

## ABOUT SOLAR GROWTH

Solar Growth Limited ('Solar Growth' or 'Company') is a UK focused solar energy generation company offering investors access to UK solar and other energy projects with a target return of 6% per annum.

## ABOUT ARMSTRONG

Armstrong is an experienced London based Asset Manager focused on the impact investment sector in the UK and Asia. Armstrong has funded and managed over 350MWp of UK solar since 2013.



## ACQUISITION POLICY AND STRATEGY SUMMARY

Solar Growth owns and operates UK solar projects and will target a minimum of 75% (as a measure of NAV) of its new business to be UK solar. The Company will also seek to participate in other UK energy infrastructure projects, including flexible generation and energy storage.

## RECENT ACTIVITY AND OUTLOOK

The Company's share price increased by 1.6% in the last quarter. The Company is actively seeking new opportunities to expand its trading activities and in Q4 2019 acquired a controlling interest in an 8MWp solar farm in Norfolk bringing the total installed capacity of the Company to 32MWp. Further acquisitions of UK solar projects are in the pipeline with other energy projects under development.

## KEY FACTS

### AS AT 31ST DECEMBER 2019

**Total Asset Value**  
£35m

**Share Price**  
£2.54

**Target Growth**  
6.0% per annum

**Fees**  
0.9% of GAV (per annum)

**Liquidity**  
Quarterly (subject to liquidity)

**Valuers**  
Amberside Valuations

**Asset Managers**  
Armstrong

**Commenced Trading**  
March 2014

## SOLAR GROWTH CURRENT PORTFOLIO

	Solar Park Name	Solar Park Location	System Size (kWp)	Asset Type
1	Pond Farm	Norfolk	3,604	Ground Mounted
2	Fen Road	Lincolnshire	1,441	Ground Mounted
3	Briddlesford	Isle of Wight	630	Ground Mounted
4	Wroxton Road	Oxfordshire	1,808	Ground Mounted
5	Kings Lynn	Kings Lynn	1,700	Roof Mounted
6	Taunton Race Course	Somerset	1,715	Ground Mounted
7	Kenninghall	Norfolk	8,000	Ground Mounted
8	Langford	Bedfordshire	13,184	Ground Mounted
<b>TOTAL</b>			<b>32,082 kWp</b>	

# The credibility of Solar Growth is underpinned by the following factors...

## INSTITUTIONAL BACKING

The Company is backed by one of Europe's leading institutional investors, Aberdeen Standard Investments ("ASI"). ASI manages investments of more than £500 billion. The process for securing funding from ASI required the Company to undergo a rigorous due diligence process and for the Company to continue to operate the solar assets in accordance with the highest industry standards.

## STRONG GOVERNANCE

The Company has external representation from independent directors with relevant expertise, such as Jonathan Selwyn who chairs the UK Solar Trade Association and was the former CEO of Lark Energy, one of the largest UK solar developers. The board of the Company is required to approve all activities of the business, including new acquisitions and disposals.

## INDEPENDENT VALUATION

The valuation of the Company is assessed by a third party infrastructure valuation specialist, Amberside Valuations ('Amberside').

The Company's share price will be updated quarterly using assumptions approved by Amberside, which will be reviewed on an annual basis.

***“This investment provides our clients with access to yields not available in public bonds of similar credit quality. Furthermore, the inflation protection matches our clients’ long term liabilities, and the green characteristics advance their Environmental, Social and Governance (ESG) agenda.”***

Aberdeen Investments

## APPROACH TO VALUATIONS

- Renewables assets, such as the solar assets in Solar Growth, are relatively straightforward assets to value, given the predictability of their cashflows.
- Amberside apply benchmarked discount rates against listed solar funds and comparable market transactions to evaluate the value of the Company's solar portfolio. In addition, Amberside use third party power price curves and review the assumptions used in the valuation model against standard industry practice.

***“We believe solar assets to be significantly lower risk than the general infrastructure assets as solar has lower operational risk and costs.”***

## GROWING VALUE IN THE PORTFOLIO

**The assumptions used in the valuation modelling are conservative and do not factor in potential value uplifts in the existing portfolio. There is scope to enhance value, for example:**

- Extending the planning permission and lease length of solar plants
- Combining solar plants with battery technology and other flexible energy generation systems
- Optimising performance over time through high quality asset management
- Reducing costs, for example by renegotiating maintenance contracts, as the portfolio grows in scale

The Company's assertion is that these elements could represent achievable improvements in future value for shareholders in the Company.

The key investment considerations for the investors are summarised below. The detailed investor guide of Solar Growth should be referred to for finer details of the investment including the relevant risks.

**INHERITANCE TAX & CAPITAL GAINS TAX**

**Business Property Relief (BPR)**

- 100% Inheritance Tax (IHT) relief is given on transfers of business assets which have been owned for at least two years and the business is trading.

**Capital Gains Tax (CGT)**

- Capital Gains within the annual allowance of £12,000 are tax free. Gains in excess are taxed at 10% for basic rate taxpayers. Any amount over the higher rate threshold will be taxed at 20%. CGT is not paid on death.

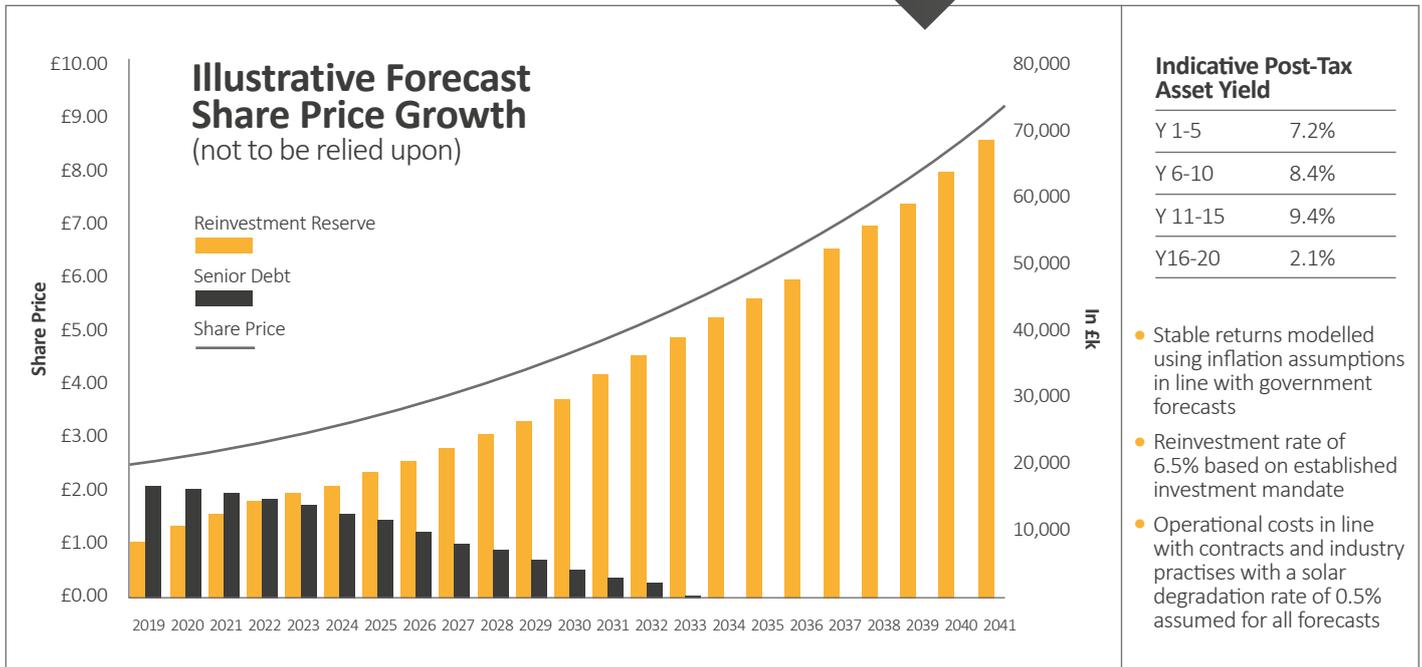
**FEES**

- Investors in the Company will be charged a 4% initial fee. The initial fee will be added to the subscription price and will cover all administration costs of the capital raise and stamp duty, where applicable
- Armstrong will charge an annual management fee of 0.9% of the gross asset value of the Company for managing the assets and providing full financial and administrative services
- Further details on fees are outlined in the fees section of the detailed investor guide.

**LIQUIDITY**

It is the intention that the Company will offer shareholders regular liquidity to allow shareholders to redeem their investment in full or in part. The Company will seek to facilitate liquidity on a quarterly basis, subject to the availability of funds to do so.

Solar Growth is targeting annual growth in share price of 6.0%. This rate of growth has been achieved since Solar Growth commenced issuing new equity in March 2019 where the share price has increased from £2.33 in September 2018 to £2.54 in December 2019.



**IMPORTANT NOTICE**

Your capital is at risk, and past performance and projected performance is not an indication of future performance and you may lose some, all or part of your original capital invested. Tax treatment depends on the individual circumstances of each investor and may be subject to change. The availability of tax reliefs depends on the company maintaining its qualifying status. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Please refer to the Investor Guide and seek independent financial, legal and tax advice before investing.

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