

This document is issued by Foresight Solar Fund Limited, as an internally managed fund (the "**Company**", or "**Foresight**"), solely in order to make certain particular information available to investors based in the EU before they invest, in accordance with the requirements of the FCA Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "**AIFMD**") in the United Kingdom. It is made available to investors in the Company based in the UK by being made available at [www.fsl.foresightgroup.eu](http://www.fsl.foresightgroup.eu)

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

## **FORESIGHT SOLAR FUND LIMITED**

(Regulated by the Jersey Financial Services Commission)

### **INVESTOR DISCLOSURE DOCUMENT**

## **IMPORTANT INFORMATION**

### **Regulatory status of the Company**

Foresight Solar Fund Limited is an 'alternative investment fund' ("**AIF**") for the purposes of the AIFMD and is incorporated in Jersey. The Company is an internally managed fund and acts as its own alternative investment fund manager ("**AIFM**"). It is therefore a non-EEA AIF managed by a non-EEA AIFM.

The Company's shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to the provisions of, amongst other things, its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, the UK Corporate Governance Code and the Companies (Jersey) Law, 1991 (as amended).

The Company is regulated in Jersey as a listed fund. Further information in relation to the regulatory treatment by the Jersey Financial Services Commission (the "**JFSC**") of listed funds domiciled in Jersey may be found on the website of the JFSC at [www.jerseyfsc.org](http://www.jerseyfsc.org). The JFSC is protected by the Collective Investment Funds (Jersey) Law 1998 and the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under such laws.

The provisions of the Company's articles of association are binding on the Company and its shareholders. The Company's articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by the laws of Jersey and any dispute (whether contractual or non-contractual in nature) arising out of the Company's articles is subject to the non-exclusive jurisdiction of Jersey. The legal instrument providing for the recognition and enforcement of judgments in Jersey is the Judgement Reciprocal Enforcement (Jersey) Law 1960, as amended, which extends to England and Wales, Scotland, Northern Ireland, Isle of Man,

and Guernsey.

**Limited purpose of this document**

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

**This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.**

**No advice**

The Company and its directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

**Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

**Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the

purchase, holding, transfer or other disposal of shares.

## THE COMPANY

### Investment objective and policy

The Company's objective is to provide investors with a sustainable and inflation-linked quarterly dividend and to aim to preserve and where possible enhance capital value through the reinvestment of excess cash flows, not required for the payment of dividends, in a diversified portfolio of predominantly UK ground-based solar PV assets.

The Company will pursue its investment objective by acquiring a portfolio of ground based, operational solar power plants predominantly in the UK. Investments outside the UK and assets which are still, when acquired, under construction will be limited to 25 per cent. of the Gross Asset Value of the Company, calculated at the time of investment

The Company will seek to acquire majority or minority stakes in individual ground-based solar assets. When investing in a stake of less than 100 per cent. in a solar power plant SPV, the Company will secure its shareholder rights through shareholders' agreements and other legal transaction documents.

Power purchase agreements ("PPAs") will be entered into between each of the individual solar power plant SPVs in its portfolio and creditworthy offtakers in the UK. Under the PPAs, the SPVs will sell solar generated electricity and green benefits to the designated offtaker. The Company may retain exposure to UK power prices through PPAs that avoid mechanisms, such as fixed prices or price floors.

Investments may be in equity or debt or intermediate instruments but not in any instruments traded on any investment exchange.

The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

In order to spread risk and diversify its portfolio, at the time of investment no single asset shall exceed in value (or, if it is an additional stake in an existing investment, the combined value of both the existing stake and the additional stake acquired) 30 per cent. of the Company's gross asset value post acquisition. The gross asset value of the Company will be calculated based on the last published gross investment valuation of the Company's portfolio, including cash, plus acquisitions made since the date of such valuation at their cost of acquisition. The Company's portfolio will provide diversified exposure through the inclusion of not less than five individual solar power plants and the Company will also seek to diversify risk by ensuring that a significant proportion of its expected income stream is derived from green benefits (which will consist of, for example, ROCs, FiTs and LECs). Diversification will also be achieved by the Company using a number of different third party providers such as developers, EPC contractors, O&M contractors, panel manufacturers, landlords and distribution network operators.

### Leverage

The Company may use gearing (also known as leverage) to increase potential returns to shareholders. Liquidity and borrowings are managed with the aim of increasing returns to

shareholders. The Company's articles of association provide that gearing, calculated as the Company and its subsidiaries' (the "**Group**") borrowings, including any asset level gearing, as a percentage of the Company's gross asset value will not exceed 50 per cent. at the time of drawdown.

As at 31 December 2018, the Group had borrowings of £200.3 million of which £152.4 million was outstanding under the term loan facilities and £47.9 million had been drawn down under the revolving credit facilities, from a total revolving credit facilities of £95 million.

In addition, the Company has entered into senior debt facilities at project level for the Australian solar PV assets acquired in 2017. These facilities, totalling A\$218 million, will be utilised to fund construction costs and will convert to a term loan after commissioning.

It is the Board's current intention that long term gearing (including long term, asset level gearing), calculated as the Group borrowings (excluding intra group borrowings and revolving credit facilities) as a percentage of the Company's gross asset value will not exceed 40 per cent. at the time of drawdown.

The Company will disclose on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion, the following:

- any changes to the maximum level of leverage that the AIFM may employ, subject to prior shareholders' approval as appropriate;
- any changes to the right of reuse of collateral or any guarantee granted under the leveraging arrangements; and
- the total amount of leverage employed by the Company.

### **Investment approach and investment techniques**

The Company's annual report, which is available on its website at <http://fsfl.foresightgroup.eu/investor-relations/publications/annual-results/>, sets out the investment approach and techniques currently applied in managing the Company's portfolio.

As a closed-ended investment company whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of the shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service. The Company's published investment policy is set out in the section entitled 'Investment policy' above.

Any change in investment strategy or investment policy which does not amount to a material change

to the published investment policy may be made by the Company without shareholder approval.

**The Company's Group**

The Company has a wholly owned subsidiary, Foresight Solar (UK Holdco) Ltd, which in turn has four wholly owned subsidiaries, FS Holdco Limited, FS Holdco 2 Limited and FS Holdco 3 Limited and FS Holdco 4 Limited through which the Company makes its investments. The group also includes FS Debtco Limited.

## ADMINISTRATION AND MANAGEMENT OF THE COMPANY

### The AIFM

The Company is its own AIFM and pursuant to the AIFMD performs and/or delegates the following functions:

- the investment management function in respect of the Company which includes portfolio management and risk management; and
- valuation function in respect of the Company's assets.

The Company is also responsible for ensuring its own compliance with applicable provisions of the AIFMD. The Company has delegated certain functions with respect to its duties to third parties.

### Delegated Management Functions

Foresight has delegated certain portfolio management functions to Foresight Group CI Limited (the "**Investment Manager**") pursuant to an investment management agreement. The Investment Manager is responsible for the day to day management of the Company's investment portfolio in accordance with the Company's investment objective and policy, subject always to the overall supervision and direction of the directors of the Company.

### Fees

The Investment Manager is entitled to an annual management fee of one per cent. per annum of the net assets of the Company which are equal to or less than £500 million plus an amount equal to 0.9 per cent. per annum of the net assets of the Company which are in excess of £500 million.

### The Administrator and Company Secretary

JTC (Jersey) Limited, a private company incorporated in Jersey with its registered office at JTC House, 28 Esplanade, St Helier, Jersey JE4 2QP has been appointed as administrator and company secretary pursuant to an administration and secretarial agreement. In such capacity, the Administrator is responsible for the Company's general administrative functions such as the calculation, in accordance with the Company's accounting policies, and publication of the Company's Net Asset Value per Share and the maintenance of accounting records.

Pursuant to the Administration Agreement, the Administrator is entitled to a fee of £200,000 per annum for providing administration services to the Company.

### The Auditor

The auditors to the Company are KPMG LLP, whose office is at 15 Canada Square, Canary Wharf, London E14 5GL. The Auditor is incorporated in England and Wales as a limited liability partnership and is regulated by the FCA.

The Auditor carries out its duties in accordance with applicable laws, rules and regulations, including

the audit of the accounting information contained in the annual report of the Company. The Auditor's work has been undertaken so that they might state to the Company's members those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the Auditor does not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for their audit work, for their audit report, or for the opinions they formed.

#### **Fees**

The fees payable to the Auditor shall be determined by the Directors. The fees charged by the Auditor will depend on the services provided, computed, inter alia, on the time spent by the Auditor on the affairs of the Company and there is no maximum amount payable. The Company's annual report and accounts detail the latest fees paid to the Auditor.

#### **The Registrar**

The registrar to the Company is Computershare Investor Services (Jersey) Limited, whose office is at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The Registrar is incorporated in Jersey.

The duties of the Registrar include the maintenance of the register of shareholders, dividend mandate and shareholder legal documentation, certifying and registering transfers, preparation of annual return listings for submission to the Registrar of Companies.

#### **Fees**

The fees charged by the Registrar are based on the number of shareholders on the register of members. The Registrar is entitled to a minimum fee of £6,000 per annum. The Company's annual report and accounts detail the latest fees paid to the Registrar.

#### **Conflicts of interest that may arise from the delegation of functions by the Company**

The Investment Manager may from time to time act as manager, administrator, custodian, alternative investment fund manager, investment manager or adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company. It is, therefore, possible the investment manager may, in the due course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations under the Investment Management Agreement and/or any agreements to which it is party or by which it is bound in relation to the Company the Investment Manager will endeavour to ensure that such conflicts are resolved fairly and, in particular, the Investment Manager has agreed to act in a manner which the Investment Manager in good faith considers fair and equitable in allocating investment opportunities to the Company.

The AIFM has not delegated any functions other than the services provided by other parties as already disclosed, but has outsourced responsibility for settlement, corporate action, reconciliation and certain other administrative and record-keeping functions. The Company has not identified any



conflicts of interest in relation to these relationships.

**Investor rights against third party service providers**

The Company is reliant on the performance of third party providers including those set out above. No shareholder has any direct contractual claim against any service provider with respect to such service provider's default in providing its services to the Company. Any shareholder who believes they may have a claim against any service provider in connection with their investment in the Company should consult their own independent legal adviser.

## SHAREHOLDER INFORMATION

### Annual reports and accounts

A copy of the Company's latest annual and interim reports may be accessed at <http://fsfl.foresightgroup.eu/investor-relations/publications/annual-results/>

### Publication of net asset values

The latest net asset value of the Company may be accessed at <http://fsfl.foresightgroup.eu/investor-relations/publications/interim-nav-statements/>.

### Valuation policy

The net asset value of the Company is calculated quarterly in accordance with the International Financial Reporting Standards. The net asset value includes income and no provision for an accrued dividend is made.

The Company's Net Asset Value will be published through a Regulatory Information Service as soon as possible after the relevant quarter.

### Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts which are available at <http://fsfl.foresightgroup.eu/investor-relations/publications/annual-results/>. Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

### Purchases and sales of shares by investors

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

The Company's shares are not redeemable. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

Further details can be found in the Annual Report available at <http://fsfl.foresightgroup.eu/investor-relations/publications/annual-results/>

**Fair treatment of investors**

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in Jersey, the directors have certain statutory duties under the Company (Jersey) Law, 1991 (as amended) with which they must comply. Each Director owes certain fiduciary duties to the Company which requires a Director to, among other things, act in good faith and in what they consider to be in the best interests of the Company and in doing so, the Directors will act in a manner that ensures the fair treatment of the investors. In exercising their discretion, the Directors will act in accordance with such fiduciary duties. This requires them to ensure that their actions do not result in the unfair treatment of the investors.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Company's shares all rank pari passu with each other.

**Key information document**

The key information document for the Company may be accessed at <http://fsfl.foresightgroup.eu/investor-relations/publications/kid/>.

## RISK FACTORS

The key risks facing the Company and the mechanisms in place to monitor and measure these risks are set out in the Company's annual report, a copy of which is available from its website, <http://fsfl.foresightgroup.eu/investor-relations/publications/annual-results/>

### **Risk profiles**

The Company's investing activities expose it to various types of risk that are associated with the solar PV assets in which it invests.

The Company assesses the sensitivity of the Company's portfolio to the most relevant risks to which the Company is or could be exposed on an ongoing basis.

### **Risk management systems**

The Company's key risks are monitored by the Company on an ongoing basis and by the Board on a regular basis. The AIFM has risk management policies and processes which are used to identify and, where possible, reduce risk of loss of value in the Company's investments.

The risk management systems which the Company employs to manage the risks which are most relevant to the Company will be disclosed periodically to investors by disclosure in the Company's annual report and accounts or more frequently at the Company's discretion.

### **Liquidity risk management**

The Company undertakes liquidity management procedures in relation to the Company which are intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations.

The Company ensures that the appropriate levels of liquidity are held within the Company on a day-to-day basis with any unusual trends or areas of high risk being identified for further investigation and analysis, including appropriate stress testing.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure on the Company's website, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

### **Key individuals risk**

In order to reduce key individuals risk, the Investment Manager operates a team approach to fund management.

### **Amendment of this document**

The information in this document will be reviewed and updated (as necessary) at least annually. Any changes made to this document will be notified to investors by way of disclosure on the Company's

website.