

Guinness Sustainable Infrastructure Service

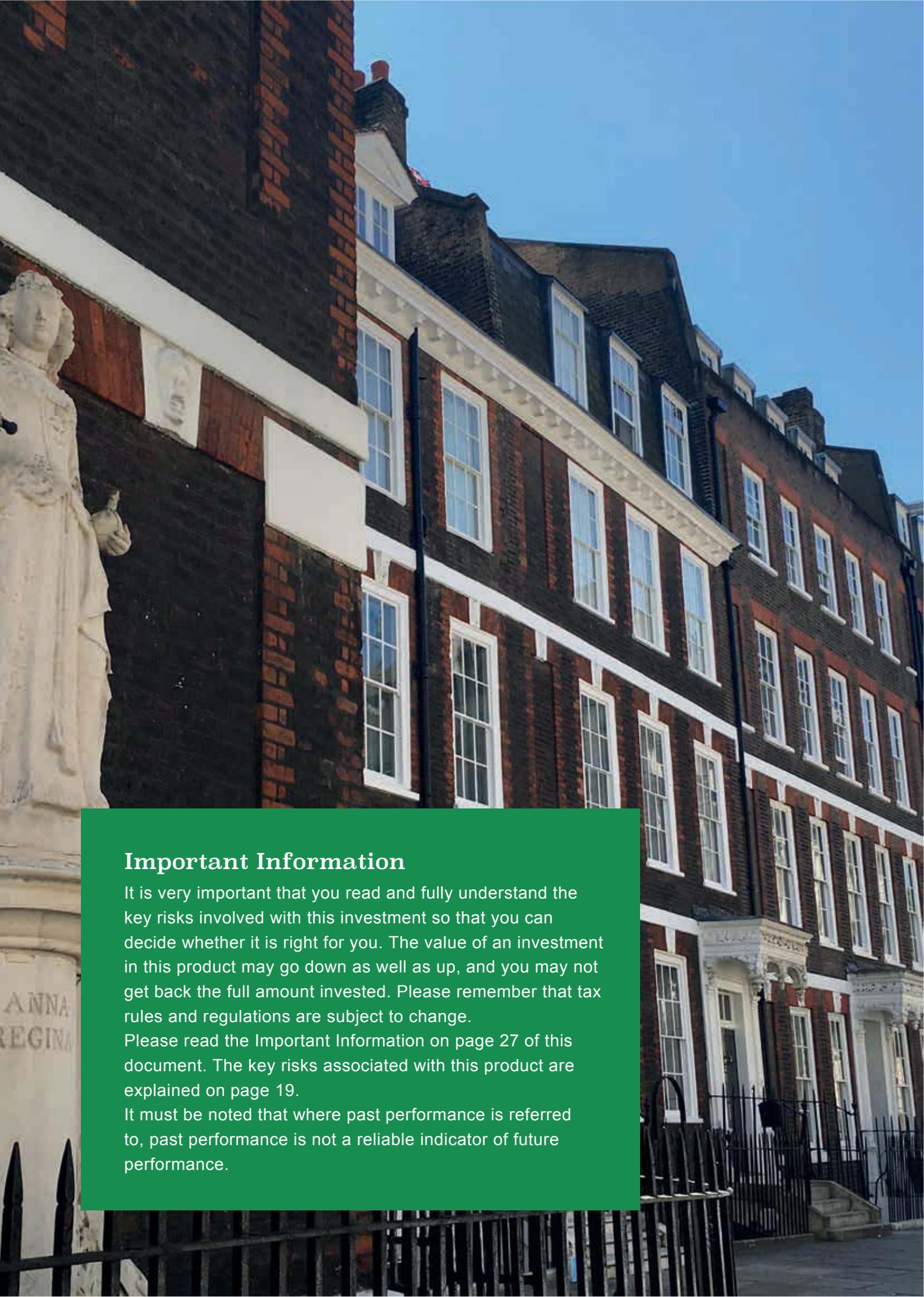
INFORMATION MEMORANDUM

Investing in Sustainable Energy Companies

- Long-term, index-linked and stable cashflows
- Low correlation with other asset classes
- Investments that qualify for Business Relief
- Targeting a capital return of 5% per annum
- No initial fees for advised investors

GUINNESS

ASSET MANAGEMENT LTD

A photograph of a row of historic brick buildings with white window frames and a statue in the foreground. The buildings are multi-story with dark red brick and white decorative elements. A statue of a woman in period dress is visible on the left side of the frame. The sky is clear and blue.

Important Information

It is very important that you read and fully understand the key risks involved with this investment so that you can decide whether it is right for you. The value of an investment in this product may go down as well as up, and you may not get back the full amount invested. Please remember that tax rules and regulations are subject to change.

Please read the Important Information on page 27 of this document. The key risks associated with this product are explained on page 19.

It must be noted that where past performance is referred to, past performance is not a reliable indicator of future performance.



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Phone calls will be recorded for compliance purposes.



Tim Guinness

Chairman, Guinness Asset Management

Letter to Investors

May 2018

Dear Investor,

Welcome to our Guinness Sustainable Infrastructure Service which invests in unquoted Sustainable Energy businesses.

Guinness Asset Management has built a track record investing into companies specialising in sustainable energy. These companies have attractive investment characteristics: predictable revenues, low technology risk and low correlation with other asset classes. We have a pipeline of such investment opportunities that we can invest in from the Guinness Sustainable Infrastructure Service.

We are aiming to deliver annual returns to Investors of in excess of 5 per cent, which can be accessed through regular redemptions or retained within the Service for capital growth.

The investments are made into one or more private companies. Shares in private companies may qualify for Business Relief (BR) in the UK, which means that Investors can benefit from 100 per cent relief from inheritance tax (IHT) provided the shares have been held for no less than two years at the time of death.

We make direct investments on behalf of Investors, so our Guinness Sustainable Infrastructure Service allows you to retain ownership and control of your capital. The service has no initial fee for advised Investors.

As an Investment team we see an attractive pipeline of investment opportunities that match with the cashflow requirements and long term investment horizons of investors looking for Business Relief. The inflation links, high cash generation and long life of the assets make them a good fit for investors looking to preserve and pass on their estates to future generations.

Yours faithfully



Tim Guinness
Chairman
Guinness Asset Management

“Sustainable Energy in the UK continues to offer compelling investment characteristics.” Tim Guinness

Investments in private companies that own sustainable energy projects with long term revenue streams are attractive for investors looking for lower risk returns.

Furthermore, private companies benefit from Business Relief and can help investors pass more of their wealth onto their family.

The Service has no initial fee for advised clients and will make investments into companies that qualify for Business Relief.

Overview

The Guinness Sustainable Infrastructure Service has been launched to help Investors pass more of their wealth onto their family. The Service has no initial fee for advised clients and will make investments into companies that qualify for Business Relief.

Investee Companies will own and operate Sustainable Energy projects, such as solar photovoltaic, wind and hydroelectric installations. These projects have strong visibility of revenues that are usually index-linked.

- Returns** → We are focused on capital preservation and are targeting a minimum 5 per cent per annum return for Investors.
- Capital Preservation** → Sustainable Energy projects generally have predictable, long term visibility of cash flows and index-linked returns.
- Fees** → There are no initial fees for advised Investors.
- Access** → Regular share redemption opportunities available. Redemptions may be made after the first 12 months.
- Estate Preservation** → Once held for two years, Business Relief qualifying investments effectively fall outside your estate for IHT purposes.
- Flexibility** → You can choose to make regular or ad hoc share redemptions.
- Control** → You remain the beneficial owner of your Shares at all times.

Investment Strategy

We have a conservative investment process to manage risk for Investors. Our investment strategy is designed to avoid taking unnecessary risks by staying within some simple guidelines. We outline those guidelines below:

Sustainable Energy	Subscriptions will be invested in one or more companies that construct, own and operate Sustainable Energy businesses. These projects are characterised by generally long-term, inflation-linked revenues.
UK	We only make investments into companies and assets that are located in the UK. This means that projects operate within the UK's stable legal and regulatory framework.
Multiple Projects	Your subscription will be invested in one or more companies. In order to provide diversification, we invest in companies which own and operate a range of sustainable energy projects.
Proven Technologies	The Investment Manager minimises technology risk by only investing in projects which use proven technologies that have an established operating history. Currently investments are focused on solar PV installation.
Consented Projects	The Investment Manager believes the optimal trade-off between development risk and financial return can be achieved by investing in businesses whose projects have already obtained the required permissions and consents, either before construction or when operational.
Strong Counterparties	The Investment Manager will seek to work with companies whose project developers and construction contractors have a successful track record of delivering operating projects on time and on budget.



Investing in UK Sustainable Energy

Sustainable Energy means energy generated or produced from sustainable sources such as solar, wind, hydro and biomass. The energy produced is typically in the form of electricity or heat.

Sustainable Energy projects can benefit from long-term government subsidies such as Feed-in Tariffs, Renewable Obligation Certificates and the Renewable Heat Incentive. Electricity generated is either sold to the grid or to a third party under a long-term power purchase agreement.

Solar Photovoltaic

Solar photovoltaic installations have become popular in the UK in recent years. Panels can be roof-mounted on commercial and industrial sites with power sold to the building owners as well as to the grid.

Wind

Wind turbines extract energy from the wind by means of a rotor that can be pitched to control the rotational speed of a shaft linked through a gearbox to a generator. The UK has a good onshore and offshore wind resource with particularly good wind speeds in Scotland, Northern Ireland and Wales.

Hydro

Run-of-river hydro-electric schemes divert part of a river's flow through turbines that generate electricity and then return the water to the river. These schemes are typically used for domestic or farm purposes, or for sale to electricity supply companies.

Biomass

Wood can be managed on a sustainable basis, to provide a readily available and replenishable energy source for biomass boilers to generate heat and Combined Heat & Power plants to generate both heat and electricity.

Other

Other sustainable technologies will be considered including anaerobic digestion, waste-to-heat, energy storage and energy efficiency.



UK Government Support for Sustainable Energy

The UK Government has provided, and in some cases continues to provide, support in the form of subsidies for new Sustainable Energy projects. The most obvious are the tariffs for output - Feed-in Tariffs, Renewable Obligation Certificates, the Renewable Heat Incentive and Contracts for difference. These mechanisms provide pricing certainty for the output of projects, which combined with the predictability of output makes these projects attractive for investors.

While subsidies are structured so that they fall as uptake increases, the government has committed that once a project is commissioned and registered it locks in the prevailing subsidy rate for the long term. As this service can invest in projects that are already commissioned as well as new projects for construction, there is a large pool of potential projects for the service to acquire that meet its return targets. This means that the service is robust against changes to government policy.

RENEWABLE SUBSIDIES

Feed-in Tariffs (FiTs)

Paid by the utility for electricity generated and exported. Tariffs are a fixed rate that is inflation linked and payable for 20-25 years.

Renewable Obligation Certificates (ROCs)

ROCs are received for electricity generated and then sold in the market with an inflation linked minimum price. Received for 20 years.

Renewable Heat Incentive (RHI)

Paid for heat used. Tariffs are a fixed rate that is inflation linked and payable for 20 years.

Contracts for Difference (CfDs)

Contracts for difference provide a 20 years fixed rate for electricity generated. This is not inflation linked.



3.8 MW Solar PV installation at Lyreco, Telford

Structure of the Service

Subscription Process

Once the Application Form has been processed and your Subscription received, we will open an account in your name at The Share Centre and invest your Subscription in one or more BR qualifying companies. This usually occurs at each quarter end and we will subsequently send you a contract note detailing the investment made.

BR Qualification

Investors must hold shares in a BR qualifying company for at least two years in order to qualify for Business Relief.

Inheritance

If you die, your executors should contact us with their instructions. Once probate is granted, we will transfer your Portfolio to your beneficiaries. Provided you have held these Shares for at least two years at the time of death, they will receive relief from IHT.

Statements and Updates

We will send you valuation statements and cash statements every six months to show you any changes in your holdings. We will also send you Investor Updates with details of your holdings.

The value of projects in Investee Companies will be valued on a quarterly basis by the Valuer. These valuations will be used by the Investment Manager to determine the share price for Subscriptions and Redemptions in accordance with the International Private Equity and Venture Capital Valuation Guidelines (“IPEV”).

Redemptions

Once an Investor’s Subscription has been invested for 12 months, that Investor may request Redemptions on an ad hoc, semi-annual or quarterly basis. Redemption will be facilitated at the end of each calendar quarter.

Investment amounts

The minimum Subscription for an individual Investor in the Service is £25,000 (the “**Minimum Individual Subscription**”). There is no maximum investment that may be made by an individual Investor.

Your investment may be difficult to realise

Where there are no new Investors to buy your Shares and the liquidity within the Investee Company is insufficient to facilitate a share buy back, a Redemption may take much longer than three months as we may need to arrange for additional financing to facilitate the Redemption or to sell or wind-up underlying businesses in order to realise the cash to return to you. You should not invest unless you understand and accept that in exceptional circumstances it could take several years to access your Investment following a Redemption request.

Client Account

Your money is held by The Share Centre in a client money trust account, and so it is separate from The Share Centre's own bank accounts. Your money is held in compliance with the FCA client money rules. This account will hold all Investors' Subscriptions prior to investment and all proceeds from realisation of the Investments before being distributed to Investors.

Your money may, subject to the level of interest rates, accrue interest which will be credited to your account. If interest is paid to your account then it will be shown on your statements and you may need to include this on your tax return. When an Investment is made, you are the beneficial owner of the Shares and you have a direct interest in the Investee Company.

All documents of title will be held by the Nominee and will be registered in the name of the Nominee.

Documentation and communication

Investors will receive a contract note and details of each investment made on their behalf as and when investments are made.

The Investment Manager will send each Investor half-yearly reports containing details of all investments made by the Service, together with a commentary on the progress of each of those investments.

Tax

It is important you read the section of this document headed "Taxation" as you are likely to be subject to income tax on a redemption.

Potential Conflicts of Interest

- The Service may invest alongside third parties. Such third parties may at any time have economic interests or goals which differ from those of the Investment Manager.
- The Investee Companies may contract with the Investment Manager to provide certain management services.
- The Performance Fee may create an incentive for the Investment Manager to make speculative Investments on behalf of the Service.
- Because the Investment Manager may manage or advise on other investment funds with the same or similar objectives to the Service, it may be relevant for the Investment Manager to have to reach a decision on which of two or more such entities (including the Service) are entitled to participate in the given investment opportunities; in any such case, the Investment Manager will endeavour to exercise its judgement so as to balance the interests of all of its clients.

These are indications of potential conflicts of interest. The list is not exhaustive. The Investment Manager maintains a conflicts policy in relation to the Service and will provide a copy in writing to any Investor who wishes to review it.

Inheritance Tax and Business Relief

Inheritance tax in the UK is currently payable at a rate of 40 per cent on assets above £325,000 for an individual and above £650,000 for a married couple. This is known as the 'nil rate band'.

Your potential inheritance tax bill can be reduced with a little advance planning. The Guinness Sustainable Infrastructure Service invests in companies that benefit from Business Relief. Investments that qualify for Business Relief are not subject to 40 per cent Inheritance Tax.

Business Relief (BR)

Business Relief was introduced in 1976 and gives relief from Inheritance Tax for unquoted shares in certain trading companies when calculating an estate's Inheritance Tax liability.

In order for an investment to qualify for BR, qualifying shares must be owned for at least two years and must be held at the time of death.

Business Relief in Practice

We have used a simple example below to illustrate how Business Relief can help reduce an IHT liability.

Estate A is valued at £1 million, but has not invested in shares that qualify for BR. On death, the estate must pay IHT on the chargeable estate over the nil-rate band at 40 per cent, giving an IHT bill of £270,000.

Estate B is also valued at £1 million, but has invested half this amount in shares that qualify for BR. On death, the estate does not need to pay IHT on the shares that qualify for BR, but only on the balance of value over the nil-rate band at 40 per cent, giving an IHT bill of only £70,000.

	Estate A	Estate B
Value of estate	£1,000,000	£1,000,000
Value after £325,000 'nil rate band'	£675,000	£675,000
Amount invested in BR qualifying assets	£0	£500,000
Amount liable to IHT	£675,000	£175,000
Inheritance Tax payable (@40 per cent)	£270,000	£70,000

Prospective Investors should consult their tax advisers with respect to their own tax situations and the consequences of investing. Please bear in mind that tax rules and their interpretation are subject to change. The examples ignore the Main Residence Nil Rate.

The Investment Manager

Guinness Asset Management was founded in 2003 by Tim Guinness. The company is independent, owned entirely by directors and employees, and focused purely on investment management. The philosophy at the heart of Guinness is to identify opportunities for growth, representing good value. Managers are expected to have a high conviction in the stocks they choose and to invest for the long term.

The Guinness team manages over £1.2 billion, including over £120 million which has been raised and invested in EIS and BR-qualifying companies since 2011. There are 30 staff in London and 4 in the USA.

Guinness Sustainable Infrastructure Service is run by a highly experienced team of professionals with backgrounds in renewable energy, private equity, investment management and corporate finance. Through the team's long involvement in the energy and renewable energy sectors it has developed strong investment skills and a broad professional network, which it leverages in the origination and assessment of investment opportunities.

The Investment Management Team consists of Shane Gallwey, Edward Guinness, Malcolm King and Hugo Vaux. They are joined by Tim Guinness, Andrew Martin Smith and Lord Flight on the Investment Committee.

As well as the Guinness Sustainable Infrastructure Service, Guinness Asset Management runs a range of other investment funds, with specialisms in EIS, global growth and dividend funds, global sector funds and Asian regional and country funds.

EQUITY INCOME FUNDS

Global Equity Income Fund
European Equity Income Fund
Asian Equity Income Fund
Emerging Markets Equity Income Fund

GLOBAL GROWTH FUNDS

Global Innovators Fund

SPECIALIST FUNDS

Global Energy Fund
Alternative Energy Fund
Global Money Managers Fund
Best of China Fund

EIS SERVICES

Guinness EIS Guinness
AIM EIS

ESTATE PLANNING SERVICES

Sustainable Infrastructure Service Best of AIM

Guinness Asset Management provides a range of long only actively managed funds to individual and institutional investors. Founded in 2003, Guinness is independent and is wholly owned by its employees.

QUEEN ANNE'S
GATE SW1

CITY OF WESTMINSTER

The Sustainable Infrastructure Team



Shane Gallwey CFA
Fund Manager

Shane heads up Guinness Asset Management's EIS and Estate Planning investment business. He has advised and invested in growth companies for over twenty years; initially in corporate finance at HSBC Investment Bank where he focused on technology companies, and latterly at Northland Capital Partners with a focus on tax-efficient funding. Shane holds an MA from the University of Edinburgh, and is a CFA Charter holder.



Edward Guinness
Fund Manager

Edward manages the Guinness Alternative Energy Fund. In 1998 he joined HSBC Investment Bank, working in the Utilities and Telecoms teams. He subsequently worked in New York as a merger arbitrage analyst at the Tiedemann Investment Group. He graduated from Cambridge with an MA (Hons) in Engineering and Management Studies.



Dr. Malcolm King
Fund Manager

Malcolm joined Guinness in 2013 with a wealth of venture capital experience. He joined from CT Investments where he led or managed fifteen transactions. He also helped manage the Carbon Trust Angle Incubator, the leading cleantech incubator of its kind in Europe. Malcolm has a PhD in Physical Chemistry from Cambridge University and a BSc(Hons) in Chemistry from the University of Pretoria.





Chris Villiers
Fund Manager

Chris has extensive experience in private equity, particularly in renewable energy. Prior to Guinness he was with EcoSecurities (owned by JP Morgan), latterly as Head of Portfolio Management. Between 1999 and 2004 Chris worked in Corporate Finance at Dresdner Kleinwort Benson. He holds an MA from the University of Edinburgh and an MSc from Imperial College in Environmental Technology.



Hugo Vaux
Fund Manager

Hugo joined the Guinness EIS investment management team in 2012. His role includes sourcing and assessing potential transactions, monitoring existing investments and assisting on marketing. Prior to joining Guinness Hugo gained experience at SandAire Wealth Management undertaking macro-economic analysis in the investment team. He has an MSc in Finance and Investment from the University of Bristol and a BA in Economics from Exeter.



Debbie Mahanta
Business Development

Debbie works as a Business Development professional with over 16 years' of Wealth Management experience and joined Guinness in 2016 to distribute the EIS and Estate Planning solutions offered by the group. She began her career as a Financial Planner at the St. James's Place Partnership before moving to Zurich to work for Goldman Sachs Bank AG and subsequently as a Wealth Planner at UBS Wealth Management. She holds the CII Diploma in Financial Planning and is an active committee member of STEP City of London. Debbie graduated from UCL with BSc (Hons) in Neuroscience.



Tim Guinness

Investment Committee

As founder and Chief Investment Officer of Guinness Asset Management, Tim Guinness is a logic-based value investor with nearly thirty five years of experience. He was Joint Chairman of Guinness Flight Global Asset Management Ltd. Tim graduated from Cambridge University with a degree in engineering, he then completed a Master's Degree in Management Science at the Sloan School M.I.T. in the United States.



Andrew Martin Smith

Investment Committee

Andrew Martin Smith began his career at Hambros Bank in 1975 as a graduate from Oxford University. He has over thirty years of experience in the financial services industry and currently works as a senior adviser with Guinness Asset Management. He is a Director of other investment-related companies including Church House Investments. He was previously Chief Executive of Hambros Fund Management.



Lord Flight

Investment Committee

Howard Flight is Chairman of the EIS Association and a director of Flight and Partners which manages the Flight & Partners Recovery Fund. Lord Flight was the co-founder of Guinness Flight, which merged with Investec in 1998. From 1997 to 2005 he served as a member of parliament and as a member of the Conservative Shadow Treasury Team. He is currently the director of businesses with over £50 billion of funds under management, and sits in the House of Lords.

**QUEEN ANNE'S
GATE SW1**

CITY OF WESTMINSTER

Charges

The Investment Manager

All fees payable to the Investment Manager are disclosed below and the amount of each is specified where possible.

Initial Fee

There is no initial fee for advised Investors.

The Investment Manager will charge non-advised Investors an initial fee of 3 per cent of their Subscription.

Annual Management Charge

An Annual Management Charge of 1.5 per cent of the Net Asset Value of the portfolio charged quarterly in arrears. The Annual Management Charge may be paid by the Investee Companies.

Performance Fee

The Performance Fee will be an amount equal to 20 per cent of Investors' Returns calculated on the excess of returns over the Investment Hurdle. The Investment Hurdle is equal to the Subscription through the Service plus a 3.5 per cent annual rate of return. The Performance Fee will be payable on Redemption.

No further charges to underlying businesses

The Investment Manager will not charge any additional fees to underlying companies beyond those disclosed on this page.

Custodian

The Custodian may deduct fees from your account or from investee companies of up to 0.15 per cent of the value of your investment as an annual management charge and up to 0.275 per cent as a transaction fee.

Intermediaries

If an Investor makes a Subscription through a Financial Intermediary, the Investment Manager can facilitate the payment of an Intermediary Fee out of the Investor's Subscription.

Value Added Tax

VAT will be charged where applicable.

The Guinness Sustainable Infrastructure Service charges no up-front fees for advised clients, and Performance Fees only apply if returns exceed the Investment Hurdle of 3.5%.

Risk Factors

Investors should be aware that investing in small, unquoted companies such as the Investee Companies is high risk and, consequently, an investment in the Service may not be suitable for all Investors. If an Investor is unsure then they should not subscribe to this Service. In any event it is recommended that an Investor seeks specialist independent tax and financial advice prior to subscribing.

Prior to investing, prospective Investors should carefully consider all the risks set out below as well as all other information contained in this Memorandum. The risks are those that the Investment Manager believes to be the key risks associated with participating in the Service. This list is not exhaustive and additional risks and uncertainties, not presently known to the Investment Manager, or which the Manager currently deems immaterial, may also have an adverse effect on the Service and on its investments.

SERVICE RISKS

Target Returns and No Guarantee of Return. Any stated target returns are for illustrative purposes only and no forecast (guaranteed or otherwise) is implied or should be inferred. Investments in small, unquoted companies are likely to be higher risk than other investments. Investors may not get back the full amount subscribed. Investments within the Service may fall as well as rise in value, and some investments may even lose all of their value. All projections, targets, illustrations and assumptions in this Memorandum do not constitute definitive forecasts of the performance of the Service but have been prepared on the basis of assumptions that the Investment Manager considers to be reasonable.

Forward Looking Statements. This Memorandum contains statements that are forward-looking and use language such as “believes”, “expects”, “should”, “may”, “intends” or “aims”. These statements relate to events in the future and as such are subject to uncertainty and involve risk.

Investment Concentration. The size and number of investments may be concentrated. This means that an Investor’s Subscription may be financing a small number of projects, thereby increasing the risk profile of the Service. An adverse investment return from one project can substantially impact on the returns to Investors.

Exit and Liquidity. The Service will invest in small unquoted companies. Such companies by their nature pose a greater investment risk than other companies. There is no market in the Investee Companies’ shares, which means that the investments within the Service will not be readily realisable. Investors should, therefore, consider an investment in to the Service to be a long term investment.

Redemptions. The Investment Manager intends that the shares of investors who wish to redeem are either acquired by new investors or bought back by the Investee Companies. However, new Investors may not be present and redemption is subject to the discretion of the Investment Manager, applicable regulation and the availability of sufficient distributable reserves. The Investment Manager cannot guarantee that Investors will be able to redeem immediately all or any part of their Subscription.

Cessation of Investment Manager. The Investment Manager reserves the right to cease to manage the Service in certain circumstances as set out in the Investor Agreement, in which event it will try to transfer the Investments to another manager or to terminate the Service in an expeditious way. If it does so, there is a possibility that the tax advantages may be lost.

Legal and Regulatory. There may be changes to the legal framework and regulatory status surrounding the Service which may adversely affect the Service and/or its Investors.

Macroeconomic Factors. The targeted returns in this Memorandum are predicated on a number of assumptions including, but not limited to, the current and future levels of retail and consumer price indices and the Bank of England's base rate. Changes to these indicators may negatively affect the returns.

INVESTEES COMPANY RISKS

Investment Return. Investors should be aware that investment returns are dependent upon the performance of individual Investee Companies and projects, the income they generate and whether they perform in accordance with their initial business plans. Outside factors such as the economic climate, market conditions and a change in regulatory environment may all adversely impact on a company's performance.

Valuation. Investing in smaller, unquoted companies such as the Investee Companies is, by its nature, high risk. Information regarding the value or the risks that these companies face may not always be available. In addition, there is no guarantee that the valuation of shares will fully reflect their underlying net asset value, or that the shares can be sold at that valuation.

Minority Interests. An Investor is likely to be the holder of a minority interest in Investee Companies and, consequently, may have little to no influence over the operation of the Investee Companies' activities. The Investment Manager will also exercise the Investors' rights to each business as outlined in the Investor Agreement.

INVESTMENT MANAGER AND ADVISOR RISKS

Deal Flow. Investors should be aware that there is a risk that the Investment Manager may be unable to find a sufficient number of investment opportunities to meet its investment criteria. It may, therefore, be the case that the Service is not fully invested. The level of returns from investments may be less than expected if there is such a delay insofar as all or part of the Service is held in cash or near cash investments for longer than expected, or if the returns obtained on investments are less than planned, or if investments

cannot be realised at the expected time and values. There can be no guarantee that suitable investment opportunities will be identified in order to meet the Service's objectives.

Past Performance. The past performance of investments made by the Investment Manager must not be regarded as an indication of future performance and there is no guarantee that the Service's financial targets will be achieved. Future performance may be materially different from past performance. The value of investments and the income derived from them may go down as well as up and Investors may not get back the full amount invested.

Personnel. The performance of the Service will depend in part upon the skill and expertise of the employees of the Investment Manager. The departure of any of these individuals could have a significant effect on the performance of the Service and its Investee Companies.

RENEWABLE ENERGY RISKS

Government Incentives. The financial performance of renewable energy projects is largely dependent on government subsidy regimes such as Feed-in Tariffs (FITs) and the Renewables Obligation (RO). There is a risk that the current regimes may be changed in both scale and scope which could negatively affect the returns available to investee companies.

Construction Risk. The Investment Manager expects that the Investee Companies will enter into contracts with third party contractors for the design, sourcing and construction of renewable energy projects. If these contractors are unable to fulfil their obligations, the Investee Companies may experience increased expenditure in order to complete works. This could have an adverse effect on the Investee Companies' returns as well as extending the schedule for completion of projects.

Operational Risk. The Investee Companies' assets may experience reduced generation output as a result of technical, geographical or climatic issues which would result in a reduced income for the Investee Companies.

The Investment Manager expects that the Investee Companies will acquire operating projects and may rely on third party due diligence and warranties from the selling parties. If the information provided by these third parties later proves incorrect this could have an adverse effect on Investee Companies.

Market Price Risk. In order to reduce risk, the Investment Manager will seek to invest in Investee Companies which have medium-term Power Purchase Agreements (PPAs) with counterparties for the sale of energy produced by them. These arrangements are dependent on the availability of suitable counterparties in the marketplace. If these counterparties are not available, the Investee Companies may be exposed to price volatility as a result of selling electricity into the marketplace.

Diversification. The Investee Companies are all in the same sector. Therefore, there will be limited diversification and an Investee Company's assets may be concentrated, increasing the risk and potentially adversely affecting performance for Investors.

Force Majeure. While Investee Companies will aim to maintain standard industry-appropriate insurance it may not be possible to insure, on reasonable terms, against "Force Majeure" events such as war, acts of terrorism and extreme weather. Uninsured losses related to any such event would likely have an adverse impact on the returns of the Investee Companies and the Service.

TAX RISKS

Investor

Tax Changes. The levels and bases of reliefs from taxation may change and such changes could apply retrospectively. Rates of tax, tax benefits and allowances described in this Memorandum are based on current legislation and HMRC practice and the Investment Manager's understanding of this legislation. The legislation and practices may change from time to time and are not guaranteed and depend on the individual's circumstances. Neither the Investment Manager, nor the Custodian accepts any liability for any loss or damage suffered by any investor or other person in consequence of such relief being withdrawn or reduced.

Investor Status. The tax reliefs outlined in this document are dependent on an Investor's personal status and, as such, may be affected by changes to their circumstances. In addition, Investors may not be eligible for all the BR outlined and should seek independent tax advice regarding their potential investment.

Investment Rate. While the Investment Manager aims to invest subscriptions in the Service as quickly as possible into BR-qualifying companies, interest income from subscriptions held on deposit may be subject to taxation depending on the Investor's personal circumstances. In addition, BR may be restricted if it is deemed that an insufficient proportion of an Investee Company's assets are being used for the purposes of a BR-qualifying business.

Investor Domicile. The Service has been designed with UK domiciled (or deemed UK domiciled) taxpayers in mind. It may not be advantageous for persons not domiciled in the UK to invest in the Service.

Investee Company

Qualifying Activity. Although the Investment Manager intends to invest only in BR-qualifying companies, if an Investee Company ceases to carry on a BR-qualifying business, this could prejudice its qualifying status for IHT relief. While the Investment Manager will review the Investee Companies on an annual basis, it is unable to guarantee that shares in those companies will all remain eligible for BR .

Main Market Listing. Following the admission of an Investee Company to the main market of the London Stock Exchange, (but not to trading on AIM) or certain overseas stock markets, BR for inheritance tax purposes will cease.

Holding Period. To qualify for BR the investment in Investee Companies will need to be held for no less than two years. Where transfer of ownership occurs less than two years after initial investment the shareholdings in Investee Companies may not be eligible for BR.

Withdrawal of Reliefs. The levels and bases of reliefs from taxation may change or such reliefs maybe withdrawn. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of Investors.

Non-Trade Assets. If an Investee Company owns assets which are not required for the continuation of its BR-qualifying trade a proportionate amount representing the value of these assets may be deducted from the eligible value of the Investee Company. Investors may therefore find that the full value of the shares in Investee Companies may not be eligible for BR.

Frequently Asked Questions

Please call Guinness on 020 7222 3475 if you have any questions regarding the Guinness Sustainable Infrastructure Service. Below are some of the frequently asked questions in relation to the Service.

Please note, however, that the Investment Manager is not in a position to offer any Investor specific advice on whether the Guinness Sustainable Infrastructure Service is suitable for that person's individual circumstances, and no comments which the Investment Manager may make are to be interpreted as such advice.

What is the minimum Subscription?

The minimum Subscription is £25,000. There is no maximum Subscription.

How do I invest in the Guinness Sustainable Infrastructure Service?

Please complete the Application Form and Suitability Questionnaire at the back of this Information Memorandum. The Application Form includes instructions on how to pay in funds and details on where to send the Form. The Custodian will acknowledge receipt of your Application Form and funds as soon as they are received.

Where is my money held before being invested into Investee Companies?

Your money is held by The Share Centre in a client money trust account, and held separate from The Share Centre's own bank accounts. Your money is held in compliance with the FCA client money rules. However, if there is ever a shortfall in the account, then all of the clients whose money is in the account will share in the loss, even if there is no shortfall in their specific contribution to that client money account.

Your money may, subject to the level of interest rates, accrue interest which will be credited to your account. If interest is paid to your account then it will be shown on your statements and you may need to include this on your tax return.

When an Investment is made, The Share Centre is the legal owner of the Shares but you are the beneficial owner of the Shares and you have a direct interest in the Investee Company.

The Share Centre's own Terms of Business are available on their website at www.share.com.

Is the Service a fund?

The Service is a discretionary management service and is not a collective investment scheme in the UK or a collective investment undertaking for EU law purposes.

What happens once I have invested?

Within a week of accepting your Application we will send you a welcome letter providing you with details of your account and returning any identity verification documents you may have sent. When the Investments are made from your account, you will be sent a contract note for each Investment.

Do I have to maintain any minimum investment in the Service?

Yes. If the value of your Portfolio falls below £10,000 then we may choose to terminate our Service and return funds to you.

Are there potential Conflicts of Interest?

Conflicts of interests can arise between different parties in different ways. For example, Guinness runs other investment services that may be focused on investing in similar types of renewables projects as the Service. The Investment Manager may have to decide on which service is entitled to participate in a given investment opportunity. We will endeavour to balance the interests of all clients, and any conflicts of interest are discussed with members of the investment committee.

How can I check the progress of my Investments?

Every six months you will receive an Investor Update which will include a report on your Investments, a portfolio valuation statement and a cash statement.

What if I wish to redeem some or all of my investment?

Once your Subscription has been invested for more than 12 months, we will facilitate Redemptions every quarter. If you want to make regular Redemptions we can also facilitate these. Redemptions may give rise to a tax charge.

Will Guinness pay my Financial Intermediary Fees?

Guinness can apply a proportion of your total subscription towards meeting Financial Intermediary Fees incurred by you in subscribing to the Service. Guinness can also facilitate ongoing payments to your Financial Intermediary for up to three years. Please indicate in your Application Form what Financial Intermediary Fees you would like us to facilitate.



Can I cancel my Subscription to the Service?

You have the right to cancel your Subscription for a period of up to 14 days from the day we accept your Application Form. We will return your Subscription to you as soon as possible. Once we have invested your Subscription we cannot reverse the transaction, but you may apply for a Redemption in the usual way, using the redemption form found at the back of this document.

Taxation

The summary below gives a brief outline of the taxation position of investing in the Service. It does not set out all of the rules that must be met and is intended only as a general guide. This summary should not be construed as constituting advice which Investors should obtain from their own professional advisers before investing in an Investee Company. The taxation levels, bases and reliefs described in this Memorandum are based on existing law and what is understood to be current HMRC practice, but this may be subject to change in the future.

This summary does not purport to be a complete analysis or listing of all the potential UK tax consequences of acquiring, disposing of, or holding Shares. In particular, future legislative, judicial or administrative changes or interpretations could alter or modify the tax treatment set forth below and these changes or interpretations could be retroactive and could affect the tax consequences of investing through the Service or the treatment of any holding or disposal of Shares for Investors. None of the Investment Manager or the Promoter or any of their officers, directors, members, employees, advisers or agents can be held responsible in this regard. Prospective subscribers are advised to consult their own professional advisers on the implications of the acquisition, ownership and disposition of Shares both under UK law and under the laws of any other jurisdictions in which they may be liable to taxation.

Taxation of UK Residents

The following summary, which should be read as a whole, is intended only as a general guide to certain aspects of current UK tax law and HMRC practice as at the date of this document and applies only to certain Investors resident and domiciled for tax purposes in the UK and who hold their Shares beneficially and as an investment. This summary does not constitute legal or tax advice. It does not apply to particular classes of Investor, such as: (i) Investors who are taxable in the UK on a remittance basis; (ii) Investors who are subject to special tax rules such as banks, financial institutions, broker-dealers, insurance

companies, trustees of certain trusts and investment companies; (iii) Investors subject to mark-to-market treatment; (iv) Investors who hold Shares in connection with a trade, profession or vocation carried out in the UK (whether through a branch, agency or otherwise); (v) Investors who hold Shares as part of hedging or commercial transactions; (vi) Investors who receive their Shares by exercising employee share options or otherwise as compensation or persons who have acquired or who are deemed to have acquired their Shares by virtue of any office or employment; or (vii) Investors who are not resident and not domiciled in the UK for tax purposes.

Investors

Inheritance Tax (IHT)

Individuals in the UK have a tax free allowance for IHT purposes which is currently set at £325,000 for individuals, and married couples each have an allowance of £325,000. The unused part of the allowance can be transferred to the surviving spouse. The Government is gradually introducing an additional nil-rate band (the Main Residence Nil Rate Band), currently at £125,000 from 6 April 2018, rising to £175,000 from 6 April 2020, when a residence is passed on death to a direct descendant and where the total value of the estate does not exceed £2 million after exemptions but before reliefs (including BR). Estates that are valued above this threshold are liable to incur tax of 40 per cent on their value.

Business Relief (BR)

BR is a tax relief that was introduced by the UK Government in order to encourage investment into certain kinds of trading businesses, and to allow the transfer of family businesses down through the generations. The relief ranges from 50 per cent to 100 per cent depending on the exact nature of the businesses.

The main requirements for BR in relation to the Shares are that the Investor has owned the Shares for at least two years at the time of disposal, the Shares are unquoted and that the business of an Investee Company is a qualifying business for BR. This requires an Investee

Company and/or its Subsidiaries to be one which will not be wholly of mainly dealing in securities, stocks or shares, land or buildings or making or holding investments.

If the business of an Investee Company and/or its Subsidiary is a qualifying business for BR, excepted assets can reduce the relief available to the extent that there are assets which have not been used for the purpose of the business and are not required for the future use of the business.

If an Investor holds the Shares for fewer than two years so that they do not qualify for BR in their own right, but the Investor has previously held other assets qualifying for BR, it may be possible to aggregate the combined ownership period in order to qualify for BR on the Shares if the combined ownership covers at least two years out of the previous five years. The BR available would be limited to that which would have been available on the previously owned asset and the proceeds from the previously owned asset must be fully reinvested in the Shares.

It is the intention of the Service that an Investee Company's affairs be managed in order that shareholdings in that Investee Company qualify for full relief from IHT through BR.

Dividends

From April 2018 the tax-free dividend allowance is £2,000. Above this allowance, higher rate tax payers will pay dividend tax at a rate of 32.5% on dividend income in the higher rate band, and additional rate tax payers will pay dividend tax at a rate of 38.1% on dividend income within the additional rate band.

Disposals of shares – capital gains tax and income tax

Investors who are resident in the UK are liable to capital gains tax on any gain when they sell their Shares to third parties. The rate of capital gains tax on shares is currently 10 per cent or 20 per cent depending on the level of an Investor's income.

If sold by their executors after their death there is a flat rate of capital gains tax of 20 per cent, but in calculating the gain there is a tax free uplift in the base cost of the Shares to the market value at the

date of their death. Any gain may also be reduced by the annual capital gains tax exemption available to an Investor's executors. If, rather than the Shares being redeemed by an Investee Company, the shares are sold to a new Investor then the gain on those shares since acquisition will be subject to capital gains tax (subject to available exemptions and reliefs).

If the Shares are redeemed by an Investee Company, the redemption amount paid above the subscription price of those Shares may be subject to income tax instead of capital gains tax.

Stamp duty and stamp duty reserve tax (SDRT)

The following comments are intended as a guide to the general UK stamp duty and SDRT position and (except insofar as expressly referred to below) do not relate to persons such as market makers, brokers, dealers, intermediaries, persons connected with deposit receipt arrangements or clearance services or persons who enter into sale and repurchase transactions in respect of the Shares, to whom special rules apply.

No United Kingdom stamp duty or SDRT will be payable on the issue of the Shares direct to persons acquiring those shares through the Service.

United Kingdom stamp duty or SDRT will be payable on a transfer of, or agreement to transfer, Shares. This is normally at a rate of 0.5 per cent of the consideration, rounded up in the case of stamp duty to the nearest £5.

The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

Investors Relief

Shares subscribed for through the Service by Investors may qualify for Investors Relief (IR), which offers Investors a 10% capital gains tax rate on gains in shares in unlisted trading companies providing those shares have been held for at least three years. The Investor cannot be connected to the Company and there is a lifetime IR cap of £10 million of qualifying gains.

Important Notice

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENT OF THIS INFORMATION MEMORANDUM (“MEMORANDUM”) AND/OR ANY ACTION THAT YOU SHOULD TAKE, YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) WHO SPECIALISES IN ADVISING ON OPPORTUNITIES OF THIS TYPE. INVESTMENT THROUGH THE GUINNESS SUSTAINABLE INFRASTRUCTURE SERVICE (THE “SERVICE”) WILL NOT BE SUITABLE FOR ALL RECIPIENTS OF THIS MEMORANDUM.

This Memorandum constitutes a financial promotion pursuant to Section 21 of FSMA and is approved by Guinness Asset Management Limited (the “**Investment Manager**” or “**GAM**”), which is authorised and regulated by the Financial Conduct Authority (“**FCA**”) with permission reference number 223077, on the basis that it is only for communication by intermediaries authorised and regulated by the FCA to clients (including, but not limited to, retail clients) for whom they consider an investment through the Service to be suitable in accordance with the FCA Rules.

If you are not a person to whom the above category applies, this Information Memorandum is not intended for you and you should place no reliance upon it for any purposes. Distribution of this Information Memorandum other than in accordance with the relevant exemptions mentioned above is not authorised by Guinness Asset Management Limited and may contravene FSMA.

Any references to tax laws or levels in this Information Memorandum are subject to change and an Investor's own personal circumstances. Past performance is not a reliable indicator of future performance and may not be repeated. The value of the investments made by the Service can go down as well as up and you may not get back the full amount invested. You should consider an investment through this Service as a medium to long term investment.

This Memorandum constitutes an offer to engage in investment activity and does not constitute an offer to sell or a solicitation of an offer to purchase securities and in particular does not constitute an offering in any state, country or other jurisdiction where, or to any person or entity to whom, an offer or sale would be prohibited.

This Memorandum contains information relating to an investment through the Service, which is a discretionary management service. An investment may only be made on the basis of this Memorandum and the Investor Agreement in this Memorandum. All reasonable care has been taken by Guinness Asset Management Limited to ensure that the facts stated in this Memorandum are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion in this Memorandum misleading. All statements of opinion or belief contained in this Memorandum and all views expressed and statements made regarding future events represent an assessment and interpretation of information available as at the date of this Memorandum. No representation is made or assurance given that such statements or views are correct or that the objectives of the Service will be achieved. Prospective Investors must determine for themselves what reliance (if any) they should place on such statements, views or forecasts, and no responsibility is accepted by the Investment Manager in respect thereof.

The Manager of the Service is Guinness Asset Management Limited (the “**Investment Manager**”), which is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 223077.

Nothing in this Memorandum constitutes investment, tax, legal or other advice by Guinness Asset Management Limited, the Investment Manager or the Promoter and your attention is drawn to the section headed “**Risk Factors**” in this Memorandum.

Parties and Advisers

Investment Manager Guinness Asset Management Limited
14 Queen Anne's Gate
London
SW1H 9AA

Solicitors DWF LLP
20 Fenchurch Street
London
EC3M 3AG

Custodian The Share Centre
Oxford House
Oxford Road
Aylesbury
Buckinghamshire
HP21 8SZ

Tax Advisers Philip Hare & Associates LLP
Suite C - First Floor
4-6 Staple Inn,
Holborn, London
WC1V 7QH

Valuers Turquoise International Limited
2 Lambeth Hill
London
EC4V 4GG

Definitions

Application	means an application to the Service with a completed Application Form
Application Form	means the application form (or substantially the same form) as available on the Guinness website
Business Relief or BR	business relief as set out in Chapter I, Part V IHTA 1984
CGT	capital gains tax
Custodian	The Share Centre or such person as the Investment Manager may appoint to provide, and with whom it has agreed terms for, safe custody or custodial or nominee services in respect of the Service as defined in the Investor Agreement
Disposal	
Exit	means a Sale, Disposal or Listing of Investee Company
FCA	the Financial Conduct Authority and any statutory successor of it (or any other body to which its statutory functions have been delegated)
FCA Rules	the rules and guidance issued and modified by the FCA from time to time
Financial Intermediary	an authorised intermediary who signs the Application Form and whose details are set out in the Application Form
FSMA	Financial Services and Markets Act 2000
Guinness	Guinness Asset Management Limited
Inheritance Tax or IHT	inheritance tax
IHTA 1984	Inheritance Tax Act 1984
Information Memorandum or Memorandum Investee Company	this document
Investments	a company limited by shares into which subscriptions for shares are made by the Investment Manager on behalf of Investors share and other securities issued by Investee Companies for which the Investment Manager subscribes on behalf of an Investor
Investment Manager	Guinness Asset Management Limited, which is authorised and regulated by the Financial Conduct Authority with Firm Reference Number 223077
Investor	an individual (and in certain circumstances a trustee or corporate) who completes an Application Form which is accepted by the Investment Manager and so enters into the Investor Agreement and invests in Investee Companies through the Service
Investor Agreement	agreement to be entered into between each Investor and the Investment Manager, in the terms set out at the end of this Memorandum

Investor Update	an update in writing provided to each Investor on their Investments
Investors Relief	shares held through the Service by Investors should qualify for Investors Relief (IR), which offers Investors a 10% capital gains tax rate on gains on shares in unlisted trading companies providing those shares have been held for at least three years. The Investor cannot be connected to the Company and there is a lifetime IR cap of £10 million of qualifying gains.
ITA 2007	Income Tax Act 2007
Listing	as defined in the Investor Agreement
Nominee	The Share Centre, Custodian or such nominee as the Investment Manager or Custodian may appoint to act as the Investor's nominee from time to time
Portfolio	the Investments made through the Service held on behalf of an Investor
Redemption	redemption of shares by an Investee Company
Return	cash consideration or, in the event of a Listing, quoted shares to be valued at their price per share at the time of issue and all dividends and all other payments received in respect of a Portfolio
Sale	as defined in the Investor Agreement
Service	the Guinness Sustainable Infrastructure Service
Shares	shares and other securities issued by an Investee Company and subscribed for by the Investment Manager through the Service means
Sustainable Energy	energy generation or production from sustainable sources such as solar, wind, hydro and biomass
Investor	an individual (and in certain circumstances a trustee or corporate) who completes an Application Form which is accepted by the Investment Manager and so enters into the Investor Agreement and invests in Investee Companies through the Service
Subscription	amount subscribed through the Service, as set out in the Application Form
Two Year Period	period beginning on the date the Shares in an Investee Company are issued and ending two years after that date
Valuers	Turquoise International Limited

Words used in this Memorandum denoting any gender should be read as including all genders and includes individuals, trusts and limited companies.

Investor Agreement

Guinness Sustainable Infrastructure Service

The Guinness Sustainable Infrastructure Service is a discretionary investment management service provided by Guinness Asset Management Limited which is authorised and regulated by the Financial Conduct Authority and whose principal place of business is at 14 Queen Anne's Gate, London SW1H 9AA.

This Investor Agreement (the "Agreement") sets out the terms and conditions for the Guinness Sustainable Infrastructure Service. Acceptance of an Investor's Application Form by the Investment Manager will constitute a binding agreement between that Investor and the Investment Manager.

1. Definitions

- 1.1. This Agreement employs the same defined terms as are found in the Definitions section of the Information Memorandum.
- 1.2. Words and expressions defined in the FCA Rules which are not otherwise defined in or for the purposes of this Agreement shall, unless the context otherwise requires, have the same meaning in this Agreement.
- 1.3. Any reference to a statute, statutory instrument or to rules or regulations shall be references to such statute, statutory instrument or rules and regulations as from time to time amended, re-enacted or replaced and to any codification, consolidation, re-enactment or substitution thereof as from time to time in force.
- 1.4. Words denoting any gender shall include all genders. References to the singular only shall include the plural and vice versa.
- 1.5. Unless otherwise indicated, references to Clauses shall be to Clauses in this Agreement.
- 1.6. Headings to Clauses are for convenience only and shall not affect the interpretation of this Agreement.

2. Investing in Guinness Sustainable Infrastructure Service

- 2.1. By signing the declaration contained in the Application Form, the Investor agrees to be bound by the terms and conditions of this Agreement.
 - 2.2. It is the responsibility of an Investor's Financial Intermediary to assess whether the Service is on application and remains suitable. The Investment Manager does not make any representation that the Portfolio is suitable or appropriate for the specific needs and requirements of an Investor.
 - 2.3. The Investor hereby appoints the Investment Manager to manage the Portfolio for the Investor on the terms set out in this Agreement. The Investment Manager agrees to accept its appointment and obligations on the terms set out in this Agreement.
 - 2.4. The Investment Manager has discretion to exercise or decline to exercise any conversion, subscription, voting or other rights relating to investments held in the Portfolio, and to give suitable instructions to the Custodian, without consulting with the Investor beforehand. By entering into this Agreement, the Investor authorises the Investment Manager to act on their behalf and exercise all rights attaching to the investments held in their Portfolio as it shall deem fit at its discretion.
 - 2.4. The Investment Manager has discretion to exercise or decline to exercise any conversion, subscription, voting or other rights relating to investments held in the Portfolio, and to give suitable instructions to the Custodian, without consulting with the Investor beforehand. By entering into this Agreement, the Investor authorises the Investment Manager to act on their behalf and exercise all rights attaching to the investments held in their Portfolio as it shall deem fit at its discretion.
- ### 3. Services
- 2.5. This Agreement will take effect on the date the Investment Manager accepts the completed and signed Application Form.

3.2. The Investment Manager will exercise all discretionary powers in relation to the selection of, or exercising rights relating to, the Portfolio on the terms set out in this Agreement.

3.3. The Investment Manager has engaged the Custodian to provide safe custody services in relation to the Portfolio Investments and the cash.

4. Right to cancel

4.1. The Investor has the right to cancel this Agreement for a period of up to 14 days from the day on which the Investment Manager accepts the Investor's Application Form. If the Investor wishes to cancel this agreement, he must submit a cancellation request to the Custodian. In the event of cancellation:

4.1.1. the Investor will receive back from the Custodian his Subscription, net of the Custodian's reasonable processing costs, within 28 days of the Custodian receiving the cancellation request; and

4.1.2. all further provisions of this Agreement shall cease thereupon to apply.

4.2. The right to cancel under the FCA Rules does not give the Investor the right to cancel, terminate or reverse any particular investment transaction executed for the account of the Investor before cancellation takes effect.

5. Subscriptions

5.1. In respect of the Service:

5.1.1. Subscriptions must be made of not less than £25,000 and shall normally be in £1,000 increments above the minimum amount.

5.1.2. The Investment Manager reserves the right not to proceed with the Service, in which case the Investment Manager shall treat the Investor's Subscription as being subject to a redemption request validly received in accordance with Clause 6, and this Agreement will be terminated.

5.1.3. In order to subscribe to the Service, the Investor shall:

(a) deliver to the Investment Manager the relevant completed Application Form;

(b) make payment of the subscription monies as directed in the Information Memorandum and Application Form; and

(c) where applicable, provide to the Custodian such information and documentation to allow the Custodian to satisfy its anti-money laundering requirements and suitability requirements in respect to the Investor.

5.1.4. The Investment Manager is entitled at its discretion to reject (in part or in full) any Application Form.

5.1.5. On the Investment Manager notifying an Investor that his Application Form is accepted then, the payment of the Subscriptions hereunder shall be irrevocable if outside the fourteen (14) day cancellation period and immediately if such period has been waived, and such Investor shall not under any circumstances be able to demand repayment of them. In the event that an Application Form is not accepted then any Subscriptions paid by such Investor to the Investment Manager shall be returned to the relevant Investor (after deduction of any costs in respect of returning such monies incurred in respect of such Investor) and on the date of return such person shall cease to be a Party to this Agreement for the purposes of receiving benefits and/or enforcing rights.

5.2. The Investor may only terminate the Agreement pursuant to Clause 17 below.

6. Redemptions

- 6.1. The Investor may make a request for the Redemption of their shares at any time. The Investment Manager will endeavour to return funds by the end of the quarter following the receipt of a Redemption request.
- 6.2. The Investor should note that it may not be practicable for their holding in Investee Companies to be sold, which may cause a delay in completing the Redemption.
- 6.3. Investors should also note that they are likely to lose IHT Relief in respect of the funds withdrawn from the Service.
- 6.4. The first request must be scheduled for at least 12 months after the date of initial Subscription.
- 6.5. Any request for Redemption of Shares must be made in writing to the Investment Manager stating the amount of investment to be withdrawn or Shares to be redeemed (“Redemption Notice”). A Redemption Notice, once served, is irrevocable but the Investment Manager, in its absolute discretion, reserves the right to accept or reject the request for redemption or effect a disposal of Shares from a Portfolio for Investors who request the Redemption of their Shares to applicants for Shares by way of matched bargain price.

7. Investment Objectives and Restrictions

- 7.1. The Investment Manager will seek to acquire Investments in one or more Investee Companies which are trading or hold shares and other financial instruments in trading subsidiaries.
- 7.2. The Investment Manager will target Investments in one or more Investee Companies which they reasonably believe qualify for BR and are likely to remain so. The Investment Manager cannot guarantee that an investment at all times thereafter. There is no maximum number of Investee Companies in which the Investment Manager may invest. We may choose to structure any Investment through one or more holding companies.

- 7.3. No monies shall be borrowed for the account of the Investor’s Portfolio. No investments in warrants, in units in collective investment schemes or in derivatives of any sort shall be made in the Investor’s Portfolio.

8. Terms Applicable to Dealing

- 8.1. In effecting transactions for the Service, the Investment Manager will act in accordance with the FCA Rules and will ensure that best execution is sought at all times and deals are made on such markets and exchanges and with such counterparties as the Investment Manager thinks fit. The Investment Manager maintains a written execution policy with respect to these matters and will provide the Investor with a copy upon written request.
- 8.2. Where relevant, it is agreed that all transactions will be effected in accordance with the rules and regulations of the relevant market or exchange and they shall take all such steps as may be required or permitted by such rules and regulations and/or by good market practice. All transactions in Investments will be subject to the rules and customs of the exchange or market and/or clearing house through which the transactions are executed and to all Applicable Laws so that:
 - 8.2.1. if there is any conflict between the provisions of this Agreement and any such rules, customs or Applicable Laws, the latter shall prevail; and
 - 8.2.2. action may be taken as thought fit in order to ensure compliance to any such rules, customs or Applicable Laws. The Investor acknowledges that the Portfolio will be invested in one or more unlisted securities and, there is generally no relevant market or exchange and consequent rules and customs, and there will be varying practices for different securities. Transactions in shares of such securities will be effected on the best commercial terms which can be secured.

8.3. Subject to the FCA Rules, transactions for the Portfolio may be aggregated with those of other clients of the Investment Manager (including other Investors), and of the Investment Manager's employees and associates and their employees. Investments made pursuant to such transactions will be allocated on a fair and reasonable basis in accordance with the FCA Rules and endeavours will be made to ensure that the aggregation will work to the advantage of each of the Investors, but the Investor acknowledges that the effect of aggregation may work on some occasions to their disadvantage.

8.4. Sale proceeds of Investments receivable by your Portfolio will, respectively, only be credited to that Portfolio when settlement is effected in full. Where settlement with a relevant counterparty in respect of a transaction is not effected in full, the Investor will, as against all other Investors whose transactions were effected for settlement with the relevant counterparty:

8.4.1. if purchasing Investments, be entitled to Investments actually delivered by the relevant counterparty and thereafter to a cash sum from the client settlement bank account equal to the whole or relevant part of the sum debited to the account in respect of the relevant Investments; and

8.4.2. if selling Investments, be entitled to cash actually paid to such relevant counterparty and thereafter to Investments held by the Custodian in the nominal value of the bargain made for the Investor.

9. Custody and Administration Arrangements

9.1. The Investment Manager has engaged the Custodian to provide a custody, safe-keeping and administration service for Investors and the Service. The Custodian engages with each Investor pursuant to its own terms of business, a copy of which will be provided to each Investor by the Investment Manager and which may be obtained from the Custodian's own web site www.share.com. For the avoidance of doubt:

9.1.1. references to the Custodian in this Clause 9 (and in this Agreement generally) do not themselves create a contractual relationship between the Custodian and the Investment Manager; but

9.1.2. where such references define the role and function of the Custodian and are for any reason inconsistent with the provisions of the Custodian's own terms of business, then the Custodian's own terms of business shall be read and construed as if amended by the provisions in this Agreement which reference the Custodian; and

9.1.3. insofar as the Custodian's own terms of business purport to offer services which go beyond those that the Custodian is required or expected to perform in the context of the Service, the Investor is free to avail himself of such extra services of the Custodian provided that these are not in material conflict with the Investor's obligations or the Investment Manager's duties under this Agreement.

9.2. The Custodian will be responsible for the safe keeping of Investments and cash comprised in the Service, including the settlement of transactions, collection of income and the effecting of other administrative actions in relation to the Investments.

9.3. Investments will be registered in the name of the Nominee on behalf of the Investor, and will therefore be beneficially owned by the Investor at all times, but the Nominee will be the legal owner of the Investments in the Portfolio.

9.4. The Custodian will hold any title documents or documents evidencing title to the Investments on behalf of the Investor.

9.5. An Investment may be realised in order to discharge an obligation of the Investor under this Agreement, for example in relation to payment of fees, costs and expenses.

- 9.6. The Custodian will arrange for the Investor to receive details of any meetings of shareholders in Investee Companies and any other information issued to shareholders in Investee Companies if the Investor at any time in writing requests such details and information (either specifically in relation to a particular Investment or generally in respect of all Investments). The Investor shall be entitled, as a matter of right, to require the Nominee to appoint the Investor as his proxy to vote as the Investor may see fit at any meeting of shareholders in a company in which an Investment is held for the Investor in respect of such Investor's beneficial shareholding.
- In the case of an Investor who is not validly appointed as the Nominee's proxy for the purposes of a meeting of the shareholders of a company in which an Investment is held for that Investor, the Nominee will appoint the Investment Manager as its proxy to vote at that meeting to the extent that the voting and other rights exercisable by the Investment Manager shall not exceed 50% of the aggregate rights relating to any Investment.
- 9.7. The Custodian will hold cash subscribed by the Investor in accordance with the Client Money Rules of the FCA.
- 9.8. The Custodian will not be liable to an Investor in the event of any loss in value of funds invested or any insolvency of any bank with which funds are deposited in accordance with this Agreement, nor in the event of any restriction on the Investment Manager's ability to withdraw funds from such bank for reasons reasonably beyond the control of the Investment Manager.
- 9.9. Such cash balance will be deposited with an authorised credit institution in the name of the Custodian. The Custodian may debit or credit the Investor's account for all sums payable by or to the Investor (including dividends receivable in cash and fees and other amounts payable by the Investor).
- 9.10. Interest will be payable on credit balances in the bank account at rates published by the Custodian on their website: www.share.com.
- 9.11. Investments and cash held by the Custodian shall be subject to a general lien and right to offset against all amounts owing to the Custodian from time to time.
- 9.12. The Investor's money is held by the Custodian in compliance with the FCA client money rules in a client money account under customer trust status, and is thus separate from the Custodian's own accounts. Due to the nature of the account and the way the FCA rules work, if there is ever a shortfall in the account following an insolvency event in respect of the Custodian, then all of the clients whose money is in the account will share in the loss, even if there is no shortfall in their specific contribution to that client money account.
- 9.13. While Investments we buy for you are not pooled into any entity or a collective investment scheme, the way the Custodian holds Investments on your behalf means that those Investments may not be identifiable by separate certificates or other documents of title. If there is an insolvency event in respect of the Custodian and there is a shortfall you will share proportionately in any shortfall in respect of any class of Investment.

10. Reports and Information

- 10.1. The Investment Manager shall send the Investor a report every six months, in compliance with the FCA Rules. Reporting will commence following the first anniversary of the Closing Date. Reports will include a measure of performance once valuations are available for the Investments.
- 10.2. The Investment Manager will approve the valuation of investments on a basis consistent with the valuation principles issued by the British Private Equity and Venture Capital Association from time to time. All investments will be valued at close of business on the last day of each quarter, or the previous Business Day should this fall on a weekend or Bank Holiday.
- 10.3. Details of dividends which are received in respect of the Investments will be provided in respect of each tax year ending 5 April and appropriate statements sent to the Investor.

- 10.4. Contract notes will be provided for each transaction for the Investor's Portfolio.
- 10.5. The Investment Manager shall supply (or arrange for the Custodian to supply) such further information which is in its possession or under its control as the Investor may reasonably request as soon as reasonably practicable after receipt of such request.
- 10.6. Any statements, reports or information provided to the Investor will state the basis of any valuations of Investments provided.
- 10.7. The performance of the Investments held within the Portfolio will not be measured against any stock market or other index. Periodic statements will also show any interest credited to the Portfolio, fees charged or accrued and transactions made within the period.

11. Fees and Expenses

- 11.1. Fees and expenses are summarised on page 18 of the Information Memorandum.
- 11.2. The Investment Manager and the Custodian shall receive fees for their respective services, and reimbursements of costs and expenses, as set out below.
- 11.3. No initial fee will be charged to advised Investors. Non-advised Investors will be charged an initial charge of 3% of their Subscription by the Investment Manager.
- 11.4. An annual management fee of 1.5%, based on the current value of the Portfolio, will be charged quarterly in arrears. This fee may be paid by Investee Companies.
- 11.5. The Investment Manager may facilitate fee payments to Financial Advisers on behalf of the Investor.

The Investor confirms that any charges payable are to reflect ongoing services received in relation to their investment in the Service. The Investor has the right to cancel or change the facilitation of ongoing charges at any time by notice in writing to the Investment Manager.

Where the Investor requests that facilitation of ongoing charges be paid to a new Financial Adviser in relation to the Service, this request must be made in writing to the Investment Manager. All facilitation payments will be paid annually in arrears.

- 11.7. A performance fee of 20% of Investor's returns calculated on the excess of returns over the Investment Hurdle will be charged by the Investment Manager. The Performance Fee is only payable provided returns exceed the Investment Hurdle. The Investment Hurdle is equal to the Subscription through the Service plus a 3.5 per cent annual compounded return. The Performance Fee is charged on termination of this Agreement or when there is a Redemption.
- 11.8. Fees payable to the Custodian may be deducted by the Custodian at source, upon presentation of invoice to the Investment Manager.
- 11.9. All costs and expenses are stated exclusive of VAT, if applicable.

12. Management and administration obligations

- 12.1. The Investment Manager and the Custodian shall devote such time and attention and have all necessary competent personnel and equipment as may be required to enable them to provide their respective services properly, efficiently and in compliance with the FCA Rules.

13. Obligations of the Investor

- 13.1. The Investor confirms that the information stated in the Application Form in these (and all other) respects is true and accurate as at the date of this Agreement.

13.2. The Investor agrees immediately to inform the Investment Manager in writing of any material change in circumstance and any change in the information provided in the Application Form.

13.3. The Investor agrees to provide the Investment Manager with any information which it reasonably requests for the purposes of managing the Service pursuant to the terms of this Agreement.

14. Delegation and Assignment

The Investment Manager may, where reasonable, employ agents, including associates, to perform any administrative, custodial or ancillary services to assist the Investment Manager in performing its services, in which case it will act in good faith and with due diligence in the selection, use and monitoring of agents. Any such employment of agents shall not affect the liability of the Investment Manager under the terms of this Agreement.

15. Potential Conflicts of Interest and Disclosure

15.1. The Investment Manager may provide similar services or any other services whatsoever to any other client and shall not in any circumstance be required to account to the Investor for any profits earned in connection therewith. So far as is deemed practicable it will use all reasonable endeavours to ensure fair treatment as between the Investor and other clients in compliance with the FCA Rules.

15.2. The Investment Manager has in place a conflict of interest policy (the "Conflicts Policy") pursuant to the FCA Rules which sets out how it identifies and manages conflicts of interest.

15.3. Under the Conflicts Policy, the Investment Manager is required to take all reasonable steps to identify conflicts of interest between:

15.3.1. the Investment Manager, including its employees and contracted consultants, or any person directly or indirectly linked to them by control, and a client of the Investment Manager; or

15.3.2. one client of the Investment Manager and another client.

15.4. Investee Companies may receive other equity investments and/or debt investments from funds managed by the Investment Manager. Accordingly the Investment Manager may be entitled to gains, profits or fees from Investee Companies other than detailed in the Information Memorandum.

15.5. The Investment Manager believes that it should identify any conflicts that may arise in other situations including between the Investment Manager and any of its shareholders. Where the Investment Manager owes a duty to such clients, it must maintain and operate arrangements to prevent any conflict from giving rise to a material risk of damage to the interests of its clients.

15.6. A copy of the Conflicts Policy is available upon request from the Investment Manager.

16. Liability of the Investment Manager

16.1. The Investment Manager will at all times act in good faith and with reasonable care and due diligence. Nothing in this paragraph shall exclude any duty or liability owed to the Investor by the Investment Manager under the FCA Rules.

16.2. The Investment Manager shall not be liable for any loss to the Investor arising from any investment decision made in accordance with the Investment objectives set out in the Information Memorandum or for other action in accordance with this Agreement, except to the extent that such loss is directly due to the negligence or wilful default or fraud of the Investment Manager or of its Associates or any of their respective employees.

16.3. The Investment Manager shall not be liable for any defaults of any counterparty, agent, banker, nominee or other person or entity which holds money, investments or documents of title for the Service, other than such party which is its Associate.

- 16.4. Nothing in this Agreement will operate to exclude or restrict any Party's liability for death or personal injury caused by its negligence, or the negligence of its employees, or subcontractors or its fraud, wilful default or fraudulent misrepresentation, or any liability which cannot be limited or excluded under the FCA Rules.
- 16.5. In the event of any failure, interruption or delay in the performance of the Investment Manager's obligations resulting from acts, events or circumstances not reasonably within its control including but not limited to acts or regulations of any governmental or supranational bodies or authorities and breakdown, failure or malfunction of any telecommunications or computer service or systems, the Investment Manager shall not be liable or have any responsibility of any kind to any loss or damage thereby incurred or suffered by the Investor.
- 16.6. The Investment Manager has carried out an assessment of the suitability of the Service for the Investor (by means of relying on the Investor's Financial Intermediary having advised the client). However, the Investment Manager does not give any representations or warranty as to the performance of the Portfolio. The Investor acknowledges that the Service will make high risk Investments, being non-readily realisable investments. There is a restricted market for such Investments and it may therefore be difficult to sell the Investments or to obtain reliable information about their value. The Investor undertakes that he has considered the suitability of investment in Qualifying Companies carefully and has noted the risk warnings set out in the Information Memorandum.
- 17.3. Termination will not affect accrued rights or any contractual provision intended to survive termination, in particular in relation to the liquidation and/or distribution of the Portfolio. Following termination the Investment Manager will liquidate the investments in the Portfolio in an orderly fashion. The net proceeds of sale will be remitted to the Investor after all deductions permitted by this Agreement.
- 17.4. The Investment Manager reserves the right to settle outstanding transactions for the Portfolio at the effective date of termination. Where the Investment Manager is required to liquidate the Portfolio, this may take place over an extended period of time as there may be limited liquidity for the investments. Subject to this, termination will take effect on the date stated in the written notice of termination provided that date is no earlier than the date of receipt of the termination notice by the Investment Manager or any later date agreed with the Investor; and shall be without prejudice to the completion of transactions already initiated, which shall be completed in an orderly manner.
- 17.5. On termination, the Investor will be liable to pay:
- 17.5.1. all fees and other charges accrued and remaining outstanding at the date of termination pursuant to the terms of this Agreement;
- 17.5.2. any additional expenses necessarily incurred by the Investment Manager in terminating this Agreement and winding up the Portfolio; and
- 17.5.3. any charges in connection with liquidating the Portfolio or transferring the investments into the Investor's name.
- 17.6. On termination, the Investment Manager may retain and/or realise such investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities.

17. Termination

- 17.1. The Investor may terminate this Agreement at any time by giving the Investment Manager 30 days notice in writing.
- 17.2. Where required to do so by applicable law or regulation or where the value of an Investor's Portfolio falls below £10,000 (as valued by the Investment Manager) or where it becomes impossible, impractical or unreasonable for the Investment Manager to continue to manage the Portfolio, then the Investment Manager may

17.7. The Investor acknowledges that if Qualifying Investments are sold, they will lose any potential entitlement to BR unless the sale proceeds are re-invested into other relevant business property, and HM Revenue & Customs accepts that the new Qualifying Investments have replaced the old Qualifying Investments within the meaning of section 107 Inheritance Tax Act 1984.

17.8. Investors will receive a closing valuation of the Portfolio prepared in the manner described above once all outstanding transactions have been accounted for and from which point management responsibility for the Portfolio will cease entirely.

17.9. If:

17.9.1. the Investment Manager gives to the Investor not less than three months' written notice of its intention to terminate its role as Investment Manager under this Agreement; or

17.9.2. the Investment Manager ceases to be appropriately authorised by the FCA or becomes insolvent;

then the Investment Manager shall endeavour to make arrangements to transfer the Service, Subscription and documentation relating to the Investments and Portfolio to another appropriately constituted and authorised fund manager in which case that fund manager shall assume the role of the Investment Manager under this Agreement by signing a deed of adherence to this Agreement failing which this Agreement shall terminate forthwith and, the Investments in the Portfolio shall be transferred into the Investor's name or as the Investor may otherwise direct.

18. Consequences of Termination

18.1. On termination of this Agreement, the Investment Manager will use reasonable endeavours to complete all transactions in progress at termination expeditiously on the basis set out in this Agreement.

18.2. Termination will not affect accrued rights, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payments save that the Portfolio will bear the cost of fees, expenses and costs

to survive termination and will be without penalty or other additional payments save that the Portfolio will bear the cost of fees, expenses and costs properly incurred by the Investment Manager or the Custodian up to and including the date of termination and payable under the terms of this Agreement.

18.3. Upon termination of this Agreement, the Parties will as soon as practicable return or destroy (as directed by the supplying Parties) all Confidential Information to the Party which supplied such Confidential Information subject to the Investment Manager's obligation to maintain records in accordance with the FCA rules.

18.4. On termination, the Investment Manager may retain and/ or realise such Investments as may be required to settle transactions already initiated and to pay the Investor's outstanding liabilities, including fees, costs and expenses payable under this Agreement.

19. Confidential Information

19.1. Neither the Investment Manager nor the Investor shall disclose to third parties information the disclosure of which by it would be or might be a breach of duty or confidence to any other person.

19.2. The Investment Manager shall not be required to take into consideration for the purposes of this Agreement information which comes to the notice of an employee, officer or agent of the Investment Manager or of any Associate but does not come to the actual notice of the individual employees, officer or agent of the Investment Manager providing services under this Agreement to the Investor.

19.3. The Investment Manager will at all times keep confidential all information acquired in consequence of this Agreement, except for information which

19.3.1. is public knowledge; or

19.3.2. which may be entitled or bound to be disclosed under compulsion of law; or

19.3.3. required to be disclosed by any court, government or other authority or regulatory agencies; or

- 19.3.4. is given to its professional advisers where reasonably necessary for the performance of their professional services;
- 19.3.5. needs to be shared with the Custodian for the proper performance of this Agreement; or
- 19.3.6. is authorised to be disclosed by the other party and shall use all reasonable endeavours to prevent any breach of this sub-clause.

20. Complaints and Compensation

- 20.1. The Investment Manager has established procedures in accordance with the FCA Rules for consideration of complaints. Details of these procedures are available on request. Should an Investor have a complaint, he should contact the Investment Manager. If the Investment Manager cannot resolve the complaint to the satisfaction of the Investor, the Investor may be entitled to refer it to the Financial Ombudsman Service.

The Financial Ombudsman can be contacted at:
Email: complaint.info@financial-ombudsman.org.uk
Tel: 020 7964 1000
Fax: 020 7964 1001

- 20.2. The Custodian participates in the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000, which provides compensation to eligible Investors in the event of a firm being unable to meet its customer liabilities. Payments under the protected investment business scheme are limited to a maximum of the first £50,000 of the claim. Further information is available from the Custodian.

21. Notices, Instructions and Communications

- 21.1. Notices of instructions to the Investment Manager should be in writing and signed by the Investor, except as otherwise specifically indicated.

- 21.2. The Investment Manager may rely and act on any instruction or communication which purports to have been given by persons authorised to give instructions by the Investor under the Application Form or subsequently notified by the Investor from time to time and, unless that relevant party receives written notice to the contrary, whether or not the authority of such person shall have been terminated.

22. Amendments

The Investment Manager may amend this Agreement by giving the Investor not less than ten business days' written notice. The Investment Manager may also amend these terms by giving the Investor written notice with immediate effect if such is necessary in order to comply with HMRC requirements in order to maintain the Business Relief in order to comply with the FCA Rules, and the Investor shall be bound thereby.

23. Data Protection

The Investment Manager warrants to the Investors that it is appropriately registered under the Data Protection Act 1998 (the "DPA") for all purposes related to the performance of their functions under this Agreement, and further warrant that it shall take all reasonable steps to maintain such registration and comply with all applicable data protection legislation for the duration of this Agreement.

The personal data which has been provided by the Investors to the Investment Manager (or any of them) will be held and used by the Investment Manager for the purposes set out in or contemplated by this Agreement. The Investors acknowledge that the Investment Manager may also share the personal data with (or obtain other information about the Investors from) other organisations (a) for legal or regulatory purposes, (b) in order to check the accuracy of the information which an Investor has provided, (c) to detect or prevent crime, or (d) to protect the Fund. The Investment Manager may continue to hold personal data about the Investors after termination of this Agreement for legal, regulatory and audit purposes.

24. Entire Agreement

- 24.1. This Agreement, together with the Application Form, comprises the entire agreement of the Investment Manager with the Investor relating to the provision of the Service and supersedes all earlier meetings, any correspondences, or discussions that may have taken place preceding the signing of the Application Form.
- 24.2. Clause 24.1 is without prejudice to the Administration agreement.

25. Rights of Third Parties

Aside from the Custodian, who may enforce provisions of this Agreement which refer to it by name and to its rights and obligations in relation to the Investor, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of such third party which exists or is available apart from that Act.

26. Severability

If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remainder of this Agreement.

27. Governing Law

This Agreement and all matters relating thereto shall be governed by and construed in accordance with English Law and the parties submit to the exclusive jurisdiction of the English Courts.

GUINNESS

ASSET MANAGEMENT LTD