Tax Efficient
Review

Issue No
485

Product

ProVen Estate Planning Service

Tax Status

Business Relief/IHT Efficient

Fund Group

Beringea LLP

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This communication is provided for informational purposes only. This information does not constitute advice on investments within the meaning of Article 53 of the Financial Services and Markets Act (Regulated Activities) Order 2001. Should in- vestment advice be required this should be sought from a FCA authorised person.

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GENERAL RISK WARNINGS

Your attention is drawn to the following risk warnings which identify some of the risks associated with the investments which are mentioned in the Review:

Fluctuations in value of investments

The value of investments and the income from them can go down as well as up and you may not get back the amount invested.

Suitability

The investments may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such investments and, if in doubt, you should seek professional advice before effecting any such investment.

Past performance

Past performance is not a guide to future performance.

Legislation

Changes in legislation may adversely affect the value of the investments.

Taxation

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Business Relief offerings:

- An investment in BR offerings may not be suitable for all investors
- The value of holdings, including partnership interests and income received from them, may go down as well as up and Investors may not receive back the full amount invested.
- No guarantee is given that the business undertaken will qualify, or continue to qualify, for business property relief.
- No guarantees can be given as to the investment performance or the level of return achieved from investments or that the overall objectives of the investee companies will be achieved.
- An investment in BR offerings is suitable only for well-informed investors and should be regarded as high risk and longterm in nature. Potential Investors are recommended to seek the advice of a financial adviser authorised under the Financial Services and Markets Act 2000 before applying.
- No guarantee can be given that HMRC will grant business property relief on the full amount of each investment. Loss of business property relief status could occur if, for example, such a business changes its business activities or is taken over by a quoted company or a company whose business is not a qualifying business for business property relief purposes.
- The past performance of investments should not be regarded as an indication of the future performance of an investment.
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Factsheet

Unquoted BR/IHT Efficient Offer	
Name	ProVen Estate Planning Service
Manager	Beringea LLP
Size of AUM	£93m
Custodian	Mainspring Fund Services
Focus of Trades	SME, infrastructrure and property-based lending Ownership of UK solar assets
Minimum investment	£25,000
Est. Liquidity Frequency	Monthly trading subject to 30 days notice
Initial Costs	2%
Annual Costs	1.5% AMC (1% on solar companies) plus 0.5% service charge and 0.5% monitoring fee.
2 Year Insurance Option	No

Summary

Table 1: **Tax Efficient Review summary of offering Pros and Cons**

PROs	**CONs**
The two solar energy trading companies within the Service have topped the league table in this set of unquoted BR reviews; the overall blended return from an equal investment across the two strategies exceeds the target return having delivered 5.2% pa over five years	The two lending-based trading companies within the Service, however, have not hit their annual target return of 4.5% per annum
Investors have the flexibility to select if they want 100% lending, 100% solar or a mixture of both within their application. Investors also have the option of a true income option delivered through distributions from income shares	Relatively small level of assets under management in comparison with market peers
Within the renewable energy trades, there is only exposure to solar energy and there is no exposure to more esoteric trades such as Anaerobic Digestion, Hydro or Reserve Power	High levels (although declining) of gearing present within the underlying trading companies. As at 31 March 2022 gearing for Solar Growth was 51% and for Solar Income and Growth it was 79%

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Key Points of the 2022 BR Reviews

Since 2020, Tax Efficient Review (TER) have reviewed the unquoted BR market in a holistic review of all the main offers with at least a 5-year track record.

We compared each Offer in terms of their performance and costs over the previous 5 years against the peer group. We also compared valuation methods, underlying trades, debt levels and the extent of outsourcing by the manager.

The initial premise behind these reviews was from a concern that the BR market has grown each year over the preceding 5 years; yet many of these offers had yet to experience a period of prolonged economic downturn.

The outbreak of COVID-19 certainly provided this economic uncertainty for these offers and in the next set of reviews in 2021 TER focussed on the above comparisons, and added in corporate governance, accounting standards and NAV/Share Price calculations.

In this third year of holistic reviews, TER are reviewing twelve offers in total, and whilst we cover the above in each review, we wanted the 2022 BR reviews to start off with five key questions which TER have asked each manager to provide responses to:

1. NAV/Share Price calculation

The calculation of the price at which investors enter and exit these offers are set by the fund manager and not by market forces. There are differing methodologies for calculating these NAVs and always they are based on internal management accounts and the performance of the underlying trades. Please provide detail on how your offer calculates the price and is there a premium/discount compared to the NAV?

> *The prices are equal to our NAVs and are not adjusted for any discount or premium. For the Solar strategy, the NAVs are calculated using a discounted cash flow analysis. The cash flows are only considered to the end of the lease periods. Remediation costs at the end of the lease periods are provided for and are offset by any salvage values at the end of the lease period. All Solar DCF NAV valuation models and their underlying assumptions are reviewed once a year by Amberside Consulting, who have opined that the valuations are reasonable.*

> *For the Lending strategy the NAVs are calculated based on the capital outstanding of the loan portfolio together with accrued income less any impairments. These assumptions are reviewed and audited annually.*

2. Energy Crisis and Valuations

Many offers within the unquoted BR market use a range of renewable energy installations as a way of generating returns. In assessing these renewable energy trades, there is not a single agreed way of valuing them and there is a large variation in the way different managers employ the various factors used such as long term power curves and discount rates. This is potentially confusing for advisers, as the main thing they are concerned about is whether the value applied to the renewable energy trades within an offer accurately reflects the “real world” value if the manager needed to sell their renewable energy trades to meet redemptions (e.g. in the event of a force majeure scenario). This is even more important given the huge increases in energy prices around the world in the past 12 months.

In conducting these reviews, it has become clear that there has been a divergence in the unquoted BR market over the past two years between those managers who smooth out returns at product level, and those who show dynamic return characteristics based on macro-economic events. Managers such as Blackfinch and TIME adhere to the former, whereas managers such as Foresight, Downing and Octopus subscribe to the latter.

Energy prices have increased dramatically in the past 12 months. If your offer holds renewable energy assets, how have these price movements affected the power curves used to value these holdings and the discount rate applied? With inflation increasing how has this affected your valuations?

> *We use a power price curve created by taking the average of the past six quarterly reference case power curves provided by Aurora, an independent third-party power price forecaster. This is a conservative approach in a rising power price environment. Over the past year, this average power price curve has increased, but by less than the quarterly curves. We have also increased the discount rates that we use, to reflect changes*

that we have observed in actual transactions over the past year. Over 70% of the PEPS revenues are contractually linked to RPI. Rising actual and forecasted RPI is applied to our discounted future cash flows and has therefore increased the value of our portfolio. We use the RPI forecasts from the UK government's Office of Budgetary responsibility for the next five years. As the OBR doesn't provide forecasts beyond five years, we use a market standard RPI assumption for those years. We apply the same forecasts and assumptions to both our future revenues and costs in each period.

3. Charges and Debt Related Charges

If debt is used to finance trades within your offer, please detail who provides the debt.

For the Solar strategy senior debt is provided by institutional investors and junior debt is provided by individual loan note holders (these are expected to be repaid by equity capital). For the Lending Strategy, one of the companies is debt free and the other has individual senior loan note holders.
As at 31 March 2022 gearing for Solar Growth was 51% and for Solar Income and Growth it was 79%. It has since reduced to 76%. It should be noted that Solar Income and Growth revenues are 97% index linked government subsidies and as such it can safely sustain a higher level of gearing. However it is still our intention to reduce this to 50% subject to new investment.

4. Foreign Asset and New Trades

Please highlight any exposure to trades or assets held directly or indirectly by your offer which are outside of the UK. Also please highlight if your offer has started trades in new areas in the past 18 months.

Neither the Solar nor the Lending strategy on the platform has any investment outside the UK and no exposure to foreign exchange risk or jurisdictional change outside the UK. No new trade has been entered into by any of the companies in the service.

5. Corporate Governance and Full Accounts

Does your offer publish full accounts, abbreviated accounts or accounts with restricted information. Are there a majority of independent directors on the board?

Full accounts are published on each of the relevant trading company websites. Board composition of the trading companies in the Service is as follows:
Solar Growth Ltd - four directors, two independent
Solar Income and Growth Ltd - four directors, two independent
ProVen Legacy Ltd - three directors, two independent
Secured Lending Ltd - four directors, two independent.

HMRC

All IHT offerings face the possibility of challenge from HMRC when investors claim the 100% relief from IHT that unquoted trading businesses can provide. Relief will be refused if the business consists "wholly or mainly" of one or more of the following:

- dealing in securities, stocks or shares
- dealing in land or buildings,
- or making or holding investments.

HMRC will use the "Badges of Trade" concept when applying the "trade" versus "investment" rule as described in the HMRC Business Income Manual. This is a complicated and difficult area and there is no pre-clearance that investors can request to try to settle this issue before investing.

In addition, the HMRC approach to lending and what constitutes a "trade" is not tested. The HMRC website does contain detail on their view of lending within the Close Companies Manager's Manual. Although this page has recently been archived by HMRC the case law it references remains valid.

Tax Efficient Review does not give tax advice.

Stamp Duty Reserve Tax (SDRT)

Stamp Duty Reserve Tax (SDRT) at 0.5% is paid on the paperless purchase of shares. It is different from Stamp Duty which applies to shares bought on a stock transfer form. SDRT is important as it can affect both the costs involved in a BR transaction and potentially the tax treatment of any gain.

An investor on entering a BR offering would pay no SDRT if they were allocated new shares but they would pay 0.5% SDRT in a "matched bargain" (a transaction in which a sale of a particular quantity of stock is matched with a purchase of the same quantity of the same stock usually with the BR provider being the purchaser and then the seller in order to facilitate the transaction.)

On exit, in a matched bargain situation there would be no SDRT for the seller. However If they sold the shares to the company then the company would be liable for 0.5% SDRT.

So there are three possible ways any SDRT can be paid: by the investor, by the manager or by the company whose shares are being transacted and different BR offers approach this in a variety of ways: In our analysis of costs later on in the review we cover who pays the SDRT if any is payable.

Tax Efficient Review does not give tax advice.

Overview of BR trades

Historically, two trades have predominated within the unquoted BR sector

- Short-term lending businesses
- Owning and operating a range of renewable energy companies

As the market has grown, and returns on some of the renewable trades have been compressed, there has been a proliferation of other trading businesses such as forestry, infrastructure projects (such as district heating, broadband installation) and more esoteric areas of renewable energy (e.g., battery power storage). Table 2 in each report covers the breakdown of the areas of trade for each offer.

The short-term lending businesses cover areas such as property development, SME lending, working capital loans and bridging finance. The energy businesses cover solar farms, wind energy, hydroelectricity, reserve power, landfill gas, biomass and anaerobic digestion (AD).

Both components are targeted to provide levels of predictable returns generated by interest and energy production, but neither are without risk to the investor.

- The risks within the short-term lending businesses are easier to identify with variables such as loan amount, loan to value (LTV), duration of loan and interest rate all being able to be assessed and compared across providers, and the risk of default and concentration risk are the main risks present.
- The risks within the energy sector are much harder to quantify. The key issues here are the factors which the managers use to value their sites. These valuations are dependent upon long term energy price forecasts, the discount rates applied to the sites, market appetite for the renewable energy sites, quality of management and operators employed to run the sites. Why is the valuation important? The value a manager ascribes to an installation may not prove realisable at times of stress in the market. At TER we identify the major factors which managers use to determine valuations and we look for areas of difference between them. In addition we look at what fees and debt is involved. The debt/gearing may allow for purchases of larger sites, but involve more risk as debt takes priority and interest payments would eat into revenue. There is also the issue of whether the technology is new and untested, or already established , although this is less of an issue for a solar only product offering.

The majority of managers within the BR/IHT-efficient market have trading companies operating across both areas. Some focus their offers purely on operating lending businesses. It's important for financial advisers to compare the underlying trades across the BR offers they are considering for their clients, to ensure they have sufficient spread and avoid too much concentration in one area or another. TER have included a table in each review which breaks down each provider and the areas they trade within.

TER Segmentation & Classification

We classify the current BR products on offer as follows:

- those that trade through companies owning and operating yield producing assets (such as solar or wind farms)
- those having a trade of secured lending/leasing
- hybrid offers combining both the above

Further we sub-divide each category into:

- IHT services with less than £250m of IHT funds under management (excluding EIS)
- IHT services with more than £250m of IHT funds under management (excluding EIS)

This produces six categories of IHT offers (based on current expectations of managers):

100% Yield producing assets focus	100% Secured lending/leasing focus	Hybrid offers
Products with less than £250m of IHT funds under management (excluding EIS)		
Deepbridge Guinness	Great Point Puma Seneca Stellar	ProVen
Products with more than £250m of IHT funds under management (excluding EIS)		
27 September 2022 4:40 PM	Triple Point	Blackfinch Downing Foresight Ingenious Octopus TIME

Review based upon

TER always meet/talk with the fund manager prior to a review. This review has been prepared using the Information Brochure of the ProVen Estate Planning Service offer and their marketing collateral, along with data provided by the Manager on their underlying trades.

The Offer

The ProVen Estate Planning Service is a discretionary investment service. ProVen tell us that it is not an Unregulated Collective Investment Scheme, nor a non-mainstream pooled investment. The minimum subscription is £25,000, and Investors have exit opportunities on a monthly basis, without exit penalties.

The Service aims to achieve capital growth of 4-5% annually over the medium term. An income option is also available within the Service. This Service will raise funds to trade in two distinct sectors:

1. Lending businesses via Proven Legacy Ltd (SME Lending) and Secured Lending Limited (Energy/Infrastructure and Property lending)

Table 2 (1 of 4): **Breakdown of trades within trading company - Proven Legacy Limited**

Trade Type	Classification Equity or debt provision	Percentage	Amount 31st March 2022	Gross Target Return	Being considered for future trades?
Solar Power	Debt	52%	£1.80m	6.5-7.0%	Yes
Wind Power	Debt	6%	£0.20m	7-8%	Yes
Leasing	Debt	0%	N/A	N/A	Yes
SME Lending	Debt	17%	£0.89m	7.5-10%	Yes
Cash	Non-trade	25%	£0.88m		N/A

Source: Proven 11/08/2022

Table 2 (2 of 4): **Breakdown of trades within trading company - Secured Lending Limited**

Trade Type	Classification Equity or debt provision	Percentage	Amount 31st March 2022	Gross Target Return	Being considered for future trades?
Solar Power	Debt	12%	£0.4m	6-7%	Yes
Wind Power	Debt	0%	Nil	6-7%	Yes
Other renewable energy	Debt	0%	Nil	6-8%	Yes
Property-backed Lending	Debt	78%	£3m	7-10%	Yes
Leasing	Debt	0%	Nil	7-10%	Yes
Infrastructure	Debt	0%	Nil	7-9%	Yes
Cash	Non trade	10%	£0.36m	-	-

Source: Proven 11/08/2022

Table 2 (3 of 4): **Breakdown of trades within trading company - Solar Growth Limited**

Trade Type	Classification Equity or debt provision	Percentage	Amount 31st March 2022	Gross Target Return	Being considered for future trades?
Solar Power	Equity	100%	£43.7m	6-8%	Yes
Wind Power	Equity	0%	-	7-9%	Yes
Other renewable energy	Equity	0%	-	7-10%	Yes
Cash	Non trade	N/A	-	-	-

Source: Proven 11/08/2022

Table 2 (4 of 4): **Breakdown of trades within trading company - Solar Income & Growth Limited**

Trade Type	Classification Equity or debt provision	Percentage	Amount 31st March 2022	Gross Target Return	Being considered for future trades?
Solar Power	Equity	100%	£42.8m	6-8%	Yes
Wind Power	Equity	0%	-	7-9%	Yes
Other renewable energy	Equity	0%	-	7-10%	Yes
Cash	Non trade	N/A	-	-	-

Source: Proven 11/08/2022

2. Solar Energy generation businesses via Solar Growth Limited (mostly Large-Scale Ground Mounted) and Solar Income and Growth Limited (mostly Rooftop Solar)

The ProVen Estate Planning Service offers potential investors the choice of three different trading portfolios:

1. A portfolio focused on Solar trades only

2. A portfolio focused on Lending trades only

3. A portfolio made up of Solar and/or Lending as the Manager sees fit

The choice which is made by advisers/investors will then go on to determine which of four underlying trading companies they will be exposed to within the Service. The four trading companies are as follows:

1. ProVen Legacy (Lending)

2. Secured Lending Limited (Lending)

3. Solar Growth (Ground and Commercial Roof Mounted Solar Installations)

4. Solar Income & Growth (Roof Top Mounted Solar Installations)

TER would like to point out that whilst the investor can choose between “solar” and “lending” for their split of trades, it is the investment manager who has the discretion as to which of the underlying companies they are ultimately shareholders in, unless the investor also selects an income option in which case the investment will be in a specific lending company or a specific solar company.

This means that the investor may have more exposure to roof-top mounted solar installations than large-scale ground mounted solar operations. Or they may be in a lending company which lends to SME’s or to energy companies. A detailed look at the trading operations of each company is as follows:

- **Proven Legacy Ltd**
  Proven Legacy was established in 2016 to provide loan facilities to UK based SMEs. It has made loans to ten businesses of which four are fully repaid. All loans are amortising and repayable over a range of periods up to 5 years. The total capital advanced to date is £6.5m and as at 31 March 2022 the amount outstanding is £2.5m (with commitments for a further £1.1m to be drawn by end July). Interest on these loans is charged and paid either monthly or quarterly. ProVen tell us that all loans are current with no arrears and there have been no historic bad debts. Based on an initial share price of £0.91 (1.00 before issue costs) the share price as at 31 March 2022 is £1.065. Since inception, Proven Legacy has been advised on its lending activities by Beringea, who have extensive in-house knowledge of providing loans to SMEs. Proven Legacy has a board of three, two of whom are independent of Beringea and who have considerable experience in the alternative investment markets.

- **Secured Lending Limited**
  Secured Lending was established in 2014 to provide construction and term loans to the UK solar industry. The company has made over £28m loans to UK solar companies and received interest in excess of *£1.6m* with no bad debts. Since 2018, the company has also provided loans secured against freehold land and buildings and has a current loan portfolio including operating solar assets, real estate development and loans to a number of destination hotels in prime locations. ProVen say that going forward the company’s main focus will be energy and infrastructure; it is targeting to have a minimum of 50% of its loan portfolio in the UK energy and infrastructure sectors. The company commenced raising BR eligible equity in May 2019 and the share price has risen from £1.00 in May 2019 to £1.139 as at 31 March 2022 (an annualised return of 4.1%). The Company’s current loan portfolio comprises 7 loans with a combined loan value of *£3.4m* (as at 31 March 2022). The Company is managed by Armstrong whose management team have extensive experience in providing loans to energy and property backed businesses. The independent directors have experience in both lending and energy sectors.

- **Solar Growth Limited**
  Solar Growth was established in 2013 by its current managers, Armstrong Capital Management Limited. The company previously raised £5m of EIS equity to build and operate a number of ground mounted solar farms in the UK. In 2019, the company

merged with a number of other solar EIS companies with a view to expanding further and has since made several solar acquisitions with a number of new solar opportunities (new and existing) in the pipeline. The Solar Growth portfolio currently comprises 8 large scale ROC/FIT accredited solar farms and 38 commercial rooftop systems, most of which are FIT accredited. In October 2019, the company secured a £22.5m long term loan from Aberdeen Standard Investments on favourable terms which was used to mostly refinance more expensive short-term debt. The company's solar assets have a net asset value of £19.4m as at 31 March 2022 and the Solar Growth share price is currently £2.72 per share from an original subscription price in 2013 of £1.92 (£2.00 before issue costs). Solar Growth continues to benefit from high power prices and rising inflation, as most of its revenues are indexed to RPI. The company's share price is independently validated on an annual basis by Amberside Investments (see below) with respect to the company's projections.

- **Solar Income and Growth Limited**
  Solar Income and Growth ("SIG") was established in 2013 and commenced trading in 2014. The company was established by its existing manager, Armstrong, as an income producing BR eligible company seeking to acquire and operate UK solar assets. In 2015, SIG acquired the majority of the solar companies in the Downing Low Carbon EIS funds comprising over 20 companies and more than 2,500 Feed-in Tariff (FiT) solar systems which were installed in 2011 and 2012 thereby attracting the highest tariffs over the longer 25-year term. The company' solar portfolio earns >97% of its income from government mandated payments schemes (mostly FiT payments) which are index linked ensuring the SIG shares are well insulated from upward inflationary movements. Furthermore, the recent volatility in wholesale power prices had no impact on the SIG share price. Shares in the company were first issued in 2014 and have risen from £1.00 to £1.20 which together with *£0.32* of dividends (as at 31 March 2022) in the same period provides a total return of £1.52 per £1.00 invested and an annualised return of over 8.3%. The company secured an inflation linked long term loan from Legal and General in 2015 to fund the acquisition of the Downing solar EIS companies and in the past seven years has met all lending covenant tests. The independent board of Solar Income & Growth combines business and energy markets experience. The company's share price is independently validated on an annual basis by Amberside Investments (see below).

Each solar company may invest up to 25% of NAV into other renewable or complementary energy sectors such as onshore wind and/or battery energy storage. Neither company has a mandate to invest into Anaerobic Digestion, Biomass, Combined Heat & Power or Flexible Generation using diesel or gas.

This Offer represents Beringea using their ProVen brand for their discretionary Estate Planning Service. Previously they had achieved limited traction with their previous strategy of a single company lending only option.

To deliver this service, ProVen have entered into a collaboration agreement with Armstrong Capital Management Limited to harness Armstrong's expertise in the solar energy market. Lending to SMEs and investment in solar assets are two sectors where ProVen and Armstrong, working together, claim to have extensive experience.

As at 31 March 2022, the trades which are represented across the combined companies are detailed in Table 2.

The ProVen EPS is designed to have an unlimited life. Investors can withdraw some or all of their capital once a month at the latest value of the Service's assets, subject to 30 days' notice and liquidity. On an exit, in the event that there are no third-party purchasers, the redeemable shares in the trading companies are likely to be redeemed by the trading companies, which may result in any proceeds in excess of the cost of those Shares being subject to income tax.

The Service will aim to provide Investors with base growth over the medium term of 4%-5% per annum on their subscription amounts on a blended basis across the two investment strategies (this is a target only and is not guaranteed). The growth to achieve this level of return will primarily be from the income generated on the investments made. But as with all BR offers, returns will be lower in the event of unsuccessful investments. ProVen say that the underlying trading companies have a track record in terms of returns of up to 6 years. We cover this in more detail in the track record section of this report where we note that neither secured lending offers (Proven Legacy Limited and Secured Lending Limited have met the 4.5% target, although assuming the default setting of an equal allocation across the four trading companies (covering solar and lending) ProVen say that the blended return over the five-year period to March 2022 exceeds 5%.

Investors should note that the intention is to use the first roughly £10m raised for the solar option to be used to repay short term borrowings: £7.7m in Solar Income & Growth owed to individual loan note holders, who are mostly private investors and £1.8m in Solar Growth owed to Proven Legacy Ltd.

Solar Company Valuations
ProVen says that each of the solar focused companies undergoes an annual independent valuation review to give investors comfort that the basis of the valuation of their investment is robust and based on 3rd party scrutiny. The valuation reviews are undertaken by energy sector specialist Amberside Valuations who provide valuation services to infrastructure and energy investors across Europe. The valuation reviews, which are undertaken in November each year, involve both a detailed assessment of the accuracy and integrity of valuation financial models and associated calculations, as well as a review of the key assumptions that drive the valuation.

This assumptions review focuses on ensuring that subjective input assumptions such as market discount rates, are reasonable and in line with the rest of the UK Solar market valuation assumptions The valuation exercise also ensures that third party inputs, such as independent energy yield assessments, forward power price assumptions and lifecycle costs requirements are correctly applied.

Each subsequent quarterly valuation is undertaken considering the set of key assumptions reviewed by Amberside.

Gearing
Both solar companies have secured debt investment from leading UK financial institutions, Aberdeen Standard Investments and Legal and General in the form of index linked senior debt finance. The index (RPI) linked nature of the senior debt reduces the companies' exposure to inflation and better matches the cash profile of revenues received to debt paid. Whilst this increases the financial risk profile for shareholders, the need to meet the operating requirements of these leading institutional investors provides a level of comfort to investors. Beringea, in response to this, say: "*The long-term loans are amortising and are only secured against part of the existing solar portfolio in each solar company.*"

Both Aberdeen Standard Investments and Legal and General impose strict requirements on the way that the solar assets are operated and managed. This includes, for example, a requirement to review and approve the power sale strategy of the securitised companies, to ensure all operating counterparties have strong financial standing, and to have independent legal and technical advisor review of all operating contracts to ensure they meet industry best practice. The lenders require the key financial assumptions such as lifecycle costs and technology specific power price forecasts to be produced by third parties rather than derived in house. More broadly, both lenders, as part of their investment process, conducted detailed due diligence on the companies and concluded that the assets are investment grade. In summary, the impact of institutional project finance debt reduces the operating risk profile of the assets, whilst increasing the financial risk profile, albeit this will be mitigated through paying down debt.

As the solar companies raise new equity, the level of gearing is expected to reduce over time and the target level of gearing will be a maximum of 50%.

As at 31 March 2022 gearing for Solar Growth was 51% and for Solar Income and Growth it was 79%. It has since reduced to 76%. It should be noted that Solar Income and Growth revenues are 97% index linked government subsidies and as such it can hopefully sustain a higher level of gearing. However ProVen tell us that it is still their intention to reduce this to 50% subject to new investment.

Track Record

The overall aim of the unquoted BR market is to provide access to trading companies and activities which, whilst certainly not without significant risk to capital, look to provide a positive annual return. The return generated has, historically, been from two main sources:

- Returns generated from renewable energy sites creating and selling electricity
- Returns generated from making multiple, short-term loans with a first charge on property

This is a diverse market, so there are other trades seeking to generate an annual return such as leasing and lending on other asset classes such as television contracts. But in the main, these two areas have historically been the main sources of the annual returns.

However, the larger protagonists in this market are broadening out their trading strategies into other areas such as large-scale fibre broadband installation, reserve power, forestry and district heating. How these activities generate a predictable annual return like the more established trades above may not become clear for several years.

In previous reviews of this market TER have looked at two main questions when analysing the track record of these offers:

- How much money would an investor actually have made over the 5 years from an investment of £100 into these offers?
- How much would have been levied in fees by the providers of these services over the 5 years?

In this set of reviews, TER have expanded the scope of this analysis to include comparisons of how each offer has performed against their predicted/estimated target annual return.

Table 3 is the main source for comparing the track record of these offers and comprises the following columns:

Target return of the Offer

Actual return on net amount invested (£100 less initial charges) as a percentage

Actual return on gross amount invested (£100) as a percentage

Total 5 year for £100 invested

Return ranking of the Offer

Total Fees levied by each Offer over 5 years

TER have asked the product providers for this information as at 31st March 2022. This does not mean that the highest returning and lowest charging offers will necessarily get the highest score, as there are additional factors such as the level of funds under management, diversification of underlying trades and degrees of underlying risk which also need to be considered. The aim of the table is to provide a useful comparison of the market now that it has reached this level of maturity. However, performance of IHT offers is difficult to compare as fees and charges are levied at different times (on investment, during holding period and at exit) and different places in the structure (in the service and in the underlying investee companies).

We asked all the other providers with a 5-year track record, for a calculation of the outcome for an investor entering the product on 1 April 2017 and exiting 31 March 2022, net of all fees and charges. The responses are in Table 3 and show that over the 5-year period to 31 March 2022 the four trading companies within the ProVen Estate Planning Service would have returned the following amounts on £100 invested on 1st April 2017:

ProVen Legacy (Lending)	£114.60
Secured Lending (Lending)	£111.60
Solar Growth (Ground Mounted Solar Installations)	£144.00
Solar Income & Growth (Roof Top Mounted Solar Installations)	£144.30

As can be seen, there is a wide discrepancy between the different companies which is as it should be and reflects the different trades they undertake.

Table 3: **Tax Efficient Review BR offers actual five year returns and simulated fees comparison table**

The returns information in this table is based on the 5 year returns information provided by the fund management groups. Past returns are not a reliable indicator of future performance, and past returns may have been enhanced by the fund manager not charging certain fees. The trading operations used to generate these returns are subject to changes over time and the levels of fees charged by the fund manager, which impact net investor returns, can be subject to change without prior notification.
The five year fees data is simulated and is based upon the current charges regimes which are subject to change

Product Provider Red cells indicate that the offer has failed to meet its net investment target over the five years to 31 March 2022 (ie column 2 is greater than column 3)	Offer target Annual Return based on the net investment made into qualifying companies (ie after initial fees have been deducted)	5 year actual Annual Return on net amount invested 1 April 2017 and exited 31 March 2022	5 year actual Annual Return per gross £100 invested 1 April 2017 and exited 31 March 2022	5 year actual Total Return per £100 invested 1 April 2017 and exited 31 March 2022	Return Position (based on 5-year actual return in preceding column)	Total 5 year simulated fees paid per £100 invested (from Tables 5 & 6)
Solar Income & Growth Ltd (ProVen)	4.5%	8.05%	7.61%	£144.30	1st	£15.50
Solar Growth Ltd (ProVen)	4.5%	8.00%	7.57%	£144.00	2nd	£15.50
Stellar ITS	3.5%	6.54%	5.90%	£133.20	3rd	£15.20
Ingenious Private Real Estate	5%-7%	4.77%	4.24%	£123.10	4th	£11.88
Blackfinch Growth	5%	4.40%	3.77%	£120.30	5th	£18.03
Guinness SIS	5%	3.44%	3.42%	£118.30	6th	£10.71
Blackfinch Balanced Growth	4.5%	4.03%	3.40%	£118.20	7th	£18.15
Foresight ITS (Note 1)	3%-4.5%	3.87%	3.35%	£117.90	8th	£14.50
Seneca IHT Service Growth	4%	3.73%	3.17%	£116.90	9th	£13.50
Blackfinch Balanced	4%	3.64%	3.01%	£116.00	10th	£18.22
Triple Point Navigator (Note 3)	4%-6%	3.53%	2.91%	£115.40	11th	£16.20
Great Point Media (Note 4)	3%	2.78%	2.78%	£114.70	12th	£12.12
ProVen Legacy (ProVen)	4.5%	3.18%	2.76%	£114.60	13th	£15.50
Octopus ITS	3%	3.20%	2.58%	£113.60	14th	£22.99
Puma Heritage	3%	3.10%	2.58%	£113.60	14th	£20.31
Time Advance BR Service	3%-4.5%	3.29%	2.56%	£113.50	16th	£15.48
Deepbridge Estate Planning Service	4%	2.35%	2.35%	£112.30	17th	£18.15
Seneca IHT Service Income	4%		0.00%	NO FIVE YEAR RECORD		£13.50
Secured Lending Ltd (ProVen)	4.5%	2.63%	2.22%	£111.60	18th	£15.50
Ingenious Private Clean Energy	5%	2.65%	2.13%	£111.10	19th	£11.88
Blackfinch Ethical	3%	2.56%	1.94%	£110.10	20th	£18.67
Downing Asset Backed	3%-4.5%	2.00%	1.59%	£108.20	21st	£17.95
Ingenious Classic	3%	2.03%	1.51%	£107.80	22nd	£11.56
Downing Energy	3%-4.5%	1.72%	1.31%	£106.70	23rd	£16.05
Triple Point Generations (Note 2)	1.5%-2.5%	1.71%	1.10%	£105.60	24th	£15.83
Ingenious Private Media	1%-3%	-0.12%	-0.63%	£96.90	25th	£9.82

Note 1: Foresight - New fee structure introduced from Jan 2021. Return if the new structure had been in place for the last 5 years would be £112.16

Note 2: Triple Point Generations - AMC charged at 1%, going forward it will be 0.5%. Triple Point charge investee companies up to 1.9%pa to cover corporate running costs incurred by Triple Point and expect all VAT to be fully recoverable

Note 3: Triple Point Navigator - AMC charged at 1%, going forward it will be 0.5%. Triple Point charge investee companies up to 1.9%pa to cover corporate running costs incurred by Triple Point and expect all VAT to be fully recoverable

Note 4: Great Point - 2% initial fee currently charged but not charged in April 2017. 5 year return if initial fee had been charged would be £112.4

Source: Providers Report produced 24/07/2022

Table 4: **Annual performance before and after fees**

Period	Actual growth achieved after fees paid to the provider by the investee company (there are no annual fees paid by investors			
	Solar Income & Growth Limited	Solar Growth Limited	Secured Lending Limited	Proven Legacy Limited
01/04/2017 - 31/03/2018	6.30%	8.40%	0.00%	7.90%
01/04/2018 - 31/03/2019	5.90%	7.70%	0.00%	3.80%
01/04/2019 - 31/03/2020	14.40%	0.00%	4.00%	1.10%
01/04/2020 - 31/03/2021	-4.20%	-6.10%	4.80%	1.70%
01/04/2021 - 31/03/2022	19.40%	26.50%	4.50%	2.10%

Source: ProVen 12/08/2022

A word of explanation is needed at this point: the "target" figures given by all the providers will not include any exit fees or deferred AMCs. This is because the providers are just measuring the return achieved within the BR companies whereas the TER figures in Table 3 columns 3 & 4 do include these fees as TER are looking to measure the return over a defined five-year period where the investor totally exited and so has suffered any exit/deferred fees.
Looking at the returns generated by the solar installation companies in relation to the rest of the unquoted BR peer group, one will see that the returns they have generated over the past 5 years is significantly higher than the next nearest offering. They are three times the five-year return figures generated from the larger, more established participants in the market, such as Octopus, Foresight and TIME.

However, the two lending based companies (Legacy and Secured Lending) have returned less over 5 years and have not managed to hit the target annual return of 4.5% per annum to investors (note - this is a blended target covering both the lending and solar investment strategies).

If we look at why the two solar energy companies are such an outlier in this series of unquoted BR reviews, there are two main reasons. Firstly, the solar returns are stripped out in these two companies, in that this is all they do as a trade. Whereas comparing the returns to other offers which also have exposure to solar energy such as Octopus, Foresight and TIME, they are invariably part of a much larger trading entities which carry out other trades as well.

The other reason is a large write up in the performance of these ground mounted and roof top mounted solar installations. Table 4 shows the year-by-year returns generated by each of the four companies. As can be seen in the year to 31st March 2022 the returns was 19.40% for Solar Income & Growth and 26.5% for Solar Growth. When TER put the reason for this huge increase in value to ProVen, they said:

> *"The economic recovery from the pandemic and the most recent conflict in Ukraine have combined to generate high levels of inflation and electricity prices, not seen in the UK for generations. The valuations of the solar companies are very sensitive to these macro factors. The government mandated payments that the solar companies benefit from are linked to RPI, so increases in RPI and future RPI expectations leads to higher valuations. Very high electricity prices means that electricity produced today is selling at higher prices and the independent forecasts of future electricity prices are also rising, leading to higher valuations. The benefit of these valuations is being passed on to the investor and not being reduced by additional performance fees for the benefit of the manager. These factors contribute to making this investment strategy a low-risk hedge against inflation."*

The Manager

The Manager of the ProVen Estate Planning Service is Beringea LLP. Beringea is authorised and regulated by the FCA and is a long-established venture capital firm. Beringea manages more than £350 million of VCT assets and is part of an international fund management group with offices in London and the US, which together manage more than $800 million of venture capital and loan assets. Beringea has 29 UK based employees.

The founding partner of Beringea is Malcolm Moss. Over the last 26 years he has been responsible for the growth, development and management of the private equity business of ProVen in both the UK and the USA. In addition to sitting on the boards of ProVen VCT and PGI VCT, he sits on the investment committees of ProVen Group's US venture capital funds. Malcolm has a BA and an MBA. Malcolm is also a director of ProVen Legacy Ltd.

The other principal members of the Beringea team are listed below:

- Stuart Veale is Managing Partner of Beringea and has 25 years of private equity investment experience. Prior to joining Beringea in 2002, Stuart was a senior director with LDC (the private equity arm of the Lloyds Banking Group) and head of their Thames Valley office. He started his career in venture capital with 3i. Stuart has an MA from Oxford University and an MBA from the London Business School.

- Mark Taylor joined Beringea in 2013 and heads up ProVen Growth Finance, which provides debt-based finance to fast growing companies. He has over 30 years' experience working within the finance sector of which 14 years were in asset based financing at Barclays Bank and Kleinwort Benson and in the last 18 years he has been focused on venture and growth finance. Mark was a pioneer of venture and growth finance in Europe having been a founder partner of EVP (now Kreos Capital) in 1998. He went on to found and manage Noble Venture Finance and was instrumental in creating Clydesdale Growth Finance. Mark is a Chartered Accountant and is a graduate of the University of Reading.

- Andrew Webster works in ProVen's Growth Finance team where he is responsible for sourcing and analysing opportunities to provide debt-based finance to fast growing companies. Andrew has more than 30 years' experience in financial services and lending. Originally a corporate banker with Kleinwort Benson, Andrew held a senior position in the asset finance division at ING. After two years with Noble, the venture finance provider, he co-founded Boost&Co, a private debt lender to UK SMEs. Andrew has recently held roles as a partner at Cameron Barney and an operational role as interim CFO at Cube. Global, a fintech software platform providing compliance and regulatory support to financial services customers.

The Adviser

ProVen is working in collaboration with Armstrong which specialises in the management of funding into UK based solar projects and other energy businesses. Armstrong oversees all of the IHT Companies' solar trading and energy lending activities. Armstrong was established in 2013 and has raised over £300m of capital for UK solar projects. Armstrong's capabilities include origination, development and execution of all types of UK solar opportunities, project management and financial and technical asset management. Armstrong employ more than 20 professionals across its solar management businesses.

The principal members of the Armstrong team are listed below:

- Dr Steve Mahon is the CEO and co-founder of Armstrong. He is an experienced investment professional and business entrepreneur with a long career in managing and investing in the environmental sector. He has invested and managed both equity and debt in infrastructure investments across renewable energy, waste, agriculture and real estate, and has a deep experience in infrastructure technologies and growth businesses.

- Michael Hughes joined Armstrong as a Director in 2018. Prior to this, Michael was a Partner at Downing LLP focusing on investments in the energy, leisure and lending sectors and was an integral part of the team responsible for growing funds under management at Downing from £200 million to £1 billion. Michael led Downing into the renewable energy sector in 2010 where he originated and led more than £250 million of clean tech investments across Downing's VCT, EIS and IHT funds. Prior to joining Downing in 2009, Michael was a Divisional Director at Close Investments (part of Close Brother Group plc), where he focused on the management of leisure and media EIS and IHT funds. Michael is a chartered certified accountant.

- Chris Carlson is an Investment Director at Armstrong with a primary focus on investing debt and equity into renewable power assets, primarily solar. Prior to joining Armstrong, Chris was an Investment Director at Octopus Renewables, evaluating investments in energy infrastructure assets including solar, storage and flexible generation. Chris has over 20 years of financial and professional services experience, mainly in the real estate and energy industries. Chris graduated with a Bachelor of Commerce from the University of British Columbia, is a Chartered Accountant (Canada) and holds the Chartered Financial Analyst designation.

- Helen Robinson heads the technical asset management team at Armstrong responsible for the management of solar assets. Helen has over 10 years' experience working in the solar industry and brings with her expertise in both project management and operations. Helen began her career installing residential and commercial roof-top systems before moving into operation and maintenance, and prior to joining Armstrong, Helen was Senior Operations Manager for BayWa r.e. Operation Services UK. Here she led a team of project managers responsible for operating and maintaining a portfolio of over 800MW of utility-scale ground mounted solar.

Fees

The fees for the ProVen Estate Planning Service are as follows:

- **Initial fees:** Initial cost is fixed at 1.5% of funds invested for advised sales plus a 0.5% administration fee.

- **Annual fee:** The annual management charge is up to 1.5% of the value of the IHT companies. In addition, ProVen will also charge a service administration fee of 0.5% per annum. Both of these are charged to the investee companies.

- **Other fees**: ProVen may also charge each underlying business an arrangement fee of up to 1.0% (of the amount invested through the Service) plus an annual monitoring fee of up to 0.5% p.a. per business.

- Any additional services are typically outsourced by the underlying businesses but where it is considered to be in investors interests, may be undertaken by Armstrong and charged at market rate through Armstrong's asset management division.

- **Exit fee:** There is no fee for investors to exit the Service.

- **Stamp Duty Reserve Tax (SDRT):** As shares are redeemeable a redeeming shareholders will be redeemed and cancelled, subject to sufficient distributable reserves. The PEPS shares are redeemable as such there should be no additional charges with all costs absorbed in the existing fee structure.

The total fees charged per £100 invested over 5 years are £15.50 for each of the four trading companies. This puts the ProVen Estate Planning Service in the mid range of the unquoted BR offers in this set of reviews, which range from £11.14 per £100 to £23.49 per £100.

Conclusion

The ProVen Estate Planning Service, offered by fund manager Beringea, was first reviewed by Tax Efficient Review in the last round of unquoted BR reports in 2021. At that time it was relatively small but offered an investor the ability to split their investment across both renewable energy trades and short term property based loan trades.

There are four companies operating within the Service, the lending part of the businesses via Proven Legacy PLC (SME lending) and Secured Lending Limited (energy/infrastructure and property lending). The renewable energy generation businesses via Solar Growth Limited (mostly large-scale ground mounted sites) and Solar Income and Growth Limited (mostly rooftop mounted solar installation).

But in that previous review three of the four companies fell short of a 5 year track record, but in this set of reviews, all four companies now have a 5 year track record. So what has changed? Well, quite a bit.

If you look at the track record table in this report, you'll see that the two solar energy companies run by ProVen top the performance table. Not only do they top it, they top it by a considerable margin. £144.30 and £144.00 generated on a net investment of £100 five years ago, in comparison to the third offer in the table coming in a £120.30. This is a huge outlier of performance within the normally narrow constraints of the unquoted BR market.

So why is this? Well, first this is a relatively small offer and the two renewable energy companies only undertake this type of trade. Whereas within the larger offers from the likes of Octopus, Foresight and TIME they will also have renewable energy holdings, but they are diluted across a wide range of other trading activities such as loans, forestry, broadband installation etc. So, a similar increase in the values of the renewable energy trades will not be so noticeable within the larger, more diverse offers.

Secondly, it is clear that there has been a surge in energy prices in the past 12 months, and whilst we won't dwell on the causes of that surge here, it does pose an interesting question as to how these surges in energy prices have had an impact on the valuations being applied to these trading companies by the various unquoted BR managers. There are a multitude of ways the that these trades can be valued but ProVen, in the case of Solar Growth which has fixed the price of all its export sales until April 2024 and part to April 2025, may be taking into account the short term increases in energy prices more so than other providers. This does not apply to Solar Income and Growth which derives 97% of its income from Feed-in Tariffs and has very limited exposure to the energy market.

One final point to make about the solar companies is the high level of debt/gearing still resident within their structure. As at 31 March 2022 gearing for Solar Growth was 51% and for Solar Income and Growth it was 79%, although since then it has come down to 76%. ProVen say their intention is to get these levels down to 50% but this is taking time.

The lending companies are more sedate in their performance, as one would expect from issuing asset backed loans, and they have fallen short of their performance target of 4.5% per annum. But ProVen would point out that the overall blended return from an equal investment across the two strategies exceeds the target return having delivered 5.2% pa over five years.

In conclusion, there are positives to like about this offer regarding its tailored investment proposition, small size (at £93m) and the performance has been impressive. But there is only monthly liquidity and significant debt remaining within the trading companies. Both of these should improve with increases in AUM.

Tax Efficient Review rating: 87 out of 100 (for product with less than £250m of IHT funds under management (excluding EIS))

Table 5: **Simulated 5 year total fees charged to investors by the provider per £100 invested (initial, annual, performance and exit) assuming that provider meets any AMC target required for AMC to be paid**

Initial	Dealing in	Annual AMC	Performance fee	Dealing out fee	TOTAL
Blackfinch Balanced					
Assumed target 4.6% is met, 0.6% (inc VAT) AMC paid after 4% is reached					
£2.00	£0.98	£3.34	£0	£1.20	**£7.52**
Blackfinch Balanced Growth					
Assumed target 5.1% is met, 0.6% (inc VAT) AMC paid after 4.5% is reached					
£2.00	£0.98	£3.39	£0	£1.23	**£7.60**
Blackfinch Ethical					
Assumed target 3.6% is met, 0.6% (inc VAT) AMC paid after 3% is reached					
£2.00	£0.98	£3.24	£0	£1.15	**£7.37**
Blackfinch Growth					
Assumed target 5.6% is met, 0.6% (inc VAT) AMC paid after 5% is reached					
£2.00	£0.98	£3.44	£0	£1.26	**£7.68**
Deepbridge Estate Planning Service					
Fees charged to trading company, excluding exit dealing fee.					
£0	**£0**	**£0**	**£0**	**£0.65**	**£0.65**
Downing Asset Backed (Pulford)					
Assumed target 4% is met, 0.6% (inc VAT) AMC paid in sliding scale between 3% and 4%					
£2.00	£0	£3.00	£0	£0	**£5.00**
Downing Energy (Bagnall)					
Assumed target 4% is met, 0.5% (no VAT) AMC paid in sliding scale between 3% and 4%					
£2.00	£0	£2.50	£0	£0	**£4.50**
Foresight ITS					
Assumes growth of 3.0% net of all-inclusive fee of 2.4% (incl VAT). No AMC is charged for this product.					
£2.50	£0	£0	£0	£0	**£2.50**
Great Point Media					
Assumed target 4.35% is met (3%+1.2% fee +tax), 1.2% (inc VAT) AMC paid after 3% is reached					
£2.00	£0	Paid by investee Co	£0	£1.14	**£3.14**
Guinness SEPS					
Assumed average target 4.0% is met, 1.0% (no VAT) exit fee paid. AMC paid by investee companies					
£2.00	£0	**£0**	**£0**	**£1.19**	**£3.19**
Ingenious Classic					
Assumed target 4% is met, AMC paid by investee Co					
£1.50	£1.00	£0	£0	£1.13	**£3.63**
Ingenious Private Clean Energy					
Assumed target 5.0% is met, AMC paid by investee Co					
£1.50	£1.00	£0	£0	£1.24	**£3.74**
Ingenious Private Media					
Assumed target 1.5% is met, AMC paid by investee Co					
£1.50	£1.00	£0	£0	£1.05	**£3.55**
Ingenious Private Real Estate					
Assumed target 6.0% is met, AMC paid by investee Co					
£1.50	£1.00	£0	£0	£1.24	**£3.74**
Octopus ITS					
Assumed target 4.2% is met, 1.2% (inc VAT) AMC deferred to exit and paid after 3% is reached					
£2.00	£0.97	£6.33	£0	£1.19	**£10.49**
ProVen Legacy (ProVen)					
Only Initial fee charged to investor. All other fees paid by investee company(ies)					
£2.00	£0	£0	£0	£0	**£2.00**

Table 5 (continued): **Simulated 5 year total fees charged to investors by the provider per £100 invested (initial, annual, performance and exit) assuming that provider meets any AMC target required for AMC to be paid**

Initial	Dealing in	Annual AMC	Performance fee	Dealing out fee	TOTAL
Puma Heritage					
Assumed target 4.2% is met, 1.2% (inc VAT) AMC paid after 3% is reached					
£1.50	£0.99	£6.34	£0	£1.13	**£9.96**
Secured Lending Ltd (ProVen)					
Only Initial fee charged to investor. All other fees paid by investee company(ies)					
£2.00	£0	£0	£0	£0	**£2.00**
Seneca IHT Service Growth					
Assumed 4% (not an explicit target) is met. Initial fee and exit fee (assuming death) charged to investor. All other fees paid by investee company(ies)					
£2.40	£0.24	£0	£0	£0.24	**£2.88**
Seneca IHT Service Income					
Assumed 4% (not an explicit target) is met. Initial fee and exit fee (assuming death) charged to investor. All other fees paid by investee company(ies)					
£2.40	£0.24	£0	£0	£0.24	**£2.88**
Solar Growth Ltd (ProVen)					
Only Initial fee charged to investor. All other fees paid by investee company(ies)					
£2.00	£0	£0	£0	£0	**£2.00**
Solar Income & Growth Ltd (ProVen)					
Only Initial fee charged to investor. All other fees paid by investee company(ies)					
£2.00	£0.98	£0	£0	£0	**£2.00**
Time Advance BR Service					
Assumed target 4% is met, 0.5% (inc VAT) AMC deferred to exit and paid after 3.5% p.a. is reached					
£2.50	£0.98	£2.50	£0	£1.15	**£7.13**
Triple Point Navigator					
Assumed target 5% is met, 0.5% (all VAT recoverable) AMC paid after 4% is reached					
£2.00	£0.98	£2.81	£0	£1.19	**£6.98**
Triple Point Generations					
Assumed target 2.5% is met, 0.5% (all VAT recoverable) AMC paid after 1.5% is reached					
£2.00	£0.98	£2.56	£0	£1.07	**£6.61**

Source Product providers Report created 27/09/2022

Table 6: **Simulated 5 year total fees paid by investee companies to the provider or third party service providers per £100 invested**

BR product (alphabetical order)	Five year simulated charges (Note 1)	Calculation detail
Blackfinch Balanced	**£10.70**	5* (Other 0.2%, Service fee 1.8%, Energy monitoring 0.14%)
Blackfinch Balanced Growth	**£10.55**	5* (Other 0.2%, Service fee 1.8%, Energy monitoring 0.11%)
Blackfinch Growth	**£10.35**	5* (Other 0.2%, Service fee 1.8%, Energy monitoring 0.07%)
Blackfinch Ethical	**£11.30**	5* (Other 0.2%, Service fee 1.8%, Energy monitoring 0.26%)
Deepbridge Estate Planning Service	**£17.50**	Initial arrangement cost 2.5% + other fees 2.5% + 5*(Service fee 2%, custody fee 0.5%)
Downing Asset Backed	**£12.95**	5* (Arrangement/monitoring fees Avg 0.79% in 2020, Service Charge 1.8%)
Downing Energy	**£11.55**	5* (Arrangement/monitoring fees 0.81% in 2020, Service Charge 1.5% (no VAT))
Foresight ITS	**£12.00**	5* (admin fee of 2.40% annually inc VAT)
Ingenious Classic	**£7.93**	5* (1% AMC + Admin fee 0.25%, Origination and Transaction 0.35%)
Ingenious Private Clean Energy	**£8.14**	5* (1% AMC + Admin fee 0.25%, Origination and Transaction 0.35%)
Ingenious Private Media	**£6.27**	5* (1% AMC + Admin fee 0.25%)
Ingenious Private Real Estate	**£8.14**	5* (1% AMC + Admin fee 0.25%, Origination and Transaction 0.35%)
Guinness SEPS	**£11.00**	5* (An Annual Management Charge of 2.2% (no VAT as recoverable) of the Net Asset Value is expected to be paid by the Investee Companies)
Great Point Media	**£8.00**	5 year AMC=£6.53 + 5*(Custodian Fee 0.125% + running costs 0.17%)
Octopus ITS	**£13.00**	5* (Service fee 2.5% plus 0.1% irrecoverable VAT on lending activity)
Proven Legacy (Proven)	**£13.50**	Transaction arrangement fee up to 1.0% plus 5* (Annual Advisory Charge of 1.5% inc VAT plus Annual Administration charges and support costs fee of up to 1.0% inc VAT)
Puma	**£10.35**	5* (Admin 0.48%, Bus Support Fee 1.08%, Monitoring Fee on drawn loans 0.51%)
Secured Lending Ltd (Proven)	**£13.50**	Transaction arrangement fee up to 1.0% plus 5* (Annual Advisory Charge of 1.5% inc VAT plus Annual Administration charges and support costs fee of up to 1.0% inc VAT)
Seneca IHT Service Growth	**£13.50**	5* (An Annual Management Charge of 1.2% (inc VAT) of the Net Asset Value and 1.5% (inc VAT) support costs is paid by the Investee Companies)
Seneca IHT Service Income	**£13.50**	5* (An Annual Management Charge of 1.2% (inc VAT) of the Net Asset Value and 1.5% (inc VAT) support costs is paid by the Investee Companies)
Solar Growth Ltd (Proven)	**£13.50**	Transaction arrangement fee up to 1.0% plus 5* (Annual Advisory Charge of 1.5% inc VAT plus Annual Administration charges and support costs fee of up to 1.0% inc VAT)
Solar Income & Growth Ltd (Proven)	**£13.50**	Transaction arrangement fee up to 1.0% plus 5* (Annual Advisory Charge of 1.5% inc VAT plus Annual Administration charges and support costs fee of up to 1.0% inc VAT)
TIME Advance BR Service	**£8.00**	5* (Service fee 1.6% including irrecoverable VAT)
Triple Point Navigator	**£9.22**	5* (Corporate running costs of up to 1.9%)
Triple Point Generations	**£9.22**	5* (Corporate running costs of up to 1.9%)

Note 1: Simulation assumes no growth in the amount initially invested in the service net of initial fee and dealing in fee. Some providers have higher annual costs to reflect the more extensive levels of in-house management and administration of their BR trading activities

Source Product providers Report created 27/09/2022

Table 7: **Headline Lending Portfolio Information for BERINGEA**

Headline Lending Portfolio Information		**Notes (data is weighted by loan size)**
Total Number of Loans	12	
Total Loan Book Size (£)	£5,555,157	
Average Size of Loans (Net)	£462,930	
Average Interest Rate	7.99%	
Average Loan Term (Days)	975	
Manager Lending fees (to cover any charges paid by the borrower or lender to the manager)		
Average Arrangement Fee	1.37%	
Average Exit Fee		
Average Other Manager Fees (Including Charge Backs, Non utilisation fees)	0.25%	
Average Total Manager Fees	1.62%	
Average Annualised Total Manager Fees	0.61%	
Investor Lending fees (Fees that are charged to the borrower but benefit the investor)		
Average Arrangement Fee		
Average Exit Fee	0.45%	
Average Other Investor Fees (Including Non utilisation fees)		
Average Total Investor Fees	0.45%	
Average Annualised Total Manager Fees	0.17%	
3rd Party Broker/Manager Fees		
Average 3rd Party Broker/Manager Fee	-	
Average Annualised Broker/Manager Fee	-	
Total Fee Breakdown		
Average Total Fees	2.07%	
Average Annualised Total fees	0.77%	
Total Annualised Lending Cost		
Average Annualised Total Fees + Interest Rate	8.76%	
Security Quality (LTVs)		
Average Weighted Net LTV (total capital and fees advanced)	26%	
Average Weighted Gross LTV (total capital and fees advanced + Accrued Interest)	27%	
Security Quality (Charge Basis)		
Number of 1st Charge Loans	11	
Total Value of 1st Charge loans	£5,326,420	
% of First Charge Loans	96%	
Number of 2nd Charge Loans	1	
Total Value of 2nd Charge loans	£228,737	
% of Second Charge loans	4%	
Number of 3rd Charge or Higher Loans	-	
Total Value of 3rd Charge loans	£0	
% of Third charge or Higher loans	0%	

Report created 07/07/2022 - Data as at 31/03/2022 Source BERINGEA

Table 8: **Tax Efficient Review Loan Comparison Table**

	Blackfinch	Downing	Foresight	Great Point	Ingenious Private Real Estate	Octopus	Puma	Proven Heritage	Seneca Income	Seneca Growth	Time	Triple Point Navigator
Data as at	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022	31/03/2022
Loan Book Size (m)	£146.16	£247.06	£132.44	£14.65	£219.00	£360.00	£206.00	£5.56	£5.03	£16.27	£233.00	£83.50
Number of Loans	46	65	5	21	969	153	63	12	51	807	32	36
Average Duration (days)	923	1116	1231	345	625	375	840	975	440	964	1216	581
Average Interest Rate (%)	9.70%	8.39%	6.21%	4.89%	8.40%	8.80%	7.39%	7.99%	8.40%	8.04%	6.75%	8.78%
Average Loan Size (m)	£3.18	£3.80	£26.49	£0.70	£0.23	£2.35	£3.27	£0.46	£0.10	£0.02	£7.28	£2.32
Weighted Gross LTV % (total capital and fees advanced + Accrued Interest)	69%	75%	52%	100%	58%	64%	64%	27%	Not Disclosed	Not Disclosed	51%	65%
Fees accruing to investors and other parties												
Average Arrangement Fees (%)	1.91%	1.00%	0.00%	1.57%	2.58%	0.00%	1.37%	1.37%	0.00%	0.00%	1.00%	0.25%
Average Exit Fees (%)	0.81%	0.00%	0.00%	0.00%	0.00%	0.00%	1.17%	0.45%	0.00%	0.00%	1.25%	0.00%
Average Total Fees (%)	4%	1%	0%	2%	3%	1%	3%	2%	1%	2%	2%	2%
Average Total Annualised Fees and Interest (%)	11.17%	8.72%	6.23%	6.55%	9.90%	9.61%	8.82%	8.76%	Not disclosed	8.82%	7.43%	10.04%
Security quality												
% of First Charge Loans	100%	100%	77%	100%	100%	98%	100%	96%	55%	78%	100%	100%
% of Second Charge loans	0%	0%	23%	0%	0%	2%	0%	4%	45%	22%	0%	0%
% of Third charge or Higher loans	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source Providers Report created September 27, 2022 4:40 PM

Table 9: **ProVen answers to energy questions for ground mounted & roof mounted solar**

	Solar Growth Ltd (predominantly ground mounted, ROC)	Solar Income and Growth (rooftop , FiT)
Data as at (date)	31/03/2022	31/03/2022
Valuation of portfolio as at 1 April 2021 (£m)	17.46 (assuming 100% of values of all subsidiaries)	7.31
Number of installations in portfolio as at 1 April 2021	45	2,647 solar systems
Valuation of 1 April 2021 portfolio as at 31 March 2022 (£m) (ie excluding any additions since 1 April 2021)	21.1 (assuming 100% of values of all subsidiaries)	8.92
Percentage movement in valuation in 1 April 2021 portfolio (ie excluding any additions since 1 April 2021)	21%	22% without dividends. Total return including dividends paid over the period is 25%.
Valuation of total portfolio as at 31 March 2022 (£m)	21.57 (SG disposed of some assets in the year)	8.99 (SIG disposed of some assets in the year)
Number of installations in portfolio as at 31 March 2022	46	2,642 solar systems
How have your assets performed against expectations?	Revenue is 8% above budget and EBITDA is 21% above budget.	On a rolling 12-month to 31 March 2022 basis, the Revenue of the portfolio was 1% ahead of budget, and EBITDA was flat.
What valuation methodology has been used? (NPV, EBITDA x etc.)	NPV	NPV
When and where were your market price curves obtained? (E.g. 2020 Poyry / Baringa curve)	Taking average of the latest 6 Aurora quarterly curves (Aurora as of 31 Mar/22, 31 Dec/21, 30 Sep/21, 30 Jun/21, 31 Mar/21, & 31 Dec/20)	The Portfolio does not have any material market power price exposure as all assets have the Feed in Tariff.
What discount rate / multiplier are you using?	5.3% (within the range as recommended by Amberside Valuations - see 30th Sept 21 valuation report. Discount rate reflects current leverage position.)	5.7% (within the range as recommended by Amberside Valuations - see 30th Sept 21 valuation report. Discount rate reflects current leverage position.)
What date of valuation are you using?	31/03/2022	31/03/2022
What energy generation assumptions are you using? (P50, P90 etc.)	P50	P50
Who provides your valuations for your assets in this asset class and how often?	The Armstrong Capital Management team provides the asset valuations on a quarterly basis based a valuation model constructed by Amberside Valuations, a 3rd party consultancy. Every year the valuation is reviewed by Amberside, including a review of all subjective assumptions such as discount rates, to ensure the valuation is reasonable. In Sept 2021 the ACM house valuation was verifed and confirmed by Amberside.	The Armstrong Capital Management team provides the asset valuations on a quarterly basis based a valuation model constructed by Amberside Valuations, a 3rd party consultancy. Every year the valuation is reviewed by Amberside, including a review of all subjective assumptions such as discount rates, to ensure the valuation is reasonable. In Sept 2021 the ACM house valuation was verifed and confirmed by Amberside.
If internal, how do you ensure that the correct market valuation is ascertained	See above- 3rd party verified model and assumptions.	See above- 3rd party verified model and assumptions.
If internal, how do you ensure that conflicts of interest are managed	Amberside provide independent valuation review annually.	Amberside provide independent valuation review annually.
What is the effective level of leverage across your portfolio for your assets in this asset class ?	51%	Current leverage across the portfolio is 77% (using debt as of 31 May 2022 and the 31 March 2022 valuation), which also includes the short term debt. Once the short term loan notes are repaid over the course of next 2-3 years, the gearing level in the company is expected to be 51%-55%.

Table 9 (continued): **ProVen answers to energy questions for ground mounted solar (Solar Growth Limited)**

	Solar Growth Ltd (predominantly ground mounted, ROC)	**Solar Income and Growth (rooftop , FiT)**
Provide a list of the counterparties that your power is sold to and the % of the total that each comprises?	a) Smartest, 52% b) Engie, 36% c) Good Energy, 5% d) Other (various counterparties), 7%	a) Good Energy, 84% b) Eon Energy Solutions, 2% c) Opus Energy, 3% d) Other (Various Counterparties), 11%
Provide a list of your assets managers and O&M providers, and the % of the total portfolio that each comprises	The portfolio is asset managed by Armstrong Capital Management, with below contracted 3rd party O&M providers: a) Stern, 93% b) Aniron, 7% Engenera 0.29%	The portfolio is asset managed by Armstrong Capital Management, with below contracted 3rd party O&M Providers: a) REN Energy, 33% b) Freetricity, 65% c) Aniron, 1% d) Engenera, 1%
Please indicate any equity or debt investment held by the Investment Manager in any asset manager or O&M provider for assets in this asset class	Armstrong Capital Management is the investment manager and ACM's in house technical team manages the assets. O&M is outsourced to 3rd parties	Armstrong Capital Management is the investment manager and ACM's in house technical team manages the assets. O&M is outsourced to 3rd parties
What % of the predicted renewable energy revenue for your assets in this asset class for 2021 is comprised of a) UK subsidised, b) UK merchant' power sales, c) Non-UK subsidised and d) Non-UK 'merchant' power sales	a) UK subsidised, 58% b) UK merchant' power sales, 42%	97% of the revenues are UK subsidised FiT based payments and deemed export sales under the FiT scheme. The balance are export sales under UK PPAs. There are no international revenues.
How is currency risk hedged across your portfolio of assets in this asset class ?	There is no currency risk as all the assets are in the UK.	There is no currency risk as all the assets are in the UK.
How do you factor into the share price any price movements relating to movements on currency or interest rate hedges?	The interest rate on our c.£21m debt is a fixed and RPI linked. The remaining debt has a fixed interest rate.	The interest rate on £22.8m institutional debt is RPI linked. The balance of shorter term loan notes are fixed interest rate notes.
How long does your forecast assume your assets in this asset class will last operationally	The average asset life remaining is 19 years	The forecasts assume 25 year asset lives for the portfolio. The remaining average asset life for 98% of the portfolio is c.16 years.
Are there any extension options in place?	We have lease extension options for two of our sites but these have not been factored into the valuation	Government backed subsidies end in 25 years. There is potential upside by lease extension and PPA negotiations which has not been factored in to forecasts or valuations.
What decommissioning assumptions do you have?	We assume the residual value of the assets can fully cover the decommissioning cost. Some sites have decommissioning bonds and provisions in accordance with their leases.	We assume that the residual value of the assets can fully cover the decommissioning costs.

Source Beringea Report created 13/07/2022