Solar
INCOME & GROWTH

30th September 2024

Introduction

Solar Income & Growth ("the Company") owns and operates over 2,700 rooftop solar systems throughout the UK. The existing assets were installed between 2011 and 2018, and are all accredited under the Feed-in Tariff ("FiT") scheme. FiT solar systems receive inflation proof (RPI-linked), government-backed payments for the electricity generated. FiT contracts are valid for up to 25 years providing the Company with lower risk, long term, predictable cash flows. This enables the Company to provide regular income to shareholders via dividends.

Recent Activity & Outlook

In Q3 2024, the Company returned £0.01 per share by way of dividends, as anticipated. The share price increased from £1.29 to £1.30. The Company will continue to seek opportunities to acquire commercial rooftop solar assets at attractive valuations.

Key Facts

As of 30th September 2024	
Gross Asset Value	£39m
Income Share Price	£1.30
Growth Share Price	*Please contact Beringea LLP
Target Total Return	4-5% per annum
Target Dividend (Income Shares)	4p per share per annum
Fees	1.5% of NAV ** (per annum)
Liquidity	Quarterly (subject to liquidity)
Manager	Armstrong Capital Management ("Armstrong")
Valuers	Amberside Valuations ("Amberside")
Auditors	Lubbock Fine
Commenced Trading	2014

Returns

Solar Income & Growth is a UK-focused solar energy generation company offering investors access to UK solar and other energy projects, with a target annual income of 4% and a target total annual return of 4-5%. Returns are not guaranteed. Capital at risk.

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.

Current Portfolio

ASSET TYPE	kWp	INSTALLATIONS
Commercial	4,859	66
Domestic	6,675	2,235
Total	11,534	2,301

* Beringea LLP: 55 Drury Lane, Covent Garden, London, WC2B 5SQ
** NAV includes short term loan notes

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

Institutional Backing

In 2015, Legal & General Investment Management ("LGIM") invested £29.5 million into the Company through the issuance of secured RPI-linked loan notes listed on the London Stock Exchange.

LGIM is one of the largest asset managers in the UK with over £1 trillion under management. The Company has a 100% record of meeting the covenants for the LGIM debt, indicative of the strong governance under Armstrong's management.

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, and Barry Green who was former CFO of Man Group and a partner at KPMG.

The board of the Company provides management oversight and is required to approve all material activities of the business, including acquisitions and disposals.

Government Backed & Inflation Linked Income Streams

The Company derives over 90% 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.

Approach To Valuation

- The Company's valuation is independently reviewed annually by Amberside Valuations. Amberside is a specialist valuer of infrastructure assets, such as solar and wind powered electricity generation assets.
- Amberside applies benchmarked discount rates against listed solar funds and comparable market transactions to evaluate the value of the Company's solar portfolio.

> ***"We believe solar assets to be significantly lower risk than general infrastructure assets as solar has lower operational risk and costs"***
>
> **Amberside Valuations**

- The Company's senior debt and almost all its revenues are linked to RPI, but due to the way that the government-backed income streams work, there is a lag of almost a year between when the debt payments increase with RPI and when the revenues increase. The valuation approach allows the Company to recognise the benefit of rising inflation as it rises, even though the Company's cash flows could take longer to catch up.

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 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, as the portfolio grows in scale, for example by renegotiating maintenance contracts.**

These elements could represent achievable improvements in future value for shareholders in the Company and are being pursued by Armstrong.

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

Inheritance Tax & CGT

Business Property Relief (BPR)

100% Inheritance Tax (IHT) relief is given on transfers of the Company's shares which have been owned for at least two years.

Capital Gains Tax (CGT)

Capital gains for individuals within the annual allowance of £3,000 are tax free.

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 equivalent to 1.5% of the Company's Net Asset Value, including the Company's short term loan notes.
- Further details on fees are outlined in the fees section of the detailed investor guide.

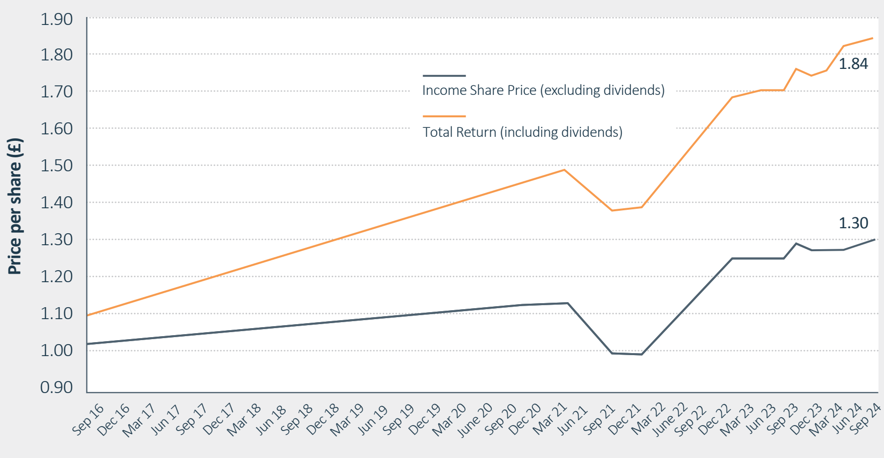
Liquidity

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.

Since being established in 2014, shareholders have received returns in excess of the target return. The Company has returned a total of £1.84 (per £1.00 invested).

Solar Income & Growth

(Historic income share price and total return)



The portfolio was revalued up to £1.11 in Dec 2019 due to material changes in valuation of comparable assets.

Indicative Post-Tax Asset Yield

Y 1-5	10.3%
Y 6-10	9.9%
Y 11-15	9.5%

- Stable returns modelled using inflation assumptions in line with government forecasts
- Operational costs in line with contracts and industry practises with a solar degradation rate of 0.4% assumed for all forecasts
- Past performance is not an indicator of future performance

Important Notice

Your capital is at risk. Past performance and projected performance is not an indication of future performance. 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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