Dec 2021

# Information Memorandum

## Gresham House Solar Distribution LLP

Since 1857
Gresham House
Specialist asset management

# Important Information

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 Gresham House Asset Management Limited (GHAM or the Manager), the operator and manager whose registered address is 5 New Street Square, London, United Kingdom, EC4A 3TW, and 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 Gresham House 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 Share in the Fund and at its sole discretion the Manager may decline to permit the sale and purchase of a Member's Partnership Share. It may therefore be difficult for a Member to sell its Partnership Share or to obtain reliable information as to its value, or the extent of the risks to which it is exposed.
3. A subscription 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 constituting the Fund (the LLPA) are summarised in Appendix III to this IM. Prospective Members should read the LLPA in full. Capitalised terms used herein but not otherwise defined have the same meanings in the LLPA, unless the context requires otherwise.
5. In connection with the matters referred to in this IM, GHAM is acting for the Fund and for no one else. Accordingly, GHAM 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. GHAM 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 4.12.4R of the FCA's Conduct of Business Sourcebook (COBS). As such this IM will only be made available to or directed to the following parties (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 4.12.4R;
   - 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 GHAM Client Financial Information Form, and who have been assessed by GHAM 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 4.12.4R; and/or persons who meet the requirements of any other applicable exemption in COBS 4.12.4R 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 GHAM, provide this IM to their clients who 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 Relevant Persons or an Appropriate Client is unauthorised by GHAM 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, 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 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 a Partnership Share in the Fund.
12. The Fund is a UCIS and the UK Financial Services Compensation Scheme (FSCS) is not generally applicable to claims relating to such investments. Members in the Fund may have protection under the FSCS 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 GHAM as Manager. Correspondence should be addressed to Samee Khan of GHAM. If a Member is not satisfied with GHAM'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. GHAM 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 a Partnership Share 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.

# Advisers

| | |
|---|---|
| **Sponsor, Operator and Manager** | **Gresham House Asset Management Limited**<br>5 New Street Square<br>London<br>EC4A 3TW |
| **Designated Members** | **Gresham House Solar Distribution Designated Member 1 Limited and Gresham House Solar Distribution Designated Member 2 Limited**<br>Glebe Barn<br>Great Barrington<br>Burford<br>OX18 4US |
| **Principal Banker** | **Clydesdale Bank plc**<br>5 Northgate Street<br>Gloucester<br>GL1 2AH |
| **Legal Counsel** | **Brodies LLP**<br>15 Atholl Crescent<br>Edinburgh<br>EH3 8HA |
| **Auditor and Tax Adviser** | **Magma Accountants Limited**<br>Magma House<br>16 Davy Court<br>Castle Mound Way<br>Rugby<br>CV23 0UZ |
| **Depositary Services** | **IQ EQ Depositary Company (UK) Limited**<br>4th Floor<br>3 More London Riverside<br>London<br>SE1 2AQ |

Contents



Gresham House Solar Distribution LLP (the Fund) is an established trading partnership designed to provide high 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 an established mainstream asset class for both private and institutional investors. Being 100% asset backed, it provides investors with a low risk investment and benefits from robust revenues with a strong degree of inflation protection.

**Subject to individual circumstances. May be subject to change.*


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# 1. Summary – Key Attributes

## 1.1 Investment Summary and Objectives

**The Fund was established in 2015 and currently owns nine operational UK ground mounted solar parks. The Fund is raising capital in order to benefit from the growth in new renewable energy capacity stimulated by the UK Government's drive to decarbonise the economy and meet net zero carbon targets. This additional capital will allow the Fund to expand through the acquisition of new assets. In order to support the fundraise the Manager has identified a pipeline of suitable assets. This should allow the prompt deployment of capital raised from this issue of "E" Partnership Shares.**

**The Fund has the following ambitions:**

- Target average annual distributions in the first 10 years of 7% of equity invested.
- To distribute all surplus cash after debt service and working capital.
- Target IRR[1] of 6% pre-tax, net of all fees and costs in a diversified portfolio of solar parks, providing stable cash flow with a high degree of protection from inflation.
- Ambition to grow the Fund to an equity value of £100 million.
- To raise between £10-£20 million from this issue of "E" Partnership Shares.
- To invest the equity in a pipeline of identified assets in the UK.

**The Fund currently has (as of September 2021):**

- Nine geographically diverse operational sites with 58.4MW capacity.
- Net assets of £55.0 million.
- Debt of £9.7 million, drawn from an £18 million revolving credit facility.
- An enterprise value of £65.0 million.

**Performance to date:**
Since the respective Partnership Shares were issued, the total return for Members to 5 April 2021 is as follows:

| | "A" Partnership Shares | "B" Partnership Shares | "C" Partnership Shares | "D" Partnership Shares |
|---|---|---|---|---|
| Growth | 14.0% | 8.3% | -2.0% | -8.9% |
| Yield | 24.8% | 18.6% | 16.8% | 10.0% |
| Total return | 38.8% | 26.9% | 14.8% | 1.1% |

The total return to "A", "B", "C" and "D" Partnership Shares in respect of trading for the year to 5 April 2021 was 2.5%, £27.57 per Partnership Share, comprising a distribution paid of £53.00 (4.8%), and a decrease in NAV of £25.43 (-2.3%).

**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 "Yield Cos" 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 distributions being subject to the high levels of tax on dividends.
- Projected distributions for the Fund are expected to be tax-free for the next three to four years, as Members are expected to benefit directly from capital allowances offsetting taxable profits. Forecast average annual tax rate on distributions for higher rate tax payers of under 10% over the next ten years.
- Considerably lower Ongoing Charges Fee (OCF) compared with the listed funds.
- A defined exit strategy with the First Termination Date of 5 April 2030.
- Liquidity provided through GHAM's established procedure of seeking to arrange deals between vendors and purchasers.

1 IRR figures quoted are targets only and not guaranteed.

A significant element of the Fund's gross revenue will be generated from a subsidy which is a UK Government backed legislated source of revenue, index-linked to RPI, providing protection from inflation for twenty years from accreditation. The Fund may also target investment grade corporate Power Purchase Agreements (Corporate PPAs) index linked to CPI for 10-15 years, where appropriate and supported by attractive pricing. These sources of revenue are described more fully in Section 2.4.

### 1.2 "E" Partnership Share Issue Summary

- Minimum commitment of £87,150 (75 Partnership Shares at £1,162 per Partnership Share which includes a 7.3% premium to NAV/Partnership Share as of 5 April 2021) for existing and new Members. For regulatory reasons, the minimum investment must not be less than the Sterling equivalent of €100,000. In the event of a significant change in the Sterling exchange rate between the date of this Information Memorandum and the date of the issue of the "E" Partnership Shares which means the proposed minimum commitment is less than this sum, the Fund may increase the minimum commitment as required to ensure the applicable regulatory requirements are met.
- Closing Date 28 February 2022.
- 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. Existing Members topping up their investment in the Fund may qualify for IHT relief much sooner.

**THE VALUE OF THE ASSETS HELD BY THE FUND MAY FALL AS WELL AS RISE SO NEITHER THE FUND NOR GHAM 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 Opportunity

## 2.1 Business Summary

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

The Fund's income is currently generated from nine large-scale ground mounted solar parks. The strategy is to expand the Fund and the portfolio of assets into an institutional grade fund.

Solar assets are an integral part of the UK's generating capacity, and investors in the UK and across the globe have embraced this technology as a crucial component in low carbon generation. This has increasingly become the case as governments around the world set and implement policy to reduce carbon dioxide emissions. The UK Government was the first country to legislate a net zero target, and as it led the world through the first industrial revolution, the UK now seeks to lead the world through a new green industrial revolution.

In early November 2021, the UK Government hosted the UN COP26 climate summit which outlined measures to transition to a green and sustainable future. Goals of COP26 are intended to be met through key initiatives like increasing the uptake of electric vehicles and encouraging further investment into renewables. In the run up to COP26, Bloomberg NEF focused its analysis to support the strategy and long term development for policy makers. Findings indicate that three quarters of the effort to cut emissions in the next nine years falls to the power sector through faster deployment of wind and solar PV. Globally, it is estimated that 455GW annually of solar PV will be required by 2030 in order to stay on track to reach net zero by 2050.[2]

There are over one million solar installations across the UK, ranging from small domestic roof top solar systems to utility scale ground mounted solar parks. Over the past 10 years, installed capacity has risen from 95MW in 2010 to over 13,500MW today, capable of delivering 13TWh of electricity annually, enough to power over 3.4 million homes. On an annual basis solar generation amounts to around 4% of electricity supply but during the summer months solar output meets over a third of the UK's electricity demand.[3]

GHAM believes that the UK demand for electricity will increase substantially as the economy continues to decarbonise through the ongoing electrification of transport, heat, and other carbon intensive industries. In 2019, 2.5% of new cars registered were electric vehicles, in October 2021 that market share rose to over 23.1%. Inevitably, this market share will continue to grow as the infrastructure to support electric vehicles evolves, whilst demand for traditional internal combustion engines falls due to the phasing out and subsequent ban on new sales of such vehicles by 2030.[4]

At the same time, large organisations and corporates are being driven by shareholders to consider their Environmental and Social Governance (ESG) credentials, divesting out of fossil fuel investments and setting clear objectives to invest in renewable energy. Many have gone further and have publicly stated objectives of using 100% renewable energy in their operations and joining groups like RE100, whose subscribers commit to using 100% renewables by 2030. Organisations like BT, Microsoft, Google, Nike, Goldman Sachs, Unilever, Apple, Facebook, General Motors, and many others have also entered the Corporate PPA market to support further development and construction of renewable energy projects (especially solar) by offering long term power purchase agreements for 10-15 years at a fixed price, linked to inflation. Tesco have gone further and requested that their suppliers commit to net zero emissions, set science-based targets and track progress to reduce emissions.

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

Solar parks benefit from having no moving parts and low operating costs, which are largely fixed. Combined with relatively stable annual output the business provides predictable long term revenue streams, distributing all surplus cash half yearly.

Biodiversity continues to increase in prominence and importance and solar sites can play a vital role to help deliver solutions. As an example, the portfolio's largest site, Bumpers Farm, is creating habitats for bats and birds through the installation of woodcrete boxes, creating wildflower grasslands, planting new hedgerows, and allowing for areas of grazing pasture.

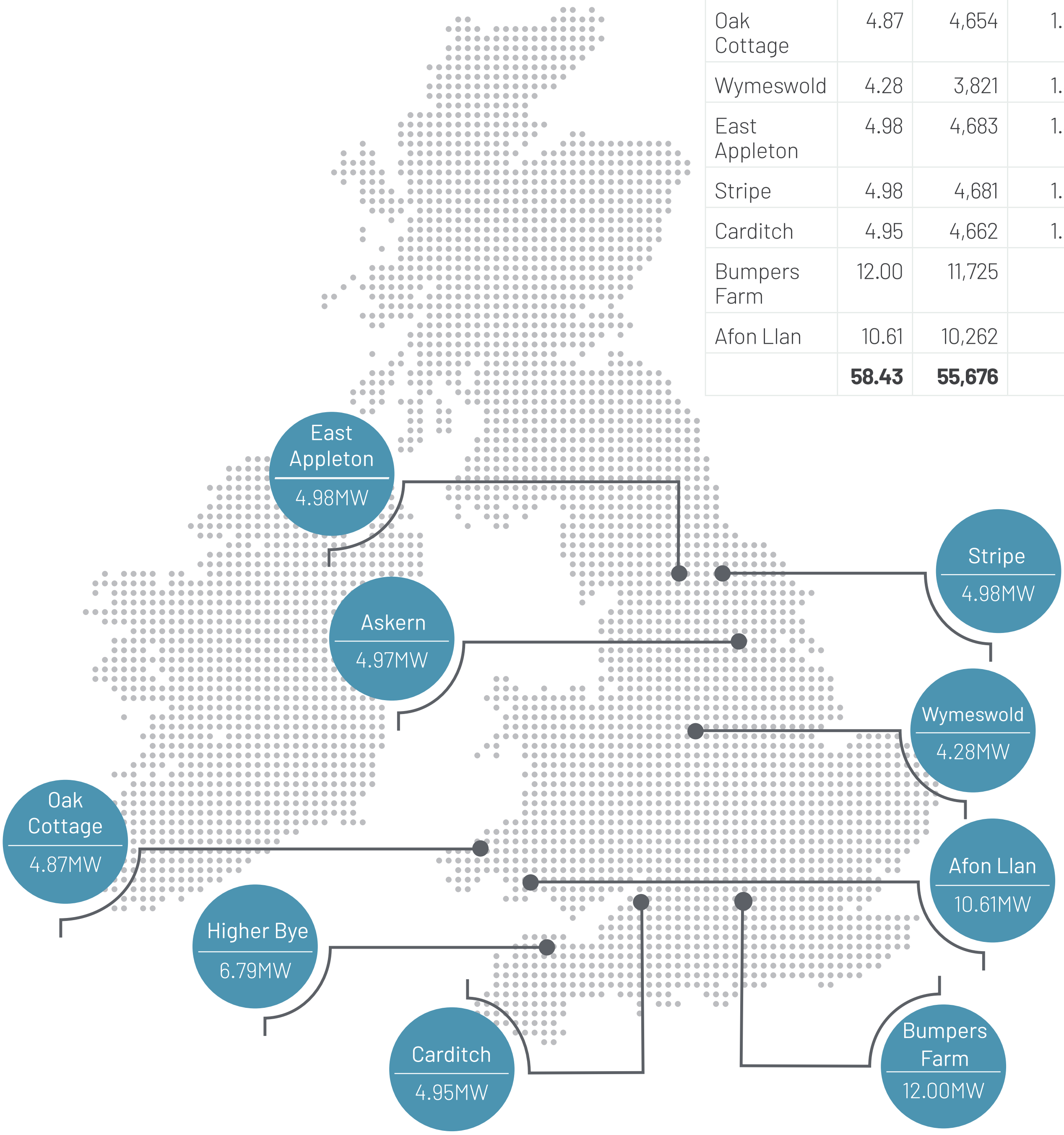
## 2.2 Current Portfolio

The Fund owns nine ground mounted solar parks in England and Wales generating over 55,000MWh of output per year. This is the equivalent to powering over 14,000 homes and saving over 24,000 tonnes of carbon dioxide emissions.

2 Bloomberg New Energy Finance (BNEF), New Energy Outlook 2021
3 National Grid ESO
4 The Department for Transport, Office for Low Emission Vehicles, Department for Business Energy & Industrial Strategy

All nine sites are fitted with top tier manufacturer solar panels which typically benefit from 10 year product warranties and 25-30 year performance warranties. Ancillary equipment also comes complete with warranties and sites are covered by long term operations and maintenance agreements. Seven of the nine projects are subsidised and are accredited under the Renewable Obligation (RO) scheme whereby a Renewable Obligation Certificate (ROC) is issued for a given MWh of output for 20 years from accreditation. The other two sites, Bumpers Farm and Afon Llan, which have been operating since early 2020 and mid 2021 respectively, do not benefit from subsidies, but do benefit from Renewable Energy Guarantees of Origin (REGOs) which are growing in value and have the opportunity to secure long term fixed price Corporate PPAs. In addition, Bumpers Farm has the option for the co-location of an energy storage project at the site (for no additional rent or additional grid costs) to significantly enhance returns, something that the Manager is actively progressing. These two newly established sites also add significant capital allowances to the Fund, further shielding taxable profits and extending the period of time before tax is paid.

| Solar park | Size (MW) | Annual output 2020/21 (MWh) | ROCs | Accreditation date |
|---|---|---|---|---|
| Higher Bye | 6.79 | 6,601 | 1.4 | 19/03/2015 |
| Askern | 4.97 | 4,587 | 1.3 | 14/08/2015 |
| Oak Cottage | 4.87 | 4,654 | 1.3 | 21/08/2015 |
| Wymeswold | 4.28 | 3,821 | 1.3 | 16/02/2016 |
| East Appleton | 4.98 | 4,683 | 1.3 | 27/03/2016 |
| Stripe | 4.98 | 4,681 | 1.3 | 28/03/2016 |
| Carditch | 4.95 | 4,662 | 1.3 | 19/12/2015 |
| Bumpers Farm | 12.00 | 11,725 | Subsidy free | |
| Afon Llan | 10.61 | 10,262 | Subsidy free | |
| | **58.43** | **55,676** | | |



**This "E" issue will allow the Fund to further expand and diversify its existing portfolio through the acquisition of identified sites within GHAM's target asset pipeline, with the following potential benefits to Members:**

- Economies of scale and related operating efficiencies.
- Reduced investment risk through further diversification of sites and equipment manufacturers.
- Aggregation of assets into a larger portfolio which we believe to have a higher capital value than a smaller portfolio.
- Spread of fixed overheads over a larger capital base.
- Improved liquidity should Members in the Fund wish to realise a holding.
- Improved capital allowance position to further enhance tax benefits.
- Increased returns through addition of small scale energy storage systems.

**Target parameters for future acquisitions are:**

- Minimum size 3MW.
- Assets typically no older than five years.
- Both subsidised and subsidy-free assets will be considered.
- 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.

**The target IRR of 6% pre-tax to "E" Members, net of all fees and costs is based on the general assumptions 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, or on long term independent industry forecasts.
- The legislated value of the ROC which applies to any subsidised solar park acquired.
- Inflation on revenues and costs at appropriate rates.
- Asset lives of at least 25 years, with no assumed residual value after this time.

## 2.3 Management Strategy

The Manager has been successful in extending planning consents and land leases on a number of the Fund's assets, with a 100% success rate, the longest extension being 15 years. The Manager is currently seeking to extend planning permissions and land leases where possible on the remaining eligible assets to provide the potential to extend generation and will do so on any future sites acquired with less than 40 years planning and lease terms.

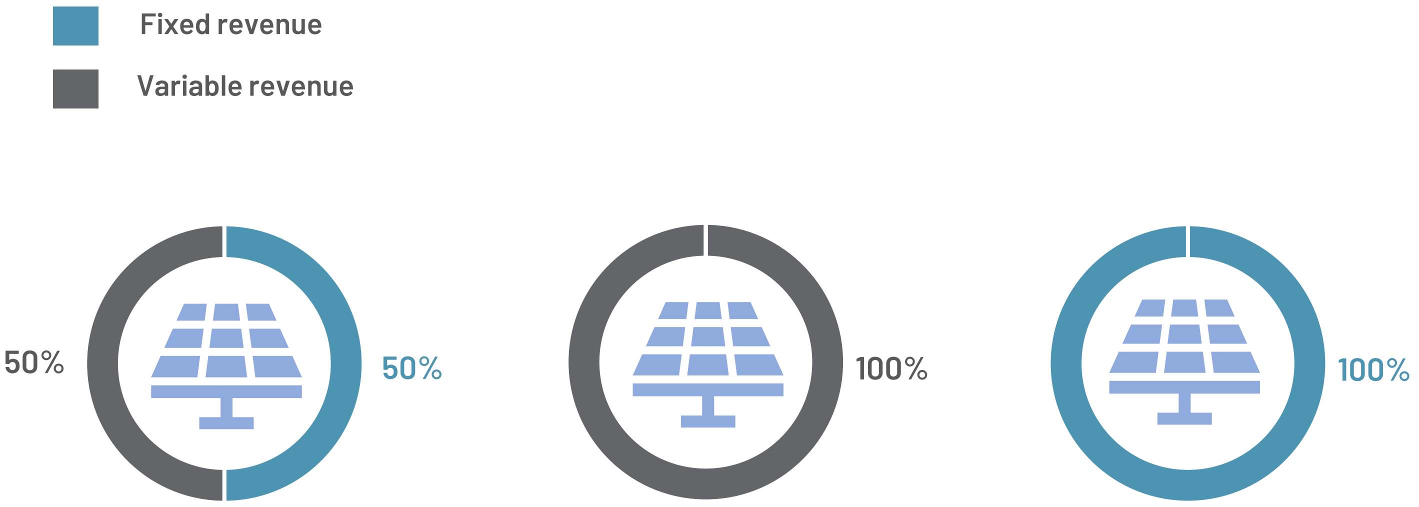
In addition, the Manager considers that there are significant opportunities to enhance value on operational sites from the use of new technology and use of Corporate PPAs:

- Energy storage, in the form of batteries, is complementary to solar, where output is typically produced during daylight hours when residential demand and prices are low. Batteries allow the power generated when demand and prices are low to be stored and released when demand and prices are high. The Manager continues to review the potential to add energy storage to the Fund's portfolio, especially at unsubsidised sites which can help increase the revenues from those sites, improving the overall potential return.
- The latest improvements in productivity from a new generation of solar panels is expected to provide opportunities to enhance performance at an unsubsidised site as well as enhance performance at older subsidised sites through replacing existing panels once the subsidy has ended.
- 100% revenue certainty from securing a long term inflation linked fixed price Corporate PPA (investment grade and typically 10-15 years), on unsubsidised sites which otherwise are subject to merchant power prices.

## 2.4 Sources of Revenue

The Fund will target large scale ground mounted solar parks which either benefit from subsidies or are subsidy-free solar parks with the opportunity to secure long term Corporate PPAs. Subsidies such as the RO include an element of secure index-linked government subsidies for 20 years with potential upside through exposure to electricity prices and other benefits, which are expected to rise over the lifetime of the Fund. Corporate PPAs will be targeted for unsubsidised projects where pricing supports this, as locking in prices on 100% of the output for 10-15 years, inflation linked, is similar to a ROC subsidised project in terms of certainty of cash flow but with 100% rather than 50% of the revenues fixed.

The Fund's main sources of income are:




**Renewable Obligation (RO)**
c.50% of Revenue fixed with an exposure of c.50% to wholesale prices

**Wholesale (Merchant)**
100% exposure to wholesale prices

**Corporate PPA**
Up to 100% of Revenue fixed

### 2.4.1 Renewable Obligation (RO)

Typically, a UK ground mounted subsidised solar park will receive c.50% of its income from the ROC. 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/ MWh depending on the date of accreditation. ROC income is fixed (2021/22: £55.60 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 inflation protection.

### 2.4.2 Wholesale (Merchant) Electricity Income

Income will be generated from the sale of wholesale electricity through a power purchase agreement, with a small additional payment for "embedded benefits" paid to the generator for siting or embedding renewable energy generators in the local distribution network where these still apply.

Long term forecasts[5] indicate that electricity demand will rise, even under a conservative scenario by around 36% between now and 2050 as the economy drives to decarbonise electricity generation, transport and heating and reduce carbon emissions to net zero.

Historically, wholesale power price increases have exceeded inflation[6] over the medium to long term providing investors with an inflation hedge.

### 2.4.3 Fixed Price Power Income (Corporate PPA)

Unsubsidised solar assets are identical to subsidised solar assets except being subject to power price risk which is the same as wholesale electricity income described in section 2.4.2 above, except 100% of an unsubsidised solar park's output is subject to this rather than c.50%. This means that income from this revenue stream alone is less certain due to its price volatility, which is why unsubsidised solar assets are typically acquired at higher discount rates.

To mitigate power price risk, the Manager could seek to secure a Corporate PPA or long term fixed price PPA on the unsubsidised solar assets which typically have a term of 10-15 years at a fixed price per MWh and inflation linked, usually to CPI. This effectively mimics index linked subsidies like the Feed in Tariff (FiT) and Contracts for Difference (CfD) which guarantees the price paid for that power for 20 years and 15 years respectively. The main difference is the covenant strength of the corporate providing the long term Corporate PPA, which is likely to be lower than the UK Government, but the Manager will target "investment grade" corporates of which there are many already offering Corporate PPAs which are investment grade.

5 National Grid ESO, Future Energy Scenarios 2020
6 Department for Business, Energy & Industrial Strategy, Digest of UK Energy Statistics (DUKES)

The Corporate PPA market is growing rapidly. Volumes in the EMEA region have increased from 1.5GW in 2015 to 14.7GW in 2020 with over 5.9GW delivered in 2020 alone.[7] The trend is expected to continue to grow as more organisations focus on Environmental and Social Governance as a core business strategy and more global organisations subscribe to initiatives like RE100, a club of large corporates who have all stated the aim of using 100% renewable energy by 2030. Many household names have joined RE100 and many of them have executed Corporate PPAs.

In the UK, BT, Tesco, Nestlé, McDonald's, Amazon, HSBC, Lloyds, Microsoft and many others have supported the development of unsubsidised renewable projects through long term Corporate PPAs. This is becoming more mainstream in the post-subsidy world, a view reinforced by the fact that lenders are now willing to provide long term debt to projects that have Corporate PPAs. Bloomberg New Energy Finance estimates that existing RE100 signatories will face a shortfall that exceeds 83TWh of renewable energy generation unless further capacity is built. The Manager has seen eight Corporate PPAs recently requiring combined annual output of 795GWh and has good knowledge of the market, price and Corporate PPA process having secured a 15-year fixed Corporate PPA with Tesco.

### 2.4.4 Additional Sources of Income from Energy Storage Assets

The Manager will seek to add value to existing and future projects where possible through the acquisition or installation of energy storage projects (batteries) on sites where they are potentially return-enhancing for the Fund.

The sites will use batteries to import and export power, accessing multiple revenue streams available in the power market. This income will be complementary to the main sources of income described above and includes:

- Arbitrage – income through importing at low prices and exporting at higher prices in the wholesale electricity market and the National Grid administered Balancing Mechanism.
- Ancillary services – providing firm, dynamic or non-dynamic response services to changes in frequency to help balance the grid at 50Hz and avoid power outages.
- Capacity market – providing back-up power or capacity to the Electricity Market Reform delivery body via one year and 15-year capacity market contracts.
- Grid payments – generating revenues from high demand Triad periods and other National Grid related income streams and benefits.

Whilst the Fund will focus on operational ground mounted solar parks, energy storage projects can provide an additional revenue enhancing opportunity for the Fund.

### 2.5 Finance Strategy

The Fund currently has a low level of gearing at 15.6% of Gross Asset Value (GAV).

The Manager, where appropriate, may look to increase the gearing level up to a maximum of 30% of GAV of the Fund calculated at the date of the gearing being employed, in accordance with the Fund's LLPA. This will permit the Fund to acquire additional assets and benefit from current low interest rates available in the market. Additional gearing, would improve the Fund's overall return.

In April 2021, the Fund secured an £18 million revolving credit facility with Clydesdale Bank plc. On financial close, £8.4 million was drawn to repay the Fund's existing debt with Barclays Bank plc and pay SWAP break and refinancing costs. The Barclays Bank debt was due to be refinanced in March 2022 as there was a cash sweep included in the original debt arrangement. A further £1.3 million was drawn to complete the acquisition of Afon Llan, the Fund's most recent acquisition. The new facility will provide the Fund with greater flexibility with regard to cash management and project acquisitions. Drawn balances can be repaid out of surplus cash or further drawdowns made to fund project acquisitions allowing the Fund to respond quickly to market opportunities and manage its cash position more efficiently. As of October 2021, the Fund is utilising £9.4 million of the facility, representing 15.6% of GAV.

7 Bloomberg New Energy Finance (BNEF) 2H 2020 European Solar and Wind Corporate PPA Price Survey

## 2.6 Fund Performance to Date

The total return for Members to 5 April 2021 is as follows:

| | "A" Partnership Shares | "B" Partnership Shares | "C" Partnership Shares | "D" Partnership Shares |
|---|---|---|---|---|
| Growth | 14.0% | 8.3% | -2.0% | -8.9% |
| Yield | 24.8% | 18.6% | 16.8% | 10.0% |
| Total return | 38.8% | 26.9% | 14.8% | 1.1% |

The total return to "A", "B", "C" and "D" Partnership Shares in respect of trading for the year to 5 April 2021 was 2.5%, £27.57 per Partnership Share, comprising a distribution paid of £53 (4.8%), and a decrease in NAV of £25.43 (-2.3%).

## 2.7 Distributions

The Fund's objective is to distribute all surplus cash, net of any working capital requirements and debt service, with the aim to provide a high level of income to 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 May, on surplus cash for the period 1 October to 5 April, and in October on surplus cash for the period 6 April to 30 September.

The target distribution for the 12 months ending 5 April 2022 is £59.00 per Partnership Share which equates to a yield of between 5.0% and 6.2% on "A", "B", "C" and "D" Partnership Shares. These targets were established during national lockdowns when demand for electricity was low. As lockdowns eased, electricity prices in the UK began to recover, meaning the Fund was able to enter into short term fixed price contracts across a number of sites in order to secure above budget prices. Output for the portfolio is currently performing ahead of budget. The next distribution will be paid to all classes of Partnership Shares except "E" Partnership Shares, which are scheduled to receive a first distribution in October 2022.

Whilst past performance is not an indicator of future performance, the Fund has exceeded the budgeted annual distribution in the last three years, distributing £10/Partnership Share more than target in 2018/19, £6/Partnership Share more than target in 2019/20 and £3/Partnership Share more than target in 2020/21.

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 (where applicable) and will be known at the time of purchase.

**Target Distributions**
Based on the assumptions set out in Section 2.2, the indicative distribution profile for the Fund is as follows:

| | Target average annual distribution as % of equity invested | Distribution profile range across the 10-year period |
|---|---|---|
| First 10 years | 7% | 5-7% |
| Second 10 years | 8% | 6-9% |
| Third 10 years | 7% | 6-7% |

The level of any distribution will depend on the total electricity produced each year from the assets and the revenues received from the sale of ROCs, REGOs and electricity. It will also depend on the amount raised from this "E" Partnership Share Issue, the timing of the deployment of funds raised, the specifics of future acquisitions, any additional debt service that the Fund may introduce, and market conditions.

In addition, there is likely to be residual value in the assets at the Fund's Final Termination Date due to asset lives being longer than the Final Termination Date and the fact that potential Buyers will seek to repower sites. 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. This would be upside to the above forecasts and could be significant.

**Distribution Payments**
The Manager targets to invest the proceeds of the E" Partnership Share Issue by April 2022, such that "E" Partnership Shares will first qualify for a distribution in October 2022, on the Fund's earnings from 5 April 2022 to 30 September 2022.

## 2.8 Capital deployment

Deployment of "E" funds is expected to be underpinned by assets which the Manager has identified and is seeking to secure with major developers. The pipeline has the potential to deliver a number of operational solar parks at prices which meet the Fund's investment objectives. This provides a high level of certainty of being able to deploy the funds raised from the "E" issue in suitable assets in a timely fashion and should be a significant benefit to the Fund. The transition to a subsidy-free market and the growth in Corporate PPAs is expected to see a significant pipeline of projects come to market in 2022 which the Fund, with additional capital, will be well placed to benefit from.

## 2.9 Coronavirus and potential impacts

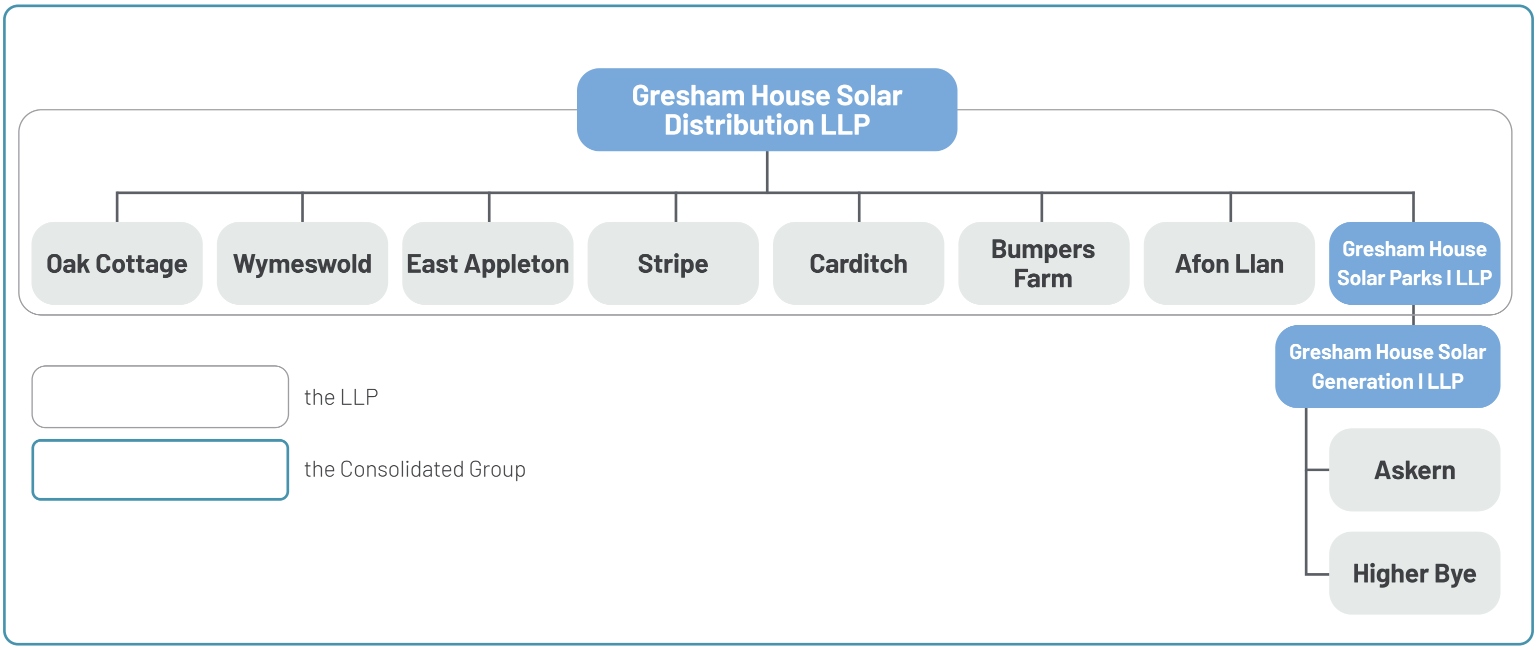
Whilst the COVID-19 pandemic resulted in lower power consumption across Europe as industry shut down, there are now signs of recovery. During the lockdown in 2020, UK consumption dropped by c.20% and wholesale electricity prices averaged around £24/MWh through April 2020, a drop of 45% on April 2019 at £43/MWh. Despite this being one of the worst events in modern global history, power prices were still in the mid £20s/MWh (although at their lowest this was c.£8/MWh), which the Manager believes effectively represents a floor price against which this investment could be benchmarked.

# 3. The Fund

### 3.1 Structure

The Fund is a tax transparent Limited Liability Partnership, which commenced trading in 2016 and now owns nine 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 seven assets directly and two assets through holding LLPs, as can be seen below:




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

The Members formally voted to approve the first expansion of the Fund on 4 July 2017. Members also voted on 4 January 2018 to further expand the Fund and allow "C" and "D" Partnership Shares to be issued. The Fund's constitutional documents and the management agreement in place at those times were amended to facilitate these additional expansions.

Members subsequently voted on 30 April 2020 and 15 May 2020 to further expand the Fund and approve the issue "E" Partnership Shares. The fundraise was subsequently put on hold by the Manager as the lockdowns due to COVID-19 created significant volatility in the market, such that it was sensible to postpone until matters improved. The Manager believes matters have improved and hence has started the "E" fundraising process again.

A summary of the LLPA governing the Fund is set out in Appendix III. The terms of GHAM's appointment as the Fund's Manager are detailed in the Amended Management Agreement which is summarised in Appendix IV of this IM.

The Fund's Manager was changed in January 2019 to Gresham House Asset Management Limited following the acquisition of FIM Services Limited by Gresham House plc. On 18 March 2020, a name change was implemented at Companies House to replace the "FIM" prefix in the Fund's name with the "Gresham House" prefix.

### 3.2 This Issue: "E" Partnership Shares

"E" Partnership Shares are to be issued at a price of £1,162 each which is a 7.3% premium to the Fund's NAV per Partnership Share as at 5 April 2021. The closing date for this issue is 28 February 2022, with the potential to extend to 31 March 2022 at the Manager's discretion.

"E" 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 2022 for the earnings from the period 5 April 2022 to 30 September 2022.

The 7.3% premium is calculated to cover the costs of raising and investing the new funds (based on a fund promotion fee of 2% of funds raised, an acquisition fee of 2% of capital invested, legal and technical due diligence and purchase costs), fundraising costs of the issue which are capped at £50,000 and an element of goodwill.

| 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 | 38.8% |
| "B" Shares | January 2018 | £1,000.00 | 15,937 | 15,937,000 | October 2018 | 26.9% |
| "C" Shares | April 2018 | £1,104.73 | 12,017 | 13,275,540 | October 2018 | 14.8% |
| "D" Shares | December 2018 | £1,188.00 | 12,651 | 15,029,388 | October 2019 | 1.1% |
| **Total** | | | **45,840** | **49,215,178** | | |
| **Available Under Current Offer** | | | | | | |
| **"E" Shares** | **February 2022** | **£1,162.00** | **-** | **-** | **October 2022** | **-** |

New Members subscribing for "E" Partnership Shares under the terms of this IM should qualify for 100% relief from IHT, two years from receiving their "E" Partnership Shares.

Existing Members subscribing for "E" Partnership Shares under the terms of this IM may, depending on the size of their original investment, the date purchased and the size of their investment in "E" Partnership Shares, qualify immediately for 100% IHT relief without a two year qualifying period, providing their percentage ownership in the LLP does not significantly increase.

The "C" Partnership Shares were issued to Gresham House Sustainable Timber and Energy LP (STELP) in 2018, in consideration for the acquisition by the Fund of 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.

The minimum subscription for "E" Partnership Shares is 75 Partnership Shares. As such the minimum application for "E" Partnership Shares at £1,162 each is £87,150. This minimum also applies to existing Members wishing to top up their existing investment. The minimum aggregate subscription required for "E" Partnership Shares to be issued will be £4 million.

In the event that the minimum aggregate 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 February 2022, or if extended, 31 March 2022, without interest as the monies will be held in instant access non-interest bearing accounts.

Where capital subscribed in relation to "E" Partnership Shares under this Issue has not been utilised or committed by 31 March 2023 it shall be repaid to each "E" Member pro rata to their subscription for "E" Partnership Shares, without interest. If this occurs, the number of "E" Partnership Shares issued will be reduced based on the Issue price.

### 3.3 Governance

GHAM 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 LLPA, the Designated Members were required to establish an Advisory Committee of up to four Members. The Advisory Committee has been constituted with three Members appointed.

GHAM 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 IQ EQ Depositary Company (UK) 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 II.

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, "E" 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 asset 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, other than the Manager's secondary sale procedure, 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**
GHAM have an established procedure for arranging deals between willing vendors and willing purchasers in Funds managed by GHAM. 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 of any class.

GHAM market Partnership Shares being sold by existing Members via email for a period of two weeks. All Members are entitled to bid for the Partnership Shares.

Bids can be submitted either through the online bid form or by email to admin@greshamhouse.com, the email should detail the number of Partnership Shares the bid is for and the price per Partnership Share offered. GHAM 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 GHAM of their decision. Successful bidders will be sent completion documents and a payment request, with payment due within two weeks of the closing date.

It is believed that further investment should qualify immediately for 100% IHT relief, provided that Members' existing Partnership Shares have been held for two years and the additional Partnership Share does not materially increase the Members' overall percentage holding in the Fund.

During the past year, one transaction took place with a value of c.£90,000, the transaction took 28 days from marketing to completion and secured a small 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 Set Termination Dates were amended in May 2020 following an Investor Special Consent vote to extend the life of the Fund to benefit from the life extensions on many of the Fund's assets. 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 now:

- First Termination Date of 5 April 2030
- Second Termination Date of 5 April 2035
- Third Termination Date of 5 April 2040
- Final Termination Date of 5 April 2046

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 LLPA, 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 2021 and an extract of Gresham House Solar Distribution LLP's audited financial statements is presented in Appendix V.

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 GHAM upon request.

The Manager will also submit a six-monthly interim report to Members. The Manager will arrange an annual meeting of Members 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 latest being 5 April 2021 and then every two years thereafter for the duration of the Fund.

In the alternating years, GHAM 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 Clydesdale 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 Management Agreement dated 22 May 2020.
- Report and Financial Statements for the year ended 5 April 2021.

# 4. Fees, Charges & Set up Costs

## 4.1 Gresham House Solar Distribution LLP

All funds raised, net of fund promotion and issue expenses will be available to acquire UK solar assets and 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 – GHAM will rebate 0.5% to the investor of the amount invested between £1 million and £1,999,999.99; and
- Sum subscribed £2 million and above – GHAM 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, an 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 1.0% 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 "E" Partnership Share issue up to a cap of £50,000. Any costs over and above this amount will be met by GHAM.

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

**Annual Management Fees**
GHAM 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 acquired prior to the "E" Partnership Share fundraise. Post the "E" Partnership Share fundraise, a fee of 4% of gross revenue will apply to subsidised assets acquired, and a fee of 6% gross revenue will apply to all other assets acquired.

It should be noted that the target return stated in this IM is net of the Annual Management Fee arrangements and that the Ongoing Charges Figure (see below) is low at 0.5% which is highly competitive in the market.

**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 2020/21 was £60,112 and is expected to be £70,482 for 2021/22.

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 £5,971 plus VAT for the year ending 5 April 2022) 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 GHAM for completing any disposal.

**Ongoing Charges Figure (OCF)**
Based on "E" Partnership Shares subscriptions raising £10 million, the Manager estimates that the OCF of the expanded Fund will be approximately 0.5% of net assets, less than half the OCFs charged by Managers of listed vehicles.

**An estimated breakdown of the OCF is:**

| | |
|---|---|
| Management fee | 74% |
| Depositary services | 10% |
| Audit and tax | 10% |
| External valuation | 4% |
| Designated Members' fees | 2% |
| | 100% |

The OCF excludes fund promotion, transaction and sale fees.

## 4.2 Member's Other Fees

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

- Fee on Sale of Partnership Shares

  When GHAM arranges a sale of a Partnership Share in the Fund between a willing vendor and a willing purchaser, GHAM 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 on 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 a Partnership Share

  An administration charge on each transfer of a Partnership Share in the Fund, currently £287.97 plus VAT for 2021/2022, index-linked to RPI annually in arrears, based on an 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 Gresham House Asset Management Limited (GHAM)

The Fund has entered into an Amended Management Agreement with GHAM, the terms of which are summarised in Appendix IV. The Fund will capitalise on GHAM's extensive track record of establishing and managing UK sustainable real asset investments. GHAM have full end-to-end capability in originating, acquiring, financing, constructing and managing the operation of UK renewable infrastructure assets.

GHAM 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 including forestry, new energy, UK housing and infrastructure, private assets and strategic public equity, with assets under management in excess of £4.7 billion (as at 30 June 2021).

Incorporated in 1857, Gresham House plc 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.

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

GHAM currently manage Power Purchase Agreements selling almost 500,000MWh of electricity across its renewable assets. All solar assets are monitored 24/7 through long term contracts with leading Operations & Maintenance (O&M) service providers, who between them have constructed over 220 solar parks with over 1.1GW of generation capacity.

### 5.2 Management Services

GHAM'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 GHAM encompass all aspects of the management of the Fund, from origination through to operation and optimisation.

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 existing debt finance, where applicable.

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

### 5.3 Manager's Conflict of Interest Statement

GHAM consider the identification and management of conflicts of interest to be of paramount importance to investors.
GHAM's Conflict of Interest Policy, together with the provisions of the Amended Management Agreement and LLPA, 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 GHAM 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. GHAM does not foresee any conflict of interest arising from this issue.

**Policy of 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

**Prior to making an investment in the Fund, prospective Members should carefully consider all the information set out in this Information Memorandum and, in particular, should evaluate the risk factors and potential conflicts of interest outlined below which, individually or collectively, could have a material adverse effect on the Fund and its portfolio investments. If that were to occur, the value of the Members' Interests in the Fund could decline significantly and Members could lose all of their investment in the Fund. Prospective Members must rely on their own examination and detailed review of the Fund and the terms of the offering and consider the merits and the potential risks of making a commitment to the Fund. This summary is not an exhaustive list of all relevant risk factors. There may be additional material risks that the Fund and the Manager do not currently consider to be material or in respect of which the Fund and the Manager are not aware. Persons subscribing for an Interest will be deemed to have acknowledged that the risk factors set out below are non-exhaustive and to have waived any claim resulting from such factors' individual or combined effect on the Fund.**

**Any figures set out in this document are prepared on the assumptions stated. These are for illustrative purposes only and do not constitute forecasts.**

**Law and Regulation**
**Changes in tax legislation and practice**
The Manager does not provide tax advice and applicants should be aware that the taxation treatment of the Fund and/or of its assets could change in the future. Information regarding taxation is based upon current UK taxation legislation and practices. Tax law and any other rules and/or customary practice in relation to tax, or their interpretation and application is, of course, subject to change during the life of the Fund. Any changes in the level and basis of taxation, in tax reliefs or in HM Revenue and Customs (HMRC) or Revenue Scotland practices may affect the value of an interest in the Fund and returns to Members.

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.

**Legal and regulatory changes**
Changes in legal, tax and regulatory regimes of jurisdictions in which the Fund's portfolio investments operate as well as those jurisdictions relevant to the business and operations of the Manager and the Fund may occur during the life of the Fund. Such changes may impact the performance of the Fund's portfolio investments and/or may require the Fund to be restructured, or for other changes to be made to it or the Manager, in order to comply with additional requirements. This may lead to additional costs for the Fund.

**General risks associated with the current economic environment**

**Economic conditions**
Changes in general economic and market conditions in the United Kingdom and elsewhere including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends, changes in the law (including, for example, in relation to taxation, land use, planning restrictions and environmental safety and protection) national and international conflicts, and other factors could substantially and adversely affect the Fund's prospects.

**COVID-19**
Recent events (including government stay-at-home orders) occurring as a result of the novel coronavirus (SARS-CoV-2) and related respiratory disease (coronavirus disease (COVID-19)) that has spread throughout the world, including the United Kingdom, have caused significant dislocations, illiquidity and volatility in the global financial markets. These events have led (and may continue to lead) to disruptions in the global economy and relevantly to the UK economy (including restrictions preventing individuals from leaving the home for non-essential purposes). In addition, this outbreak and any future outbreaks could have a further adverse impact on the global economy in general, including volatility in or disruption of the financial markets — all or any of which may adversely affect the performance of the Fund.

**United Kingdom's exit from the European Union**
The United Kingdom withdrew from and ceased to be a Member State of the EU and the EEA at 11:00 p.m. GMT on 31 January 2020, and the withdrawal agreement that was negotiated between the UK and the EU in October 2019 (the Withdrawal Agreement) came into effect. The Withdrawal Agreement sets out the terms of the UK's exit from the EU and a political declaration on the framework for the future relationship between the UK and the EU. The UK and the EU have entered into a trade and cooperation agreement that came into force on 1 January 2021.

The withdrawal of the UK from the EU and uncertainty with regards to the UK's future trading arrangements with the EU, notwithstanding the trade and cooperation agreement, continue to create significant political, social and macro-economic uncertainty. This could adversely impact economic conditions on the value of the Fund's investments.

**Lack of suitable Investments**
There can be no guarantee that the Manager will find sufficient portfolio investments at suitable prices. The value of the Interests may go down as well as up and Members may not get back the full value of their investment.

**Partnership Interests**

**Liquidity**
An Interest in the Fund will generally be illiquid. It is not anticipated that a public market for Interests in the Fund will develop. A Member may not be able to sell their Interest at an acceptable price, or at all. In addition, it may be difficult for an investor to obtain reliable information about the value of an Interest in the Fund or the extent of the risks to which such an Interest is exposed. There is no guarantee that the valuations given on periodic statements 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. Prospective Members should have the financial ability and willingness to accept the risks and lack of liquidity associated with investment in an unregulated collective investment scheme of this type.

**Limited transferability of Interests**
There will be no public market for the Interests, and none is expected to develop. There will be substantial restrictions upon the transferability of Interests under the LLPA and applicable laws or regulations (including, without limitation, any anti-money laundering or securities laws). In general, withdrawals of Interests are not permitted. In addition, Interests are not redeemable.

**Distributions**
The level of any planned distribution may vary or may not be paid at all and Members may not get back the amount of capital subscribed.

**No right to control the Fund's operations or receive detailed information**
Members are generally excluded from making certain decisions and will have no right or power to control or participate in the day-to-day management of the Fund or of any of its assets, including any acquisition and disposal decisions. All aspects of management are entrusted to the Manager. The directors or employees of the Manager who are responsible for decision making and strategy may change from time to time.

Members will not be entitled to receive the detailed information relating to actual or prospective portfolio investments. Furthermore, the Fund will exercise any voting rights held by the Fund in other entities.

Members will not be permitted to evaluate prospective investments or relevant economic, financial, business or other information used by the Manager in making its investment decisions. The Manager will have the exclusive right and power to manage the business of the Fund. Accordingly, no prospective Member should purchase Interests unless a prospective Member is willing to entrust all aspects of the operation and the management of the Fund to the Manager.

**Long term investment**
The opportunity described in this Information Memorandum may not be suitable for all recipients. The Fund is designed to be a long term opportunity. It is not designed as a short term opportunity. Any prospective Member who has any doubt about the suitability of the Fund should consult an independent financial adviser regarding all aspects of the Fund, including taxation matters, prior to committing to subscribe in the Fund.

**Contingent liabilities**
In connection with the disposition of any investment, the Fund may be required to make certain representations, and provide guarantees, warranties, covenants or other undertakings in relation to the investment. In addition, the Fund may be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be incorrect, inaccurate or misleading. This may result in contingent liabilities, which might ultimately have to be funded by the Members.

**Risks associated with the investments**

**Diligence**
The Fund will complete a reasonable and appropriate financial, commercial and legal due diligence prior to completing any investment and the due diligence process may at times be required to rely on limited or incomplete information. However, the due diligence process involves subjective analysis and so there can be no assurance that all material issues will be uncovered. Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the value of Interests.

**Concentration**
The Fund's investments will be concentrated in the renewable energy sector. The Fund may take significant positions in a limited number of assets, a potential consequence of which could be that returns could be adversely affected by the poor performance of any one of these large investments.

**Geographic concentration in the United Kingdom**
The Fund intends to invest wholly in the United Kingdom. This gives rise to a risk of geographic concentration whereby changes in economic conditions in the United Kingdom (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) could substantially and adversely affect the return on the Fund's investments and the value of Interests.

**Illiquidity**
Interests in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realised. Losses on unsuccessful investments may be realised before gains on successful investments are realised. If the Fund was ever required to liquidate its interest in an investment at short notice, either in whole or in part, the realised value may be significantly less than the asset value of the investment. Furthermore, the expenses of operating the Fund exceed its income thereby requiring that the difference be paid from the Fund's capital.

**Past performance**
Past performance of similar investments is not necessarily a guide to future performance of the Fund's investments.

**Market price of Interests**
The value of Interests and any income derived from them can go down as well as up and Members may not get back the full amount contributed. In particular, no guarantees are made as to investment performance either expressly or by implication.

**Valuations**
Valuations of the assets of the Fund as a whole may reflect accruals for expected or contingent liabilities, the amount or incidence of which is inevitably uncertain. A valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the Manager, and valuations do not necessarily represent the price at which an asset can be sold. Potential Members should bear in mind that the actual NAV may as time progresses be materially different from that indicated by periodic valuations.

**No assurance of Investment Objective**
No representation is or can be made as to the future performance of the Fund, and there is no assurance that the Fund will realise its Investment Objective. Achieving the target return cannot be guaranteed. The value of the Fund assets and the income returns may fluctuate. Members may not get back, in full or in part, the money that they invest.

**Dependence on the Manager**
Operation of the Fund will be dependent on the Manager. The ability of the Fund to achieve its Investment Objective depends to a high degree on the Manager and more generally, on the ability of the Manager and its group to attract and retain suitable staff. The loss or reduction of service of the Manager could have an adverse effect on the operations and performance of the Fund and its ability to realise its investment objective. In addition, certain changes in the Manager or circumstances relating to the Manager may have an adverse effect on the Fund or one or more of its assets including potential acceleration of debt facilities.

**Reliance on information**
The Manager will depend on third parties for information concerning its portfolio. The Manager generally will have no means of independently verifying the information supplied to it by third parties. There can be no assurance that such information will be accurate. Members themselves will have no direct dealings or contractual relationships with any of the assets in the portfolio.

**Environmental Social and Governance**
The Manager makes use of its proprietary ESG Tool to assist in evaluating the ESG impact of proposed investments as part of its due diligence process and to support the initial investment process, which feeds into the ongoing monitoring of the Fund’s incorporation of ESG considerations in its investment strategy. As part of this strategy, the Manager conducts a detailed analysis of positive and negative factors affecting the investment, including any ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment (ESG Risk).

The potential impact on the value of Interests from an actual or potential material decline in the value of the investment due to an ESG Risk or condition will vary and depend on several factors including, but not limited to, the type, extent, complexity and duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

The assessment of the ESG Risks is conducted by the Manager using a number of different methodologies, with the relevant data deriving from a variety of sources and the Manager's own research, including the use of the ESG tool. The use of varying methodologies and the subjective nature of non-financial criteria means a wide variety of outcomes are possible and the data may not adequately address material sustainability factors, nor identify the relevant ESG Risks. The analysis is also dependent on the disclosure of accurate relevant data and the availability of such data can be limited and so there can be no assurance that all material issues will be uncovered. Any failure by the Manager to identify relevant ESG Risks through the analysis process may lead to inappropriate investment decisions, which could have a material adverse effect on the value of Interests.

**Risks specific to Investment in the renewables sector**
At any point the international community may withdraw, reduce or change its support for the increased use of energy from renewable sources (including generation of energy from solar PV parks) which could have a material adverse effect on the support of the United Kingdom in respect of the encouragement for the use of energy from renewable sources; and at any point any national support scheme of the United Kingdom may decline in value, be withdrawn or changed and such impact may be applied retrospectively and affect future investments, or such national support scheme may prove to be insufficient to offset any continuing competitive disadvantage which energy generated from solar PV would otherwise have compared to energy generated from other sources (including other renewable sources as well as fossil fuels and nuclear power).

A decline or slower growth in the market price of electricity or a decline in the costs of other sources of electricity generation, such as fossil fuels or nuclear power, may reduce the wholesale price of electricity and thus the Fund's revenues from selling electricity generated by solar PV assets.

Increases in charges relating to the connection to and use of the electricity transmission and distribution networks and relating to balancing of electricity supply and demand, and/or restrictions on the capacity in such networks available for use by electricity generators, may result in higher operating costs, lower revenues and fewer opportunities for growth.

Operation of solar PV assets is likely to result in reliance upon equipment, material and services supplied by one or more contractors. Whilst the quality of equipment and material and the performance of services may be warranted, any such warranties are typically limited in their duration, scope and quantum and may not cover the losses incurred by a project should a relevant asset underperform or become impaired in value. In addition, insolvency or bankruptcy of a contractor, or a change in a contractor's financial circumstances, may among other things result in such underperformance or impairment not being fully or partially compensated by the contractor in question.

The profitability of a solar PV park is dependent on the meteorological conditions at the particular site. Accordingly, the Fund's revenues will be dependent upon the weather systems and the specific meteorological conditions at the solar PV parks owned by the Fund and on the accuracy of forecasted energy yields obtained by the Fund.

Solar modules, solar inverters and other equipment may have shorter lifespans than the typically expected duration and this could result in shorter project lives than those assumed by the Manager.

There may be errors in the assumptions or methodology used in the financial models underpinning solar PV or other projects acquired by the Fund, whether as part of the Fund's existing portfolio or subsequently, which may result in the returns generated by such projects being materially lower than forecast.

**Finance**

**Exchange rate and interest rate hedging**
The Fund may be exposed to exchange and interest rate risk, which may require the Fund to incur borrowing and/or enter into security arrangements and/or full or partial foreign exchange or interest rate hedging arrangements. The effect of such borrowing, security or hedging arrangements may be unfavourable as well as favourable on the gain or loss otherwise experienced on the investments.

**Availability of debt finance**
The Fund may arrange debt financing from a variety of sources including banks or other lenders. Constraints on the availability of debt financing and its pricing as a result of prevailing market conditions may affect the ability of the Fund to raise or to refinance debt. The resultant lack of available credit and/or higher financing costs and/or more onerous terms may impact the performance of the investments.

**Borrowing**
The Fund may utilise borrowings and interest rate movements may therefore affect the performance of the Fund. The use of borrowing increases the Fund's exposure to adverse economic factors, such as severe economic downturns and interest rate rises. If the proceeds of investments are unable to meet principal and interest payment obligations on debt facilities, then the value of the Interests may be reduced or eliminated.

**Security and guarantees**
The Fund may have to offer security over its underlying assets or deliver its assets as collateral, in order to secure indebtedness. Any failure by the Fund to fulfil obligations under any related financing documents (including repayment) may permit a lender to demand repayment of the related loan and to realise its security. In the event that such security involves the lender taking control (whether by possession or transfer of ownership) of the Fund's underlying assets, the Fund's returns may be adversely impacted.

**AIFM status**
The Manager is authorised and regulated as a full scope AIFM by the FCA. As the AIFM of the Fund, the Manager is required to comply with ongoing capital, reporting and transparency obligations and a range of organisational requirements and conduct of business rules, and to adopt a range of policies and procedures addressing areas such as risk management, liquidity management, conflicts of interest, valuations, compliance, internal audit and remuneration. If the Manager fails to comply with the legal and regulatory requirements applicable to an authorised AIFM or otherwise ceases to hold authorisation as an AIFM, the Manager would not be permitted to continue to manage the Fund (or market Interests in the Fund) and a successor investment manager duly authorised as an AIFM would need to be appointed to perform these functions.

**Litigation**
In the ordinary course of its business, the Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

**Compensation risk**
As the subscription for Interests in the Fund and the performance of the Fund will not be covered by the Financial Services Compensation Scheme or by any other compensation scheme, if the value of the Interests in the Fund falls, the loss suffered by the Members will not be recoverable under any compensation scheme.

**Recourse risk**
The Fund is limited to certain qualifying persons who are sufficiently sophisticated to understand the risks attached to participating in an unregulated collective investment scheme, and accept that they will have recourse only to the Fund's assets as these will exist at any time.

The Fund's assets are the only assets available to satisfy any liabilities or other obligations of the Fund. If the Fund's assets become subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

**Service Providers**
The Manager may from time to time appoint service providers to the Fund including (i) a depositary to provide depositary services (ii) an administrator to provide administration services (iii) an auditor to provide audit services and (iv) other professional advisers including legal and tax advisers. In general, the duties under the relevant agreements with such service providers shall be to the Fund and not directly to the Members, whether individually or in groups. Under the LLPA only the Manager is entitled to conduct the business of the Fund, including bringing actions or making claims against service providers.

**Potential conflicts of interest**
Prospective Members should be aware that there may be situations where the Manager and its associates will encounter potential conflicts of interest in connection with the Fund's activities. The following discussion (which is not exhaustive) details certain potential conflicts of interest that should be carefully considered before making an investment in the Fund.

By subscribing for an Interest, Members will be deemed to acknowledge the existence of such potential conflicts of interest and that the summary below is not an exhaustive list or explanation of such conflicts, and to have waived any claim with respect to or arising from the existence of any such conflicts of interest. If a conflict of interest does arise, the Manager will endeavour to ensure that it is resolved fairly in accordance with the provisions of the LLPA.

**Other activities**
The Manager and their associates engage in a broad spectrum of activities. In the ordinary course of its businesses the Manager and its associates may engage in activities in which their interests or the interests of their clients may conflict with or be adverse to the interests of the Fund. In addition, such clients may utilise the services of the Manager and their associates, for which they will pay customary fees and expenses which will not be shared with the Fund. In addition to the Fund, the Manager and their associates also manage, and in the future may manage, other funds. The employees of the Manager or their associates may hold positions with or be otherwise associated with such other funds. The investment strategies, fee arrangements and other circumstances of the Fund may vary from those of the other funds.

**Allocation of investment opportunities**

When a particular investment would be appropriate for the Fund as well as one or more other funds, there is no guarantee that such investment will be allocated to the Fund, although in each case, the Manager shall allocate any such investment between the Fund and other funds on a fair and equitable basis in accordance with the provisions of the applicable fund documents. Conflicts of interest may also arise with regard to the management or disposal of investments held jointly by the Fund and any other funds, which may be detrimental to the Fund. All of the foregoing issues could adversely affect the price paid or received by the Fund. In addition, the Fund may invest in assets in which other funds invest, either concurrently with the Fund or after or prior to the investment by the Fund.

**Advisory Committee**

The Fund will generally be dependent on the Manager to identify conflicts of interest. However, the Manager will not be able to control, or may not be aware of, actions or omissions by its associates, which may have an adverse effect on the Fund. Furthermore, there can be no assurance that any conflicts of interest will necessarily be resolved in favour of the Fund. The Fund's Advisory Committee, comprising persons nominated by certain Members, will meet and as required to, consult with the Manager as to potential material conflicts of interest.

**Diverse membership**

Members may have conflicting investment, tax and other interests or considerations with respect to their Interests in the Fund. The conflicting interests or considerations of Members may relate to or arise from, inter alia, the nature of the Fund's investments, the structuring or the acquisition of the Fund's investments or other matters. Consequently, conflicts of interest may arise in connection with decisions made by the Manager, including with respect to the nature or structuring of investments, that may be more beneficial for one Member than for another Member. In addition, the Fund may make investments which may have a negative impact on related investments made by Members in separate transactions. In selecting and structuring investments appropriate for the Fund, the Manager will consider the investment and tax objectives of the Fund as a whole, rather than the investment, tax or other objectives of any specific Member.

**General risks**

- 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. GHAM 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 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.
- There is no certainty that the Fund will be able to secure a fixed price Corporate PPA for subsidy free solar parks it acquires or indeed a fixed price at an acceptable level. Subsidy free solar parks without a Corporate PPA would be fully exposed to wholesale power price fluctuations.
- Co-location battery storage projects rely on a more complex combination of revenue streams than traditional solar investments. A typical combined revenue stream may include frequency response, balancing services, capacity market payments, triad revenue and payments for power (including arbitrage), prices for these revenue streams may be lower than forecast. The battery storage market and associated revenue streams are also relatively new and developing during a period of industry and regulatory change, meaning that revenue streams available today may not be available in future years or at lower levels than currently forecast.
- If another pandemic such as the Coronavirus hits the UK and wider globe, the impact on power supply and demand could be considerable and power prices could fall substantially and possibly to a level where both distributions could not be made, and debt could not be serviced. In addition, if social distancing were to become more common place this could impact on the ability for staff to attend site when constructing or servicing solar parks, resulting in delays.
- The revolving credit facility does not have a fixed rate, as such interest rates and commitment fees will be exposed to changes in the base rates.
- 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.

# Appendix I - Definitions

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| **"A" PARTNERSHIP SHARES** | Partnership Shares allotted to Members under the terms of the original IM between the commencement of the Fund and June 2016. |
| **AIFMD** | Alternative Investment Fund Managers Directive, as defined in the Amended and Restated Limited Liability Partnership Agreement. |
| **AIF** | Alternative Investment Fund shall have the meaning given in Article 4(i) of AIFMD. |
| **"B" PARTNERSHIP SHARES** | Partnership Shares granted to Members under the terms of the IM dated 11 July 2017. |
| **"C" PARTNERSHIP SHARES** | Partnership Shares granted to Limited Partners of Gresham House Sustainable Timber & Energy LP in return for Higher Bye, Askern and Oak Cottage solar parks. |
| **CLOSING DATE** | 28 February 2022, with potential to extend to 31 March 2022, at the Manager's discretion. |
| **"D" PARTNERSHIP SHARES** | Partnership Shares granted to Members under the terms of the IM dated 11 July 2018. |
| **DESIGNATED MEMBERS** | Gresham House Solar Distribution Designated Member 1 Limited, a limited liability company incorporated in England and Wales (Company number 9817571) wholly owned by GHAM and Gresham House Solar Distribution Designated Member 2 Limited, a limited liability company incorporated in England and Wales (Company number 9817580) wholly owned by GHAM. |
| **"E" PARTNERSHIP SHARES** | Partnership Shares which will be acquired by Members under the terms of this IM. |
| **EXTERNAL VALUER** | A Valuer who is independent from (i) the Fund, (ii) GHAM or (iii) any other person with close links to the Fund or GHAM, as required by AIFMD. |
| **GHAM** | Gresham House Asset Management Limited, incorporated in England (Company number 09447087). |
| **FiT** | Feed in Tariff. A Tariff set by the UK Government to support solar parks, which is index-linked for 20 years. |
| **FUND** | Gresham House 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 LLPA as the aggregate value of all assets held by the Fund. |
| **GW** | Gigawatt, a measure of electrical power. |
| **IM** | This Information Memorandum is issued by Gresham House in respect to the issuance of "E" Shares. |
| **INTEREST** | The interest of a Member in the Fund as defined in the LLPA. |
| **INTERNAL VALUER** | GHAM, when performing the valuation function in accordance with the AIFMD rules. |
| **INVESTMENT OBJECTIVES** | The Investment Objectives set out in Schedule 1 of the LLPA 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. |

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| **LLPA** | The fourth amended and restated limited liability partnership agreement entered into by all the Members, the Designated Members and GHAM which governs the administration and activities of the Fund. |
| **AMENDED MANAGEMENT AGREEMENT** | The amended management agreement between the Fund and GHAM dated 22 May 2020. |
| **MEMBER** | The Designated Members and any persons who are admitted as limited liability partners of the Fund in accordance with the LLPA. |
| **MW** | Megawatt, a unit of electrical power. |
| **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 designated as a Partnership Share, as defined in the LLPA. |
| **ROC** | Renewable 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 accreditation. |
| **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 II - 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. GHAM 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 allocated (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 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 GHAM 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 GHAM 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 Share 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 III – Summary of the LLPA

The Fund is governed by the LLPA. The LLPA is made under English law, the main provisions of which are set out below.

**INVESTMENT OBJECTIVES**

The LLPA establishes the Investment Objectives for the Fund:

1. To acquire operational UK based solar parks;
2. To operate UK based solar parks with a view to profit by the generation and sale of electricity and renewable energy benefits;
3. To borrow money 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 semi annual distributions to Members on the terms set out in the LLPA; 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.

The terms of the LLPA, including the Fund's investment objectives, investment strategy and investment policy may be varied by an Investors' Special Consent pursuant to the provisions of clause 16.4.5 of the LLPA. This is subject to the Designated Members' power to amend the LLPA to meet certain legal, regulatory or administrative requirements.

**DURATION AND TERM**

The Fund has a First Termination Date of 5 April 2030, 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 2035.

At 5 April 2035, 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 2040.

At 5 April 2040, 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 2046. 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 proportion to the number of Partnership Shares held by each Member, 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 (the next being 5 April 2023 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 LLPA. 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 LLPA, 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 assign for no consideration their Partnership Shares in whole or in units of not less than 50 Partnership Shares at any time, 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 FSMA.

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 not less than 12 months prior notice on or after 5 April 2031 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 is authorised by the FCA and has been appointed by the Fund to, amongst other things, carry out the following on a non-exclusive basis:

- 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 LLPA as instructed by the Designated Members.

## ADVISORY COMMITTEE

The Manager has established an Advisory Committee and has appointed three Members to the Advisory Committee, along with 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 LLPA.

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 LLPA. The auditor is also required to report by exception if there are certain matters on which is it 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 day's 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 MANAGEMENT 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.

IQ EQ Depositary Company (UK) 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 LLPA 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 LLPA 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.

# Appendix IV – Summary of the Amended Management Agreement

The Fund is managed by the Manager under the terms of the Amended Management Agreement dated 22 May 2020, 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 LLPA.

**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 LLPA, 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 LLPA.
  - 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 LLPA (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**
The Amended Management Agreement cannot be assigned by either party without the consent of the other.

**PROFESSIONAL LIABILITY RISK**
The Manager is to maintain 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 V - Extract from Gresham House Solar Distribution LLP's Audited Financial Statements (5 April 2021)

This extract is a summary of financial information from the full Report and audited Financial Statements for the year ended 5 April 2021 (which includes the Report of the Manager, Report of the Members and Report of the Independent Auditor).

| **Consolidated Income Statement** | **Year Ended 5 April 2021 £** |
|---|---|
| **Turnover** | **4,248,976** |
| Cost of sales | (359,783) |
| Gross Profit | 3,889,193 |
| Administrative expenses | (2,393,940) |
| **EBITDA** | **1,495,253** |
| Other operating income | 61,949 |
| Revaluation of fixed assets | 201,876 |
| **Operating profit for the financial year before Members' Remuneration and profit shares** | **1,759,068** |
| Fair value adjustment | 337,385 |
| Bank interest paid | (333,691) |
| **Profit for the financial year before Members' Remuneration and profit shares** | **1,762,762** |
| Members' Remuneration charged as an expense | (1,762,762) |
| **Loss for the financial year available for discretionary division among Members** | - |

| **LLP Statement of Financial Position as at 5 April 2021** | | |
|---|---|---|
| | | **£** |
| **Fixed assets** | | |
| Tangible assets | 36,029,726 | |
| Investments | 9,426,093 | |
| | | **45,455,819** |
| **Current assets** | | |
| Debtors | 3,742,414 | |
| Cash at bank | 6,199,471 | |
| | | **9,941,885** |
| **Creditors** | | |
| Amounts falling due within one year | (752,038) | |
| **Net current assets** | | **9,189,847** |
| **Total Assets Less Current Liabilities** | | **54,645,666** |
| Amounts falling due after more than one year | - | |
| Provision for Liability | (241,070) | |
| | | **54,404,596** |
| **Net assets attributable to Members** | - | |
| **Loans and other debts due to Members** | | |
| **Members' other interests** | | |
| Capital Accounts | 48,447,261 | |
| Revaluation reserve | 5,957,335 | |
| | | **54,404,596** |
| **Total Members' interests** | | |
| Members' other interests | 54,404,596 | |
| Amounts due from Members | (3,345,138) | |
| | | **51,059,458** |

# Appendix VI – Application Information

The Fund will be open for subscription once regulatory approval has been received.

Partnership Shares will be issued on a monthly basis, on the terms set out in the LLPA and this IM.

The minimum individual subscription for new and existing Members is 75 Partnership Shares at £1,162 each.

**Closing Date: 28 February 2022**

The Manager has discretion to extend the subscription period to 31 March 2022.

**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 an application for Partnership Shares is submitted through an FCA authorised Financial Adviser, GHAM 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**
GHAM is obliged to comply with the Anti Money Laundering Regulations, and also adheres to the guidance notes from the Joint Money Laundering Steering Group. This means that GHAM must verify the identity and place of residence of each prospective Member. GHAM may also request that a prospective Member informs GHAM how any monies paid to GHAM were obtained/accumulated. This process may require sight of certain documentation. If a prospective Member provides false or inaccurate information and GHAM suspects fraud or money laundering, GHAM will report this to the appropriate authorities.

GHAM will not accept an application for Partnership Shares until its verification requirements have been satisfied. GHAM 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.

The English courts generally recognise judgements obtained in the courts of another jurisdiction (subject to, inter alia, the applicable legislation on the recognition of judgements, the rules of English courts in relation to the recognition and/or enforcement of foreign judgements and such judgements not being contrary to public policy in England). The exact rules on the recognition and enforcement of foreign judgements depend on the jurisdiction in which such judgements are obtained.

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