

## ABOUT SOLAR GROWTH

Solar Growth Limited (“Solar Growth” or “the Company”) is a UK-focused solar energy generation company offering investors access to UK solar and other energy projects with a target return of 4-5% per annum.

## ABOUT ARMSTRONG

Armstrong is an experienced London-based asset manager focused on the impact investment sector in the UK. 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 fell slightly from £2.35 as at June 2020 to £2.32 as at September 2020, as a result of adverse changes in the long-term power price assumption.

In Q3 2020, the Company successfully acquired a ~3mWp portfolio of commercial rooftop solar systems with long-term contracted revenues. Additional new solar projects are expected to be completed over the course of the next 6 months.

## KEY FACTS

### AS AT 30TH SEPTEMBER 2020

**Gross Asset Value**  
£44.1m\*

**Share Price**  
£2.32

**Target Growth**  
4-5% per annum

**Fees**  
1% of NAV (per annum)

**Liquidity**  
Quarterly (subject to liquidity)

**Manager**  
Armstrong Capital Management (“Armstrong”)

**Valuers**  
Amberside Valuations (“Amberside”)

**Auditors**  
Lubbock Fine

**Commenced Trading**  
March 2014

## SOLAR GROWTH PORTFOLIO (SEPTEMBER 2020)

	Solar Park Name	Location	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
9	Boskennal	Cornwall	960	Ground Mounted
10	Eden Rooftop Portfolio	UK-wide	3,000	Roof Mounted

\* Figure includes 100% of Solar Dividend Ltd. Excluding Solar Dividend Ltd., the Net Asset Value (“NAV”) is £39.2m.

# 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 Paul Beynon who was previously head of UK power trading at RWE. The board of the Company is required to approve all activities of the business, including new acquisitions and disposals.

## GOVERNMENT-BACKED INCOME STREAMS

The Company derives over 50% of its income from FiT payments. The FiT payments increase annually with RPI and are backed by the government.

The Company has very limited exposure to merchant power prices making its revenues highly predictable. This also means that the Company is less exposed to any volatility in global events.

**“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 VALUATION

- The Company is independently valued annually by Amberside Valuations. Amberside are a specialist valuer of infrastructure assets, such as solar and wind.
- 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 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.”**

Amberside Valuations

## 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 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 1.0% of the Net Asset Value of the Company. The Company will also pay Armstrong a fee for providing technical and financial asset management services to the Company.
- 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 4-5%. After a fall in share price in March 2020, as a result of factors linked to the Covid-19 global pandemic, the share price rebounded partially in June 2020 with a positive outlook.

## SHARE PRICE MOVEMENT

DATE	SHARE PRICE	MOVEMENT
30th June 2019	£2.33	-
30th September 2019	£2.50	£0.17
31st December 2020	£2.54	£0.04
31st March 2020	£2.29	-£0.25
30th June 2020	£2.35	£0.06
30th September 2020	£2.32	-£0.03

### Indicative Post-Tax Asset Yield

Y 1-5	7.2%
Y 6-10	8.4%
Y 11-15	9.4%
Y16-20	2.1%

- Stable returns modelled using inflation assumptions in line with government forecasts
- Reinvestment rate of 6.5% based on established investment mandate
- Operational costs in line with contracts and industry practises with a solar degradation rate of 0.5% assumed for all forecasts

## 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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