

Fund Expansion of FIM Solar Distribution LLP

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FIM Services Limited, the specialist sustainable forestry and renewable energy investment managers (established in 1979), are expanding FIM Solar Distribution LLP (the Fund), which is now open for immediate subscription (subject to a minimum investment of GBP50,000).

The Fund is a highly tax efficient vehicle, providing:

- 100% relief from inheritance tax (after two years of ownership).
- Tax free distributions in the early years.
- Target IRR of 7.0%.
- Target average annual distributions of 7.5% in years 1-10.

The Fund will acquire large scale ground mounted solar parks in the UK. It is an established trading vehicle, which already owns a £4.4 million solar park. Solar is a proven renewable energy technology with stable and predictable output, providing returns with low volatility and minimal correlation to mainstream investments. Solar provides strong protection from inflation, with circa 55% of projected revenue index-linked to RPI for up to 20 years. The remaining income stream is well positioned to benefit from projected increases in UK power prices in the medium term.

The closing date for subscriptions is 29 September 2017.

Highly Tax Efficient Structure

The structure provides significant advantages over a listed vehicle:

Investors will qualify for 100% relief of IHT under Business Property Relief after the two year qualifying period, as the Fund is a trading business. Shares in a vehicle listed on the main market do not qualify for such relief. As such, investors can protect their capital from IHT, whilst deriving income from the capital.

Tax free distributions for the first five to six years (due to capital allowances offsetting taxable profits). Where assets are held in a company, cash paid as dividends is taxed at 38.1%. In effect, the Fund structure means investors retain nearly 40% more revenue in the early years, substantially improving their return.

High Distributions

As investors search for lower risk yield, the Fund is designed to provide a high level of distributions. All surplus trading revenue will be distributed half yearly.

Alf Francis, Fund Manager explains: "The Fund allows investors to access a stable revenue stream from a low risk, well proven trade. Solar parks have few moving parts and are easy businesses to manage. The structure is more tax efficient than a listed vehicle, so investors can maximise the return from their capital".

Planned Liquidity

The Fund has an initial termination date of 2026. Members can vote to extend the life of the Fund on a five yearly basis thereafter.

In the intervening period, FIM as Operator and Manager of the Fund, will seek to arrange transactions between vendors and purchasers. This service is currently provided on FIM's existing forestry and renewable energy funds, which have combined assets in excess of GBP360 million.

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