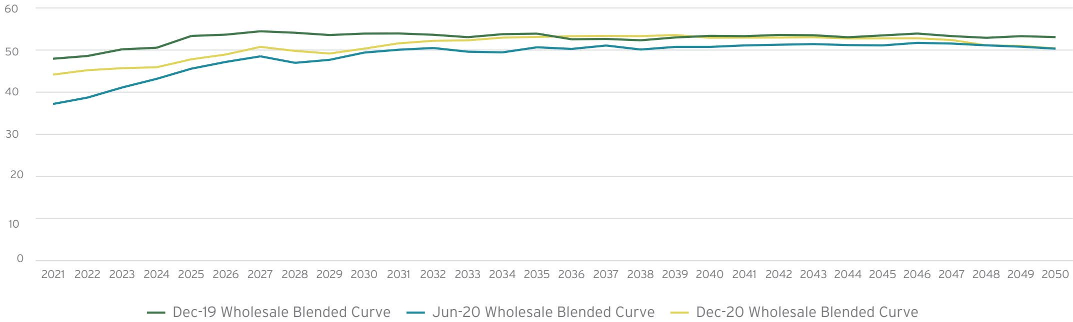
United Kingdom

In 2020, long-term average annual power price forecasts decreased by 11.3% across the duration of the curves used to model the Company's long-term cashflows. This was due to movements in the short to medium term as a result of COVID-19 and the forecast impact on economic activity. The longer-term outlook has also declined as a result of the higher capture price discount assumed for solar generation.

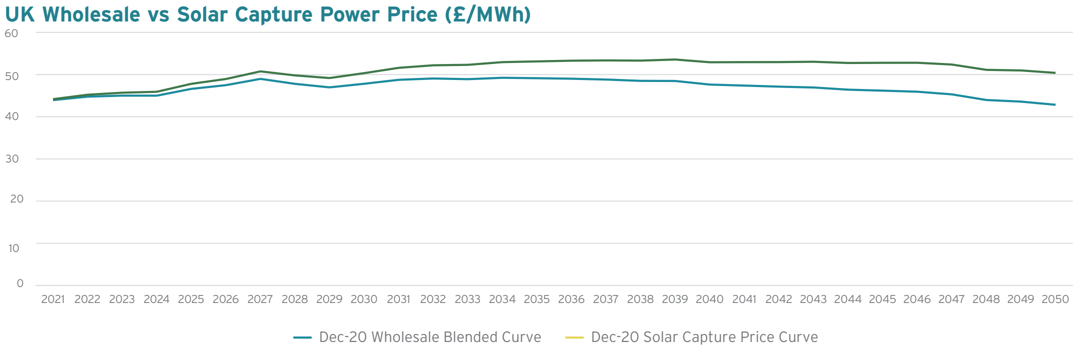
The Company's forecasts over the short to medium-term assume an increase in prices in real terms of 0.8% per annum with prices then declining 0.9% per annum in the longer term as solar capture price discounts are expected to become more prominent. The net impact is a 0.1% annual average decrease in the power curve forecast.

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

UK Wholesale Power Prices (£/MWh)



UK Wholesale vs Solar Capture Power Price (£/MWh)



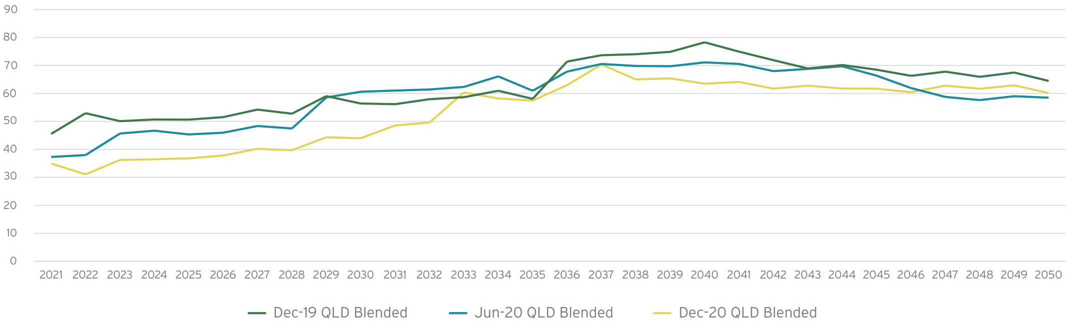
Australia

The wholesale power price is expected to recover and remain stable through the 2020s, rising in the 2030s as coal fired plants are retired and more expensive gas and flexible technologies set the price more frequently, with pricing shadowing the marginal cost of gas generation.

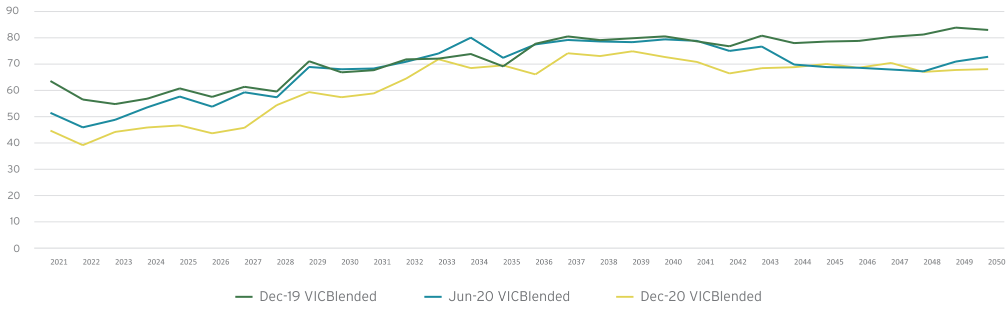
However, the solar capture price discount to the baseload price is forecast to widen as new capacity increases the expected timing imbalance between peak demand and renewable energy production, partially mitigated by an increase in storage and pumped hydro capacity. Buildout of State-backed renewable schemes will also put downward pressure on solar capture price in the short-to medium term.

Australia Wholesale Power Prices (A$/Mwh)

Queensland



Victoria



Asset Manager's Operational Report

UK Portfolio Performance

The UK portfolio continued to outperform expectations during the period with electricity generation substantially above base case at 8.4% when adjusted for financial compensation received. Performance has primarily been driven by high irradiation in the first half of 2020, giving an annual value of 8.5% above base case, combined with a high level of asset availability.

There has been negligible impact on the operation of the portfolio in terms of production due to the COVID-19 pandemic. Corrective maintenance required to resolve faults has been unaffected as asset operators were still able to act quickly and safely as issues arose during the period. Where it was not possible to complete preventative maintenance at the required time, operators have still been able to complete all required preventative maintenance across the portfolio. As per the Interim report, whilst the Asset Manager saw DNO outages being cancelled in the early part of 2020 given the high irradiation levels at that time, the impact of experiencing more outages during the latter months of the year was reduced.

Health and Safety

In 2020 a range of activities were undertaken to enhance the Health and Safety performances of the solar assets in the portfolio.

Health and Safety policies were reviewed at the Fund and SPV level and are being cascaded through the supply chain that supports the portfolio to ensure alignment in this key area. The contracting arrangements for Asset Managers and Operations and Maintenance (O&M) provisions were simplified to make it easier to monitor portfolio compliance and report issues more effectively. In addition to this, the systems and processes that govern the management of Health and Safety were reviewed and good practices and learnings were incorporated.

The Asset Manager worked in partnership with the O&M contractors by providing direction and guidance as needed. In particular, during the outbreak of the COVID-19 pandemic, close communication with O&Ms was established, to track and understand the emerging risks to operatives maintaining the sites. This ensured high levels of performance were maintained while adjusting to new working practices and keeping everyone involved in the portfolio safe throughout this very challenging period.

Operational and Financial Review

During the year competency assessments were performed on the portfolio O&M contractors to assure their Health and Safety management systems adhered to good practice and a programme of site audits was completed across every site in the portfolio.

The Asset Manager continues to monitor Health and Safety incidents and uses the feedback from these events to raise awareness and drive improvement of key Health and Safety risks.

UK Thefts

A limited number of portfolio assets were affected by cabling thefts in the period. Where sites were targeted remedial works were carried out promptly to minimise any downtime. The Asset Manager continues to work with the site operators to ensure that all security systems are appropriate and fully functional whilst also implementing further innovations to prevent future theft attempts.

OFGEM Audits

During the year a number of asset RO accreditations were audited by OFGEM. To date the results of the Audits have been deemed as satisfactory.

Optimisation

Repowering works have now started to be evaluated and examples have now completed within the portfolio, as reported in the Interim report, where a full inverter station was repowered at Pitworthy. The exchange involved moving from central inverters to a bank of string inverters. The repowering exercise has proved very successful in terms of performance with the additional benefit that the components exchanged can now be used as spare parts across the wider portfolio.

The evaluation of Anti-Reflective coating at a number of the sites within the portfolio is continuing with Contractual terms now being discussed with a supplier with a view to rolling out further in Q3 2021. Separately a study has been conducted to calculate the actual degradation of the solar modules in one of the portfolio assets by flash testing a sample of modules. The initial results have shown that the true degradation of the modules at the asset are lower than that assumed and the commercial impacts of this are being now being assessed.

During 2020 the Energy Networks Association (ENA) incentivised asset owners of generating plants to make changes to relay settings to improve network resilience with payments for the works being provided by the DNOs. The Asset Manager worked with the DNOs and Operators to complete changes on 38 sites in the portfolio to ensure the works were carried out within the required timeframe before the works become enforceable and no payment available.

Commercial optimisation initiatives continue with examples such as a review of the supply capacity at each asset being completed. Where the agreed supply capacity was too great based on the actual electricity consumption at the site these were reduced accordingly which in turn passed on cost savings to the SPVs.

The Asset Manager is pleased to report that all of the EPC Final Acceptance Certificate (FAC) processes for UK assets have now been complete and all FACs have been signed between contractors and SPVs across the UK portfolio. Over the years the process has ensured that sites are handed over in the best possible condition after the initial two years of operation to maintain performance for the life of the plant and therefore has been a key optimisation strategy.

Previous initiatives such as critical spare parts have continued to contribute to the stable performance of the portfolio during the year and shall continue to be evaluated. With the experience now gained by the Asset Manager, there is the ability to feed this practical knowledge back into the new projects that are being developed and constructed. In particular, construction management, site design, key component quality control, improvement of warranty terms and key contractual terms for both EPC and O&M Contracts.

Australian Portfolio Update

The Company's Australian portfolio is now entirely operational following the construction delays in Oakey 2. This asset has gone through all the required stages of commissioning and has been able to export at installed capacity since October 2020.

Longreach

The site has been experiencing limited grid curtailment since commissioning due to reduced loads in the area and a low capacity grid transformer. The Asset Manager, working closely with the local grid operator Ergon, has supported the retrofitting of the grid transformer, and resolved the local grid constraint in October. The Asset Manager has also been working with the tracker manufacturer to implement a new tracker algorithm, to increase energy yield in diffuse light conditions and early/late winter sun hours.

Bannerton

The project first 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 were constrained to 50% of output from September 2019 to April 2020. The Asset Manager worked closely with the market operator, the network operator, the inverter supplier and the other affected generators in a collaborative industry effort to tune the inverter settings required to resolve the issue and lift the constraint. The site performance has been affected by the export constraint and by irradiation levels below budget in the second half of the period.

Oakey 2

The area of Oakey 2 which was affected by storm damage in 2020 affecting approximately 15% of the site has been rebuilt during the period. The trackers structures have been reinforced and their control system redesigned to meet the design wind speed required for the site.

In parallel, the Asset Manager has successfully negotiated a staged commissioning plan with the Network Provider to allow commissioning to progress despite the re-construction works affecting various areas of the plant, hence minimising the production losses. The plant has been allowed to export at nominal capacity since October 2020 while the final commissioning works are ongoing and further power quality equipment is installed on site.

The project received approximately A$6.4 million in insurance proceeds during the period as compensation for revenue losses resulting from the delays in the construction caused by the storm events.

Spanish Portfolio Update

Virgin del Carmen (Under Construction)

Since deal completion all key components have been agreed and purchase orders placed. There is already close liaison with the EPC contractor and the network operator to ensure the grid elements of the project are delivered on time. Construction at site is now underway and the project plan is being closely monitored by a dedicated Construction Manager to ensure a timely grid connection in Q3 2021.

Andalusia portfolio (Under Construction)

Construction is expected to start in summer 2021, with operations targeted for June 2022.

Operational and Financial Review

Production Summary

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

UK

Site	MW	Production (MWh)	Production variance versus 2020 budget	Irradiation variance versus 2020 budget
Abbey Fields	4.9	5,506	9.7%	8.8%
Abergelli	7.7	7,380	1.5%	1.2%
Atherstone	14.8	14,458	6.8%	8.2%
Bilsthorpe	5.7	5,617	5.7%	6.6%
Bournemouth	37.3	42,039	8.3%	5.8%
Bulls Head	5.5	5,869	16.0%	11.3%
Castle Eaton	17.8	18,569	17.5%	13.7%
Coombeshead	9.8	10,323	2.5%	4.2%
Copley	30.0	30,030	8.9%	7.2%
Crow Trees	4.7	4,538	6.3%	7.7%
Cuckoo Grove	6.1	6,400	-4.3%	-4.0%
Field House	6.4	6,873	8.0%	9.9%
Fields Farm	5.0	5,308	13.7%	10.5%
Gedling	5.7	5,564	7.8%	10.6%
High Penn	9.6	11,788	6.1%	8.5%
Highfields	12.2	9,938	11.1%	12.1%
Homeland	13.2	14,366	4.9%	5.4%
Hunters Race	10.3	11,023	5.5%	6.2%
Kencot Hill	37.2	39,100	10.9%	10.0%
Landmead	45.9	47,289	12.7%	15.4%
Lindridge	4.9	4,765	2.9%	5.0%
Manor Farm	14.2	13,531	9.0%	8.8%
Marsh Farm	9.1	9,662	5.9%	9.3%
Membury	16.5	17,446	12.2%	9.4%
Misson	5.0	5,001	6.9%	3.9%
Nowhere	8.1	8,585	8.7%	9.9%
Paddock Wood	9.2	10,221	11.9%	8.8%
Park Farm	13.2	12,733	8.4%	7.0%
Pen Y Cae	6.8	6,507	2.5%	4.2%
Pitworthy	15.6	15,315	8.7%	3.9%
Playters	8.6	8,929	5.5%	7.7%
Port Farm	34.7	36,417	12.1%	10.9%
Roskrow	8.9	8,797	-2.8%	-0.8%
Sandridge	49.6	50,746	7.8%	9.6%

Site	MW	Production (MWh)	Production variance versus 2020 budget	Irradiation variance versus 2020 budget
Sawmills	6.6	6,680	0.9%	5.7%
Sheepbridge	5.0	5,297	13.8%	16.1%
Shotwick	72.2	68,413	7.8%	7.5%
Southam	10.3	10,542	10.5%	10.5%
Spriggs	12.0	12,372	7.5%	3.8%
Steventon	10.0	10,745	9.9%	11.6%
SV Ash	8.4	8,347	9.3%	9.4%
Tengore	3.6	3,917	9.2%	6.0%
Trehawke	10.6	11,228	5.7%	6.1%
Upper Huntingford	7.7	8,147	12.9%	10.2%
Verwood	20.7	23,090	10.9%	10.9%
Wally Corner	5.0	5,293	8.6%	12.2%
Welbeck	11.3	11,167	5.8%	8.1%
Wymeswold	34.5	32,653	5.3%	7.7%
Yarburgh	8.1	8,096	4.4%	6.8%
Yardwall	3.0	3,328	5.9%	5.4%
Total*	**723.1**	**739,947**	**8.4%**	
Weighted Total				**8.5%**

Australia

Site	MW	Production (MWh)	Production variance versus 2020 budget	Irradiation variance versus 2020 budget
Longreach	8.46	16,107	-14.3%	4.1%
Bannerton	53.44	71,426	-31.3%	-11.4%
Oakey 1	14.54	26,349	-9.0%	2.3%
Oakey 2	70.02	115,734	-15.2%	-9.1%
Total*	**146.46**	**229,617**	**-20.3%**	**-8.0%**

*Totals may not sum due to rounding

Overall Portfolio

Global	MW	Production (MWh)	Production variance versus 2020 budget	Irradiation variance versus 2020 budget
Total*	**869.5**	**969,564**	**-0.1%**	**-3.4%**

*Totals may not sum due to rounding

Operational and Financial Review

Financial Report

KEY INVESTMENT METRICS

	31 December 2020	31 December 2019
Market capitalisation	£622.9 million	£765.6 million
Share price	102.5 pence	126.5 pence
Dividend declared per share for the year	6.91 pence	6.76 pence
Gross Asset Value (GAV)	£1,054.6 million	£1,071.5 million
Annual total return (NAV) since IPO	5.2%	6.5%
Annual total shareholder return since IPO	5.9%	9.4%
Net Asset Value (NAV)	£582.2 million	£628.0 million
NAV per share	95.8 pence	103.8 pence
Loss after tax for the year	(£7.2 million)	(£10.8 million)

Movements in Net Asset Value

The Company's NAV per share decreased from 103.8 pence to 95.8 pence during the reporting period. A breakdown in the movement of the NAV is shown in the table below.

	NAV	NAV per share
NAV as at 31 December 2019	£628.0m	103.8p
Dividend paid	(£38.7m)	(6.4)p
Fund costs	(£10.4m)	(1.7)p
Other adjustments	£1.3m	0.2p
Time value	£51.5m	8.4p
Projects actuals	£3.7m	0.6p
Forex	£2.9m	0.4p
Power forecasts	(£79.3m)	(13.1p)
Discount rate	£22.8m	3.7p
Corporation tax	(£3.2m)	(0.5)p
Inflation	(£5.2m)	(0.9)p
Operational	£1.7m	0.2p
Asset life	£7.0m	1.1p
NAV as at December 2020	£582.2m	95.8p

*Totals may not sum due to rounding

Valuation methodology

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 examination and challenge. Valuations are undertaken quarterly. A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not materially affected by short-term fluctuations, economic or technical.

It is the policy of the Investment Manager to value with reference to Discounted Cash Flows ("DCF") from the date of acquisition. Assets under construction are valued at cost until the date of commissioning and start of operations. Revenues accrued during construction or commissioning process do not form part of the DCF calculation in making a fair valuation.

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

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

Discount rates for valuation

During the period, the Investment Manager undertook a review of the discount rates applied to the valuation of the portfolio as a result of the valuation information received from participating in a number of tender processes to acquire UK operational assets during the period. As a result of this analysis, discount rates for the UK portfolio have been reduced by 0.50% from 7.00% to 6.50% on a levered basis in order to bring valuations in line with the expected market pricing for operational assets.

The discount rate used for UK asset cashflows which have received lease extensions beyond the initial investment period of 25 years is 7.50% for subsequent years, reflecting the merchant risk of the expected cash flows beyond the initial 25-year period.

For the Australian portfolio, assets are valued using a discount rate which is dependent on the level of contracted revenues in place. The weighted average discount rate across the Australian portfolio is 8.60% on a levered basis. This has increased over the period as a result of the Oakey 2 asset being valued on a DCF methodology for the first time. Adding the Oakey 2 asset to the DCF during the period had a negative impact on valuation of approximately £7.7 million, predominantly due to the adoption of a lower power price forecast compared to the forecast at the date of acquisition.

For the Australian portfolio, assets are valued using a discount rate which is dependent on the level of contracted revenues in place. The weighted average discount rate across the Australian portfolio is 8.60% on a levered basis. This has increased over the period as a result of Oakey 2 being valued on a DCF methodology for the first time. The Oakey 2 asset was added to the DCF during the period at a valuation below historical cost due to adoption of a lower power price forecast compared to the forecast at the date of acquisition.

The weighted average levered discount rate across the portfolio is now 6.74% compared to 7.06% as at 31 December 2019.

Assets under construction are valued at cost and will continue to be held at cost until the assets are connected to the grid and fully operational.

Non-UK assets valuations are updated quarterly to reflect movements related to exchange rates.

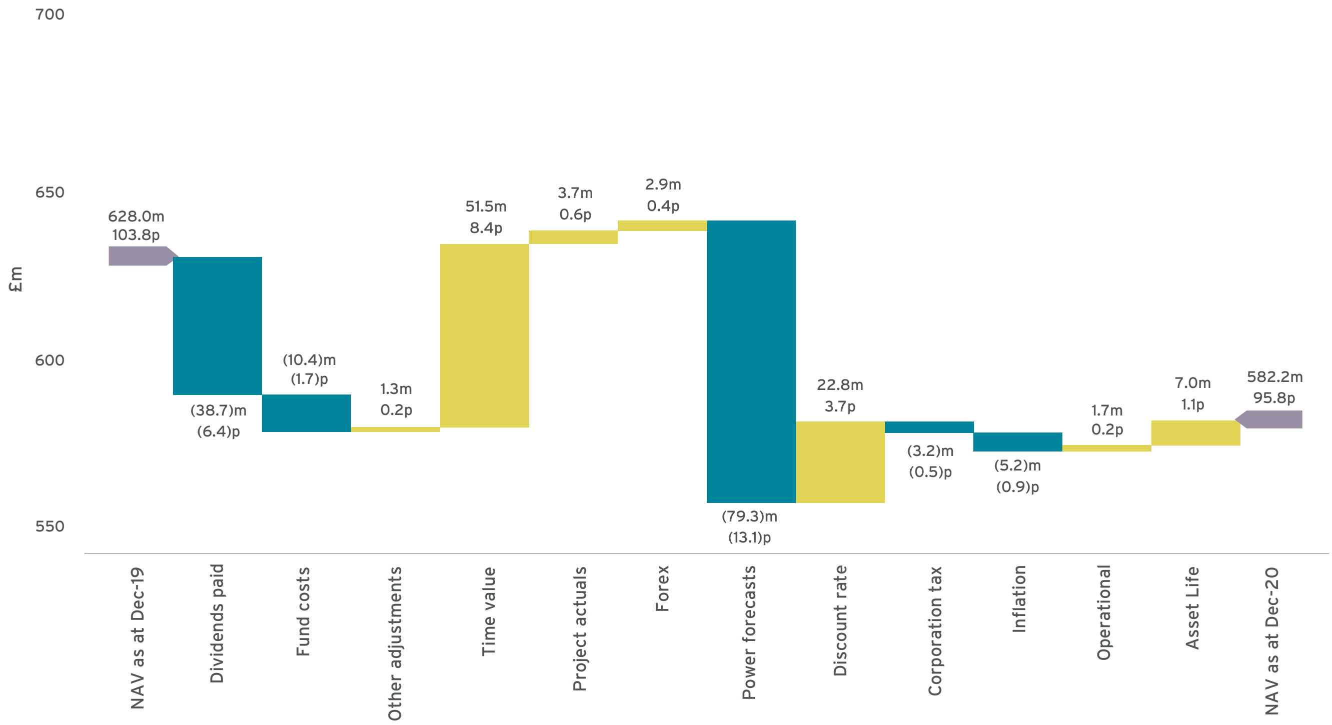
Asset life

The expected weighted average life of the UK portfolio as at 31 December 2020 is 30.6 years (31 December 2019: 29.8 years) from the date of commissioning. This represents a remaining portfolio useful life of 24.8 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 32.0 years from the date of commissioning. Additional conservative operational and lifecycle costs are incorporated into the extended useful life period.

The useful economic life for assets located in Australia increased to 30 years from the 25 year assumption at the date of acquisition.

Movements in Net Asset Value (£m and Pence Per Share)



Totals may not sum due to rounding

Dividends Paid

The Company paid dividends of £38.7 million during the year to 31 December 2020.

Fund Costs

Total costs of £10.4 million, which include management fees, financing, other costs and corporation tax were incurred by the Company and its subsidiaries on a consolidated basis during the year.

Time Value

A value uplift resulting from moving the valuation date forward and therefore bringing future cash flows closer to the present date (and therefore discounting them less).

Projects Actuals

Cash generation from UK projects exceeded modelled forecasts by £3.7 million in the year due to base case outperformance.

Foreign Exchange Movements

Fluctuations in the exchange rate over the period impacted the GBP valuation of Australian assets.

Power Price Forecasts

The Company uses forward looking power price assumptions to assess the likely future income of the portfolio assets for valuation purposes. The Company's assumptions are based upon a blended average of the forecasts provided by third party consultants and are updated on a quarterly basis. The valuation change during the period includes the impact of moving Oakey 2 to the DCF and adopting the latest Queensland power price forecast resulting in a materially adverse impact to the project valuation.

Discount Rate

The levered discount rate for UK operational assets has decreased from 7.00% to 6.50% and the Australian portfolio average rate increased to 8.60%.

Corporation Tax

The Government has held the corporation tax rate flat at 19% at the beginning of the period, abandoning the previously announced plan to cut the rate to 17%.

The Investment Manager notes the announcement, post-period end, made by the UK Chancellor as part of his Budget on 3 March 2021 stating his intention to increase the rate of UK Corporation tax from 19% to 25% from 2023. The impact of this proposal is not currently reflected in the 31 December 2020 NAV. Please refer to the Valuation Sensitivities section of this report for an estimate of the impact of the proposals.

Inflation Forecasts

UK RPI in 2020 was below the forecast rate used by the Company, which results in an adverse impact to the valuation as a significant portion of forecast revenue is RPI-linked.

The Company increased its medium-term inflation forecast by 0.25% to 3.00% for the purposes of UK asset valuations. Post 2030, the inflation forecast decreases to reflect the impact of the RPI reform now confirmed by the UK Government. The impact of such reform remains uncertain with the Investment Manager assuming an inflation rate of 2.25% based on the historical analysis between RPI and CPI rates and current pricing of long-term inflation swaps.

Operational

Multiple assets in the UK portfolio have signed contracts fixing prices for 2021 and 2022 above the forecast power prices. Additionally, this step includes a review of operational cost assumptions across the Australian portfolio.

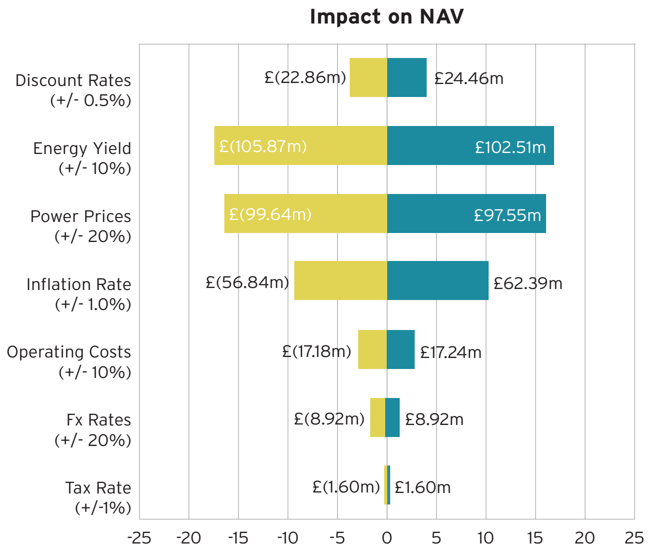
Asset Life

The Company has extended the forecast useful economic life of UK and Australian solar assets to 40 years and 30 years respectively within existing land lease restrictions.

Valuation Sensitivities

Where possible, assumptions are based on observable market and technical data. In many cases, such as forward power prices, independent advisors are used to provide evidenced information enabling the Investment Manager to adopt a prudent approach. The Investment Manager has set out the inputs which it has ascertained would have a material effect upon the NAV in note 16 of the Financial Statements. All sensitivities are calculated independently of each other.

Operational and Financial Review



The Investment Manager notes the announcement made by the UK Chancellor as part of his Budget on 3 March 2021 stating his intention to increase the rate of UK Corporation tax from 19% to 25% from 2023.

The impact of this proposal is not currently reflected in the 31 December 2020 NAV. It is anticipated that should the proposal be implemented this will have an estimated impact on NAV of £(8.7) million or (1.4) pence per share.

Financial Review

The Company applies IFRS 10 and Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 28, which states that investment entities should measure all their subsidiaries that are themselves investment entities at fair value. The Company accounts for its interest in its wholly owned direct subsidiary Foresight Solar (UK Hold Co) Limited as an investment at fair value through profit or loss.

The primary impact of this application, in comparison to consolidating subsidiaries, is that the cash balances, the working capital balances and borrowings in the intermediate holding companies are presented as part of the Company's fair value of investments.

The Company's intermediate holding companies provide services that relate to the Company's investment activities on behalf of the parent which are incidental to the management of the portfolio.

The Company and its intermediate holding companies (the "Group") hold investments in 58 portfolio assets which make distributions in the form of interest on loans and dividends of equity as well as loan repayments and equity redemptions.

For more information on the basis of accounting and Company structure please see refer to the Notes to the Financial Statements starting on page 52.

Key metrics for the year ended 31 December 2020

All amounts presented in £million (except as noted)	Year ended 31-December 2020	Year ended 31-December 2019
Net assets[(1)]	582.2	628.0
Gross portfolio value[(2)]	983.7	1,030.3
Operating income and gains/(losses) on fair value of investments	(0.3)	(3.8)
Net assets per share	95.8p	103.8p
Distributions from solar investments[(3)]	76.7	52.0
Loss before tax	(7.2)	(10.8)

(1) Also referred to as Net Asset Value or "NAV".
(2) Classified as fair value of underlying gross assets in the portfolio.
(3) Prior to the refinancing in August 2019, distributions were made after SPV level debt service.

Net Assets

Net assets decreased from £628.0 million at 31 December 2019 to £582.2 million at 31 December 2020, primarily driven by the reduction of the long-term power price forecast on the portfolio value.

The net assets of £582.2 million comprise the £983.7 million portfolio of UK, Australian and Spanish solar investments, the group's cash balance of £85.9 million (including the Company's cash balance of £16.9 million), partially offset by £391.5 million long term debt, £80.9 million of RCF outstanding debt and other net liabilities of £15.0 million.

The intermediate holding companies' net liabilities of £472.4 million comprises long term debt of £391.5 million and £80.9 million outstanding on the RCF.

Analysis of the Group's net assets at 31 December 2020

All amounts presented in £million (except as noted)	At 31 December 2020	At 31 December 2019
Gross portfolio value [(1)]	983.7	1,030.3
Intermediate holding companies' cash	69.0	42.8
Intermediate holding companies' long term debt	(391.5)	(403.5)
Intermediate holding companies' revolving credit facility	(80.9)	(40.0)
Intermediate holding companies' other assets / (liabilities)	(14.9)	(18.6)
Fair value of the Company's investment in portfolio	565.4	611.0
Company's cash	16.9	18.9
Company's other liabilities	(0.1)	(1.9)
Net Asset Value	582.2	628.0
Number of shares	607,711,311	605,196,526
Net Asset Value per share	**95.8p**	**103.8p**

(1) Gross portfolio value is equal to the sum of the portfolio value, Intermediate holding companies' cash, Intermediate holding companies' other liabilities, Company's cash and Company's other liabilities

Third Party Debt Arrangements and Gearing Position

As at 31 December 2020, total outstanding long-term debt was £391.5 million, representing 37% of the GAV (calculated as NAV plus outstanding debt) of the Company and its subsidiaries (31 December 2019: £403.5 million or 38% of GAV).

As at 31 December, total outstanding debt including RCFs was £472.4 million, representing 45% of GAV (31 December 2019: £443.5 million or 41% of GAV).

The Company's Group net debt position, after deducting existing Group cash balances, is £386.5 million, representing 37% of GAV.

Long-Term Facilities

As at 31 December 2020, £391.5 million of long-term debt facilities were outstanding.

Inflation linked debt facilities represent £82.3 million of total long-term debt outstanding as at 31 December 2020.

At 31 December, the average cost of long-term debt, was 2.69% per annum, including the cost of inflation linked facilities of 1.33% per annum. The cost of the inflation linked facility is expected to increase over time in line with the Company's long-term RPI expectations of 3% in the medium term and 2.25% post 2030 to reflect RPI reform.

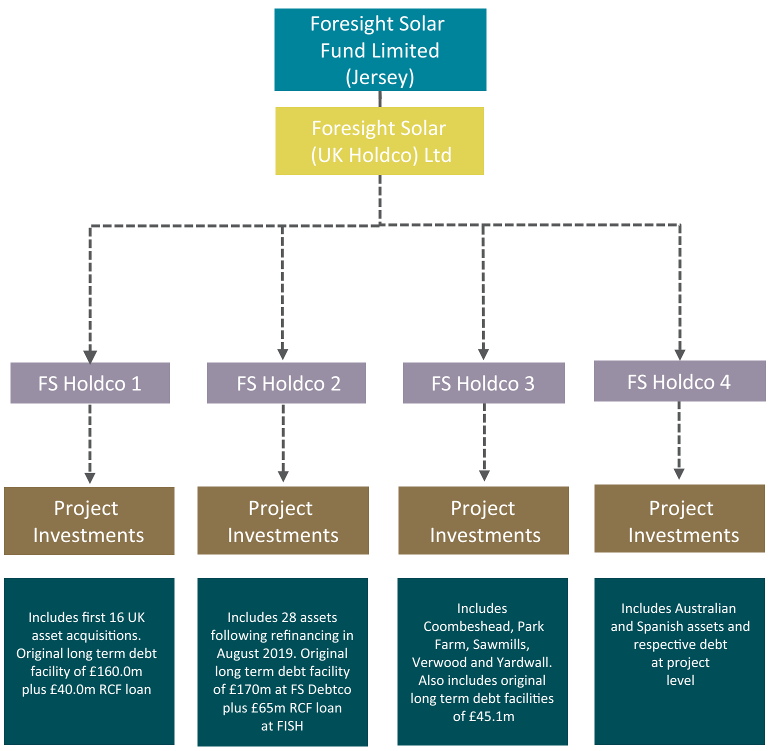
Revolving Credit Facilities

The Company currently holds two separate RCF facilities totalling £105 million. At the end of the period £24.1 million remain undrawn.

At 31 December 2020, the weighted total cost of the RCFs was 2.5% per annum (2019: 2.8%).

The existing RCF facilities will expire in March and August 2022 and are expected to be refinanced during the second half of 2021.

Debt Structure



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

The following table summarises the debt position of the Company as 31 December.

Borrower	Holding Vehicle	Provider	Facility Type	Amount Outstanding (m)	Maturity	Applicable Rate
FS Holdco Ltd	FS Holdco 1	MIDIS	Fixed rate, fully-amortising	£59.7	Mar-34	3.78%
		MIDIS	Inflation linked, fully-amortising	£57.4	Mar-34	RPI Index + 1.08%
		Santander/ Aviva	Term loan, fully-amortising	£17.2	Mar-24	LIBOR + 1.70%
FS Debtco Ltd	FS Holdco 2	SMBC & Helaba	Term loan, fully-amortizing	£9.82	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	£3.8	Aug-34	4.40%
Second Generation Portfolio 1 Ltd	FS Holdco[1]	MIDIS	Inflation linked, fully-amortising	£24.9	Aug-34	RPI Index + 1.70%
Foresight Solar Australia Pty Ltd	FS Holdco 4[1]	CEFC	Term loan	A$40.7[2]	Jun-27	Base rate (2.95%) + margin (2.55% to 2.80%)
Longreach Finco Pty Ltd		CEFC	Term loan	A$5.5[2]	Mar-22	Base rate (2.57%) + margin (construction - 1.55%; operation - 1.40%)
Longreach Finco Pty Ltd		MUFG	Term loan	A$5.5[2]	Mar-22	Base rate (3.28%)
Oakey 1 Finco Pty Ltd		CEFC	Term loan	A$8.2[2]	Mar-22	Base rate (2.58%)[1]
Oakey 1 Finco Pty Ltd		MUFG	Term loan	A$8.2[2]	Mar-22	Base rate (3.14%)[1]
Oakey 2 Finco Pty Ltd		CEFC	Term loan	A$46.1	Oct-22	Base rate (2.48%) + 2.25%
TOTAL LONG-TERM DEBT				£391.5		
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	£40.9	Aug-22	LIBOR + 2.00%
TOTAL REVOLVING DEBT				£80.9		
TOTAL DEBT				**£472.4**		

(1) Interest rate swap for 100% of the outstanding debt during the initial five years, 75% from years six to ten and 50% thereafter

(2) Australian debt prorated for Company's share of asset ownership. AUD/GBP exchange rate of 0.56 as at 31 December 2020

Operational and Financial Review

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 from financial close. Term loans totalling A$73.5m linked to three Australian portfolio assets and the Company's £105 million revolving credit facilities will expire in 2022 and are expected to be refinanced during 2021.

Profit and Loss

The Company's loss before tax for the year ended 31 December 2020 is £(7.2)m, generating losses of 1.2 pence per share.

All amounts presented in £million (except as noted)	Year ended 31 December 2020	Year ended 31 December 2019
Interest received on Foresight Solar (UK HoldCo) loan notes	39.6	39.2
Net losses on investments at fair value	(39.9)	(43.0)
Operating income and losses on fair value of investments	(0.3)	(3.8)
Operating expenses	(6.9)	(6.9)
Loss before tax	**(7.2)**	**(10.8)**
Earnings per share	**(1.2)p**	**(1.8)p**

In the year to 31 December 2020, the operating income and gains/(losses) on fair value of investments was £(0.3) million which comprised of the receipt of £39.6 million of interest on the Foresight Solar (UK HoldCo) loan notes and £39.9m net losses on investments at fair value incurred in the year.

Operating expenses included in the income statement for the year were £6.9 million, in line with expectations. These comprise Investment Management fees of £5.8 million and £1.1 million of operating expenses. The details on how the Investment Management fees are charged are set out in note 5 to the financial statements.

Cash flow

The Company had a total cash balance at 31 December 2020 of £16.9 million (31 December 2019 of £18.9 million). This amount excludes cash held in Subsidiaries. The breakdown of the movements in cash during the year is shown below.

Cash flows of the Company only for the year to 31 December 2020 (£million)

All amounts presented in £million (except as noted)	Year ended 31 December 2020	Year ended 31 December 2019
Cash balance at 1 January	18.9	12.3
Net proceeds from share issues	–	64.5
Investment in UK HoldCo (equity and loan notes)	–	(55.0)
Interest on loan notes received from Foresight Solar (UK HoldCo)	45.1	40.0
Directors' fees and expenses	(0.2)	(0.2)
Investment Management fees (1)	(7.3)	(6.0)
Administrative expenses	(0.9)	(0.7)
Dividends paid in cash to shareholders	(38.7)	(36.0)
Company cash balance at 31 December	**16.9**	**18.9**

(1) Investment management fee for quarter ending December 2019 was settled in the quarter ending March 2020, therefore five quarters were settled in the year ending 31 December 2020.

Cash flows of the Portfolio for the year to 31 December 2020 (£million)

For the year to 31 December, the underlying UK and Australian assets generated £90.6m and A$12.3m in revenue from the sale of electricity and related subsidies. £19.7m and A$4.6m of operating expenses were paid in the same period.

In the year, £2.5m was paid in relation to the Second Generation Portfolio 1 debt facility and $4.2m in relation to the Australian debt facilities that are not included within the Group.

All amounts presented in £million (except as noted)	UK	Australia ($m)
Revenue	90.6	12.3
Operating Expenses	(19.7)	(4.6)
VAT / Tax (SPVs)	0.0	0.8
Solar investment operating cash flow	**71.0**	**8.4**
Debt Service	(2.5)	(4.2)
Insurance Proceeds	0.0	9.5
Capital expenditure	(0.1)	(8.0)
Other	0.6	(1.0)
Net cash generation from underlying investments[1]	**68.9**	**4.7**
Total Net cash generation from underlying investments[2]	**71.6**	

(1) Relates only to the cash inflows and outflows within the year to December 2020. No adjustments have been made for timing differences in revenue receipts and working capital.

Operational and Financial Review

Cash flows of the Company and intermediate holding companies for the year to 31 December 2020 (£million)

During the year to 31 December the underlying solar assets paid £76.7 million of ordinary distributions to the intermediate holding companies.

Cash received from underlying solar investments covers the long-term debt repayments, financing costs and the operating and administrative expenses of the Company and the intermediate holding companies as well as the dividends declared to shareholders.

During the year the Group received £6.3m in relation to a bond call on the EPC contract at Shotwick.

The total Group cash balance of £85.9 million includes RCF proceeds of £13.7 million in relation to the acquisitions of Virgen Del Carmen and Andalusia Portfolio to be invested in 2021.

All amounts presented in £million (except as noted)	Year ended 31 December 2020
Cash distributions from solar investments	76.7
Administrative expenses	(1.5)
Directors' fees and expenses	(0.2)
Investment Management fees	(7.5)
Financing costs (net of interest income)	(5.5)
Repayments of long-term debt facilities	(19.1)
Cash flow from operations	**42.9**
Acquisition of new investments	(27.2)
Bond call proceeds	6.3
Proceeds from revolving credit facility borrowings	40.9
Dividends paid in cash to shareholders	(38.7)
Cash movement in the period	**24.2**
Group cash balance at 1 January	**61.7**
Group cash balance at 31 December	**85.9**

Dividend Cover

Total dividends of £38.7 million were paid during the year 31 December 2020. Compared with the relevant net cash flows from operations of the Company and underlying investments of £42.9 million, these dividends were covered 1.11 times (31 December 2019: 1.10 times), including the impact of the scrip dividend programme.

Dividends

The Company has declared dividends for the year ended 31 December 2020 of 6.91 pence.

The Company has met all target dividends since IPO and follows a progressive dividend policy aiming to grow its dividend over time.

Dividend Timetable for FY2020

Dividend	Amount per share	Status	Payment Date
Interim 1	1.72 pence	Paid	28 August 2020
Interim 2	1.73 pence	Paid	27 November 2020
Interim 3	1.73 pence	Paid	5 March 2021
Interim 4	1.73 pence	Declared	28 May 2021
TOTAL	**6.91 pence**		

On 9 March 2021 the Board announced a fourth and final dividend relating to FY2020 of 1.73 pence per share.

Dividend Timetable - Interim 2	Date
Ex-dividend Date	29 April 2021
Record Date	30 April 2021
Payment Date	28 May 2021

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

Foreign Exchange

The Company is exposed to foreign exchange movements in respect of its investments in Australia and Spain. 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.

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

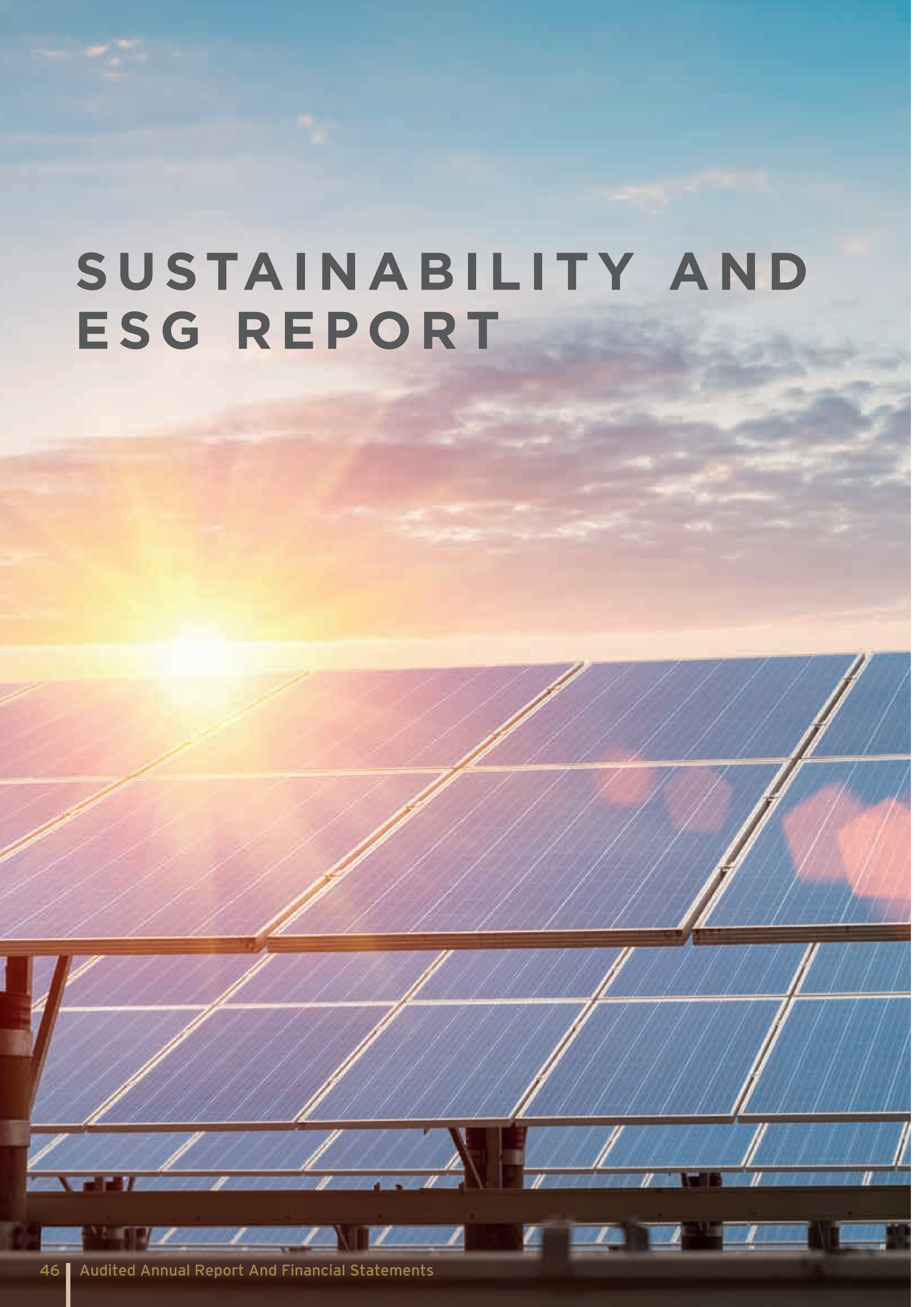
For Australian assets the Company has entered into a rolling 2-year forward contracts strategy for an amount equivalent to approximately 75% of its expected distributable foreign currency cash flows at project level. For the Spanish assets recently acquired, the Company has implemented a 10-year rolling foreign currency hedging strategy covering c.80% of the expected annual cash flows.

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 optimising the costs of the hedging instruments.

Ongoing Charges

The ongoing charges ratio for the year to 31 December was 1.18% (31 December 2019: 1.14%). This has been calculated using methodology as recommended by the Association of Investment Companies ("AIC"). Asset management fees charged by Foresight Group LLP on an arm's length basis at project level are excluded from the ongoing charge ratio.

SUSTAINABILITY AND ESG REPORT



Sustainability and ESG Report

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. 2020 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.

2020 Highlights

- Generated 969,564 MWh of clean electricity, enough to power 334,000 UK homes
- Avoided 749,000 tonnes of Carbon emissions that would have been emitted by traditional carbon intensive energy sources such as coal
- EU Taxonomy compliance independently verified for two portfolio assets in the UK and Australia
- O&M Sustainability Agreements established with major O&M counterparties which seek to improve working practices across the ESG spectrum
- Contributed £129,000 to the communities in which it operates via community benefits payments to Local Authorities

EU Taxonomy Asset Accreditation

During 2020 the Company took the landmark step of seeking independent validation of its compliance with the EU Taxonomy for Sustainable Finance framework.

According to the EU, *'the EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The EU taxonomy is an important enabler to scale up sustainable investment and to implement the European Green Deal. Notably, by providing appropriate definitions to companies, investors and policymakers on which economic activities can be considered environmentally sustainable, it is expected to create security for investors, protect private investors from greenwashing, help companies to plan the transition, mitigate market fragmentation and eventually help shift investments where they are most needed.'*[2]

Details of the EU Taxonomy for Sustainable Activities is available on the European Commission website:

https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

Working with leading environmental consultant Aardvark EM the Company submitted two of its assets for certification, Paddock Wood in the United Kingdom and Oakey I in Australia. The review was conducted against the criteria set out in the EU Taxonomy for Sustainable Finance's Technical Report dated June 2019, *Section 22.3 – Production of Electricity from Solar PV*.

The validation of compliance of both assets was confirmed in December 2020.

The Investment Manager is also seeking to obtain validation for the newly acquired construction project in Spain, Virgen del Carmen.

The validation reports are available on the Company's website https://fsfl.foresightgroup.eu/.

O&M Sustainability Agreements

As reported in the 2020 Interim Reports the Investment Manager has established an O&M Provider Sustainability Agreement which has been signed by three of the Company's major O&M providers. As important stakeholders in the success of the Company, we are pleased that these key O&M providers have agreed to align their approach with that of our own in placing sustainability at the heart of their operations.

This ground-breaking agreement stipulates where the Investment Manager believes positive environmental and social outcomes can be achieved within supplier activity. The Investment Manager also believes that adherence can offer long-term cost benefits and business opportunities through more efficient use of resources and intelligent forward planning.

In the long-term, Foresight will expect its O&M providers to track their own performances in these areas and provide related evidence. Foresight also expects its O&M providers to communicate these requirements and standards within their supply chain.

In order to review the performance of our O&M providers, the Investment Manager will meet with them once a year and discuss how these principles worked in practice, as well as working together to update the principles, if necessary. Foresight plans to integrate these principles into future O&M contracts.

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

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. • 334,000 UK homes powered by clean energy in 2020 • Independent, professionally accredited Health and Safety consultants appointed to ensure contractors are selected on the basis of their Health and Safety competence • In 2020, c.£129,000 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. • As at 31 December 2020, the Company's portfolio comprised 58 solar assets, 4 of which are under construction and not yet generating electricity • 334,000 UK homes powered by clean energy in 2020
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 • As at 31 December 2020, the Company's portfolio comprises 58 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 • 749,000 tonnes of CO_2 avoided • 83,000 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. • Beehives installed across the portfolio sites 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 • A significant number of 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 and ESG Report

Sustainability priorities and progress in 2020

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 2020, the Company's operational portfolio produced over 969GWh of renewable energy. Furthermore, using OFGEM's assessment that the average UK household consumes 2.9 MWh per year, it can be inferred that the Company's portfolio generated enough clean electricity to power c. 334,000 UK homes during the period.

2. Environmental Footprint

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

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 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 installs bird and bat boxes to attract local species to the sites.
- **Sheep grazing** – Numerous sites have been either built or adapted through the installation of barriers and the protection of cabling, to ensure their suitability for continued sheep grazing.
- **Beehive installation** – The Asset Manager continues to work with local 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.
- **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.

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.
- **Community investment** – The Company supports community benefit schemes which assist local communities in developing and maintaining community assets and organisations. In 2020, approximately £129,000 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. Our usual programme of educational events was unfortunately disrupted in 2020 by the emergence of COVID-19 but we hope to resume in 2021.
- **Health and well-being** – The management and monitoring of Health and Safety on site is a top priority for O&M contractors, which are responsible for recording and reporting all Health and Safety related incidents to the Asset Manager on an ongoing basis. Furthermore, to improve the management of safety, health, environmental and quality, and to reinforce best practice and ensure regulatory compliance, the Asset Manager appoints independent professionally accredited Health and Safety 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.

- **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** – The Company has established an O&M Sustainability Agreement which has been signed by a number of the Company's largest operational counterparties. The Investment Manager will monitor compliance with this agreement on an annual basis via direct engagement and seek to implement improvements in O&M working practices where necessary.

  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:
- **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 2020 assessment, the Investment Manager achieved an A+ level rating for both 'Strategy and Governance' and 'Infrastructure', the highest possible rating in each category, surpassing the peer average and improving on its 2019 score.

Module	2020 Score	2019 Score
Strategy and Governance	A+	A+
Infrastructure	A+	A

CORPORATE GOVERNANCE REPORT

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).

The AIC Code includes an explanation of how this Code 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 Company has applied the Principles and complied with the Provisions of the AIC Code published in February 2019.

The Board

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 re-elected on 16 July 2020.

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 re-elected on 16 July 2020.

Peter Dicks

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

Mr Dicks was appointed as a Non-Executive Director on 16 August 2013 and was re-elected on 16 July 2020.

Monique O'Keefe

Mrs O'Keefe is the co-founder of investment consultancy business, Kairos Wealth Limited. She serves on a number of boards, including Phoenix Spree Deutschland Limited which is a London Stock Exchange listed property fund, as well as 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 re-elected on 16 July 2020.

Ann Markey (appointment effective from 4 September 2020)

Ms Markey is an experienced business leader and non-executive director with a strong financial background and over 20 years' experience as a senior executive and board director in a number of businesses. Ms Markey has extensive experience in the electricity industry, particularly in thermal and renewable generation, including PV solar and wind. She was a senior executive with ESB, a leading Irish electricity utility, and with Greencoat Capital, a leading renewable energy investment manager.

Ms Markey is a Fellow of Chartered Accountants Ireland having trained and qualified with Arthur Andersen. She is currently a board Member and Chair of the Audit & Risk Committee of the Sustainable Energy Authority of Ireland (SEAI), the national sustainable energy authority of Ireland. Ann is also a Member of the Audit & Risk Committee of Ireland's national public health service provider, Health Services Executive (HSE), and a board Member of the Digital Hub Development Agency (DHDA), Ireland's largest cluster of digital companies.

The Company has a Board of five Non-Executive Directors and all directors are considered by the Board to be independent. During the year, the Board recruited Ann Markey as an independent non-executive director.

Ms Markey's strong financial expertise and substantial renewable energy experience will not only contribute to the Board's current mix of skills, experience and knowledge, but also support the Board's pursuit of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths as set out in the Company's diversity policy. The Board now has 40% female representation on the Board and will continue to look for opportunities to further promote diversity on the Board under its diversity policy.

During the year, Chris Ambler was appointed as the Senior Independent Director ("SID"). As SID, Mr Ambler will be responsible for providing a sounding board for the Chairman and will serve as an intermediary for the other Directors and Shareholders.

Mr. Ohlsson, Mr. Ambler, Mrs. O'Keefe and Mr. Dicks were all reappointed at the Annual General Meeting of the Company held on 16 July 2021. All of these Directors will, again, offer themselves for re-election at the Company's 2021 Annual General Meeting. Ms. Markey will also stand for election at the 2021 Annual General Meeting.

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 10 Board meetings were held, including quarterly meetings and ad hoc meetings.

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. The Investment 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(2)	Remuneration	Nomination
Alex Ohlsson	10/10	2/2	3/3	2/2	0/0	1/1
Peter Dicks	9/10	2/2	3/3	2/2	0/0	1/1
Chris Ambler	9/10	2/2	3/3	2/2	0/0	1/1
Monique O' Keefe	10/10	2/2	3/3	2/2	0/0	1/1
Ann Markey(1)	3/3	2/2	1/1	0/0	0/0	0/0

(1) appointed September 2020
(2) Remuneration & Nomination Committee was split into two committees the Remuneration Committee and the Nomination Committee on 27 March 2020 appointment.

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 four 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, Ann Markey 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 year 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, Ann Markey, Monique O'Keefe and Chris Ambler.

The Board had a **Remuneration and Nomination Committee**, but, on 27 March 2020, resolved to split this Committee into two committees, a Remuneration Committee and a Nomination Committee. The Remuneration and Nomination Committee, did, however, meet twice during the year and its primary responsibility was 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 comprised of Monique O'Keefe (Chairman), Peter Dicks, Alex Ohlsson and Chris Ambler.

The Remuneration Committee (as a standalone committee) did not meet during the year, but this committee now is responsible for the development of remuneration policies and practices that will be designed to support the Company's strategy and to promote its long-term success. Further, this committee is responsible for the implementation of a formal and transparent procedure for developing policy on remuneration, determining the policy and setting the remuneration for the Chair. This committee comprises of Monique O'Keefe (Chairman), Peter Dicks, Ann Markey, Alex Ohlsson and Chris Ambler.

The Nomination Committee met once during the year (as a standalone committee) to consider the Company's recruitment of Ann Markey to the Board. The Nomination Committee is responsible for leading the process for appointments, ensuring plans are in place for orderly succession to the Board and to oversee the development of a diverse pipeline for succession. This committee will also be responsible for promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths on the Board in line with the Company's diversity policy. This committee comprises of Monique O'Keefe (Chairman), Peter Dicks, Ann Markey, Alex Ohlsson and Chris Ambler.

With the addition of Ms Markey to the Board, and now that her initial period with the Board is complete, the Board is reviewing the composition of its Board committees to assess the most appropriate committee structure to fully leverage the skill sets of each director. The Nomination Committee is working with the Chairman of the Board to make recommendations on how the Board committees could be most efficiently served with the new larger board. Previously, with only four Board members on the Board, the Board was of the view that having all board members share the workload of the board's committee was the most appropriate approach.

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.

Board Performance Evaluation

The Board undertakes an annual evaluation of its own performance and that of its Committees through an initial evaluation questionnaire. The Chair then discusses the results with the Board and its Committees and takes appropriate action to address any issues arising from the process. The Board undertakes an externally facilitated effectiveness assessment every three years.

During the year under review the Company conducted an internal review of the Board's effectiveness. This review included an evaluation of the Chairman, each Director, the Board as a whole, and each of the Board's committee.

Under the leadership of the Nomination Committee, this effectiveness review identified a number of points for the Board and the Committee to consider in order to improve its effectiveness. The Board identified that, while historical engagement with shareholders and stakeholders has been good, additional shareholder and stakeholder engagement would be desirable during 2021. The Board also emphasised the need to ensure that the Board and its Management Engagement Committee were providing robust and constructive challenge to the Company's Investment Manager. As referenced earlier in this section of the Annual Report, the Board will also be considering the membership of each of the Board's committees in order to ensure that each committee has the appropriate skills, experience and expertise and that the workload of these committees is appropriate distributed amongst the Company's five directors.

Overall the Board is of the view that the Board, the Chair, each of the Directors and all Committees have performed well during the year and have adapted well to the challenging circumstances which arose during the pandemic. The Board continues to work well with the Investment Manager in developing the Company's growth strategy and promoting the long-term success of the Company.

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.

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.

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 an 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 50.

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 positive 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.

Summary of Key Stakeholders

Stakeholder Group	Key Stakeholders	How does the Company interact?	Key decisions impacting Stakeholder Group during period
Shareholders	• Institutional & Retail shareholders	• Annual General Meeting • Regular market announcements • Investor communications including Quarterly Factsheets • Dedicated website • Investor Roadshows • Annual and Interim Reports • Views and feedback sought from institutional shareholders via Broker	• Investment in to Spain to support the Company's growth aspirations • Changed investment policy to allow up to 10% of GAV to be invested in BSS
Investment Manager	Foresight Group	• Regular Board meetings during the period attended by key investment personnel • Meetings to discuss and approve investment recommendations • Annual service provider questionnaire	
Commercial Service Providers	• Administration agent • Corporate Broker • Legal advisors • Public Relations Agency • Auditors & Tax advisors	• Regular scheduled update calls as well as specific interactions on corporate actions and new portfolio acquisitions • Collaboration on the publication of annual and interim reports with multiple service providers. • Annual service provider questionnaire	• Appointment of Jefferies as corporate broker in March 2020

Stakeholder Group	Key Stakeholders	How does the Company interact?	Key decisions impacting Stakeholder Group during period
Asset-level Counterparties	• Operations & Maintenance (O&M) contractors • Supply chain counterparties • Landowners	• Frequent communication with O&M providers to ensure adequate oversight of portfolio operations • Focused engagement on value enhancement opportunities, including rationalisation of service provision for cost savings and/or improved services • Increased scrutiny of and resource allocation to emerging risks identified	
Stakeholder Group	**Key Stakeholders**	**How does the Company interact?**	**Key decisions impacting Stakeholder Group during period**
Local communities	• Local authorities and agencies • Community funds • Land-owners • Local environment	• Frequent engagement with local authorities to ensure safe and compliant operation of our assets • Actively engage with local authorities on construction planning and obtaining necessary planning permissions • Regular interaction between the owners of land on which our assets operate and the Investment Advisor's asset management team • Conduct educational site visits for local community schools and colleges	• £129,000 distributed to Local Authorities via community benefit payments during the period • Educational site visits were paused during the period due to the Health & Safety risks related to COVID-19
Debt Providers	• Banks	• Regular updates provided on covenant compliance and current positioning	

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 uses a risk-based approach to internal control whereby a Business Risk Assessment is maintained on a risk matrix 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 procedures for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

An evaluation of the cash flow impact of reduced generation of electricity, reduced power prices and the removal of the three highest generating assets in the portfolio, for the period to 30 June 2022 (the "going concern assessment period"), was undertaken by the Investment Manager and approved by the board of Directors. The evaluation demonstrated the Company would be able to meet it liabilities and could continue to meet its dividend target in the going concern assessment period. It was also noted no debt covenants would be breached in the same period.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for the going concern assessment period and have therefore prepared the financial statements on a going concern basis.

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 31 December 2023, 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 31 December 2023.

The Directors have determined that a three year period to 31 December 2023 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 and emerging 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 the 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.

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 2021 Annual General Meeting.

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 Committee comprises five Directors: Monique O'Keefe (Chairman), Alex Ohlsson, Ann Markey, 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 Committee will consider seeking external guidance from an independent remuneration consultant during 2021 to review the fees paid to the Directors.

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 2020 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 16 July 2020 for the financial year to 31 December 2020 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.

Directors' Remuneration Report

	Anticipated Directors' fees for the year ending 31 December 2021	Directors' fees for year ended 31 December 2020
Alex Ohlsson (Chairman)	£70,000	£70,000
Chris Ambler	£55,000	£55,000
Peter Dicks	£45,000	£45,000
Monique O'Keefe	£45,000	£45,000
Ann Markey(1)	£45,000	£14,522

(1) Ann Markey's annual fee on joining the Board was £45,000 per annum. Fees paid during 2020 reflect the fact that she joined the Board in on 4 September 2020.

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.

The Board, supported by its Nomination Committee, assesses the need for succession planning on an annual basis. The Nomination Committee has recently considered the tenure of Mr Ohlsson, Mr Ambler and Mr Dicks. In light of the high performance of the directors, the longer term nature of the assets, and the refreshed board composition (following the recent appointments of Mrs O'Keefe and Ms Markey), the Nomination Committee has recommended to the Board that the continued service of these directors on the Board be welcomed.

Directors' Interests

Directors who had interests in the shares of the Company as at 31 December 2020 are shown below. The Directors do not have any options over shares. Mr Dicks had an investment programme in place during the year whereby the dividends paid to him during the year were used by him to acquire further shares in the Company.

	Ordinary shares of nil par value held on 31 December 2020	Ordinary shares of nil par value held on 31 December 2019
Alex Ohlsson (Chairman)(1)	25,000	25,000
Chris Ambler	36,162	26,524
Peter Dicks(2)	73,184	68,782
Monique O'Keefe	0	0
Ann Markey	0	N/A

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

(2) At the time of publication Peter Dicks holds 73,184 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 2021.

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.

Historically, the Board considered it appropriate to have the Chair of the Board on the Audit and Risk Committee given the size of the Board and in order to take advantage of the experience and expertise held by Mr Ohlsson. With the growth of the Board to five directors in 2020 and the additional relevant financial experience and expertise held by Ms. Markey, the Board will review the composition of the Audit and Risk Committee during 2021 and will consider if it remains necessary for the Chair of the Board to continue to serve on the Audit and Risk Committee.

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 the aforementioned.

The majority of FS Holdco's and FS Debtco'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. FS Holdco 4 contains four assets held at cost at 31 December 2020. 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.

Audit and Risk Committee Report

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 has historically employed two independent energy consultants to provide forward looking power price forecasts which are a key input into portfolio valuations. Given the increased volatility witnessed in short term-power prices during the year the Investment Manager has added an additional consultant's power forecasts to its valuations in an attempt to improve the accuracy of this key input.

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 its IPO in 2013, the first financial year end being 31 December 2014. A new audit partner was appointed in November 2017, and the current audit partner rotated onto the Company's audit in November 2020.

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 2020 to 31 December 2020

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.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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
8 March 2020

Asset Summaries

UNITED KINGDOM

Wymeswold, Leicestershire

34 MW

ROCs 2.0/1.4

Acquisition Date
November '13 / March '15

Castle Eaton, Wiltshire

18 MW

ROCs 1.6

Acquisition Date
June '14

Highfields, Essex

12 MW

ROCs 1.6

Acquisition Date
June '14

High Penn, Wiltshire

10 MW

ROCs 1.6

Acquisition Date
June '14

Pitworthy, North Devon

16 MW

ROCs 1.4

Acquisition Date
June '14

Hunters Race, West Sussex

10 MW

ROCs 1.4

Acquisition Date
September '14

Spriggs Farm, Essex

12 MW

ROCs 1.6

Acquisition Date
November '14

Bournemouth, Dorset

37 MW

ROCs 1.4

Acquisition Date
December '14

Asset Summaries

Landmead, Oxfordshire

Kencot, Oxfordshire

Copley, Lincolnshire

Atherstone, Warwickshire

Paddock Wood, Kent

Southam, Warwickshire

Port Farm, Wiltshire

Membury, Berkshire

Asset Summaries

Shotwick, Flintshire

Sandridge, Wiltshire

Wally Corner, South Oxfordshire

Coombeshead, Devon

Park Farm, Leicestershire

Sawmills, Devon

Verwood, Dorset

Yardwall, Somerset

Asset Summaries

Abergelli, Swansea

8 MW

ROCs 1.4

Acquisition Date
August '18

Crow Trees, Nottinghamshire

5 MW

ROCs 1.3

Acquisition Date
August '18

Cuckoo Grove, Pembrokeshire

6 MW

ROCs 1.4

Acquisition Date
August '18

Field House, Hampshire

6 MW

ROCs 1.4

Acquisition Date
August '18

Fields Farm, Warwickshire

5 MW

ROCs 1.3

Acquisition Date
August '18

Gedling, Nottinghamshire

6 MW

ROCs 1.4

Acquisition Date
August '18

Homeland, Dorset

13 MW

ROCs 1.6

Acquisition Date
August '18

Marsh Farm, Wiltshire

9 MW

ROCs 1.4

Acquisition Date
August '18

Asset Summaries

Sheepbridge, Berkshire

Steventon, Oxfordshire

Tengore, Somerset

Trehawke, Cornwall

Upper Huntingford, Gloucestershire

Welbeck, Nottinghamshire

Yarburgh, Lincolnshire

Abbey Fields, Kent

Asset Summaries

SV Ash, Shropshire

Bilsthorpe, Nottinghamshire

Bulls Head, Buckinghamshire

Lindridge, Leicestershire

Manor Farm, Bedfordshire

Misson, Nottinghamshire

Nowhere, Lincolnshire

Pen Y Cae, Camarthenshire

Asset Summaries

Playters, Suffolk

Roskrow, Cornwall

AUSTRALIA

Bannerton, Victoria

Longreach, Queenstand

Oakey 1, Queensland

Oakey 2, Queensland

Asset Summaries

SPAIN

Virgen del Carmen, Huelva

26 MW

Under construction

Subsidy-free

Acquisition Date
September '20

Andalusia Portfolio (3 assets)

99 MW

Under construction

Subsidy-free

Acquisition Date
December '20

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 2020 which comprise the Statement of Profit and Loss and Other 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, in accordance with International Financial Reporting Standards as adopted by the EU, of the state of the Company's affairs as at 31 December 2020, and of its loss for the year then ended; and
- have been properly prepared in accordance with 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the Directors to complete the audit of the Company for the period ended 31 December 2014. The period of total uninterrupted engagement is for the 7 financial periods ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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 matter in arriving at our audit opinion above, together with our key audit procedures to address that matter 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. This matter was 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 this matter.

Independent Auditor's Report to the members of Foresight Solar Fund Limited

Valuation of unquoted investments (£502.3million; 2019: £542.2 million) Refer to page 65 (Audit & Risk Committee Report), page 94 (accounting policy) and page 97 (financial disclosures). Risk level remains unchanged from prior year.	**Subjective valuation:** 86% (2019: 86%) of the Company's total assets (by value) is held in investments where no quoted market price is available. This unquoted investment at fair value through profit or loss represents a 100% holding in Foresight Solar (UK Holdco) Ltd ("the Holdco"). As the underlying investments held by the Holdco are all held at fair value, the valuation of financial assets is determined by reference to the underlying investments. Fair value is established in accordance with the International Private Equity and Venture Capital Valuations Guidelines. The valuation of unlisted investments requires significant estimation based on unobservable inputs, such as discount factors and useful economic lives of assets. As a result, there is a high degree of estimation uncertainty in relation to the valuation of investments 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.	Our procedures included: **Control design:** • We obtained an understanding of the Company's processes for determining the fair value of unquoted investments. We documented and assessed the design and implementation of the investment valuation processes and controls. • We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Methodology choice:** • In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines (December 2018), we challenged the appropriateness of the valuation basis selected. **Historical comparisons:** • We completed a retrospective assessment over the actual performance of assets during the year. We requested historical revenue and EBITDA information for a sample of assets and compared against the Company's previous forecasts. We made inquiries over the events during the year which had an effect on the operations and the performance of assets; most notably performance ratio and revenue generation. **Our valuations experience:** With the assistance of our valuation specialists: • We challenged the key assumptions affecting the unquoted investments valuation such as discount rates, the useful economic life of underlying assets, inflation rates and power price curves. We compared key assumptions to external sources such as financial information of comparable businesses, lease agreements for the assets and third party power price reports as applicable.

Independent Auditor's Report to the members of Foresight Solar Fund Limited

		• We challenged the reasonableness of the cashflows used in the valuation models. We agreed key inputs to the revenue and expense cashflows for each asset to due diligence reports prepared by third party engineers who we assessed over their competence, objectivity and independence. We agreed the subsidy revenue and wholesale revenue to agreements in place such as Power Purchase Agreements. Significant forecasted expenses were agreed to underlying supporting documentation. This included reference to supplier invoices received for expenses to date (as a basis for future costs) and where possible to underlying agreements for i.e. leases and operations and maintenance contracts. • We independently constructed discounted cash flow models for each underlying asset and compared the resultant valuation to the Company's reported valuation. **Comparing valuations:** • Where a recent transaction has been used to value an investment, 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. **Assessing transparency:** • We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect 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 (2019: balanced).

In the prior year we reported a key audit matter in respect of the impact of uncertainties due to the UK exiting the European Union. Following the trade agreement between the UK and the EU, and the end of the EU-exit implementation period, the nature of these uncertainties has changed. We continue to perform procedures over material assumptions in forward looking assessments, however we no longer consider the effect of the UK's departure from the EU to be a separate key audit matter.

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 £5.83m (2019: £6.00m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 0.9%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to £4.37m (2019: £4.50m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.29m (2019: £0.30m) 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 performed by a single audit team.

4. 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 the period ending 30 June 2022 ("the going concern assessment period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources, metrics relevant to debt covenants and its ability to operate over this period were:

- The impact of a significant reduction in the valuation of the assets in the portfolio, driven predominately by decreases in revenue, which impact the Company and its subsidiaries ability to meet the covenants in place; and
- The deterioration of the liquidity of the investment portfolio which will impact the Company and its subsidiaries' ability to meet their liabilities as they fall due.

We assessed downside scenarios in which these risks could plausibly affect the liquidity and covenant compliance of the Company in the going concern period. This included scenarios which we considered to be beyond what is plausible to assess the level of headroom available. This took into account the Company's current and projected cash and liquid asset positions.

We considered whether the going concern disclosure in note 2.2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- We have nothing 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 the going concern period, and we found the going concern disclosure in note 2.2 to be acceptable.

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 above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Directors and Administrator as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;

- Assessing the segregation of duties in place between the Directors, the Administrator and the Company's Investment Manager; and
- Reading Board minutes, Audit Committee minutes and quarterly Compliance reports prepared by the Administrator.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries by comparing the identified entries to supporting documentation and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit we have rebutted the fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any significant unusual transactions or additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation as set out by Companies (Jersey) Law 1991, taxation legislation, and the Listing Rules, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, data protection, anti-money laundering, market abuse regulations and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. 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 and emerging risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 62 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal and Emerging Risks disclosures describing these risks and how emerging risks are identified, 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.

Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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 judgements 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 perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

Independent Auditor's Report to the members of Foresight Solar Fund Limited

7. 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:
- proper accounting records have not been kept by the Company, or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the Company's accounts 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.

8. Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 67, the Directors are responsible for: the preparation of financial statements that 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 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 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.

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.

Fang Fang Zhou Fafuzou
for and on behalf of KPMG LLP *Chartered Accountants and Recognised Auditor*
15 Canada Square
Canary Wharf
London
E1 5GL
08 March 2021

FINANCIALS

Statement of Profit and Loss and Other Comprehensive Income

As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Revenue			
Interest income	4	**39,630**	39,199
Loss on investments held at fair value through profit or loss	14	**(39,900)**	(43,001)
		(270)	(3,802)
Expenditure			
Administration fees	6	**(189)**	(186)
Directors' fees	7	**(230)**	(196)
Management fees	5	**(5,796)**	(5,967)
Other expenses	8	**(712)**	(600)
Total expenditure		**(6,927)**	(6,949)
Loss before tax for the year		**(7,197)**	(10,751)
Taxation	2.7	**-**	-
Loss for the year		**(7,197)**	(10,751)
Other comprehensive income		**-**	-
Loss and other comprehensive loss for the year		**(7,197)**	(10,751)
Loss per Ordinary Share (pence per Share)	9	**(1.19)**	(1.89)

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

The accompanying notes on pages 88 to 118 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Assets			
Non-current assets			
Investments held at fair value through profit or loss	14	**502,286**	542,186
Total non-current assets		**502,286**	542,186
Current assets			
Interest receivable	10	**63,137**	68,553
Trade and other receivables	11	**275**	255
Cash and cash equivalents	12	**16,875**	18,933
Total current assets		**80,287**	87,741
Total assets		**582,573**	629,927
Equity			
Retained earnings		**(45,491)**	3,102
Stated capital and share premium	17	**627,649**	624,922
Total equity		**582,158**	628,024
Liabilities			
Current liabilities			
Trade and other payables	13	**415**	1,903
Total current liabilities		**415**	1,903
Total liabilities		**415**	1,903
Total equity and liabilities		**582,573**	629,927
Net Asset Value per Ordinary Share	18	**95.80**	103.77

The Financial Statements on pages 84 to 118 were approved by the Board of Directors and signed on its behalf on 8 March 2021 by:

Alexander Ohlsson
Chairman

The accompanying notes on pages 88 to 118 form an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Stated Capital and Share Premium £'000	Retained Earnings £'000	Total £'000
Balance as at 1 January 2020		**624,922**	**3,102**	**628,024**
Total comprehensive loss for the year:				
Loss for the year		**-**	**(7,197)**	**(7,197)**
Transactions with owners, recognised directly in equity:				
Dividends paid in the year	21	**-**	**(38,669)**	**(38,669)**
Issue of Scrip Dividends	17	**2,727**	**(2,727)**	**-**
Balance as at 31 December 2020		**627,649**	**(45,491)**	**582,158**

For the year 1 January 2019 to 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 loss 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

The accompanying notes on pages 88 to 118 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Loss for the year after tax		**(7,197)**	(10,751)
Adjustments for:			
Unrealised loss on investments	14	**39,900**	43,001
Operating cash flows before changes in working capital		**32,703**	32,250
Decrease in interest receivables	10	**5,416**	785
(Increase)/decrease in trade and other receivables	11	**(20)**	10
(Decrease)/increase in trade and other payables	13	**(1,488)**	89
Net cash inflow from operating activities		**36,611**	33,134
Investing activities			
Increase in shareholder loans to subsidiary	14	**-**	(55,000)
Net cash outflow from investing activities		**-**	(55,000)
Financing activities			
Dividends paid	21	**(38,669)**	(35,997)
Issue costs paid	17	**-**	(810)
Proceeds from issue of shares	17	**-**	65,324
Net cash (outflow)/inflow from financing activities		**(38,669)**	28,517
Net (decrease)/increase in cash and cash equivalents		**(2,058)**	6,651
Cash and cash equivalents at the beginning of the year		**18,933**	12,282
Cash and cash equivalents at the end of the year	12	**16,875**	18,933

The accompanying notes on pages 88 to 118 form an integral part of these Financial Statements.

Notes to the Financial Statements

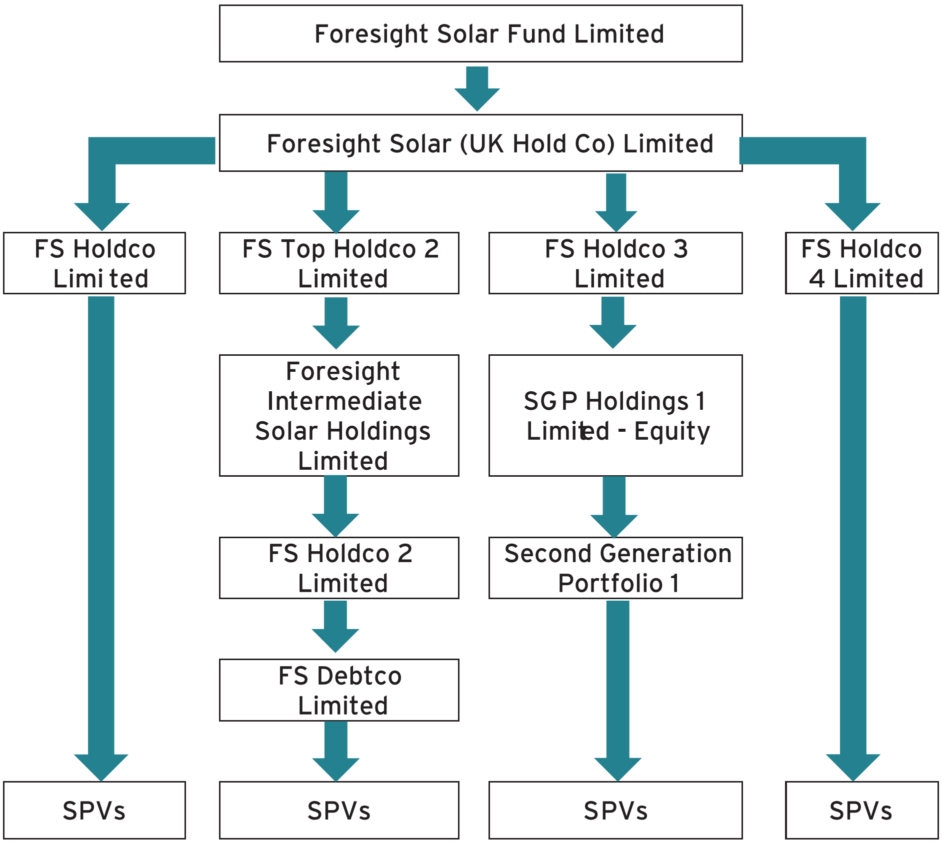
For the year ended 31 December 2020

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").

UK Holdco has investments in four subsidiaries: 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"). FS Holdco 3 in turn has an investment in a subsidiary, SGP Holdings 1 Limited ("SGP Holdings 1") which in turn holds has an investment in Second Generation Portfolio 1 ("SGP 1"). Topco in turn has an investment in a subsidiary, Foresight Intermediate Solar Holdings Limited ("FISH"); FISH in turn has an investment in a subsdiary, FS Holdco 2 Limited ("FS Holdco 2") and FS Holdco 2 in turn has an investment in a subsidiary, FS Debtco Limited ("FS Debtco"). FS Holdco, FS Debtco, FS Holdco 3, SGP 1 and FS Holdco 4 invest in further holding companies (the "SPVs") which then invest in the underlying solar investments.



The principal activity of the Company, UK Hold Co, FS Holdco, Topco, FISH, FS Holdco 2, FS Debtco, FS Holdco 3, SGP Holdings 1, SGP 1, FS Holdco 4, and the SPVs (together "the Group") is investing in operational UK and Australian ground based solar power plants. During the year the Group acquired a single Spanish asset in September and a portfolio of three assets in December, all ground base solar plants, through FS Holdco 4. FS Holdco 4 purchased these new Spanish ground solar power plants through its new acquisition Foresight Solar Spain Holding S.L ("FSSH").

2. Summary of significant accounting policies

2.1 Basis of presentation

The Financial Statements for the year ended 31 December 2020 (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

During 2020, since the outbreak of COVID-19 global commercial activities have been adversely impacted. Although market conditions stabilised towards the end of 2020 the impact of COVID-19 continues to be monitored along with the potential for another global economic slowdown following further outbreaks of the virus.

The Directors acknowledge the pandemic has impacted the Financial Statements as at 31 December 2020 as a result of lower power price forecasts reducing the net asset value. However, the Directors do not believe there is any impact on the Company's ability to continue as a going concern. The Directors refer to cash flow forecasts prepared by the Investment Manager for the period to 30 June 2022 (the "going concern assessment period"), which includes scenarios considered to be beyond what is plausible.

In making this assessment the Investment Manager has considered the largely predictable revenue streams stemming from the underlying portfolio companies trading on solar sites, a large proportion of which is fixed through PPAs as well as government backed subsidies. Despite the reduction in power prices driven by a reduced forecast electricity demand as a result of COVID-19 induced economic restrictions, the Directors have concluded that the impacts of movements in market prices do not significantly impact the Company's ability to continue as a going concern. The Directors have considered forward looking power prices assumptions by third party providers in making this assessment.

The Investment Manager continues to monitor developments relating to COVID-19 and continues to coordinate its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

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 subsidiaries of the Company, FS Holdco Limited, FS Debtco Limited and Foresight Intermediate Solar holding Limited are required to complete quarterly debt compliance reporting. The three covenants that the subsidiaries are required to report on are the 12 months look back debt service cover ratio, the 12 months look forward debt service cover ratio and the loan life cover ratio. The Directors are happy to confirm that there were no instances of non-compliance throughout the year or subsequently.

An evaluation of the going concern was prepared by the Company's Investment Manager, then approved by the audit committee and the board of Directors. This evaluation included cash flow workings from 1 January 2021 until 30 June 2022 and therefore demonstrates the Company is able to continue operations for the going concern assessment period.

2. Summary of significant accounting policies (continued)

2.2 Going concern (continued)

Cashflow analysis was completed to consider the following negative scenarios. These scenarios were completed individually and not analysed together. In each of the scenarios, the forecasts display a significant level of headroom above minimum cash and covenant requirements throughout the going concern assessment period.

1) The projects consistently generate P90 level of electricity output;

2) Power prices were reduced by 10% across the portfolio; and

3) The three highest yielding projects, Wymeswold, Sandridge and Shotwick stopped distributing.

If any of these scenarios were to materialise, the Company could still meet its target dividend paid per share for the going concern assessment period. However, the Directors would continue to review on a periodic basis whether the dividend paid per share is appropriate considering the reduced cash flow. The cash flow forecasts show that operating costs would still be covered, but the cash balance would reduce gradually during the going concern assessment period, without causing any issues with operational ability.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the going concern assessment period and have therefore prepared the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.3 Changes in accounting policies and disclosures

New and revised IFRSs adopted by the Company

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective for the Company as of 1 January 2020. Management have assessed all new standards and amendments to standards and interpretations that are effective for annual periods after 1 January 2020. This adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and error' on definition of material

These amendments to IAS 1, IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immateriality information.

IFRS 3 'Business Combinations'

On 22 October 2018, the IASB issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

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 2020 that are deemed to be material to the Company.

2. Summary of significant accounting policies (continued)

2.4 Consolidation

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.

Under the definition of an investment entity, the entity should satisfy all three of the following tests:

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

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10 the Directors note that:

- the Company is an investment company that invests funds obtained from multiple investors in a diversified portfolio of solar energy infrastructure assets and related infrastructure assets and has appointed the Investment Manager to manage the Company's investments;
- the Company's purpose is to invest funds for investment income and potential capital appreciation and will exit its investments at the end of their economic lives or when their planning permissions or leasehold land interests expire (unless it has repowered their sites) and may also exit investments earlier for reasons of portfolio balance or profit; and
- the Board evaluates the performance of the Company's investments on a fair value basis as part of the quarterly management accounts review and the Company values its investments on a fair value basis twice a year for inclusion in its annual and interim financial statements with the movement in the valuations taken to the Income Statement and, therefore, is measured within its earnings.

Taking these factors into account, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition set out in IFRS 10.

The Directors believe the treatment outlined above provides the most relevant information to investors.

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. Should subsidiaries fail to meet the definition of Investments entity the Company would have to consolidate its subsidiaries.

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. Summary of significant accounting policies (continued)

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 (2019: 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 which are in turn determined by the fair value of its underlying 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, Topco, FISH, FS Holdco 2 and FS Debtco are fair valued using their net asset value as reported at year end.

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (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. In accordance with IFRS 13 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.

The financial instruments at amortised cost are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in 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.

2.9.2.2 Other financial instruments at amortised cost

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.

Notes to the Financial Statements

For the year end 31 December 2020

2. Summary of significant accounting policies (continued)

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 through equity in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Under Jersey law, the Company can pay dividends in excess of its retained earnings provided it satisfies the solvency test prescribed under the Companies Law (Jersey) 1991. The solvency test considers whether the Company is able to pay its debts when they fall due, and whether the value of the Company's assets is greater than its liabilities. The Company satisfied the solvency test in respect of all dividends declared or paid in the year.

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 judgement is related to the determination that the Company meets the definition of an investment entity.

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

The Board considers that the determination that the Company meets the definition of an investment entity involves significant judgement.

In assessing whether the Company meets the definition of an investment entity set out in IFRS 10 the Board used the below criteria to make their significant judgement.

- the Company is an investment company that invests funds obtained from multiple investors in a diversified portfolio of solar energy
- infrastructure assets and related infrastructure assets and has appointed the Investment Manager to manage the Company's investments;
- the Company's purpose is to invest funds for investment income and potential capital appreciation and will exit its investments at the end of their economic lives or when their planning permissions or leasehold land interests expire (unless it has repowered their sites) and may also exit investments earlier for reasons of portfolio balance or profit; and
- the Board evaluates the performance of the Company's investments on a fair value basis as part of the quarterly management accounts review and the Company values its investments on a fair value basis twice a year for inclusion in its annual and interim financial statements with the movement in the valuations taken to the Income Statement and, therefore, is measured within its earnings.

Taking these factors into account, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition set out in IFRS 10.

3. Critical accounting estimates and judgements (continued)

The Board considers that the fair value of the underlying 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 and in line with the applicable standards. Directors 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.

The COVID-19 pandemic has impacted the net asset value of the investments as a result of lower power price forecasts used in determining the valuation of investments.

4. Interest income

	31 December 2020 £'000	31 December 2019 £'000
Interest on loan notes	**33,442**	34,110
Interest on shareholder loans	**6,188**	5,089
	39,630	39,199

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 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 (2019: £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. The shareholder loan balance at period end is £304,316,450 (2019: £304,316,450). These loans form part of the fair value of the investments as per note 14.

5. Management fees

The investment manager of the Fund was Foresight Group CI Limited. Following an internal restructuring at Foresight Group on 26 February 2020, Foresight Group LLP (the "Investment Manager") has replaced Foresight Group CI Limited as investment manager to the Fund.

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 2020, the Investment Manager was entitled to a management fee of £5,795,475 (2019: £5,966,823) of which £34,410 was outstanding as at 31 December 2020 (2019: £1,571,139).

6. Administration 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 2020, total administration and accountancy fees were £188,925 (2019: £186,358) of which £91,100 was outstanding as at 31 December 2020 (2019: £45,500).

Notes to the Financial Statements

For the year end 31 December 2020

7. Staff costs and Directors' fees

No members of staff were employed during the year (2019: nil).

Total directors' fees were £229,552 (2019: £196,444).

8. Other Expenses

	31 December 2020 £'000	31 December 2019 £'000
Legal and professional fees	**482**	542
General expenses	**230**	58
	712	600

Included within legal and professional fees is £40,641 (2019: £32,500) relating to the audit of these financial statements. The total audit fee paid to KPMG LLP in relation to the audit of the Group is £200,000 for the year ended 31 December 2020 (2019: £180,000). There were no other fees paid to the auditors for non-audit services during the year (2019: Nil).

9. Loss per Ordinary share – basic and diluted

The basic loss per Ordinary Share for the Company is 1.19 pence per share (2019: basic loss of 1.89 pence per share). This is based on the loss for the year of £7,196,980 (2019: £10,750,671 loss) and on 606,924,133 (2019: 567,804,584) 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 2020 £'000	31 December 2019 £'000
Interest receivable on loan notes	**39,176**	50,780
Interest receivable on shareholder loans	**23,961**	17,773
	63,137	68,553

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 2020 £'000	31 December 2019 £'000
Prepaid expenses	**25**	5
Other receivables	**250**	250
	275	255

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 2020 £'000	31 December 2019 £'000
Cash at bank	**16,875**	18,933
	16,875	18,933

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 2020 £'000	31 December 2019 £'000
Accrued expenses	**228**	1,716
Amounts due to subsidiaries*	**187**	187
	415	1,903

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

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 2020 £'000	31 December 2019 £'000
Investment in UK Hold Co	Equity	**-**	-
	Loans	**502,286**	542,186
		502,286	542,186
Book cost as at 1 January		**554,315**	499,315
Opening investment holding (loss)/gains		**(12,129)**	30,872
Valuation as at 1 January		**542,186**	530,187
Movements during the year			
Purchase at cost (loans drawn down)		**-**	55,000
Investment holding losses		**(39,900)**	(43,001)
Valuation as at 31 December		**502,286**	542,186
Book cost as at 31 December		**554,315**	554,315
Closing investment holding losses		**(52,029)**	(12,129)
		502,286	542,186

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"). FS Holdco 3 has one investment in SGP Holdings 1 Limited ("SGP Holdings 1") which in turn has one investment in Second Generation Portfolio 1 ("SGP 1"). 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, SGP Holdings 1, 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, SGP 1 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 16) for solar projects that are operational.

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

Fair value hierarchy

(a) 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, Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

categorised between those whose fair value is based on:

As at 31 December 2020:

	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Investments held at fair value through profit or loss	-	-	502,286	502,286
	-	-	502,286	502,286

As at 31 December 2019:

	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Investments held at fair value through profit or loss	-	-	542,186	542,186
	-	-	542,186	542,186

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%
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%

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For the year end 31 December 2020

15. Subsidiaries and associates (continued)

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
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%
Foresight Solar Spain Holding S.L ("FSSH")	Indirect	Spain	SPV Holding Company	100%
Wymeswold Solar Farm Limited ("Wymeswold")	Indirect	UK	Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton")	Indirect	UK	Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy ")	Indirect	UK	Investment	100%
Highfields Solar Farm Limited ("Highfields")	Indirect	UK	Investment	100%
High Penn Solar Farm Limited ("High Penn ")	Indirect	UK	Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race")	Indirect	UK	Investment	100%
Spriggs Solar Farm Limited ("Spriggs ")	Indirect	UK	Investment	100%
Bournemouth Solar Farm Limited ("Bournemouth")	Indirect	UK	Investment	100%
Landmead Solar Farm Limited ("Landmead")	Indirect	UK	Investment	100%
Kencot Hill Solar Farm Limited ("Kencot")	Indirect	UK	Investment	100%
Copley Solar Limited ("Copley")	Indirect	UK	Investment	100%
Port Farms Solar Limited (Port Farm")	Indirect	UK	Investment	100%
Membury Solar Limited ("Membury")	Indirect	UK	Investment	100%
Atherstone Solar Farm Ltd ("Atherstone")	Indirect	UK	Investment	100%
Southam Solar Farm Ltd ("Southam")	Indirect	UK	Investment	100%
Paddock Wood Solar Farm Ltd ("Paddock Wood")	Indirect	UK	Investment	100%
Shotwick Solar Limited ("Shotwick Solar")	Indirect	UK	Investment	100%
Sandridge Solar Power Limited ("Sandridge")	Indirect	UK	Investment	100%
Wally Corner Limited ("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%

15. Subsidiaries and associates (continued)

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
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 Solar")	Indirect	UK	Investment	100%
SV Ash Solar Park Limited ("SV Ash Solar Park")	Indirect	UK	Investment	100%
Pen Y Cae Solar Limited ("Pen Y Cae Solar")	Indirect	UK	Investment	100%
Virgen del Carmen Solar S.L("Virgen")	Indirect	Spain	Investment	100%
Solar Energy Veintisiete S.L ("Lorca")	Indirect	Spain	Investment	100%

15. Subsidiaries and associates (continued)

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%

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. The Spanish assets held by FS Holdco 4 were valued at cost as at 31 December 2020 as these projects were not yet operational, and are therefore not included in the sensitivity analysis on the following pages.

The Investment Manager considers climate risk on the portfolio of investments. This is reflected in the discount rate as with other risks discussed.

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 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.

The investment manager has adjusted the sensitivities calculation methodology from an asset level cash flows only basis to a calculation based on asset level cash flow less holdco level debt cash outflows. This has resulted mainly in a reduction of the Discount rate sensitivity disclosed below.

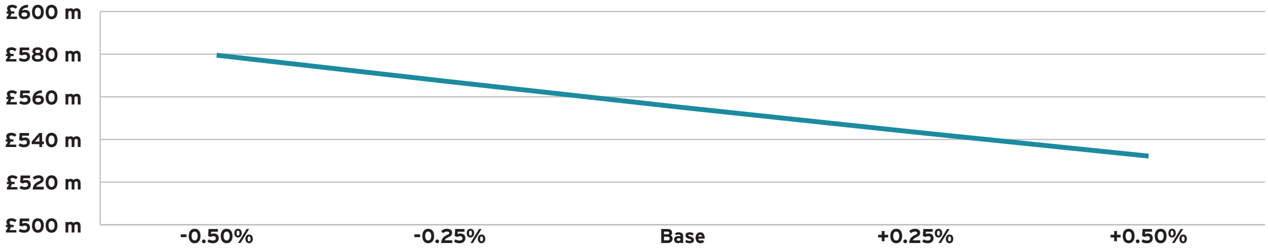
16. **Fair value of the investments in unconsolidated entities (continued)**

The base valuation of £555.0 million represents the levered discounted value of future cash flows of the underlying operational assets with assets under construction held at cost, less the long term debt held at holding companies level. The valuation of the Australian assets is net of debt.

Discount rate

The weighted average discount rate used is 6.74% (2019: 7.06%). 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.

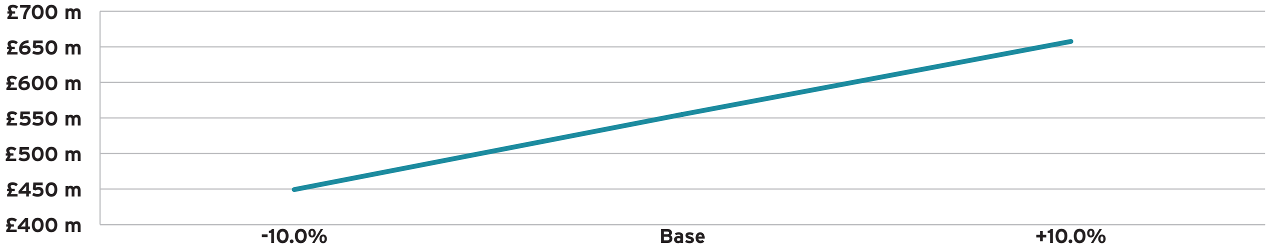
	-0.50%	-0.25%	Base	+0.25%	+0.50%
Portfolio valuation (£m)	£579.5m	£567.1m	£555.0m	£543.4m	£532.2m
Change in portfolio valuation (£m)	£24.5m	£12.0m		(£11.6m)	(£22.9m)
NAV per share change (pence)	4.0p	2.0p	95.8p	(1.9p)	(3.8p)



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.

	-10.0%	Base	+10.0%
Portfolio valuation (£m)	£449.2m	£555.0m	£657.6m
Change in portfolio valuation (£m)	(£105.9m)		£102.5m
NAV per share change (pence)	(17.4p)	95.8p	16.9p



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 1.3%.

Notes to the Financial Statements

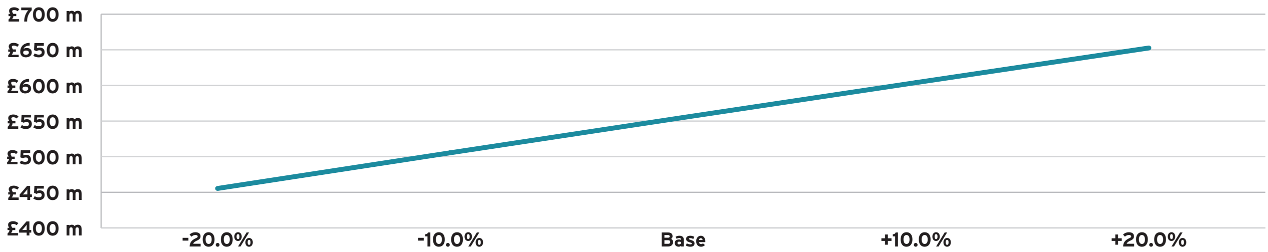
For the year end 31 December 2020

16. Fair value of the investments in unconsolidated entities (continued)
Power Price (continued)

During the year, c.80% of the investment's operational revenues came from Regulatory support mechanisms. The remaining c.20% of revenue is derived from electricity sales which are subject to power price movements. On a net present value basis, future electricity sales which are subject to price movements represent c48% of total revenues.

The latest blended curves applied to the underlying portfolio is an average -8% below the pre COVID-19 curve. This includes the current impact of COVID-19, and anticipated recovery, which has driven down demand for fuels and thereby reducing wholesale power prices.

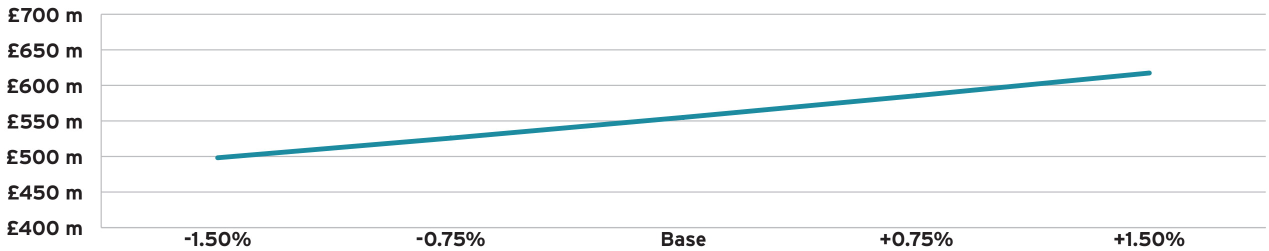
	-20.0%	-10.0%	Base	+10.0%	+20.0%
Directors' valuation (£m)	£455.4m	£505.5m	£555.0m	£604.0m	£652.6m
Change in portfolio valuation (£m)	(£99.6m)	(£49.6m)		£48.9m	£97.6m
NAV per share change (pence)	(16.4p)	(8.2p)	95.8p	8p	16.1p



Inflation

A variable of 0.5% to 1.0% is considered reasonable given historic fluctuations. An inflation rate of 3.00% (2019: 2.75%) has been used to 2030 and then 2.25% (2019: 2.75%) thereafter.

	-1.0%	-0.5%	Base	+0.5%	+1.0%
Directors' valuation (£m)	£498.2m	£525.8m	£555.0m	£585.5m	£617.4m
Change in portfolio valuation (£m)	(£56.8m)	(£29.3m)		£30.5m	£62.4m
NAV per share change (pence)	(9.4p)	(4.8p)	95.8p	5p	10.3p

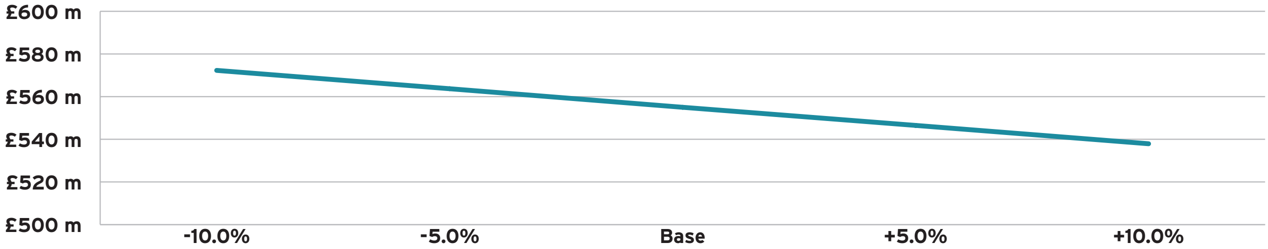


16. Fair value of the investments in unconsolidated entities (continued)

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)	£572.3m	£563.7m	£555.0m	£546.5m	£537.9m
Change in portfolio valuation (£m)	£17.2m	£8.7m		(£8.5m)	(£17.2m)
NAV per share change (pence)	2.8p	1.4p	95.8p	(1.4p)	(2.8p)



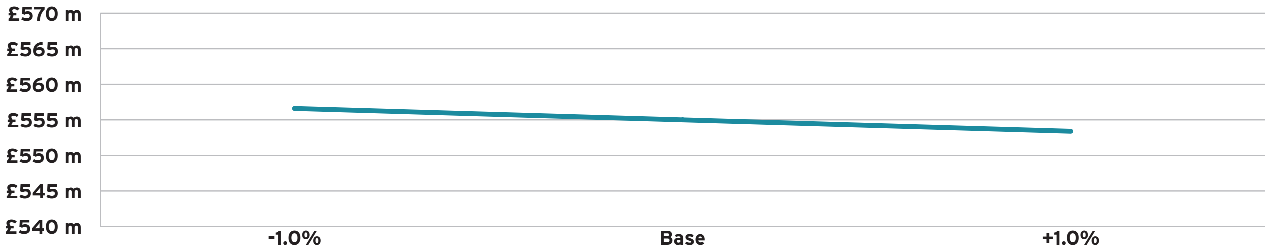
Tax rate

On 3 March 2021 the UK Chancellor, as part of his Budget, announced his intention to increase the rate of UK Corporation tax from 19% to 25% from 2023.

The impact of this proposal is not currently reflected in the 31 December 2020 NAV. On that basis, a variable of 1.0% is considered reasonable given historic information.

It is anticipated that should the proposal be implemented this will have an estimated impact on NAV of £8.7 million or 1.4 pence per share.

	-1.0%	Base	+1.0%
Directors' valuation (£m)	£556.6m	£555.0m	£553.4m
Change in portfolio valuation (£m)	£1.6m		(£1.6m)
NAV per share change (pence)	0.3p	95.8p	(0.3p)



Notes to the Financial Statements

For the year end 31 December 2020

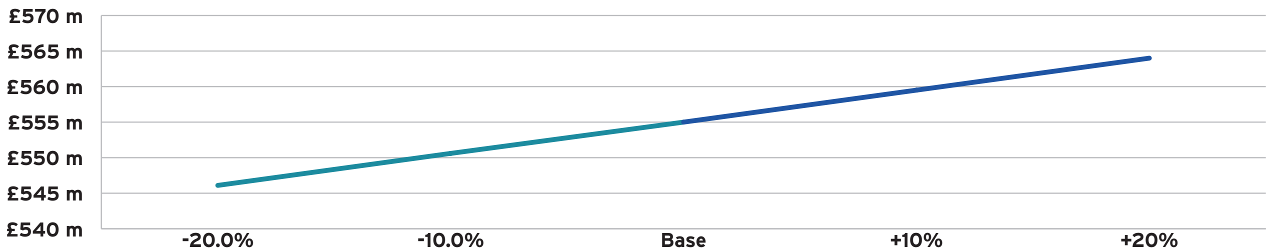
16. Fair value of the investments in unconsolidated entities (continued)

AUD/GBP Exchange Rate

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

Following the acquisition of Spanish assets, the Fund is exposed to fluctuations in EUR. A sensitivity has not been included for EUR/GBP exchange rates as the Spanish assets are currently

	-20.0%	-10.0%	Base	+10.0%	+20.0%
Portfolio valuation (£m)	£546.1m	£550.6m	£555.0m	£559.5m	£564.0m
Change in portfolio valuation (£m)	(£8.9m)	(£4.5m)		£4.5m	£8.9m
NAV per share change (pence)	(1.5p)	(0.7p)	95.8p	0.7p	1.5p



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 2020 Shares	31 December 2019 Shares
Ordinary shares – nil par value	**Unlimited**	Unlimited

Issued Ordinary Shares

	31 December 2020 Shares	31 December 2019 Shares
Opening balance	**605,196,526**	548,941,550
Issued during the year	**-**	54,894,155
Scrip dividends issued during the year	**2,514,785**	1,360,821
Closing balance	**607,711,311**	605,196,526

17. Stated Capital and Share Premium (continued)
Issued Ordinary Shares (continued)

	31 December 2020 £'000	31 December 2019 £'000
Opening balance	**624,922**	558,798
Proceeds from share issue	**-**	65,324
Value of scrip dividends issued	**2,727**	1,610
Less: issue costs capitalised	**-**	(810)
Closing balance	**627,649**	624,922

During quarter 1, 575,063 shares at a value of £1.175 per share were issued in lieu of cash dividends. During quarter 2, 540,307 shares at a value of £1.066 per share were issued in lieu of cash dividends. During quarter 3, 709,388 shares at a value of £1.084 per share were issued in lieu of cash dividends. During quarter 4, 690,027 shares at a value of £1.023 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 95.80 (2019: 103.77) pence per ordinary share. This is based on the Net Asset Value at the reporting date of £582,157,904 (2019: £628,023,734) and on 607,711,311 (2019: 605,196,526) 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.

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 Euro and 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 2020 £'000	31 December 2019 £'000
AUD	**44,643**	50,185
EUR	**26,619**	-

19. Financial instruments and risk profile (continued)

19.1 Market risk (continued)

(a) Foreign currency risk (continued)

The FX rate applied at 31 December 2020 was AUD/GBP 0.5645 (2019: 0.5306) and EUR/GBP 0.8951. The Group had no Euro denominated assets in 2019.

The sensitivities linked to the assets denominated in Australian Dollars and Euros are set out in note 16 as these assets are held in the underlying investments.

(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 2020, 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 £50,228,573 (2019: £54,218,661). 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 (2019: Nil).

	Total portfolio 31 December 2020 £'000	Weighted average interest rate 31 December 2020 %	Weighted average time for which rate is fixed 31 December 2020 Days
Loan notes	**250,000**	11.00	1,511
Shareholder loans	**304,316**	2.00	2,018
Cash and cash equivalents	**16,875**	0.05	-
	571,191		

(c) Interest rate risk (continued)

	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 as cash equivalents	**18,933**	0.05	-
	573,249		

19. **Financial instruments and risk profile (continued)**

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 2020 £'000	Weighted average interest rate 2020 %	Weighted average time for which rate is fixed 2020 Days
Investments – FS Holdco*	**343,731**	**8.00**	**365****
Investments – Topco, FS Holdco 3 & FS Holdco 4*	**290,215**	**5.00**	**2,051**
Cash and cash equivalents	**14,766**	**0.05**	**-**
Total indirect exposure interest rate risk	**648,712**		

	Total Indirect exposure 2019 £'000	Weighted average interest rate 2019 %	Weighted average time for which rate is fixed 2019 Days
Investment – FS Holdco*	343,731	8.00	365**
Investments – FS Holdco 2, FS Holdco 3 & FS Holdco 4*	263,597	5.00	1,685
Cash and cash equivalents	54	-	-
Total indirect exposure interest rate risk	607,382		

*Allthough interest is charged on the loan portion of the investments, the risk is low as the loans are inter-group and therefore not subject to significant fluctuations.

**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.

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.

19. Financial instruments and risk profile (continued)

19.2 Liquidity risk (continued)

31 December 2020

	Carrying amount £'000	Contractual Total £'000	Less than 6 months £'000	6 to 12 Months £'000	Greater than 12 months £'000
Financial Assets					
Investments	**502,286**	**502,286**	**-**	**-**	**502,286**
Trade and other receivables	**275**	**275**	**275**	**-**	**-**
Interest receivable	**63,137**	**63,137**	**63,137**	**-**	**-**
Cash and cash equivalents	**16,875**	**16,875**	**16,875**	**-**	**-**
Total Financial assets	**582,573**	**582,573**	**80,287**	**-**	**502,286**
Financial Liabilities					
Trade and other payables	**415**	**415**	**415**	**-**	**-**
Total financial liabilities	**415**	**415**	**415**	**-**	**-**
Net position	**582,158**	**582,158**	**79,872**	**-**	**502,286**

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

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)**

19.3 Credit risk (continued)

	Moody's Credit Rating	31 December 2020 £'000
Cash in bank:		
Royal Bank of Scotland International Limited	P2	**16,875**
Lloyds Bank International Limited	P1	**-**
Total cash and cash equivalents		**16,875**

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

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 £633,946,309 (2019: £607,327,419), being the portion of UK Hold Co investments that are made up of loans as at 31 December 2020, these loans are however all within the Group. Included within this are the related party loans as disclosed within note 22 . External long term debt facility entered into by FS Holdco, FS Debtco and FISH with Santander and Natwest respectively. The balance of the external debt facility as at year end amounted to £373,331,640 (2019: £347,846,425).

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 still considers as material, 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.

19. Financial instruments and risk profile (continued)

19.4 Other risk (continued)

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.

After the completion of Brexit the Asset Manager continues to ensure that there is a robust spare parts provision in the UK and continues to work with the O&M providers and their downstream suppliers to ensure down time is minimised across the portfolio as much as possible.

For the last year the emergence of the COVID-19 pandemic has prompted the Directors and the Investment Manager to assess the risks to the Company and the portfolio. The Directors consider the risks identified are still the material ones, but it is clear that COVID-19 has changed the way in which some of these risks may be experienced in the future. The key risk COVID-19 poses to the Company is a negative impact on the power price market, therefore adversely affecting the distributions received from underlying solar investments. The power prices are therefore continuously reviewed by the investment manager, with a proportion of the assets opting to fix the power prices they receive in the short term. In respect to the operations of the underlying investments, the investment manager has reviewed the Business Continuity Plans of all sub-contractors and PPA offtakers and continues to review their performance during the pandemic.

The directors do not believe there to be any material impact on the short term cash flows of the Company and the Directors do not believe there is any material financial impact to the Financial Statements as at 31 December 2020, as a result of this event. The Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

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

	2020 £'000	2020 Pence/ Ordinary share	2019 £'000	2019 Pence/ Ordinary share
Quarter 1	**9,552**	**1.69**	9,057	1.65
Quarter 2	**9,662**	**1.69**	9,058	1.65
Quarter 3	**9,659**	**1.72**	8,565	1.56
Quarter 4	**9,796**	**1.73**	9,317	1.54
	38,669		35,997	

The shares issued in lieu of cash dividends for each quarter is disclosed in note 17.

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 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Loan Notes	**250,000**	**-**	**-**	**250,000**
Interest on Loan Notes	**50,780**	**33,442**	**(45,046)**	**39,176**
Shareholder Loan	**304,316**	**-**	**-**	**304,316**
Interest on Shareholder Loan	**17,773**	**6,188**	**-**	**23,961**
Non interest bearing loan included in trade and other payables	**187**	**-**	**-**	**187**

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	17,773
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 3 separate placing proceeds during 2019.

Notes to the Financial Statements

For the year end 31 December 2020

22. Related party disclosures (continued)

Transactions between UK Hold Co and its underlying subsidiaries

Transactions with FS Holdco

For the year ended 31 December 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Interest bearing Investment loan 1	**343,731**	**-**	**-**	**343,731**
Interest on investment loan 1	**51,701**	**27,423**	**(19,350)**	**59,774**
Interest bearing Investment loan 2	**(40,000)**	**-**	**-**	**(40,000)**
Interest on investment loan 2	**(3,253)**	**(2,000)**	**-**	**(5,253)**
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 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

Transactions with Topco

For the year ended 31 December 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Interest bearing Investment loan 1	**167,256**			**167,256**
Interest on investment loan	**(3,193)**	**9,485**	**(6,292)**	**-**
Interest bearing Investment loan 2	**-**	**40,867**	**-**	**40,867**
Non interest bearing loan	**(8,850)**	**(13,438)**	**-**	**(22,288)**

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	-	3,264	(6,457)	(3,193)
Non interest bearing loan	-	(8,965)	115	(8,850)

22. Related party disclosures (continued)

Transactions with FISH

There were no transactions between UK Holdco and FISH.

Transactions with FS Holdco 2

For the period ended 31 December 2020:

There were no transactions between UK Holdco and FS Holdco 2 for the year.

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	-	2,185	(2,185)	-
Interest bearing Investment loan 2	9,107	-	(9,107)	-
Interest on investment loan 2	-	266	(266)	-
Interest bearing Investment loan 3	33,094	-	(33,094)	-
Interest on investment loan 3	-	966	(966)	-
Interest bearing Investment loan 4	3,432	-	(3,432)	-
Interest on investment loan 4	-	100	(100)	-
Interest bearing Investment loan 5	46,500	-	(46,500)	-
Interest on investment loan 5	-	1,357	(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)

Transactions with FS Debtco

For the year ended 31 December 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Interest bearing loan 1	**55,000**	**-**	**-**	**55,000**
Interest on loan 1	**7,519**	**2,750**	**-**	**10,269**
Non interest bearing loan	**140**	**-**	**-**	**140**

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

Transactions with FS Holdco 3

For the year ended 31 December 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Interest bearing Investment loan 1	**36,124**			**36,124**
Interest on investment loan 1	**911**	**1,806**	**(2,717)**	**-**
Non interest bearing loan payable	**(2,595)**	**(3,570)**	**-**	**(6,165)**

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)

22. Related party disclosures (continued)

Transactions with FS Holdco 4

For the year ended 31 December 2020:

	Opening Balance as at 1 January 2020 £'000	Increase in loan/Interest charged £'000	Repayment of loan/Interest repaid £'000	Closing Balance as at 31 December 2020 £'000
Interest bearing Investment loan 1	**28,970**	**-**	**-**	**28,970**
Interest on investment loan 1	**2,897**	**1,449**	**-**	**4,346**
Interest bearing Investment loan 2	**12,482**	**-**	**-**	**12,482**
Interest on investment loan 2	**1,411**	**624**	**-**	**2,035**
Interest bearing Investment loan 3	**10,380**	**-**	**-**	**10,380**
Interest on investment loan 3	**904**	**519**	**-**	**1,423**
Interest bearing Investment loan 4	**8,386**	**-**	**-**	**8,386**
Interest on investment loan 4	**627**	**419**	**-**	**1,046**
Interest bearing Investment loan 5	**3,141**	**-**	**-**	**3,141**
Interest on investment loan 5	**264**	**157**	**-**	**421**
Interest bearing Investment loan 6	**-**	**26,619**	**-**	**26,619**
Non interest bearing loan	**1,506**	**-**	**(263)**	**1,243**

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

Notes to the Financial Statements

For the year end 31 December 2020

22. Related party disclosures (continued)

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 Spanish 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 2020:

	Opening Balance receivable/ (payable) as at 1 January 2020 £'000	Amounts paid on behalf of SPV 2020 £'000	Amounts received from SPV 2020 £'000	Net amount (payable)/ receivable as at 31 December 2020 £'000
FS Holdco and its SPVs	**(24,183)**	**28,894**	**(38,357)**	**(33,646)**
FS Debtco and its SPVs	**(834)**	**29,620**	**(39,878)**	**(11,092)**

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	Net amounts (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)

Transactions with the manager

The investment manager of the Fund was Foresight Group CI Limited. Following an internal restructuring at Foresight Group on 26 February 2020, Foresight Group LLP has replaced Foresight Group CI Limited ("The Investment Manager") as investment manager to the Fund.

The Investment Manager, a related party of Foresight Group CI, charged asset management fees to the underlying projects of £1,584,364 during the period (2019: £1,584,364).

23. Commitments and contingent liabilities

There are no commitments or contingent liabilities in the current year (2019: £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 Dislcosures (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 19 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 30 of the Annual Report.

A list of the Company's portfolio investments is included on page 8-9 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 37-40 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 2020 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.

AIFMD Dislcosures (unaudited)

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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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 CI Limited
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 contractors
PPA	Power Purchase Agreements
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

FOR A SMARTER FUTURE

FORESIGHT SOLAR FUND LIMITED