



FIM

FIM Solar Distribution LLP

“D” Partnership Shares

Limited Liability Partnership Number: OC402255

Information Memorandum

Issue Date: 11 July 2018



Gresham House

Specialist asset management
FIM is part of the Gresham House Group

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IMPORTANT NOTICE

1. This Information Memorandum (IM) has been issued and approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (FSMA) by FIM Services Limited (FIM), the Operator and Manager, which is authorised and regulated by the Financial Conduct Authority (FCA), 12 Endeavour Square, London, E20 1JN, in the United Kingdom. It relates to the placing of units in an Alternative Investment Fund (AIF).
 2. The attention of prospective Members is drawn to the fact that FIM Solar Distribution LLP (the Fund) will be acquiring and operating solar parks and such investments are of a long term and illiquid nature. The Manager may attempt to arrange transactions between sellers and qualified buyers, however, there is no recognised market for a Member's Partnership Shares in the Fund and at its sole discretion the Manager may decline to permit the sale and purchase of Member's Partnership Shares. It may therefore be difficult for a Member to sell their investment or to obtain reliable information as to its value, or the extent of the risks to which it is exposed.
 3. Investment in an unquoted fund such as the Fund is speculative and involves a degree of risk. An investment should only be considered by those persons who could sustain a total loss of their investment. Prospective Members in the Fund should carefully consider the risks and other factors associated with the investment, as set out in the section headed "Risk Factors" in Section 6 and also other sections.
 4. The terms of the Amended and Restated Limited Liability Partnership Agreement dated 8 March 2018 constituting the Fund are summarised in Appendix II to this IM. Prospective Members should read the Amended and Restated Limited Liability Partnership Agreement in full. Capitalised terms defined in the Amended and Restated Limited Liability Partnership Agreement and not otherwise defined shall have the same meanings in this IM, unless the context requires otherwise.
 5. In connection with the matters referred to in this IM, FIM is acting for the Fund and for no one else. Accordingly, FIM will not be responsible to anyone other than the Fund.
 6. This IM is not an approved prospectus for the purposes of section 85(1) of FSMA. A copy of this IM has not been, and will not be, reviewed by the FCA or the UK Listing Authority. FIM has notified the FCA of its intention to market this Fund as required under the Alternative Investment Fund Managers Directive (AIFMD) (as implemented in the UK).
 7. This IM contains information relating to an Unregulated Collective Investment Scheme (UCIS), which under UK legislation may only be promoted to persons permitted under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 or the categories of persons identified in rule 4.12 of the FCA's Conduct of Business Sourcebook (COBS). As such this IM will only be made available to or directed to the parties listed below ("Relevant Persons"):
 - persons who fall within the definition of "eligible counterparty" or "professional client" in the rules of the FCA and as set out in the Glossary to the FCA Handbook and who therefore fall within the exemptions listed in COBS 4.12.4.R;
 - investment professionals, including firms authorised under FSMA to advise on UCISs, that is persons within Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001;
 - persons that have completed the FIM Client Financial Information Form, and who have been assessed by FIM as being suitable and appropriate to invest in the Fund or otherwise meet the requirements of the Certified High Net Worth Investor, Certified Sophisticated Investor or Self-Certified Sophisticated Investor exemptions set out in COBS 4.12.4.R; and/or persons who meet the requirements of any other applicable exemption in COBS 4.12.4.R or the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001.
- If you are in any doubt as to whether you fall within any of the categories above you must not rely on or act upon the contents of this IM unless you have taken professional advice, which has confirmed that you fall within one of these categories.
- Persons authorised under FSMA may, where authorised to do so by FIM, provide this IM to their clients whom they have assessed as being suitable and appropriate to invest in the Fund ("Appropriate Clients") pursuant to an applicable exemption under the Financial Services and

Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 or the rules of COBS, but this IM should not otherwise be distributed, published or reproduced, in whole or in part, nor should its contents otherwise be disclosed by recipients to any other person.

8. This IM is exempt from the scheme promotion restriction on the communication of invitations or inducements to participate in UCISs (in Section 238 of FSMA) on the grounds that it is only being made available to or directed at Relevant Persons or Appropriate Clients. Persons who are not Relevant Persons or not an Appropriate Client of an FSMA authorised person may not apply to invest in the Fund.
9. The transmission of this IM to any person in the UK other than a Relevant Person or Appropriate Client is unauthorised by FIM and may constitute an offence under FSMA. **If any prospective Member is in doubt as to whether an investment of this type is a suitable kind of investment for them, they are strongly advised to contact a professional adviser authorised by the FCA with permission under Part 4A of FSMA to advise on UCISs.**
10. Prospective Members must rely on their own examination of the legal, taxation (including national insurance contributions), financial and other consequences of an investment in the Fund, including the merits of investing and the risks involved. Prospective Members should not treat the contents of this IM as advice relating to legal, taxation (including national insurance contributions) or investment matters. Any prospective Members who have any doubt about the suitability of the Fund for them should consult their own professional advisers concerning the acquisition, holding or disposal of interests in the Fund.
11. Members will not have a right to cancel an agreement to subscribe for Partnership Shares in the Fund.
12. The Fund is a UCIS and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such investments. Members in the Fund may have protection under the UK Financial Services Compensation Scheme in certain circumstances but should never assume this until they have satisfied themselves on their position through direct enquiry to their Financial Adviser.
13. Members can complain to FIM as Operator and Manager. Correspondence should be addressed to the Managing Director of FIM. If a Member is not satisfied with FIM's suggested resolution, they may have a right to refer their

complaint to the Financial Ombudsman Service whose address is Exchange Tower, London, E14 9SR.

14. Certain information contained in this IM has been obtained from published sources or provided by other parties. FIM has taken reasonable care to ensure that such information and its presentation is fair, clear and not misleading.
15. This IM contains forward-looking statements. Words such as "target", "anticipate", "believe", "plan", "expect", "intend", "estimate", "project", "will", "should", "could", "may", "predict" and similar expressions are typically used to identify forward-looking statements. You are cautioned that actual results could differ materially from those anticipated in forward-looking statements. In addition, the forward-looking statements contained in this IM are largely based on estimates and assumptions made by the Manager. These estimates and assumptions reflect the Manager's best judgement based on currently known market conditions and other factors, some of which are discussed below. Although the Manager believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Manager's control. In addition, the Manager's assumptions about future events may prove to be inaccurate.

The Manager cautions all readers that the forward-looking statements contained in this IM are not guarantees of future performance and the Manager cannot assure any reader that such statements will be realised or that the forward-looking events and circumstances will occur.
16. This IM does not constitute, and may not be used for the purposes of, an offer of Partnership Shares in the Fund to any person in any jurisdiction in which such offer or invitation is not authorised or in which the person purporting to make such offer or invitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or invitation.

It is the responsibility of prospective Members to satisfy themselves as to full compliance with the relevant law and regulations of any territory in connection with any application to participate in the Fund, including obtaining any required governmental or other consent and adhering to any other formality prescribed in such territory.

FIM Solar Distribution LLP - Advisers

Sponsor, Operator and Manager

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Designated Members

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1. SUMMARY - KEY FEATURES

FIM Solar Distribution LLP (the Fund) is an established trading partnership providing cash distributions from the ownership of a diversified portfolio of UK large scale ground mounted solar parks, in a managed vehicle providing 100% relief from Inheritance Tax (IHT).

UK solar is a proven mainstream asset class for institutions, family offices and private investors. It is an asset backed investment that benefits from robust revenues with a strong degree of inflation protection.

Issue Summary and Fund Objectives

The Fund established its trade in 2016 and currently owns six operational solar parks. It is raising additional capital in order to expand and has clear objectives:

- Target average annual distributions in the first 10 years of 7% of equity invested.
- To distribute all surplus cash twice-yearly.
- In relation to “D” Partnership Shares to target an IRR of 6% pre-tax, net of all fees and costs in a diversified portfolio of ground mounted solar parks, providing stable cash flow with a high degree of protection from inflation.

The Fund currently has:

- Six geographically diverse sites with 31MW capacity.
- An enterprise value of £44.7 million.
- Debt of £8 million.
- Net assets of £36.7 million (including cash of £4.6 million).

Funds raised under this issue will be combined with the Fund’s cash resources to acquire additional solar assets.

Fund benefits:

The Fund is specifically structured as an unlisted Limited Liability Partnership (LLP) to provide investors with a highly tax efficient trading structure in comparison to “YieldCos” listed on the main market of the London Stock Exchange, with:

- 100% relief from IHT (once Partnership Shares have been held for two years).
- High amortising cash flow with income distributed gross without tax deducted at source and without direct tax at the level of the Fund, which is tax transparent.
- Projected distributions for the current Fund expected to be tax-free for the next three to four years of the Fund, as Members are expected to benefit directly from capital allowances offsetting taxable profits.
- A defined exit strategy, with a First Termination Date of 5 April 2026.

A significant element of the gross revenue for each accredited solar park will be generated from a legislated source, index-linked to RPI, providing protection from inflation for twenty years from accreditation. These sources of revenue are described more fully in Section 2.4.

Issue Summary

- Minimum investment of £95,040 (80 Partnership Shares at £1,188 per Partnership Share) for existing and new Members.
- Closing Date 28 September 2018.
- Two year qualifying period for 100% IHT relief for new Members will commence on the issue of their Partnership Shares as the Fund is already trading.

THE VALUE OF THE ASSETS HELD BY THE FUND MAY FALL AS WELL AS RISE SO NEITHER THE FUND NOR FIM CAN GUARANTEE THAT THE TARGET RETURN WILL BE OBTAINED.

MANY FACTORS COULD AFFECT THE PERFORMANCE OF THE FUND. PROSPECTIVE MEMBERS ARE STRONGLY ADVISED TO READ SECTION 6 HEADED RISK FACTORS BEFORE CONSIDERING AN INVESTMENT IN THE FUND.

2. THE BUSINESS

2.1 Business Summary

The Fund's business is the ownership and long term operation of ground mounted solar parks, in order to deliver income from the generation and sale of renewable electricity. The Fund's income is currently generated from six large-scale ground mounted solar parks.

Solar assets are an integral part of the UK's power generation fleet, and investors across the globe have embraced this technology as a crucial component in low carbon generation.

Solar is an established power generation source in the UK, with around 13GW of installed capacity as at 1 January 2018. In 2017, 12% of all renewable generation was from solar, equating to around 12TWh. This is 4% of the total 2017 UK electricity demand.

UK demand for clean energy is expected to increase substantially as the economy continues to decarbonise through the ongoing electrification of transport, heat and other carbon intensive industries.

Ground mounted solar parks have now firmly established themselves as a proven mainstream asset class delivering attractive returns for investors, with a combination of low operational risk and high levels of annuity style cash flows.

Solar parks benefit from having few moving parts and low operating costs (circa 25% of revenue), which are largely fixed. Combined with relatively stable annual output the business provides predictable long-term revenue streams. As such the business intends to distribute all surplus cash twice-yearly with the next annual distribution targeting a total of £57 per eligible Partnership Share.

2.2 Current Portfolio

The Fund owns six ground mounted solar parks in England and Wales generating over 29,000MWh of output per year.

All six sites are fitted with top tier manufacturer solar panels and equipment and have long-term operations and maintenance agreements in place. All projects benefit from Renewables Obligation Certificates (ROCs) for 20 years from accreditation and have two to three years of proven operating history. Two of the sites, Higher Bye and Askern include non-recourse project finance.



Solar Park	Size (MW)	Annual Output (MWh)	ROCs	Accreditation Date
Askern	4.98	4,600	1.3	August 2015
Higher Bye	6.79	6,700	1.4	March 2015
Oak Cottage	4.87	4,700	1.3	August 2015
Wymeswold	4.28	3,900	1.3	February 2016
Stripe	4.98	4,700	1.3	March 2016
East Appleton	4.98	4,700	1.3	March 2016
Total	30.88	29,300		

This “D” issue will allow the Fund to further expand and diversify its existing portfolio, with the following benefits to Members:

- Economies of scale and related operating efficiencies.
- Reduced investment risk through diversification of sites and panel manufacturers.
- Aggregation of assets into a larger portfolio which is expected to have a higher capital value than a smaller portfolio.
- Greater flexibility in raising long term debt at attractive rates to enhance returns.
- Spread of fixed overheads over a larger capital base.
- Improved liquidity should Members in the Fund wish to realise a holding. The Manager is of the opinion that liquidity in the secondary market between willing vendors and purchasers is easier to achieve in a larger vehicle.

Target parameters for future acquisitions are:

- Minimum size 3MW.
- Assets typically no older than five years.
- Accredited for ROCs (or FiTs) providing legislated index-linked revenue.
- Underlying land leases for a minimum term of 25 years from the commencement of operation.
- When reasonably practicable, purchases will be structured as an asset purchase, so the full tax advantages of direct ownership are secured. Where the Fund acquires ownership of a company or other legal entity which owns the solar assets, the Fund may seek to “hive up” the assets from the legal entity acquired to the Fund, so that the investment return is protected in the structure, which provides the tax benefits to investors as summarised in Appendix I. Estimated costs associated with the “hive up” are included in the calculation of the target IRR.

The target IRR of 6% pre-tax to “D” Members, net of all fees and costs is based on the general assumptions for future acquisitions set out below:

- Projected energy output as established by an external independent energy yield assessment at the date of purchase.
- Electricity prices based on power price fixes (where applicable) and the latest independent industry forecast.
- The legislated value of the ROC which applies to each solar park acquired.

- Inflation on revenues and costs at appropriate rates.
- Asset lives of 30 years, with no residual value after this time.

2.3 Management Strategy

The Manager is currently seeking to extend planning permissions and land leases where possible to provide the potential to extend generation and add significant value.

In addition, the Manager considers that new technology provides two significant opportunities to enhance value on operational sites:

- Battery storage is complementary to solar, where output is typically produced during daylight hours when residential demand is low. Batteries allow the power generated to be stored and released when demand, and thus prices, are high. The Manager is currently reviewing the potential to add battery storage to the Fund’s existing six assets, and will consider doing so at each site subsequently acquired.
- Improved productivity from a new generation of solar panels is expected to provide opportunities, in due course, to enhance performance of a given site through replacing existing panels.

2.4 Sources of Revenue

The Fund will target large scale ground mounted solar parks which benefit from ROCs. Revenue comprises secure index-linked ROCs for 20 years (circa 55% of gross revenue) with upside through exposure to electricity prices and other benefits (circa 45% of gross revenue), which are expected to rise from current levels over the lifetime of the Fund.

The Fund’s projected sources of income are:

2.4.1 Legislated Income

Typically a UK ground mounted solar park will receive 55% of its revenue from ROCs. Renewable generators can benefit from a set number of ROCs for each MWh of power generated. For most solar parks, this is between 1.2 and 1.6 ROCs per MWh depending on the date of accreditation. ROC income is fixed (2018/19: £47.22 for every 1 ROC) and index-linked to RPI for 20 years from the date of accreditation.

Ownership of ROC assets allows investors to benefit from potential increases in wholesale power prices whilst protecting the downside through long term, fixed, inflation-linked subsidies, providing an element of inflation protection.

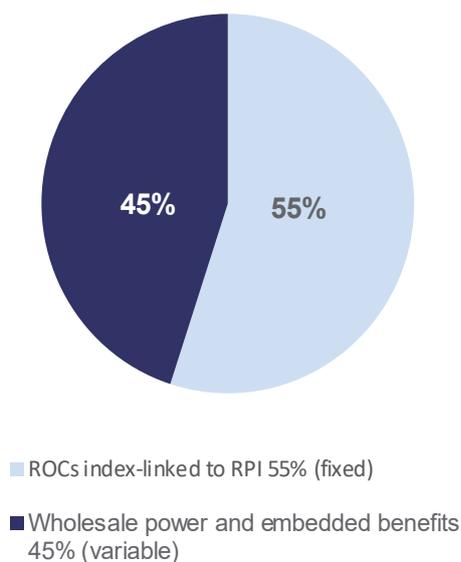
2.4.2 Wholesale Electricity Income

Typically 45% of a solar park's income will be generated from the sale of wholesale electricity, with an additional payment for "embedded benefits" paid to the generator for siting or embedding renewable energy generators in the local distribution network.

The current industry forecast is that electricity prices will rise by circa 1% on average annually in real terms over the next 20 years, as the demand for electricity rises in line with the drive to decarbonise electricity generation and reduce carbon emissions.

Historically, wholesale power price increases have exceeded inflation over the medium term providing investors with an inflation hedge.

Projected Sources of Fixed and Variable Income Gross Revenue



Further background information on solar park investments is set out in FIM's UK Solar Investment Fundamentals 2018 paper, available on FIM's website or by hard copy on request.

2.5 Business Strategy

The Fund is currently 18% geared.

The Manager where appropriate, will look to increase the gearing level up to a maximum of 30% of the Gross Asset Value (GAV) of the Fund calculated at the date of the gearing being employed, in accordance with the Fund's Amended and Restated Limited Liability Partnership Agreement. This will permit the Fund to acquire additional assets and benefit from current low interest rates available in the market.

The existing gearing is in the form of a facility agreement between FIM Solar Generation I LLP and Barclays Bank Plc. The balance on the facility is £8 million as at 5 April 2018 which equates to 18% of the Fund's estimated GAV of £44.7 million.

The gearing is long term, repayable on a set schedule in bi-annual payments to 30 September 2033. The total cost is circa 4.5%, with an interest rate swap in place to protect against adverse movements in interest rates. The security package granted to Barclays Bank Plc by FIM Solar Generation I LLP includes fixed charges over the property assets at Askern and Higher Bye, floating charges over FIM Solar Parks I LLP's property and undertaking together with security over project agreements and bank accounts operated by FIM Solar Generation I LLP. There is no recourse to Members.

The Fund owns 100% of FIM Solar Parks I LLP, which in turn owns 100% of FIM Solar Generation I LLP, being the holding vehicle that owns the Askern and Higher Bye solar parks.

The Manager anticipates that any further project finance would be structured in a similar way to the existing arrangements, with subsidiary vehicles owning the solar park assets, entering into the facility agreements and granting security, with no recourse to Members.

2.6 Fund Performance to Date

The total return from June 2016 to 5 April 2018 on the original "A" Partnership Shares was 21.6%, comprising:

- Capital growth of 16.3% on the issue price (following external valuations); and
- Income distributions of £50 per Partnership Share, being 5.3% on the issue price.

Although the "B" Partnership Shares were only issued in January 2018, and have yet to receive a distribution, they have not only recovered all the issue expenses of 6%, but have increased in value by 10.5% over the issue price of £1,000 each following external valuations.

2.7 Distributions

The Fund's objective is to distribute all surplus cash, net of any working capital requirements or debt service, providing a high level of income for Members.

MEMBERS SHOULD NOT ASSUME THAT DISTRIBUTIONS WILL BE MADE AT ANY LEVEL OR THAT DISTRIBUTIONS WILL BE MADE TWICE YEARLY, OR INDEED AT ALL. FURTHER RISKS ARE SET OUT IN SECTION 6.

Distributions are planned to be paid twice-yearly, in April on surplus revenue for the period 1 October to 5 April, and in October on surplus revenue for the period 6 April to 30 September.

The target distribution for the 12 months ending 5 April 2019 totals £57 per Partnership Share which equates to a yield of between 5% and 6% on investments, depending on the class of Partnership Share. The distribution will be paid to all classes of Partnership Shares except "D" Partnership Shares which receive a first distribution in October 2019.

The Manager expects that Members will benefit from tax-free distributions for the next three to four years of the Fund, as capital allowances arising from the investments made in each solar park should offset taxable profits. The period of tax free distributions will depend on the treatment of Capital Allowances in the Tax Return submitted by the original solar park owner and will be known at the time of purchase.

Target Distributions

Based on the assumptions set out in Section 2.2 (Target parameters) the indicative distribution profile for the Fund is as follows:

	Target Average Annual Distribution as % of Equity Invested	Distribution Profile Range Across the Period
Years 1 - 10	7%	6-8%
Years 11 - 20	9%	8-12%
Years 21 - 30	5%	4-6%

The level of any distribution will depend on the total electricity produced each year from the solar parks and the revenues received from the sale of ROCs and electricity. It will also depend on the amount raised from this "D" Partnership Share Issue, the timing of the deployment of funds raised, the specifics of future acquisitions and market conditions.

In addition, there is likely to be some residual value in the assets at the Fund's Final Termination Date due to asset lives being longer than the Final Termination Date. Where residual value exists and where this can be secured via a sales process, the residual value would be returned to Members via a final distribution.

Distribution Payments

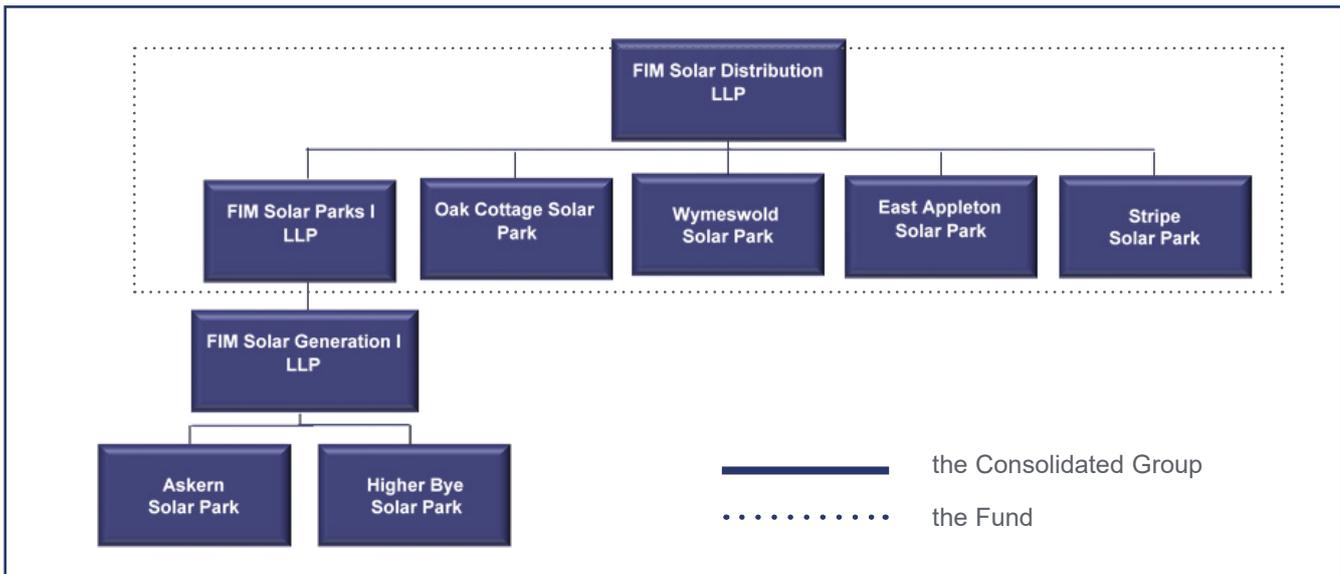
The Manager expects to invest the proceeds of the "D" Partnership Share Issue by March 2019, such that "D" Partnership Shares will first qualify for a distribution in October 2019, on the Fund's earnings from 6 April 2019 to 30 September 2019.

3. THE FUND

3.1 Structure

The Fund is a tax transparent Limited Liability Partnership, which commenced trading in 2016 and now owns six solar parks, allowing each Member to be taxed on any profits or gains according to their own circumstances, and allowing cash distributions to be made free of dividend tax.

The Fund owns four assets directly and two assets through holding LLPs, as can be seen below.



The Fund's two Designated Members are entities wholly owned by FIM (FIM Solar Distribution Designated Member 1 Limited and FIM Solar Distribution Designated Member 2 Limited).

The Members formally voted to approve the first expansion of the Fund on 4 July 2017. Members subsequently voted on 4 January 2018 to further expand the Fund and allow "C" and "D" Partnership Shares to be issued. The Limited Liability Partnership Agreement and the Management Agreement were further amended to facilitate these additional expansions. A summary of the Amended and Restated Limited Liability Partnership Agreement, dated 8 March 2018, governing the Fund is set out in Appendix II. The terms of FIM's appointment as the Fund's Manager are detailed in the Amended Management Agreement dated 8 March 2018 and summarised in Appendix III of this IM.

3.2 This Issue: "D" Partnership Shares

"D" Partnership Shares are to be issued at a price of £1,188 each which is a 7.5% premium to the Fund's NAV per Partnership Share as at 5 April 2018. The closing date for this issue is 28 September 2018, with the potential to extend to 31 December 2018 at the Manager's discretion.

"D" Partnership Shares will rank *pari passu* with all other Partnership Shares except that they will not be eligible to receive a first distribution until October 2019 (for the earnings from the period 6 April 2019 to 30 September 2019).

The 7.5% premium is calculated to cover the costs of raising and investing the new funds (based on a fund promotion fee of 2%, an acquisition fee of 2% of capital invested, legal and technical due diligence and purchase costs of 1%) plus the costs of the issue which are capped at £50,000, borne by holders of "D" Partnership Shares, along with a nominal premium of circa 2% to reflect the additional value that has accrued in the Fund through its established trading operations.

Partnership Share Issue	Issue Date	Issue Price Per Share	Number of Shares Issued	Sum Raised/ Injected	First Distribution	Total Return to Date
"A" Shares	June 2016	£950.00	5,235	£4,973,250	October 2017	21.6%
"B" Shares	January 2018	£1,000.00	15,937	£15,937,000	October 2018	10.5%
"C" Shares	April 2018	£1,104.73	12,017	*£13,275,100	October 2018	N/A
Total			33,189	£34,185,350		
Available Under Current Offer						
"D" Shares	Summer 2018	£1,188.00	tbc	tbc	October 2019	N/A

* Value of assets acquired

In April 2018, the Fund acquired three solar parks totalling 16.63MW from FIM Sustainable Timber and Energy LP (STELP), to form a single vehicle owning six solar parks, with a combined capacity of 30.88MW. The Fund acquired STELP's subsidiary, FIM Solar Parks I LLP, which indirectly owned the Askern and Higher Bye solar parks, together with the direct acquisition of Oak Cottage solar park, all in exchange for the issue by the Fund of "C" Partnership Shares having an equivalent value to the acquired undertakings. To effect the acquisition on an arms' length basis, Askern, Higher Bye and Oak Cottage solar parks acquired by the Fund, together with the Wymeswold, Stripe and East Appleton solar parks already operated by the Fund, were independently valued by Jones Lang LaSalle Limited as at 5 April 2018. As at 5 April 2018, STELP owns 45.2% of the Fund.

New Members subscribing for "D" Partnership Shares under the terms of this IM should qualify for 100% relief from IHT, two years from receiving their "D" Partnership Shares. Existing Members subscribing for "D" Partnership Shares under the terms of this IM may, depending on the size of their original investment and the size of their investment in "D" Partnership Shares, qualify for 100% IHT under business property relief, two years from 30 November 2016 (being the date of the commencement of trading) for "A" Members, or two years from the date the Partnership Shares were issued for "B" Members.

The minimum subscription for "D" Partnership Shares is 80. As such the minimum application for "D" Partnership Shares at £1,188 each is £95,040. This minimum also applies to existing Members wishing to top up their existing investment. The minimum aggregate subscription required for "D" Partnership Shares to be issued will be £3 million.

In the event that the minimum subscription is not achieved, cheques will be returned uncashed to applicants and funds subscribed by BACS will be returned within one week of the Closing Date of 28 September 2018, or if extended, 31 December 2018, without interest as the monies will be held in instant access non-interest bearing accounts.

Where capital subscribed in relation to "D" Partnership Shares under this Issue has not been utilised or committed by 31 December 2019 it shall be repaid to each "D" Member pro rata to their subscription for "D" Partnership Shares, without interest. If this occurs, the number of "D" Partnership Shares issued to you will be reduced based on the Issue price.

3.3 Governance

FIM is committed to the highest standards of governance in its management of the Fund to provide a long-term service to the Fund for the benefit of the Members.

Under the terms of the Amended and Restated Limited Liability Partnership Agreement, the Designated Members were required to establish an Advisory Committee of up to four Members. The Advisory Committee has been constituted with four Members appointed.

FIM has undertaken to consult the Advisory Committee as required in the management of the Fund, in particular but not exclusively in relation to any potential conflict of interest which arises in the course of the management of the Fund's business.

The Advisory Committee provides advisory services to the Fund and takes no part in the control or management of the Fund, nor does the Advisory Committee have the power to act on behalf of the Fund or make any investment decisions for the Fund.

The Designated Members and the Manager or any of their Affiliates shall not be bound to act in accordance with the Advisory Committee's decisions, but must consider them. However, in relation to conflicts of interest the Manager must refer them to the Advisory Committee for their consideration and approval.

Under the terms of AIFMD, the Designated Members have appointed Augentius Depositary Company Limited as provider of depositary services. This appointment provides independent governance oversight and cash monitoring services to the Fund as required by AIFMD.

The Manager remains authorised and regulated by the FCA and has authorisations in place to continue to manage the Fund under these regulations.

3.4 Taxation

A limited liability partnership is treated as “tax transparent” for UK Income Tax, Corporation Tax and Capital Gains Tax (CGT). Income and gains arising in the Fund are treated as arising directly to the Members. No tax is payable by the Fund itself and Members are taxed based on their individual circumstances. The main provisions of relevance under current UK tax legislation are set out in Appendix I.

In summary:

A holding in the Fund should qualify for 100% relief of IHT, once held for two years. As the Fund is already trading, “D” Partnership Shares should commence the two year qualifying period immediately on allocation.

The Manager will claim capital allowances on behalf of Members sufficient to extinguish or reduce taxable profits. It is forecast that capital allowances claimed will offset taxable profits for three to four years (depending on the treatment of capital allowances in the Tax Returns submitted by the original owners), allowing distributions in those years to be retained tax-free by Members.

The Manager will claim capital allowances within the Fund’s tax return, and will advise Members of taxable profits arising on their investment in the Fund by issuing a Taxable Income Statement, where appropriate, to each Member with a target issue date of the end of July each year.

3.5 Liquidity

The Manager operates the Fund with the aim of providing a degree of liquidity to Members and has an established and proven procedure for doing so. **However, with no recognised market for Partnership Shares, nor any plans by the Fund to establish one, it may be difficult for a Member to sell their Partnership Shares in the Fund.**

Liquidity in the Fund is facilitated by:

Arranging deals between vendors and purchasers

FIM have an established procedure for arranging deals between willing vendors and willing purchasers in funds managed by FIM. This service is available to Members wishing to realise part or all of their Partnership Shares in the Fund subject to any retained holding being the minimum holding of 50 Partnership Shares.

FIM’s procedure for arranging deals in Partnership Shares being sold by existing Members involves issuing communications to potential purchasers for a period of two weeks. All Members are entitled to bid for the Partnership Shares being sold.

Bids can be submitted by email to fim@fimltd.co.uk and should detail the number of Partnership Shares the bid is for and the price per Partnership Share offered. FIM present all bids to the vendor following the closing date and will inform bidders on whether their offer is successful or not once the vendor has informed FIM of their decision. Successful bidders will be sent completion documents and a payment request, with payment due within two weeks of the closing date.

FIM believes that further investment should qualify immediately for 100% IHT relief for existing Members, provided that Members’ existing Partnership Shares have been held for two years and the additional Partnership Shares do not materially increase the Members’ overall percentage holding in the Fund.

Over the past two years, transactions of Partnership Shares in similar funds managed by FIM have totalled £6.9 million, with the average transaction time being 30 days and all Partnership Shares trading at a premium to the last established NAV.

Set Termination Dates

Set Termination Dates are designed to ensure Members are not locked into an investment in the Fund, as they can vote prior to each Termination Date to wind it up, whereupon the assets would be sold and cash distributed. The dates at which winding up will commence unless a majority of Members aggregating 75% by value of Partnership Shares voting, at the Annual General Meeting (AGM) prior to each Termination Date, have voted for the Fund to continue are:

- First Termination Date of 5 April 2026.
- Second Termination Date of 5 April 2031.
- Third Termination Date of 5 April 2036.
- Final Termination Date of 5 April 2042.

Termination will be implemented by the orderly disposal of assets, with the objective of maximising value to Members.

If the Manager considers it advantageous to Members to continue the Fund for a longer term, for example if lease extensions and planning permission extensions or new technology extends the economic life of the solar assets, appropriate resolutions will be put to the Members for their consideration and approval.

3.6 Transfer of Partnership Shares

At the discretion of the Manager and on the terms set out in the Amended and Restated Limited Liability Partnership Agreement, substitute Members can be admitted to the Fund. A Member may sell their Partnership Shares in whole or in part subject to:

- (i) the Transferor's remaining holding in the Fund being not less than 50 Partnership Shares of any class; and
- (ii) each Transferee holding not less than 50 Partnership Shares of any class.

The Manager undertakes to seek to arrange such transactions between willing purchasers and willing vendors at mutually agreed prices.

3.7 Financial Statements Reporting and Valuations

The Fund's accounting year end is 5 April. The latest accounting period ended on 5 April 2018.

For each accounting period, the Manager will prepare and issue an Annual Report and Audited Financial Statements. These will be provided to each Member within 90 days of the year end. The most recent Annual Report and Audited Financial Statements of the Fund are available from FIM upon request.

The Manager will also submit a six monthly interim report to Members. The Manager will arrange an AGM of the Fund within 90 days of the end of each accounting period, giving 20 business days advance written notice of the meeting to Members.

Independent external market valuations of the Fund's portfolio will be undertaken by an External Valuer on each External Valuation Date, the first being 5 April 2018 and then every two years thereafter for the duration of the Fund.

In the alternating years, FIM as Internal Valuer will provide an opinion of value of the Fund's portfolio as at 5 April, which will be incorporated in the audited accounts.

3.8 Cash

The Fund's cash is held in its own bank accounts with the Clydesdale Bank Plc. FIM Solar Generation I LLP also holds bank accounts with Barclays Bank Plc. Any interest on cleared funds accrues for the benefit of the Members. The Manager accepts no liability for the loss of monies in the event of any relevant bank defaulting.

3.9 Documentation

The following documents are available on request or at the offices of the Manager during normal business hours:

- Amended and Restated Limited Liability Partnership Agreement dated 8 March 2018.
- Amended Management Agreement dated 8 March 2018.
- Report and Financial Statements for the year ended 5 April 2018.

4. FEES, CHARGES & SET UP COSTS

4.1 FIM Solar Distribution LLP

All funds raised, net of fund promotion and issue expenses and including unused capital from the issue of “B” Partnership Shares of circa £3.5 million, will be available to acquire UK solar assets and to fund working capital (if required).

Fund Promotion and Issue Expenses

The Manager will be paid a fee of 2% of the funds subscribed, for marketing the Fund and raising equity.

The Manager will offer a rebate to Members on a progressive scale relative to the amount subscribed as follows:

- Sum subscribed up to £999,999.99 – no rebate;
- Sum subscribed between £1 million and £1,999,999.99 – FIM will rebate 0.5% to the investor of the amount invested between £1 million and £1,999,999.99;
- Sum subscribed £2 million and above – FIM will rebate 1.0% to the investor of the amount invested over £2 million plus the rebate of 0.5% on the amount invested between £1 million and £1,999,999.99.

Therefore, a single investor investing £3 million would receive no rebate on the first £999,999.99, a 0.5% rebate on the next £1 million and a 1% rebate on the excess above £2 million, providing a total rebate of £15,000.

In the interests of treating all investors fairly no other rebates will be made.

The Fund will meet all costs in connection with this Issue capped at £50,000. Any costs over and above this amount will be met by FIM.

Transaction Fees

A transaction fee of 2% of the acquisition price of each solar park will be paid to FIM for identifying and completing transactions in line with the Fund’s Investment Objectives.

Annual Management Fees

FIM will receive an Annual Management Fee, payable quarterly in arrears, of 2.75% of the gross revenues of Wymeswold Solar Park and 4% of the gross revenues on all other assets. 4% of gross revenue on a 5MW solar park equates to approximately £20,000 per year.

Expenses and Overheads

The Fund will pay its direct annual overheads, including audit fees, external valuations fees, tax advice and depositary services. The charge for 2017/18 was £48,000.

The Advisory Committee are entitled to recover from the Fund all reasonable travel and other direct expenses incurred in performing their obligations. No such recovery has been made to date.

The Fund will incur normal expenses on investments acquired. These include legal and technical due diligence fees. These costs are included in the target IRR calculation.

Designated Member Fees

The Designated Members charge the Fund a Designated Members share of profits annually in arrears. The fee (currently £5,373 plus VAT for the year ending 5 April 2018) is index-linked to RPI and based on £2,500 plus VAT per annum per Designated Member, indexed from November 2015.

Sale Fees

A transaction fee of 2% of the sale price (gross of any borrowing) of each solar park will be paid to FIM for completing any disposal.

Ongoing Charges Figure (OCF)

Based on “D” subscriptions raising £20 million, the Manager estimates that the OCF of the expanded Fund will be approximately 0.5% of net assets, considerably lower than those OCFs charged by Managers of listed vehicles.

An estimated breakdown of the OCF is:

Management fee	76%
Depositary services fee	8%
Audit and tax	8%
External valuation	6%
Designated Members’ fees	2%
	<hr/>
	100%

The OCF excludes fund promotion, transaction and sale fees.

4.2 Members Other Fees

FIM is entitled to be paid the following fees directly by Members:

Fee on Sale of Partnership Shares

When FIM arranges a sale of Partnership Shares in the Fund between a willing vendor and a willing purchaser, FIM shall be entitled to:

- a fee from the vendor of 3% plus VAT of the sale price; and
- a fee from the purchaser of 3% plus VAT of the purchase price if they are a new Member, or 1.5% plus VAT of the purchase price payable if they are an existing Member in the Fund.

Fee on Transfer (without consideration) of Partnership Shares

An administration charge on each transfer of Partnership Shares in the Fund, currently £267.50 plus VAT for 2018/19, index-linked to RPI annually in arrears, based on original charge of £250 plus VAT indexed from April 2016.

4.3 VAT

Where fees stated herein are subject to VAT (currently 20%), it shall be payable in addition where applicable.

5. THE MANAGER

5.1 FIM Services Limited and Gresham House Plc (Gresham House)

The Fund has entered into an Amended Management Agreement dated 8 March 2018 with FIM, which is summarised in Appendix III.

FIM was established in 1979. The Fund will capitalise on FIM's 39 years' experience of establishing and managing UK sustainable real asset investments. FIM have full end-to-end capability in originating, acquiring, financing, constructing and managing the operation of UK renewable infrastructure assets.

In May 2018, Gresham House acquired 100% of FIM Services Limited, in a deal which combines two leading UK forestry and renewables managers achieving new scale, and cementing Gresham House's position going forward as a prominent UK commercial forestry and renewables investment management business. Gresham House now has assets under management in excess of £1.5 billion across five specialist alternative investment strategies: forestry, new energy, UK housing and infrastructure, private assets and strategic public equity.

Gresham House is a specialist alternative asset manager providing funds, direct investments and tailored investment solutions including co-investment across a range of highly differentiated alternative investment strategies.

Incorporated in 1857, Gresham House is one of the oldest companies in London still operating today. In December 2014, a new management team led by CEO Tony Dalwood set out to transform the former property focused investment trust into a specialist asset management business. Their vision was to build a leading alternative asset management company whereby the Group becomes an 'asset to covet', generating shareholder value through delivering sustainable and superior investment performance, quality service provision alongside non-financial returns.

FIM is authorised and regulated by the FCA as an Alternative Investment Fund Manager (AIFM) and is certified to ISO 9001, ensuring robust operating procedures and effective corporate governance.

FIM currently manage Power Purchase Agreements selling some 313,000MWh of electricity and 294,000 ROCs per annum. All solar assets are monitored 24/7 through long term contracts with a leading Operations & Maintenance (O&M) service provider, who have constructed over 100 solar parks (as at 2017) with over 480MW of generation capacity.

5.2 Management Services

FIM's interests are directly aligned with those of Members, as the Annual Management Fee is directly linked to the revenues of the Fund.

The management services provided by FIM encompass all aspects of the management of the Fund, from origination through to operation.

The Annual Management Fee is all-inclusive, with the exception of fund promotion fees and transaction fees arising on the purchase and sale of solar parks. It includes the operation of the Fund, the asset management of the solar parks, sales of electricity generated, management of insurance, all expenses of the Manager and managing debt finance, where applicable.

There are no other fees, commissions nor any carried interest due to FIM from the Fund.

5.3 Manager's Conflict of Interest Statement

FIM consider the identification and management of conflicts of interest to be of paramount importance to investors.

FIM's Conflict of Interest Policy, together with the provisions of the Amended Management Agreement and Amended and Restated Limited Liability Partnership Agreement, require the identification and effective management of any potential conflict of interest.

Any potential conflict of interest identified which could adversely affect the Fund will be brought to the attention of the Advisory Committee, together with full disclosure on how FIM would propose to mitigate or remove the potential conflict of interest. The approval of the Advisory Committee is then required prior to proceeding to close the relevant transaction. FIM does not foresee any conflict of interest arising from this issue.

Policy on Fair Treatment of Investors

The Manager's policy on Fair Treatment of Investors is:

- To provide clear information relating to the Fund and the nature and risks of investment, prior to investment.
- To provide clear reporting during the operation of the Fund to enable Members to make informed decisions in relation to their investment in the Fund.

6. RISK FACTORS

Members in the Fund must consider the potential risks of this investment, which include, but are not limited to the following:

- FIM does not provide tax advice and Members should be aware that the taxation treatment of the Fund and/or its investments could change in the future. Information regarding taxation is based upon current UK taxation legislation and published HM Revenue and Customs (HMRC) practices. Tax law and practice is subject to change. Any changes in the level and basis of taxation, in tax reliefs or in HMRC practices, may affect the value of an investment in the Fund and returns to Members. Members should seek their own advice on the taxation consequences of investment in the Fund.
- The treatment of Capital Allowances by HMRC may vary from time to time or may disappear altogether. The treatment of Capital Allowances and the split between main pool and special pool by vendors may differ from that of the Manager which may affect the period of tax free distributions or remove the tax benefit altogether.
- An investment in the Fund will generally be illiquid. It is not anticipated that a public market for Partnership Shares in the Fund will develop. A Member may not be able to sell their Partnership Shares at an acceptable price, or at all. In addition, it may be difficult for a Member to obtain reliable information about the value of a Partnership Share in the Fund or the extent of the risks to which such an investment is exposed. There is no guarantee that the valuations provided will accurately reflect the realisation proceeds that may be obtained. As with all valuations, the valuations are based only on the valuer's professional opinion on a stated date.
- The level of any planned distribution may vary or may not be paid at all.
- Although the Fund will insure the assets against standard insurable risks, damage or loss could be caused by events outside the cover, which could affect the value of the Fund's portfolio, or the profits/losses from the Fund.
- Power prices may fall or not increase to the extent expected, or the industry forecast used by the Manager may prove to be inaccurate, reducing the return to Members below the target. There is thus no certainty that the target IRR will be achieved.
- Power production may fall below the forecast levels due to equipment failure or adverse weather conditions. There is thus no certainty that the target IRR will be achieved.
- The government could decide to change the policy on renewable subsidies (ROCs or FiTs) or retrospectively reduce or cancel the existing subsidies. There is thus no certainty that the target IRR will be achieved.
- The Fund is classified as an unregulated collective investment scheme (UCIS) for regulatory purposes and the UK Financial Services Compensation Scheme is not generally applicable to claims relating to such investments. Members in the Fund may have protection under the UK Financial Services Compensation Scheme in certain circumstances but should never assume this until they have satisfied themselves on their position through direct enquiry to their Financial Adviser. Consequently, a Member may lose the full amount of their investment in the Fund.
- The success of the Fund depends on the ability of the Manager to identify and realise appropriate investment opportunities. There is no guarantee that suitable investments will or can be acquired at prices and on terms to meet the target IRR on assumptions set out in this IM or be realised as and when required.
- Any figures set out in this IM are prepared on the assumptions stated. These are for illustrative purposes only and do not constitute forecasts.
- Members have no rights to participate in the day-to-day management of the Fund or of any of its assets, including any investment or disposal decisions. FIM has been appointed to operate and manage the Fund. The directors or employees of the Manager who are responsible for decision making and strategy may change from time to time.
- There is no guarantee that the objectives of the Fund will be achieved and the value of the Partnership Shares may go down as well as up.
- Any forced change in the Designated Members, or in the management of the Fund or in any of the projects in which it invests, could adversely affect the service provided to the Fund and the implementation of its strategy.
- The investment opportunity described in this IM may not be suitable for all recipients. The Fund is a long-term investment. It is not suitable as a short-term investment. Any prospective investor who has any doubt about the suitability of the Fund should consult an independent financial adviser regarding all aspects of the investment, including taxation and National Insurance Contribution matters, prior to committing to invest in the Fund.

- Any increase in projected costs of running each solar park or the overheads of the Fund may adversely affect the projected returns from the Fund.
- A significant proportion of annual operating costs are maintenance and repair of the panels, inverters and other infrastructure. The actual level of expenditure will be determined by events during the anticipated lifespan of each development. Other costs out of the control of the Fund, such as business rates or use of system charges payable to the grid company for the use of the electricity network at each development, may rise.
- It may not be possible to extend the asset life of a particular project to 30 years (or beyond) as this is subject to securing planning permission and lease extensions and other factors, so projected returns from the Fund may not be achieved.
- The Fund may employ gearing or other financing. If interest rates are not fixed and change over the lifetime of the Fund, financing costs may rise affecting the ability of the Fund to pay distributions. Banking covenants may also affect the ability of the Fund to make distributions or return capital to Members. The lender will require security over the assets of the Fund and this may affect the ability of the Fund to buy or sell assets.
- There is no certainty that the Fund will be able to sell or refinance all or any part of its portfolio, if so required on termination. In these circumstances, the Fund may have to continue to hold the solar park(s) until the end of commercial generation and the site(s) have been reinstated in accordance with planning requirements, which may require the Members to agree to extend the term of the Fund.
- Ofgem or other regulators may seek to change the methodology for charging for grid services, such that embedded benefits may change or be removed altogether.
- The macroeconomic effect of Brexit on the value of the Fund's investments in the energy sector is unknown. Brexit could also have an impact on power prices, which form part of the Fund's revenue stream.
- In view of the factors set out above, there can be no guarantee that the Fund will be in a position to make distributions to Members and the level of any distributions may fluctuate significantly.

DEFINITIONS

“A” PARTNERSHIP SHARES	Partnership Shares allotted to Members under the terms of the original IM between the commencement of the Fund and June 2016.
AIF	Alternative Investment Fund shall have the meaning given in Article 4(i) of AIFMD.
AIFMD	Alternative Investment Fund Managers Directive, as defined in the Amended and Restated Limited Liability Partnership Agreement.
AMENDED AND RESTATED LIMITED LIABILITY PARTNERSHIP AGREEMENT	The agreement dated 8 March 2018, entered into by all the Members, the Designated Members and FIM which governs the administration and activities of the Fund.
“B” PARTNERSHIP SHARES	Partnership Shares allotted to Members under the terms of the IM dated 11 July 2017.
“C” PARTNERSHIP SHARES	Partnership Shares allotted to FIM Sustainable Timber and Energy LP in return for Higher Bye, Askern and Oak Cottage solar parks.
CLOSING DATE	28 September 2018, with potential to extend to 31 December 2018, at the Manager’s discretion.
“D” PARTNERSHIP SHARES	Partnership Shares which will be acquired under the terms of this IM.
DESIGNATED MEMBERS	FIM Solar Distribution Designated Member 1 Limited, a limited liability company incorporated in England and Wales (Company number 9817571) wholly owned by FIM and FIM Solar Distribution Designated Member 2 Limited, a limited liability company incorporated in England and Wales (Company number 9817580) wholly owned by FIM.
EXTERNAL VALUER	A Valuer who is independent from (i) the Fund, (ii) FIM or (iii) any other person with close links to the Fund or FIM, as required by AIFMD.
FIM	FIM Services Limited, incorporated in England (Company number 01418579).
FIT	Feed in Tariff. A Tariff set by the UK Government to support solar parks, which is index-linked for 20 years.
FUND	FIM Solar Distribution LLP, a Limited Liability Partnership registered in England on 12 October 2015, with registered number OC402255 and a registered place of business at Glebe Barn, Great Barrington, Burford, Oxon, OX18 4US.
GAV	Gross Asset Value of the Fund as defined in the Amended and Restated Limited Liability Partnership Agreement as the aggregate value of all assets held by the Fund.
GW	Gigawatt.
IM	This Information Memorandum issued by FIM on 11 July 2018 in respect of this fundraising for the Fund.
INTEREST	The interest of a Member in the Fund as defined in the Amended and Restated Limited Liability Partnership Agreement.

INTERNAL VALUER	FIM, when performing the valuation function in accordance with the AIFMD rules.
INVESTMENT OBJECTIVES	The Investment Objectives set out in Schedule 1 of the Amended and Restated Limited Liability Partnership Agreement and summarised in this IM.
IRR	The Internal Rate of Return accruing to Members, based on their Capital Contributions made to the Fund, from distributions made by the Fund plus the final distribution on termination of the Fund derived by calculating the discount rate which when applied to this series of cash flows produces a net present value equivalent to zero.
LIMITED LIABILITY PARTNERSHIP AGREEMENT	The agreement entered into by all the Members, the Designated Members and FIM which governs the administration and activities of the Fund.
MEMBER	The Designated Members and any persons who are admitted as limited liability partners of the Fund in accordance with the Limited Liability Partnership Agreement.
MW	Megawatt.
MWh	The number of Megawatts generated per hour, a unit of electrical energy.
NAV	Net Asset Value.
OCF	Ongoing Charges Figure.
PARTNERSHIP SHARE	An interest in the capital of the Fund as defined in the Amended and Restated Limited Liability Partnership Agreement.
ROC	Renewables Obligation Certificate. Green certificates issued to owners of accredited renewable generating stations for the renewable electricity they generate. Increased by RPI annually, with a 20 year duration from first generation.
RPI	The Retail Prices Index published by the Office for National Statistics (or such other substitute index as may be agreed in writing between the parties, both acting reasonably), declaring that, if the basis for calculation of the index is changed and any method of reconciliation between the old and the new figures is officially published, that method shall be used for the purpose of the foregoing calculation.
UCIS	Unregulated Collective Investment Scheme.

APPENDIX I - TAXATION

The information below is intended as a general summary prepared in accordance with the Manager's current understanding of UK tax laws and should be used only as a guide and does not constitute legal or tax advice. FIM does not provide taxation advice. Prospective Members are advised to consult their own professional advisers in relation to the financial, legal, tax and National Insurance Contribution liabilities and other implications of investment in the Fund, which will vary according to their own particular circumstances.

Investment in the Fund should qualify for 100% relief from IHT, through Business Property Relief (BPR), once held for two years.

Any change in the level and/or basis of taxation, in tax reliefs or in HMRC practices may adversely affect the value of an investment in the Fund and returns to Members.

SUMMARY

A limited liability partnership is treated as "tax transparent" for UK income tax, capital gains tax and corporation tax purposes.

The Fund is tax transparent allowing each Member to be taxed according to their circumstances. The Fund will produce taxable profits from a trade.

Due to the tax transparent nature of the Fund any taxable profits arising in the Fund will be allocated to Members in accordance with their overall holding of Partnership Shares and the date at which these Partnership Shares were allotted (if these Partnership Shares were not owned for the full tax year).

Members will be liable for UK tax on their share of the Fund's taxable profits and gains. Non-UK resident members will be subject to UK tax on their share of income profits and gains, subject to the operation of relevant double tax treaties. They may also be subject to applicable taxes in their own jurisdiction, again in accordance with the provisions of any relevant double tax treaties.

Any tax treatment or tax relief referred to in this IM, and any accompanying documents, are those applying under relevant UK law/published HMRC practices at the time of publication and may change in the future. Their availability and value depends on individual circumstances.

REGISTRATION REQUIREMENT

Each Member, unless you have already done so, is required by HMRC to register their interest in the Fund, by completing form SA401 (Registering a Member for Self-Assessment). Following this registration HMRC will provide a Unique Taxpayer Reference (UTR) number to those Members who do not already have one. The UTR must be supplied on the Application Pack before the Manager will approve each application. HMRC may levy penalties in respect of Members who do not register their interest. The Fund is entitled to deduct any penalties against the distributions payable to such Members.

Members will comply with any requests for information by FIM in relation to Automatic Exchange of Information including that required by the Foreign Account Tax Compliance Act. Members who are subject to taxation in an overseas jurisdiction which requires Automatic Exchange of Information reporting will consent to FIM providing information to the relevant foreign tax authorities.

INHERITANCE TAX

Once a Partnership Share has been held for two years, the value of the Partnership Shares should qualify for 100% relief from IHT, due to the application of BPR.

On lifetime transfers, for the investment to benefit from 100% BPR, the donee must survive for seven years post the date of the gift, or if the date of death is earlier the donee must still own the asset and it must still qualify for BPR at the date of death; or if the donee has sold the asset they must have reinvested all the proceeds of sale in another qualifying business asset within 36 months of the date of sale.

INCOME TAX

Each Member will be subject to income tax or corporation tax at their marginal rate on all taxable profits arising in the Fund.

CAPITAL ALLOWANCES

The Manager expects that Members' taxable profit in the Fund could be extinguished in the first three to four years of the investment by the capital allowances, which can be offset against the trading income of the Fund when calculating taxable profits.

TAX RETURNS

The Manager will provide each Member with an annual Taxable Income Statement, showing each Member's share of taxable profits and capital gains arising in that tax year. No annual taxable income statement will be provided to Member's where it would show a 'nil' return. Each Member will be liable for any tax due on such share of profits or gains. Notwithstanding the level of profit (i.e. nil or otherwise) Members will be required to report their membership of the Fund on their personal tax return.

NATIONAL INSURANCE CONTRIBUTIONS (NICs)

The Fund is a business and Members are treated as self-employed. Being self-employed means that individual UK Members under the State Pension age at the start of the tax year may be subject to NICs on their earnings arising from their interest in the Fund. National Insurance rules are complex and Members may need to seek specialist advice in relation to these rules. If a Member is over the State Pension age, there is no liability to pay NICs.

If a Member is below the State Pension age, they are required to register for NICs and, dependant on the level of accounting profits, Class 2 NICs may be due.

The Manager expects that Members are unlikely to be impacted by Class 4 NICs in the early years, as the Fund will not generate taxable profits, which could be subject to NICs, due to the shielding effect of capital allowances.

APPENDIX II - SUMMARY OF THE AMENDED AND RESTATED LIMITED LIABILITY PARTNERSHIP AGREEMENT

The Fund is governed by the Amended and Restated Limited Liability Partnership Agreement dated 8 March 2018. This Amended and Restated Limited Liability Partnership Agreement is made under English law, the main provisions of which are set out below.

INVESTMENT OBJECTIVES

This Agreement establishes the Investment Objectives for the Fund:

1. To acquire operational UK based ground mounted solar parks;
2. To operate UK solar parks with a view to profit by the generation and sale of electricity and renewable energy benefits;
3. To borrow money where appropriate and enter into loan agreements for the purposes of the Fund's business, subject to the limits contained in the Amended and Restated Limited Liability Partnership Agreement;
4. To make twice yearly distributions to Members on the terms set out in the Amended and Restated Limited Liability Partnership Agreement; and
5. To engage in such other activities as the Manager deems necessary, advisable, convenient or incidental to the purposes in clauses 1 to 4 above.

DURATION AND TERM

The Fund has a First Termination Date of 5 April 2026, at which date winding up will commence unless Members representing 75% by number of Partnership Shares voting resolve for the Fund to continue, in which event the Fund will continue for a further period of five years to the Second Termination Date of 5 April 2031.

At 5 April 2031, winding up will commence unless Members representing 75% by number of Partnership Shares voting resolve for the Fund to continue for a further period of five years to the Third Termination Date of 5 April 2036.

At 5 April 2036, winding up will commence unless Members representing 75% by number of Partnership Shares voting resolve for the Fund to continue until the Final Termination Date of 5 April 2042. At this date, the Fund will be wound up in an orderly manner.

ALLOCATION OF INCOME, GAINS AND DISTRIBUTIONS

The Designated Members will instruct the Manager to make distributions in accordance with the Investment Objectives, with the aim being to make twice-yearly distributions of all surplus cash in the Fund, until the termination of the Fund.

Net income or losses and capital gains or losses will be allocated among the Members in the proportion which the number of Partnership Shares held by each Member has to the total number of Partnership Shares in the Fund.

VALUATION

The Manager shall value the assets of the Fund on each Internal Valuation Date on a willing vendor/willing purchaser open market basis as a going concern, as appropriate, in accordance with AIFMD.

The Manager shall have the assets of the Fund valued on each External Valuation Date (starting April 2018 and every two years thereafter), on a willing vendor/willing purchaser open market basis as a going concern, as appropriate, in accordance with AIFMD, by an External Valuer appointed by the Manager, being a valuer with expertise in valuing assets of the type owned by the Fund.

MEMBERS

Each investor who subscribes for Partnership Shares will, once the investor's application is accepted and the procedures for admission set out in the Amended and Restated Limited Liability Partnership Agreement are complete, become a Member and will complete a Power of Attorney on the terms set out in the Amended and Restated Limited Liability Partnership Agreement.

Each Member will be subject to the terms of the Amended and Restated Limited Liability Partnership Agreement. All decisions relating to the running of the Fund will be made by the Designated Members or Manager, subject to certain matters reserved for the vote of Members such as voting on the Termination Dates. Where decisions are to be made by Members it is on the basis of one vote per Partnership Share.

Each Member's liability for the debts and obligations of the Fund is limited to the amount of their capital contribution and their tax liability.

Members have no rights to participate in the management of the Fund, transact in the Fund's name, sign documents on behalf of, or otherwise bind the Fund. The management of the Fund is entrusted to the Designated Members and the Manager.

New Members can be admitted to the Fund as specified in Section 3 of this IM.

TRANSFERS OF PARTNERSHIP SHARES AND SUBSTITUTE MEMBERS

At the discretion of the Manager and on the terms set out in the Amended and Restated Limited Liability Partnership Agreement, substitute Members can be admitted to the Fund.

A Member may sell their Partnership Shares in whole or, in part subject to (i) the Transferor's remaining holding in the Fund being not less than 50 Partnership Shares of any class and (ii) each Transferee holding not less than 50 Partnership Shares of any class.

The Manager undertakes to seek to arrange such transactions between willing purchasers and willing vendors at mutually agreed prices.

A Member may also assign for no consideration their Partnership Shares in whole or in units of not less than 50 Partnership Shares, provided such assignation does not reduce their holding in the Fund to less than 50 Partnership Shares.

THE DESIGNATED MEMBERS

The Designated Members have ultimate control of the management and operation of the Fund. The Designated Members have appointed the Manager to operate and manage the Fund and undertake all regulated activities for the purposes of the Financial Services and Markets Act 2000.

The Designated Members will each receive a fee of £2,500 per annum plus VAT payable annually in arrears, index-linked from November 2015 to RPI.

The Designated Members can be removed without cause on or after the First Termination Date subject to a resolution passed by 75% by value of Partnership Shares voting.

The Designated Members may be removed for cause at any time by a resolution passed by a simple majority of over 50% by value of Partnership Shares voting.

The Designated Members may transfer all or part of their interest in the Fund to an Affiliate. If any Designated Member transfers its entire interest, the Transferee is automatically admitted to the Fund as the replacement Designated Member without further action or approval and without dissolution of the Fund.

THE MANAGER

The Manager has been appointed to:

- operate and manage the Fund;
- enter into contracts on behalf of the Designated Members and the Fund;
- investigate and analyse potential investments;
- acquire investments in line with the Investment Objectives;
- manage the investments and the Fund's business;
- implement disposals of investments; and
- wind up the Fund in accordance with the Amended and Restated Limited Liability Partnership Agreement as instructed by the Designated Members.

ADVISORY COMMITTEE

The Manager has established an Advisory Committee and has appointed four Members to the Advisory Committee, including a representative of the Manager. The Advisory Committee provides advisory services to the Fund and takes no part in the control or management of the Fund, nor does the Advisory Committee have the power to act on behalf of the Fund or make any investment decisions for the Fund.

The Advisory Committee is authorised to provide advice and counsel to the Designated Members and Manager as requested, in relation to any conflicts of interest and such other matters as are specified in the Amended and Restated Limited Liability Partnership Agreement.

Except for the matters for which the comment, approval, review or waiver of the Advisory Committee is required (for example conflicts of interest of the Manager), any actions taken by the Advisory Committee are advisory only.

AUDITS AND REPORTS

For each accounting period, the Manager will prepare and issue an Annual Report with Audited Financial Statements. The Annual Report will be provided to each Member within 90 days after the end of each accounting period (or as soon as practicable thereafter).

The Manager will also provide a six monthly report to Members, within 90 days after the end of the six-month period.

Under the terms of their engagement, the auditors will be responsible for assessing the appropriateness, application and disclosure of the Fund's accounting policies and the reasonableness of significant accounting estimates and overall presentation of the financial statements. The auditors' duties are owed to the Fund as a whole. They have a statutory responsibility to report to the Members of the Fund as a whole in relation to the truth and fairness of the Fund's state of affairs and profit or loss, as well as confirming that the Fund's accounts have been prepared in accordance with the Amended and Restated Limited Liability Partnership Agreement. The auditor is also required to report by exception if there are certain matters on which it is not satisfied, including if adequate accounting records have not been kept by the Fund or it has not received all the information and explanations that it requires in order to carry out its audit.

MEMBERS' MEETING

- The Manager will arrange for the Fund to hold an AGM of the Members.
- At the AGM, the Manager will review the performance of the Fund.
- The AGM will be held within 90 days of the end of each Accounting Period of the Fund.
- The Manager will give the Members at least 20 business days written notice of the AGM.
- Each Member is permitted to appoint the Manager or other person as their proxy to vote on any resolution.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

This Directive regulating Alternative Investment Fund Managers (AIFM) was implemented in the UK on 22 July 2013. The regulations are designed to provide additional governance measures for Alternative Investment Funds (AIFs) such as the Fund. These measures include the appointment of an independent provider of depositary services who provide cash monitoring and asset verification services to the AIF.

Argentius Depositary Company Limited has been appointed as depositary for the Fund. The depositary's duties under the Depositary Agreement are owed to the Fund as a whole and not directly to Members, whether individually or in groups. Under the Amended and Restated Limited Liability Partnership Agreement only the Designated Members or the Manager is entitled to conduct the business of the Fund, including bringing actions or making claims against the depositary.

INDEMNITY

The Designated Members, the Manager and their employees and agents, together with Members of the Advisory Committee are indemnified by the Fund in respect of any claims arising out of their conduct in such capacities. Such indemnities do not apply in any cases where there has been fraud, wilful misconduct or bad faith and, in relation to the Designated Members or the Manager, where there has been gross negligence, reckless disregard of obligations or material breach of the Amended and Restated Limited Liability Partnership Agreement or a material violation of FSMA.

GEARING

The Manager may employ bank borrowing or other forms of debt finance to support the Fund's Investment Objectives, subject to any such facilities being limited to 30% of the GAV of the Fund at the time of borrowing.

APPOINTMENT

FIM has been appointed as the Manager, who:

- agrees to operate the Fund, on a non-exclusive basis, including managing its investments; and
- is authorised and regulated by the Financial Conduct Authority.

APPENDIX III - SUMMARY OF THE AMENDED MANAGEMENT AGREEMENT

The Fund is managed by the Manager under the terms of the Amended Management Agreement dated 8 March 2018, the main provisions of which are set out below.

DURATION

The Amended Management Agreement continues for the life of the Fund, unless terminated early.

The Amended Management Agreement may be terminated in circumstances set out in Clause 14 of the Amended Management Agreement, including on the removal of the Designated Members under the provisions of the Amended and Restated Limited Liability Partnership Agreement.

DUTIES OF THE MANAGER

The Manager:

- will carry out all tasks required to establish, operate and wind up the Fund;
- will carry out any regulated activity prescribed by FSMA or applicable FCA rules; and
- will have power and authority (acting as agent) to act as the Manager judges appropriate regarding the operation of the Fund in accordance with the Amended Management Agreement and the Amended and Restated Limited Liability Partnership Agreement, including the power to:
 - hold (or arrange a nominated solicitor to hold) all evidence of title (including deeds, documents, etc.) to the investments or assets of the Fund.
 - arrange for the audit of the Fund's accounts and liaise with the auditors to prepare the annual accounts and tax returns of the Fund.
 - prepare budgets for the Fund.
 - prepare and circulate Annual Reports and Audited Financial Statements as required by the Amended and Restated Limited Liability Partnership Agreement.
 - arrange the Fund's insurances.
 - act on behalf of the Fund in the sale process if the assets of the Fund are sold.
 - consult with the Advisory Committee.

MANAGEMENT OF THE FUND'S ASSETS AND INVESTMENTS

The Manager, in compliance with the Investment Objectives, the Amended Management Agreement and the Amended and Restated Limited Liability Partnership Agreement (as applicable) will:

- have full responsibility for the management (on a full discretionary basis) of the investments and assets of the Fund including the timing and amount of distributions;
- use reasonable endeavours to identify commercial solar parks for purchase by the Fund (including negotiating purchase terms, documentation and implementing due diligence);
- implement the sale of energy and other benefits from the assets; and
- appoint suitable parties to carry out specified tasks.

ASSIGNMENT & SUB-CONTRACTING

The Amended Management Agreement cannot be assigned by either party without the consent of the other.

PROFESSIONAL LIABILITY RISK

The Manager maintains professional indemnity cover in amounts which comply with the rules of the FCA and that are reasonably commensurate with its duties as determined by the Manager.

APPENDIX IV - APPLICATION INFORMATION

THE FUND IS OPEN FOR SUBSCRIPTION

Partnership Shares will be issued on a monthly basis, on the terms set out in the Amended and Restated Limited Liability Partnership Agreement and this IM.

The minimum individual subscription for new and existing Members is 80 Partnership Shares at £1,188 each.

Closing Date: 28 September 2018

The Manager has discretion to extend the subscription period to 31 December 2018.

The two year qualifying period for 100% relief from IHT will commence on the date that Partnership Shares are issued.

The monies subscribed to the Fund will be held with a UK clearing bank until investments are made. Any interest on cleared funds, pending investment by the Fund, accrues for the benefit of the Fund.

Where applications for Partnership Shares are submitted through an FCA authorised Financial Adviser, FIM may facilitate the payment of a fee to such Financial Adviser as requested and authorised by the applicant. Authorised Financial Advisers are responsible for ensuring that they promote the Fund in compliance with the appropriate rules of the FCA.

ANTI MONEY LAUNDERING REGULATIONS

FIM is obliged to comply with The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and also adheres to the guidance notes from the Joint Money Laundering Steering Group. This means that FIM must verify the identity and place of residence of each prospective investor. FIM may also request that an investor informs FIM how any monies paid to FIM were obtained/accumulated. This process may require sight of certain documentation. If an investor provides false or inaccurate information and FIM suspects fraud or money laundering, FIM will report this to the appropriate authorities.

FIM will not accept an application for Partnership Shares until its verification requirements have been satisfied. FIM shall not be responsible or have any liability for loss or damage (whether actual or alleged) arising from any delay in processing and/or accepting an application for Partnership Shares where identity verification or anti money laundering checks are outstanding.

LAW

The promotion of the Fund, application process, acceptance of applications and contracts resulting therefrom shall be governed by and construed in accordance with English law and each party submits to the jurisdiction of English Courts by signing the application documents set out in the Application Pack.

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FIM Services Limited is certified to the ISO 9001 standard

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