IMPACT INVESTMENT GROUP

Solar Asset Fund

An opportunity to co-invest with IIG in an unlisted portfolio of up to $180m in Australian solar infrastructure assets, with exposure to the electricity spot market.

10% IRR

PRE-TAX, POST FEES TARGET

A TAX-EFFECTIVE

8% Yield

TARGETED FOR YEARS 1 TO 5

24,000

AVERAGE AUSTRALIAN HOMES' ELECTRICITY PROVIDED

Important Notice & Disclaimer

This Information Memorandum ("IM") is dated 30 November 2018 and relates to offers of ordinary units ("Units") in the IIG Solar Asset Trust ("Fund"). The IM has been prepared and issued by IIG Solar Assets Pty Ltd ("Trustee"), in its capacity as trustee for the Fund. The Trustee is a corporate authorised representative (No. 1265871) of Impact Funds Management Pty Ltd ("IFM"), which is permitted to provide financial services in accordance with its Australian financial services licence (No. 356648). Both the Trustee and IFM are wholly-owned (directly or indirectly) by Impact Investment Group Pty Ltd as trustee for the Locke & Smith Unit Trust ("IIG").

The Trustee has appointed IFM as its intermediary to make offers to arrange for the issue of Units. IFM offers to Applicants to arrange for the Trustee to issue Units. By applying for Units, you accept this offer to arrange, and agree that IFM is not responsible for performing any obligation of the Trustee in connection with the IM or the Fund.

No person is authorised to provide any information or to make any representation in connection with the issue of Units which is not contained in this IM. Any information or representation not in this IM may not be relied on as having been authorised by the Trustee or any person associated with it in connection with this issue of Units.

This IM is not financial advice. It does not contain all the information that would be required in a product disclosure statement for a registered managed investment scheme under the Corporations Act, and does not purport to contain all the information that a potential investor may require in evaluating a possible investment in the Fund. The Trustee recommends that you read the IM in its entirety in conjunction with the constitutions for the Fund and the terms of issue of the relevant Units, and conduct your own independent review and analysis and seek professional advice before deciding whether to invest in the Fund. If there are any inconsistencies between this IM and the constitutions or the terms of issue of the relevant Units, the constitutions or terms of issue (as applicable) will prevail. A copy of the constitutions for the Fund and terms of issue can be requested by contacting IIG.

None of the Trustee, IIG or the other entities owned by IIG (directly or indirectly), or their respective directors, officers, employees, advisers, or any entity or person associated with them (1) guarantees or makes any representation or warranty as to, or takes responsibility for, the accuracy, reliability or completeness of this IM; or (2) guarantees the performance of the Fund or the repayment of capital from the Fund.

The Fund is an unregistered managed investment scheme. Each recipient of this IM represents and warrants to the Trustee that it is a "wholesale client" (as that term is defined in the Corporations Act).

This IM is provided to each potential investor on the condition that it is strictly confidential and is solely for the use of the potential investor in considering an investment in the Fund.

This IM contains certain forecasts and forward looking statements which represent the Trustee's expectations based on present circumstances and information available to the Trustee, and therefore involve subjective judgements and assumptions as to future events, which may or may not eventuate. While the Trustee considers the basis of calculation and each subjective judgement and assumption to be reasonable as at the date of this IM, the Trustee cannot, and does not, guarantee the achievement of these forecasts and forward looking statements.

Some information contained in this IM has been obtained from third parties and has not been independently verified. Diagrams used in this IM are illustrative only and may not be drawn to scale. Unless otherwise stated, all references to dollars are to Australian dollars and are net of GST.

An investment in the Fund may only be made pursuant to an application in a form agreed by the Trustee. The Trustee may accept applications in full or part in its absolute discretion and may scale back applications pro-

rata or selectively. The Trustee may increase or decrease the size of the offer for Units in its absolute discretion. The Trustee may enter into referral, underwriting or funding arrangements in relation to the Fund with persons who do not intend to be longer-term investors. This may involve the Trustee seeking to identify potential purchasers for Units held by those investors. The Trustee may selectively enter into agreements with individual investors in relation to the payment, or rebate, of fees by the Trustee in connection with those arrangements.

This IM is not provided to any person located in any jurisdiction where its provision would be unlawful. The distribution of this IM in jurisdictions outside Australia may be restricted by law and persons who come into possession of this IM in jurisdictions outside of Australia should seek advice on, and observe, any such restrictions.

Contact Information

IIG Melbourne Office: +61 3 8534 8060

IIG Sydney Office: +61 2 9016 4114

Please direct any queries to:

Impact Investment Group Investor Services

Email services@impact-group.com.au

Office +61 3 8534 8060

Australia's electricity market is undergoing a structural transition away from aging fossil fuel generators towards cleaner energy production.

The IIG Solar Asset Fund owns large- scale solar farms intended to meet the market's demand for new generation infrastructure.

This is the next stage in IIG's clean energy journey, following the successful 2016 launch and delivery of the IIG Solar Income Fund.

Dear Investor,

Fundamental changes within the Australian electricity market are underway. We are in the midst of a structural transition away from ageing fossil fuel generators towards cleaner energy production. At Impact Investment Group ("IIG") we are choosing to promote the investment case for this transition and are therefore delighted to invite you to participate as an investor alongside us in the IIG Solar Asset Trust ("Fund").

We believe that the Fund's expected financial return presents an appealing opportunity, especially as investors in the Fund will deliver significant and measurable environmental and social benefits. The Fund's portfolio of assets will generate clean, renewable electricity, deliver carbon emission and water savings, and reduce the release of harmful toxins from fossil fuel based electricity generation. Australia is transitioning to a healthier, sustainable energy system, and we expect this Fund to advance that shift.

The Fund offers wholesale investors access to a quality portfolio of solar infrastructure assets. It is intended to provide investors with regular, tax-effective distributions on a quarterly basis, and to deliver an attractive total return over its term. The Fund provides one of the few ways for investors to obtain access to high quality energy investments based on renewable power generation, with no exposure to legacy fossil fuel production. Revenue will come from the sale of generated electricity and renewables certificates – sources with limited correlation to financial market fluctuations.

Current market conditions create, we believe, an attractive environment for investment in new generation. Renewable technologies, including solar, are now the cheapest form of new generation. While Australia's consumption of grid-sourced electricity is forecast to remain stable, supply has tightened due to factors such as the withdrawal of ageing coal-fired power plants and constraints on domestic gas supply. These factors contributed to recent rapid rises in wholesale electricity prices, which are forecast to remain well above pre-2016 averages in the medium term and, if these price forecasts are realised, will deliver significant revenue to the Fund.

Given this opportunity, and the importance of decarbonising Australia's electricity supply, IIG has expanded its ability to originate, develop and manage additional investments in quality solar infrastructure assets. IIG's renewable energy staff have significant experience and individually, they bring track records from leading Australian and international clean energy and finance companies. Collectively, they launched the IIG Solar Income Fund ("SIF") in August 2016 with the initial capital being fully subscribed within a few days. SIF's financial and impact performance to date is in-line with the expectations from its Information Memorandum.

The opportunity now on offer, to invest in the Fund, leverages the IIG team's experience, and the expert insights offered by the Board into Australia's energy market as it stands in 2018. Key strategic decisions in establishing the Fund are firstly to capture value by acquiring assets before they become operational, and secondly to launch selling electricity and generation certificates on the spot market. This is currently a preferable revenue strategy, the Board and IIG believe, to entering into power purchase agreements, the market for which currently favours purchasers over sellers.

The Fund's seed assets are being constructed by industry leading engineering contractors, and their locations provide geographic diversification across Australia's National Electricity Market ("NEM"). They are in Victoria and Queensland, states with relatively high demand for electricity and low penetration of renewable generation. The Fund has capacity to increase its investments, where suitable assets are identified.

We believe the Fund is a well-designed opportunity to combine attractive financial returns with deep positive impact.

We encourage you to read this Information Memorandum and would be pleased to welcome you as an investor.

Chloe Munro
Independent Chair
IIG Solar Asset Trust

Daniel Madhavan
Chief Executive Officer
Impact Investment Group

CONTENTS

Glossary

TERM	DEFINITION
AEMO	Australian Energy Market Operator
Applicant	Any entity, including an individual, that submits an Application Form in relation to the subscription of Units under this IM
Application Forms	The form in which applications for Units are to be made, as annexed to this IM
ARENA	Australian Renewable Energy Agency (ABN 35 931 927 899), a body corporate established under the Australian Renewable Energy Agency Act 2011 (Cth)
B -Corporation	A company certified by the non-profit B Lab to meet rigorous standards of social and environmental performance, accountability and transparency. For more information, visit www.bcorporation.net
Brigalow Solar Farm or BSF	The solar asset located near the township of Yarranlea in Queensland, as more fully described in Section 4.7
Board	The board of directors for the Trustee
CEFC	Clean Energy Finance Corporation (ABN 43 669 904 352), a statutory authority established by the Clean Energy Finance Corporation Act 2012 (Cth) and a corporate Commonwealth entity under the Public Governance, Performance and Accountability Act 2013 (Cth)
CFO	Chief Financial Officer
CGT	Capital gains tax
Chinchilla Solar Farm or CSF	The solar facility located near the township of Chinchilla in Queensland, as more fully described in Section 4.6
CO_2-e	Standardised unit of carbon dioxide equivalent used for emissions quantification
COAG	Council of Australian Governments
Complying Action	Has the meaning given to this term in Section 7.3
Corporations Act	Corporations Act 2001 (Cth)
CPI	Consumer price index, as calculated by the Australian Bureau of Statistics
EPC	Engineer, procure and construct
EPCM	Engineer, procure, construct and maintain
ESOO	Electricity Statement of Opportunities, prepared by AEMO
First Close Date	28 June 2018
Final Close Date	The date on which no further applications for Units will be accepted by the Fund
Fund or IIG Solar Asset Fund	IIG Solar Asset Trust, as constituted pursuant to the constitution dated 26 July 2017 and as subsequently amended
Gildemeister	Gildemeister LSG Solar Australia Pty Ltd

TERM	DEFINITION
GST	Goods and services tax (with all costs quoted being net of GST unless otherwise disclosed)
GWh	Gigawatt hour
IIG or Manager	Impact Investment Group Pty Ltd (ACN 139 328 108) as trustee for the Locke & Smith Unit Trust
IFM	Impact Funds Management Pty Ltd (ACN 138 179 914), holder of Australian financial services licence number 356648
Information Memorandum or IM	This document, dated 30 November 2018, including any supplementary document issued pursuant to this document
Infradebt	Infradebt Pty Ltd is a boutique Infrastructure fund manager focused on debt lending to Australian infrastructure projects
IRR	Internal rate of return
kW	Kilowatt
kWh	Kilowatt hour
LGC	Large-scale generation certificates created in accordance with the Renewable Energy (Electricity) Act 2000 (Cth) which legislates the Renewable Energy Target ("RET")
Loan to Value Ratio or LVR	Ratio of senior debt to the value of the assets provided as security for that debt
Manager or IIG	Impact Investment Group Pty Ltd (ACN 139 328 108) as trustee for the Locke & Smith Unit Trust
Maximum Fund Size	The maximum value of assets that the Fund may be invested in, calculated on an unlevered basis
Minimum Fund Size	The minimum value of assets that the Fund may be invested in, calculated on an unlevered basis
Merchant Strategy	A revenue strategy of selling electricity and LGCs into the wholesale spot market
MW	Megawatt
MWh	Megawatt hour
O&M	Operations and maintenance
PPA	Power purchase agreement
Pre-Tax	Before any taxes are paid (or payable) by the Fund and before any taxes are paid (or payable) by Unitholders
RCR	RCR O'Donnell Griffin Pty Ltd (ACN 78 003 905 093)
RET	The renewable energy target, a policy of the Commonwealth Government, is intended to ensure that at least 33,000 Gigawatt-hour of Australia's electricity comes from renewable sources by 2020

TERM	DEFINITION
Seed Assets	Each of the Swan Hill Solar Farm, Chinchilla Solar Farm and Brigalow Solar Farm, with "Seed Asset" meaning any of the Swan Hill Solar Farm, Chinchilla Solar Farm and Brigalow Solar Farm
Special Purpose Vehicle	As defined in Section 3.5
Solar Development Trust or SDT	IIG Solar Development Trust, as constituted pursuant to the constitution dated 11 December 2015
Solar Income Fund or SIF	IIG Solar Income Fund, as constituted pursuant to the constitution dated 4 August 2016
Swan Hill Solar Farm or SHSF	The solar asset located near the township of Swan Hill in Victoria, as more fully described in Section 4.5
Term	The term of the Fund, being a maximum of 20 years from the First Close Date (unless otherwise extended as described in this IM)
Trustee	IIG Solar Assets Pty Ltd (ACN 620 659 574), in its capacity as trustee for the IIG Solar Asset Trust
Units	Ordinary units to be issued by the Fund
Unitholder	The registered holder of one or more Units

1. EXECUTIVE SUMMARY

1.1. FUND SNAPSHOT

Investment Objectives	• To provide Unitholders with access to a diversified portfolio of Australian solar infrastructure assets, with revenue streams that provide exposure to wholesale electricity and related markets. • To deliver attractive risk-adjusted returns while providing investors with reliable, tax-effective distributions on a quarterly basis. • To generate measurable environmental and social impact by funding renewable energy infrastructure that will facilitate Australia's transition to a low carbon economy.
Investment Strategy	• To invest in solar infrastructure assets that are fully contracted for construction and initial operations. • To complete the construction of the Seed Assets, to be delivered at a cost of approximately $120 million. • To acquire further assets that meet the investment mandate of the Fund and further diversify the portfolio. • To operate solar infrastructure assets that provide exposure to the NEM, and have potential to enter into PPAs.
Target IRR	Target return of 10% IRR (Pre-Tax and post-fees) over the Term.
Target Distributions	Targeting quarterly distributions, averaging 8% over the first five years, commencing on and from the quarter ending 31 March 2019.
Target Fund Size	Maximum Fund Size of $180 million; and Minimum Fund Size of $120 million.
Investor Capital	Target minimum of $80 million and maximum of $120 million, to be raised in aggregate through the issue of ordinary units ("Units"). At First Close the Fund secured commitments totalling $55 million and the funds raised were utilised to fund the construction of the Swan Hill and Chinchilla solar farms. Units relating to commitments at First Close were issued on a fully paid basis. The first $25 million in applications accepted under this IM will be for fully paid Units, where the issue price of Units will be determined based on the time at which applications are accepted by the Fund, set out in Section 3.3. Further capital raised above this amount may be subject to an instalment structure as determined by the Trustee (see Section 5.1.1). The Trustee and IIG have entered into an underwriting agreement to ensure sufficient equity funding so that the Fund can proceed to practical completion with the Brigalow Solar Farm.

Opening Date	Applications under this IM will be accepted from 30 November 2018.
Closing Date	The First Close Date was 28 June 2018. Applications under this IM will be accepted until a further close date is determined by the Trustee, taking into consideration: • the total number of Units applied for at the relevant time; and • the Maximum and Minimum Fund Size. The Final Close Date shall be: • the date the Trustee receives and accepts applications for a sufficient number of Units to achieve the Maximum Fund Size; or • such earlier date as the Trustee may determine.
Term & Liquidity	Unlisted fund with a maximum term of 20 years from the First Close Date ("Term"), unless extended upon recommendation by the Trustee and approved by a special resolution of 75% of Unitholders. The Fund will seek to return investor capital within 5 to 7 years by actively pursuing liquidity opportunities from the fifth anniversary of the First Close Date. This may occur via an initial public offering, a private sale of the entire Fund, or the sale of individual assets held by the Fund.
Minimum Subscription	$100,000, unless otherwise determined by the Trustee.
Management Fee	0.6% of assets under management, increasing by 2.5% per annum.
Suitability	All investors must be wholesale clients as that term is defined in the Corporations Act 2001 (Cth).

1.2. THE SOLAR INVESTMENT OPPORTUNITY

Solar infrastructure assets in Australia provide an attractive investment opportunity, if well-sited assets are sourced, acquired and constructed in a cost-effective way.

IIG established the Fund to pursue this opportunity. The Fund's approach is to aggregate a geographically diverse portfolio of solar assets in the development or construction phase and manage construction of these assets through to the commencement of commercial operations and subsequent operation. This will create a portfolio with more attractive scale and diversification than individual assets, and hence a lower risk profile. This is intended to provide Unitholders cost-effective access to the assets' revenues during the Term, including exposure to the National Electricity Market ("NEM"). The electricity generated by the Seed Assets and the associated renewable generation certificates are to be sold on market at the relevant spot price.

The Trustee believes the above revenue strategy provides greater value to Unitholders than contracting revenue under power purchase agreements ("PPAs"). At present, PPAs are causing significant value to be transferred to the purchaser, while still resulting in around two-thirds of the asset life remaining uncontracted and selling into the spot market.

1.3. KEY FEATURES OF SEED ASSETS

The Fund is invested in three solar farms ("Seed Assets"). The Swan Hill Solar Farm is fully constructed and operational. The Chinchilla Solar Farm is in late stage construction and expected to commence full generation in December 2018. The Brigalow Solar Farm commenced construction in November 2018. When each Seed Asset is commissioned, they are expected to have a total unlevered value of approximately $120 million.

Swan Hill Solar Farm, VIC	19.3MWdc solar farm located near the township of Swan Hill. In operation, having achieved practical completion on 19th July 2018. Upon commencement of commercial operations, Swan Hill Solar Farm had a value of $35.9 million. The senior debt facility of $16.5 million has been fully drawn to partially fund construction.
Chinchilla Solar Farm, QLD	19.9MWdc solar farm located near Chinchilla in the Western Downs shire of southeast Queensland. The solar farm is energised and generated electricity in November 2018. Upon commencing commercial operations, the Chinchilla Solar Farm is expected to have a value of $32.4 million. The senior debt facility of $12.0 million has been fully drawn to partially fund construction.
Brigalow Solar Farm, QLD	34.6MWdc solar farm near Pittsworth in the Toowoomba Region of southeast Queensland. The Fund achieved financial close on this asset on 9th November 2018 with commercial operations expected to commence in March 2020. Upon commencing commercial operations, the Brigalow Solar Farm is expected to have a value of $51.7 million. Commitment for a senior debt facility of up to $20.0 million is currently being finalised.

1.4. FINANCIAL RETURNS

The Fund has been designed to provide attractive returns to Unitholders, through access to the NEM. The predominant revenue source is the sale of wholesale electricity into the NEM, with further revenue from the generation and sale of renewables certificates. To model the Fund's financial performance, and returns to Unitholders, independent forecasts have been obtained for both electricity and renewables certificate revenues.

Based on this independent modelling, which includes the conservative assumption of no potential policy changes on emissions reduction, the Seed Assets are projected to deliver the 10% IRR return target over the Term and an average distribution of 8% over the first five full financial years (inclusive of franking credits). Significant debt repayments are made in the first five financial years to reduce asset leverage and de-risk the Fund. After this period further borrowing may be obtained, allowing the payment of a capital return to Unitholders or a liquidity event may be pursued.

Sensitivity analysis on electricity prices show a projected upside case return of a 13% IRR over the Term (where policy is enacted to deliver meaningful emissions reduction from electricity by 2030) and a downside case return of 6% IRR over the Term (where policy remains conservative on emissions reduction, there is weak electricity demand and greater than expected capex cost reductions are delivered for incoming renewables).

1.5. IMPACT

By investing in critical infrastructure that generates clean energy, the Fund will have a significant social and environmental impact, which is capable of being objectively measured.

The Seed Assets are expected to generate enough electricity each year to power an average of 24,000 homes and avoid 138,000 tonnes of carbon dioxide annually. Over the life of the Seed Assets the Fund will avoid over 4.1 million tonnes of carbon dioxide equivalent (CO_2-e) emissions and generate water savings of 15,050 megalitres.

In addition to the environmental benefits, the Seed Assets are estimated to avoid 78 deaths and 42,000 illnesses over their lifetime, due to the reduction in pollutants emitted from coal and gas-fired power stations. Investing in solar power generation also creates jobs and boosts economic activity in regional areas.

1.6. MANAGEMENT & GOVERNANCE

The Board comprises five members, the majority of whom are non-executive independent directors. The Board is chaired by independent director Chloe Munro AO and includes independent directors Janine Hoey and Brett Lazarides. Executive directors on the Board are Lane Crockett, IIG Head of Renewable Energy Infrastructure and Paul Belcher, IIG Chief Financial Officer.

IIG's Renewable Energy Infrastructure team will manage the Fund and its assets on a day-to-day basis. This team is led by Lane Crockett and provides Unitholders with access to a senior team of executives with strong skills and deep experience across the renewable energy sector.

1.7. KEY RISKS

Investing in the Fund carries risks that can be partly mitigated; however, the Fund remains exposed to other risks that may cause the Fund's financial returns and the asset's impacts to be lower than target. Two of the key risks are briefly explained below, with further details in Section 8.

- Revenue risk: Assets in the Fund will earn revenue from the spot market for electricity and large-scale renewable energy certificates. The financial returns and yields have been projected based on independent price forecasts. However, prices fluctuate, causing exposure to income volatility. Opportunities for reducing price volatility include, for example, entering into hedging arrangements at fixed prices subject to the Fund's ability to do so. The Trustee will also have the option to enter into long or short term contracts if it determines that doing so is in the best interests of Unitholders as a whole.
- Construction risk: The Fund is also taking construction risk where delays or cost increases could impact on the financial performance of the Fund. In the case of the Seed Assets the risks have been largely mitigated through the transfer of risk to the construction contractor and the vendor (seller of the project rights).

2. RENEWABLE ENERGY IN THE NATIONAL ELECTRICITY MARKET

Australia's energy market is undergoing a major transformation. Electricity generation, traditionally dominated by coal-fired plant, is increasingly being delivered by renewable technologies. Wind and solar are now able to provide new generation capacity at lower cost than fossil fuel sources[1], and there is growing public awareness and support for a low-emissions economy.

This transition, as well as uncertainty in energy and climate change policy, has rapidly changed the factors that affect the demand and supply for electricity. These factors, together with higher natural gas prices and the closure of ageing coal fired power stations, has resulted in rising wholesale electricity prices across the National Electricity Market ("NEM"), particularly during times of peak demand (Figure 1).

Wholesale electricity pricing

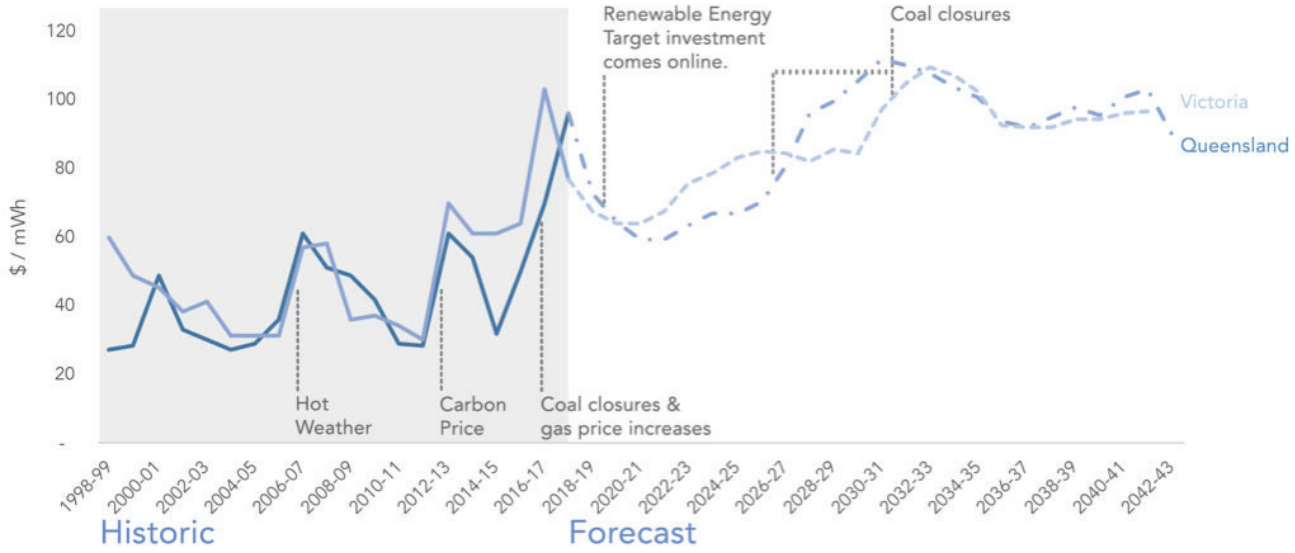


Figure 1: Wholesale electricity prices in Queensland and Victoria, with significant supply and demand events indicated. *Historic figures are sourced from AER "Annual Volume Weighted Average Spot Prices". Forecasts are by an independent consultant, based on IIG 'Base Case' assumptions (time weighted nominal).*

Recent years have seen demand for electricity increasing, while total supply tightened. After several years of declining consumption, grid consumption rose by 2% in 2015-16, while peak demand also increased.[2] This coincided with coal generators being withdrawn and not replaced. Uncertainty over energy and climate change policies affected investor confidence, with insufficient investment in new generation capacity. With tight supply conditions, gas powered generation more frequently set wholesale prices, despite the high price of gas.

Looking forward, the Australian Energy Market Operator ("AEMO") expects total annual consumption drawing on the grid to remain flat over the next decade. While population growth and switching from gas to electric appliances is expected to drive some growth in demand, further rises in rooftop solar generation and uptake of energy efficiency measures are expected to be sufficient to offset this demand.[3] Similarly, peak demand is

[1] Finkel Review
[2] Australian Energy Regulator
[3] AEMO, *National electricity forecasting report*, 2016.

also expected to remain relatively flat over the next decade, with the ratio of maximum to average grid demand to remain fairly stable.[4]

However, there are several factors which will continue to affect the NEM, including:

- Continued retirement of thermal generation – The recent closure of the Northern and Hazelwood power stations withdrew approximately 2,000MW of capacity from the NEM. By 2030, a further 6,500MW of capacity is expected to be withdrawn from the NEM, including the closure of the Liddell power station.
- Elevated natural gas prices – Natural gas prices have risen to more than double the prices that prevailed before the large LNG facilities in Queensland began exporting gas in 2014.
- Increasing reliance on variable renewable generation – The change in generation mix has two key effects; higher-priced gas-powered generation is being dispatched more often to meet demand, particularly peak demand, thereby setting higher prices; and renewable generators have a zero-marginal cost of generation, and must feed in all electricity produced as it is generated (unless they have access to storage). Renewable generators are therefore price-takers, at times underbidding coal-fired generation, causing the coal-fired plants to operate at less-than-full capacity, thereby becoming less efficient.
- Political uncertainty – Despite commitments from both the federal government and opposition to reduce carbon emissions, policy details and timing remain uncertain. Significant reversals and dis-continuity in government policy, such as the introduction and removal of carbon pricing, has caused investor uncertainty regarding the viability of new investment. This has negatively affected generation capacity across both thermal and renewable technologies. The government has indicated it will not take forward the complete National Energy Guarantee package and energy and climate policy remains subject to considerable political uncertainty, particularly with a federal election expected by May 2019. This policy uncertainty includes the risk of ad hoc interventions in the electricity market, which may be more or less favourable for the Fund's assets and financial performance.

While not changing the total supply of electricity, improved battery and storage technologies are expected to change the timing of that supply, with a greater volume of renewable generation able to the stored and sold into the NEM at times of peak demand. This would cause peak prices to decline and result in prices flattening throughout the day.

Renewable energy certificates

Under current Federal legislation, renewable energy generators create large-scale generation certificates ("LGCs"), commensurate with the electricity they produce. These can be sold by the renewable generator, providing an additional source of revenue. Demand for LGCs is determined by legislation, which is set to increase demand to 2020 and thereafter remain flat until expiration of the scheme in 2030. The price of LGCs is also capped at the penalty that liable entities (largely electricity retailers) incur if they fail to surrender sufficient LGCs.

In recent years, the supply of LGCs has been insufficient, resulting in prices trading at close to the tax-effective penalty. Analysts, such as Green Energy Markets, anticipate prices will remain around this level until the target is achieved in 2020. Following this, LGCs created from newly commissioned and committed renewable assets are expected to overtake this target, causing LGC pricing to decline.

[4] Australian Energy Regulator

Spot electricity pricing and power purchase agreements

Electricity can be sold on the spot market, meaning at the price that the market is setting at the time of sale ("Merchant Strategy"), or via a power purchase agreement ("PPA"), whereby the purchaser contracts to acquire a seller's generated electricity for an agreed period at an agreed price per megawatt hour.

Electricity spot prices in the NEM have increased significantly in recent years relative to long term historic levels. Although spot prices have declined from their peaks of 2016 and 2017, the Trustee is of the view that prices on both the spot and futures market are supported by fundamental supply and demand factors discussed above. Please refer to Appendix A for more information.

The Trustee has developed a view of the current PPA market, relative to the spot market. In its opinion, the PPA market is relatively concentrated and illiquid; many recent PPAs have a term of less than ten years (causing approximately two-thirds of the asset life to be uncontracted for sale into the spot market) and providing a significant transfer of value to the electricity purchaser (Figure 2).

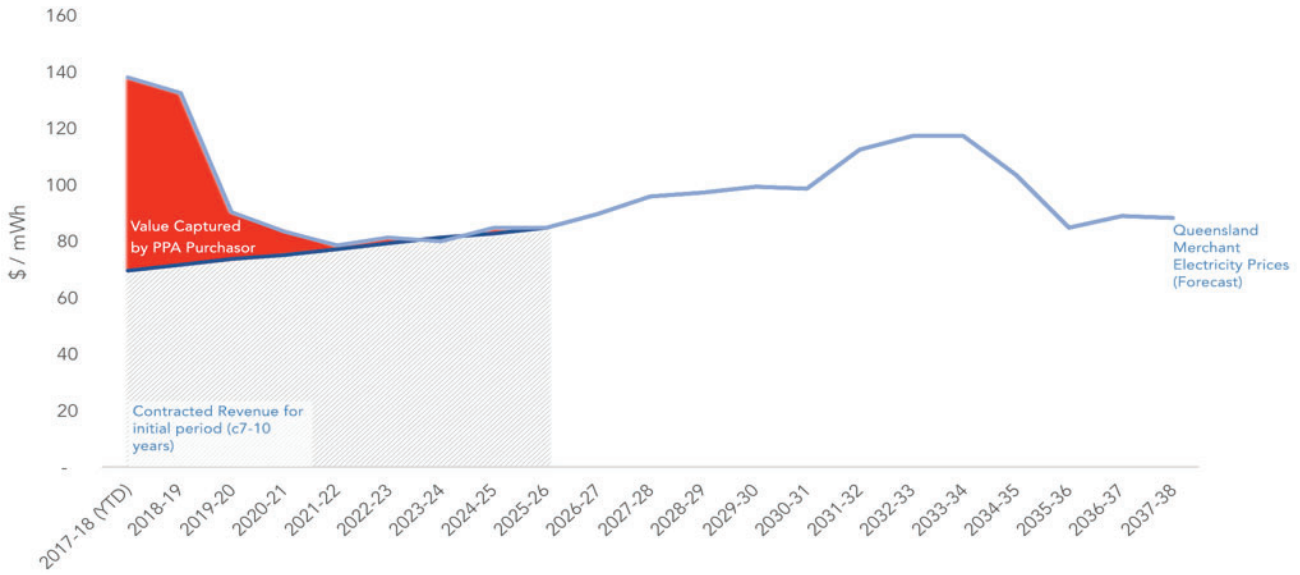


Figure 2: Illustrative merchant power sales strategy compared to a power purchase agreement strategy. *In this illustration, based on the Trustee's view of the current PPA market (dark blue line), and independent forecasts of Queensland merchant electricity prices and renewables certificates (light blue line), a PPA purchaser would, instead of the seller, capture the value represented by the red area. The Trustee believes the current markets in other parts of the NEM similarly favour PPA purchasers.*

Pricing of Generation Assets

The Trustee has developed a view that the full value of commercial-scale and utility-scale solar farms has not yet been recognised by the market, with these assets being mispriced relative to their risk. This is partially due to the size of these assets, which are generally too small for most institutional investors to consider, but also due to some investors being uncertain as to how to assess this relatively new type of asset. This is particularly where the asset involves development or construction risk, which generally requires relatively high upfront costs and specialised management skills, with less opportunity to secure debt funding on reasonable terms. As a result, the number of investors pursuing this asset class in Australia, particularly during the development and construction phases is limited, albeit growing.

Further information

Further details on the NEM, and the role of renewables, are provided in Appendix A.

Further details on the Fund's financial strategy in response to the market, forecast wholesale electricity and LGC prices, are provided in Section 5.2

Additional details on key risks for the Fund associated with the NEM and renewable energy are provided in Section 8.

3. KEY DETAILS OF THE FUND

The Fund is an unlisted unit trust that has been established for the purpose of investing in a diversified portfolio of Australian solar assets.

The Fund is targeting a total asset value of approximately $180 million. The Fund is currently invested in three assets which, following construction, are expected to have a total value of approximately $120 million ("Seed Assets").

The Fund will specifically focus on taking construction risk and merchant price risk. It has acquired, and intends to continue acquiring, solar assets in early to late stage construction which, following the commencement of commercial operations, will sell the electricity and associated renewable generation certificates on market at the relevant spot price. By efficiently managing the risks involved in both the construction of complex assets and in the sale of electricity on-market, the Fund expects to create additional value for Unitholders, to be realised through higher returns compared to solar assets with lower risk profiles, who don't accept construction risk and merchant price risk.

Swan Hill Mayor, Cr Les McPhee, and IIG Head of Renewable Infrastructure, Lane Crockett.

3.1. KEY DETAILS

The Fund	IIG Solar Asset Trust.
Type	Closed end unit trust.
Investment objectives	• To provide Unitholders with access to a diversified portfolio of Australian solar infrastructure assets, with revenue streams that provide exposure to wholesale electricity and related markets. • To deliver attractive risk-adjusted returns while providing investors with reliable, tax-effective distributions on a quarterly basis. • To generate measurable environmental and social impact by funding renewable energy infrastructure that will facilitate Australia's transition to a low carbon economy.
Investment Strategy	• To invest in solar infrastructure assets that are fully contracted for construction and initial operations. • To complete the construction of the Seed Assets, to be delivered at a cost of approximately $120 million. • To acquire further assets that meet the investment mandate of the Fund and further diversify the portfolio. • To operate solar infrastructure assets that provide exposure to the NEM, and have potential to enter into PPAs.
Target fund size	Maximum Fund Size of $180 million; and Minimum Fund Size of $120 million.
Portfolio	The Fund currently holds interests in three solar assets in various stages of construction and operations ("Seed Assets"). Upon practical completion, the Seed Assets are expected to have a total value of approximately $120 million. The Seed Assets comprise: • Swan Hill Solar Farm in Victoria, which is fully constructed and operational; • Chinchilla Solar Farm in Queensland, which commenced generation in November 2018; and • Brigalow Solar Farm in Queensland, which commenced construction in November 2018. The Fund will actively seek opportunities for further investment in assets that satisfy the Fund's investment mandate (see Section 3.2 for further detail). All acquisitions by the Fund will require approval by the Board.
Return profile	Target return of 10% IRR (Pre-Tax and post-fees) over the Term. Targeting quarterly distributions, commencing on and from the quarter ending 31 March 2019. Distributions may carry imputation credits and, particularly in the early years of the Fund, may also contain a significant component of capital (i.e. tax deferred), due to the high levels of depreciation available to offset taxable income.

Investor capital	Target minimum of $80 million and maximum of $120 million, to be raised in aggregate through the issue of ordinary units ("Units"), to be issued at a price per Unit depending on the time at which applications are accepted by the Fund, as set out in Section 3.3. At First Close the Fund secured commitments totalling $55 million and the funds raised were utilised to fund the construction of the Swan Hill and Chinchilla solar farms. Further capital may be raised through the issue of additional Units if opportunities exist for investment in further assets that satisfy the Fund's investment mandate, as determined by the Trustee but subject to a maximum of $120 million of Units on issue. Further raises may involve an instalment structure. The Trustee and IIG have entered into an underwriting agreement to ensure sufficient equity funding so that the Fund can proceed to practical completion with the Brigalow Solar Farm.
Debt funding	The Fund will have up to $90 million in debt funding, to be secured against the Seed Assets through senior secured debt facilities, with a maximum loan to value ratio of 50%. Debt funding is to be provided by high quality lenders: • Executed facility agreements with Infradebt for the provision of senior debt facilities in relation to each of the Swan Hill Solar Farm ($16.5 million) and Chinchilla Solar Farm ($12.0 million). • A credit-approved term sheet for a senior debt facility of up to $20.0 million has been provided by Infradebt for the Brigalow Solar Farm . No debt will be raised at the Fund level. The Fund has entered into a General Security Agreement with Infradebt, as senior debt lender to the Swan Hill and Chinchilla assets, which provides a fixed and floating charge over the Fund's assets. There will be no recourse to Unitholders under any of the debt funding or security arrangements.
Fund structure	Australian domiciled, unregistered managed investment scheme. The Fund currently comprises a single unit trust, the Solar Asset Trust, which holds each of the Seed Assets through three wholly-owned subsidiary companies. Refer to Section 3.5 for more details.
Term & liquidity	Unlisted fund with a maximum term of 20 years from the First Close Date, unless extended upon recommendation by the Trustee and approved by a special resolution of 75% of Unitholders. The Fund will seek to return investor capital within 5 to 7 years by actively pursuing liquidity opportunities from the fifth anniversary of the First Close Date. This may occur via an initial public offering, a private sale of the entire Fund, or the sale of individual assets held by the Fund. The Fund will only be liquidated during the Term if recommended by the Trustee and approved by a special resolution of 75% of Unitholders. There is no organised secondary market for the Units. In circumstances where a Unitholder wishes to exit the Fund prior to the end of the Term, the Unitholder can take steps to sell their Units. However, there is no obligation on the part of the Trustee to facilitate the sale of Units during Term, and therefore an investment in the Fund should be considered illiquid for the Term. Units may only be transferred with the prior written consent of the Trustee, to persons who comply with the eligibility requirements described in this IM.

3.2. FUND INVESTMENT MANDATE

The Fund will actively seek opportunities for investment in assets that satisfy the Fund's investment mandate. The Board will consider all investment opportunities in accordance with the below criteria.

Target assets	The Fund will target Australian solar infrastructure assets with the following characteristics: • that are uncommissioned and in various stages of development and construction, thereby presenting opportunity for the creation of additional value through the efficient management of the asset through to commercial operations; • that have been independently assessed as capable of producing electricity for an institutional quality offtake or power purchase agreements, whether such arrangements are established or not; • that can provide the Fund with direct exposure to wholesale electricity and related markets (although the Board may determine throughout the asset life it may be in the Fund's best interests to enter into offtake or power purchase agreements or to manage the market exposure through Australian electricity derivatives or other financial instruments); • that have reliable land access arrangements, with a term that reflects the assumed life of the relevant asset; • that provide robust warranties and defect liability periods following commissioning of the solar farm; and • that are forecast to meet the Fund's returns targets.
Minimum asset size	5 MWp or $5 million.
Maximum asset size	40 MWp or $60 million.
Investment period	The Fund intends to be fully invested on or prior to the second anniversary of the First Close Date and will not seek to acquire further assets thereafter. The above does not include additional investment in assets held by the Fund at or prior to the second anniversary of the First Close Date, for which the Fund may undertake at any time, with the unanimous approval of the Board.
Impact	Significant, measurable social and environmental impact across a range of areas including climate, health & wellbeing and prosperity.

3.3. UNITHOLDER INVESTMENT PROCESS AND DETAILS

Opening date	Applications for Units will be accepted from 30 November 2018.
Closing date	The First Close Date was 28 June 2018. Applications under this IM will be accepted until a further close date is determined by the Trustee, taking into consideration: • the total number of Units applied for at the relevant time; and • the Maximum and Minimum Fund Size. The Final Close Date shall be: • the date the Trustee receives and accepts applications for a sufficient number of Units to achieve the Maximum Fund Size; or • such earlier date as the Trustee may determine.
Minimum application amount	$100,000, unless otherwise determined by the Trustee.
Unit pricing	The issue price of Units will vary, depending on the time at which applications are accepted: • $1.00 per Unit for Units issued on applications accepted by the First Close Date. • Units issued on applications accepted after the First Close Date but on or before the date that is 6 months after the First Close Date will be issued at $1.00 per Unit plus a pro-rata 10% per annum calculated from the First Close Date until the date of acceptance of the application to reflect the increase in value from First Close Date. • Units issued on applications accepted more than 6 months after the First Close Date will be issued at a price determined with reference to the net asset value of the Fund per Unit at the time of the relevant capital raising plus applicable transaction costs and a pro-rata 10% per annum calculated from the First Close Date until the date of acceptance of the application.
Instalments	The first $25 million in applications accepted under this IM will be for fully paid Units, where the issue price of Units will be determined based on the time at which applications are accepted by the Fund, as described above. Further capital raised above this amount may be subject to an instalment structure as determined by the Trustee as follows: **First instalment** The Trustee will determine the size of the first instalment, and advise Applicants of this when confirming the allocation and issue of Units. The first instalment is payable within 5 business days of the Applicant receiving notice. Following receipt of payment, Applicants will be issued the corresponding number of Units, partly paid to the amount of the first instalment. The first instalment is intended to fund the construction and other costs of any asset acquisitions beyond the Seed Assets.

	Subsequent instalments The Trustee will determine the size and timing of any subsequent instalments and provide Unitholders with written notice of such determination. Subsequent instalments will be payable as advised, but shall not be less than 10 business days from issue of such notice. Subsequent instalments are intended to fund further investment by the Fund beyond the Seed Assets. If a Unitholder fails to meet any subsequent instalment by the date specified by the Trustee, any Units held by that Unitholder may be forfeited and the Trustee will sell those Units at the best price the Trustee can reasonably obtain, having regard to the Fund's requirements to meet its obligations on a timely basis. Such acquisition of Units may be by the Fund or a related party of the Fund. Until the Units are acquired, the Unitholder's voting rights shall be suspended. Following the sale of those Units, the proceeds of the sale less any amounts owing to the Trustee and any costs incurred in connection with the forfeiture will be paid to the Unitholder and the Unitholder shall not have any entitlement to other compensation. Once the Trustee has finished investing in projects (including further investments (if any)), it will call any remaining outstanding instalments and return to Unitholders, as a distribution, any surplus and unrequired amounts. The Trustee intends to undertake this process no later than the date which is four months after the practical completion of all assets acquired beyond the Seed Assets.
Applications	All Unitholders must be wholesale clients as that term is defined in the Corporations Act 2001 (Cth). As the offer period may close quickly, interested persons are encouraged to submit their Application Forms as soon as possible. The Trustee has discretion to scale back applications at its discretion.
Use of proceeds	Including amounts raised at First Close investor capital raised by the Fund has been or will be used to: • Repay the outstanding principal and interest under the facilities drawn for the purposes of funding the acquisition and construction of the Swan Hill and Chinchilla Solar Farms, together with related expenses. These facilities, totalling $30.3 million in principal and an estimated $0.8m in interest and costs, were obtained by the IIG Solar Development Trust and on-lent to the Fund on substantially the same terms. The manager of the IIG Solar Development Trust is a related party of the Manager and interest is at commercial rates. • Finance the acquisition, construction and related expenses of the Brigalow Solar Farm, with an anticipated total cost of $51.7 million. Construction commenced in November 2018. If applications are received for more than $80 million in investor capital (including amounts raised at First Close), the excess will be called once the Fund has committed to new investments that meet the Fund's investment mandate. If applications are received for less than $120 million in investor capital (including amounts raised at First Close), the Trustee anticipates subsequent capital raisings for the purposes of funding further investment by the Fund. Such capital raisings shall be as determined by the Trustee.

3.4. GOVERNANCE AND EXPENSES

Management structure	The Board is comprised of a majority of independent directors and chaired by independent director Chloe Munro AO. The Fund will be managed by IIG's Renewable Energy Infrastructure team, which is led by industry expert Lane Crockett. Further information on Fund management and governance is included in Section 3.6 and Section 7.
Management fee	The Fund will pay the Trustee a management fee in consideration for on-going fund and asset management services over the Term. Please refer to Section 5 for further information.
Development fee	The Fund will pay the Manager a development fee in consideration for the specialist skills and services provided to the Fund in originating, acquiring and managing the development, construction and commissioning of each asset. Please refer to Section 5 for further information.
Fund operating costs	The Fund is responsible for all costs and expenses incurred in the operation and management of the Fund. Please refer to Section 5 for further information.
Establishment and transaction costs	The Fund shall be responsible for all costs and expenses incurred in establishing and raising capital for the Fund. Please refer to Section 5 for further information.
Underwriting costs	The Fund shall be responsible for costs incurred under an underwriting agreement the Trustee and IIG have entered into to ensure sufficient equity funding so that the Fund can proceed to practical completion with the Brigalow Solar Farm. Please refer to Section 5 for further information.

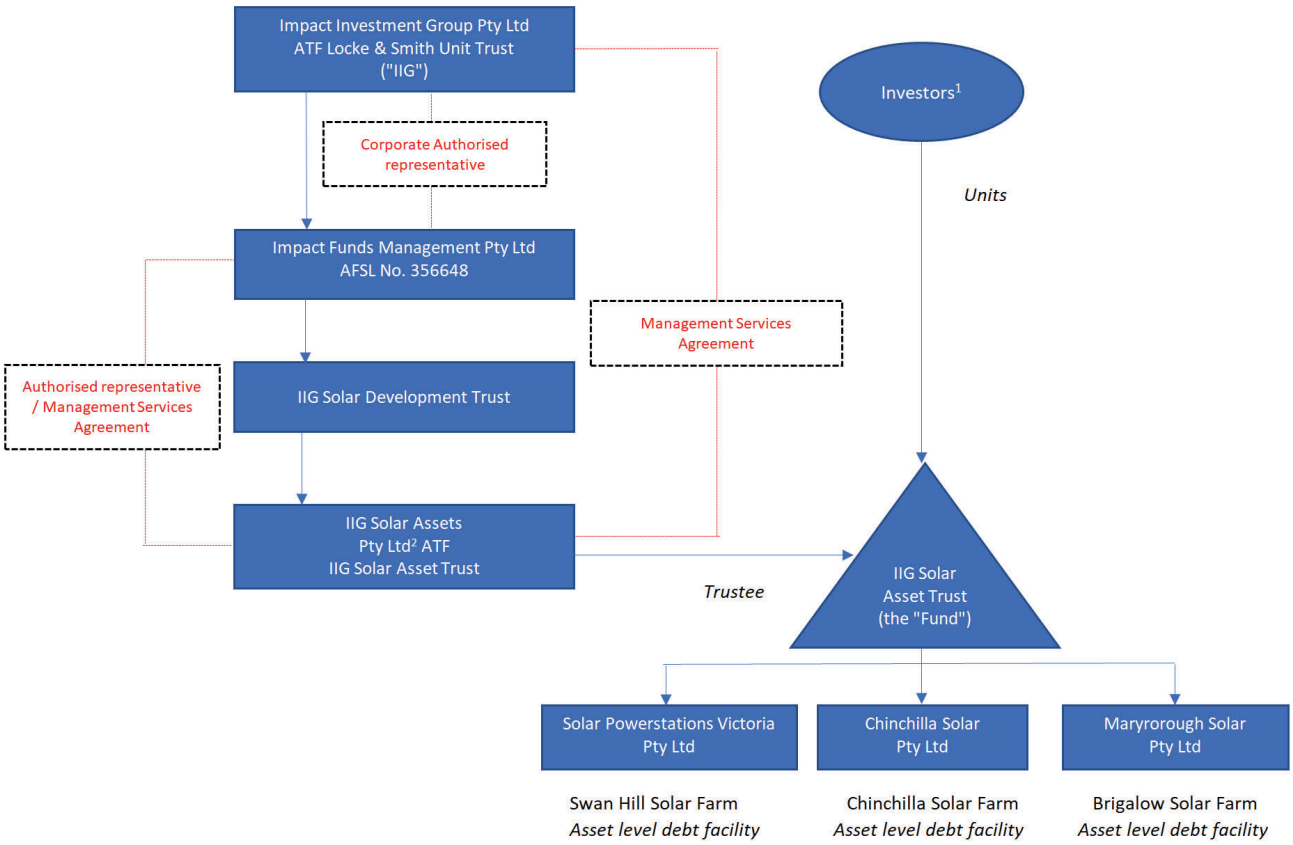
3.5. FUND STRUCTURE

The Fund comprises a single unit trust, the IIG Solar Asset Trust ("Fund" or "IIG Solar Asset Fund"). The IIG Solar Asset Fund has a corporate trustee, IIG Solar Assets Pty Ltd ("Trustee"). The Trustee is a wholly-owned subsidiary of IIG, but its board comprises a majority of independent directors ("Board").

At present, the Fund is invested in three wholly-owned subsidiary companies that own all of the assets comprising each of the Swan Hill Solar Farm, Chinchilla Solar Farm and Brigalow Solar Farm (each being a "Special Purpose Vehicle"). The IIG Solar Asset Fund and the Special Purpose Vehicles are expected to be consolidated for tax purposes.

A diagram showing these entities and relationships is provided below in Figure 3. The structure of the Fund, and the entities that comprise the Fund, may change; for example, for the purposes of investing in additional assets. Such changes will only be implemented if the Board unanimously considers such action to be in the best interests of Unitholders as a whole.

Figure 3: *Simplified structure diagram showing the IIG group of companies and the Fund*



1 Incoming investor capital is injected into the IIG Solar Asset Trust (the "Fund").
2 IIG Solar Assets Pty Ltd is represented in its role as trustee for IIG Solar Asset Trust. It is ultimately 100% owned by Impact Investment Group Pty Ltd.

3.6. FUND MANAGEMENT

The Trustee has entered into a management services agreement with IIG, whereby the Manager will provide or procure all services required for the efficient operation of the Fund. The Manager is an authorised representative of Impact Funds Management Pty Ltd (ACN 138 179 914, AFSL 356 648).

The management services provided to the Trustee will continue until terminated by either the Manager or the Trustee, as applicable.

- Either party may terminate the agreement without cause, by providing 180 days' written notice; however, the Manager is not permitted to give notice of termination during the initial period of five years.
- The Trustee may terminate the agreement immediately in specified circumstances, including insolvency on the part of the Manager, any breach of the agreement that is not rectified within 60 days of the Manager receiving written notice, fraud on the part of the Manager or the loss of any licence or authorisation required by the Manager to perform its obligations under the agreement.
- The Manager may terminate the agreement immediately where the Trustee is in breach of the agreement and that breach has not been rectified within 60 days of the Fund receiving written notice of the breach.

3.7. ASSET ORIGINATION

As the Australian solar market has evolved, investor demand for quality solar assets has increased, particularly for operational assets.

In 2016, IIG established the Solar Income Fund, with a strategy to invest in operational assets with power purchase agreements in place. SIF was able to acquire approximately $65 million of assets, before it subsequently closed on the basis that there were no operational assets available that met the fund's investment mandate and minimum required return.

Also in 2016, IIG set up the IIG Solar Development Trust (SDT) to establish a pipeline of assets suitable for a fund with a differing risk-return profile. The SDT acquires solar assets in their development phase and funds the initial development costs required prior to commencing construction. The Fund secured a right to acquire the Seed Assets while in their development phase, with acquisition subject to key development milestones being achieved and the asset being ready to commence construction.

For future investment, the SDT has provided the Fund with a first right to acquire any of its solar assets, upon those assets achieving final investment decision and being ready to commence construction. Under this agreement, the Fund has exclusive access to a pipeline of quality Australian solar assets, which it has a right but not the obligation to acquire. The Fund will only acquire assets where the Board unanimously approves the acquisition. In considering acquisitions, the Board will be guided by the investment mandate for the Fund, both qualitatively and quantitatively, including the Fund's target IRR of 10%.

This agreement does not impose an exclusivity on the part of the Fund, with it able to originate investment opportunities from any source. The agreement has a term of two years.

3.8. FINANCIAL SERVICES

The Trustee has been appointed as an authorised representative of Impact Funds Management Pty Ltd ("IFM"), being the holder of Australian financial services licence number 356648. As an authorised representative, the Trustee can provide relevant financial services on behalf of IFM, in accordance with the terms and conditions of IFM's financial services licence.

4. SEED ASSETS

The Fund is invested in three solar farms ("Seed Assets"). One of which is fully constructed and operational, one is in late-stage construction and the third commenced construction in November 2018. When each Seed Asset is commissioned they are expected to have a total unlevered value of approximately $120 million.

4.1. REVENUE MODEL

Each of the Seed Assets will be connected to the local grid, with all electricity generated being sold into the NEM at the prevailing spot price. The Seed Assets will earn further revenue through the registration of large-scale generation certificates ("LGCs"), also to be sold on market at the prevailing spot price. Revenue from LGCs is anticipated to comprise approximately 12% of total revenue of the Seed Assets.

Please refer to Section 5 for further information regarding price forecasts and revenue expectations.

4.2. OPERATIONS, MAINTENANCE AND EQUIPMENT REPLACEMENTS

Operation and maintenance of each of the Seed Assets is to be provided by external service providers under fixed price arrangements. The annual operations of a solar farm include site management, inspection and cleaning of panels and electrical equipment and reporting.

Please refer to the tables below for details of the arrangements for each Seed Asset.

Other operating costs include public liability insurance and allowances for industrial special risks and business interruption. Allowances have also been made for replacement of some major equipment over the life of the asset.

Please refer to Section 5.2 for the operations and maintenance costs in the pro-forma cash flow.

4.3. LEVERAGE

It is anticipated that all of the Seed Assets, and any further investments, will be funded in part by debt, subject to a maximum loan to value ratio of 50%.

Please refer to the tables below and Section 5.2 for further information regarding the Debt Funding of the Seed Assets.

4.4. FURTHER OPPORTUNITIES

The Fund will continue to actively pursue opportunities for further investment in quality Australian solar assets, with the Fund targeting a total value of approximately $180 million of assets under management. Each opportunity will be assessed against the Fund's investment mandate.

4.5. SWAN HILL SOLAR FARM

Swan Hill Solar Farm, Panels Complete, April 2018 - Image Courtesy RCR

Key facts

Asset	Swan Hill Solar Farm ("SHSF").
Status	Construction commenced in September 2017, with practical completion achieved on 19 July 2018.
Location	Approximately 3.5 kilometres to the west of the township of Swan Hill, in Northwest Victoria. Located on land of approximately 38ha acquired from the Swan Hill Rural City Council in January 2017, for consideration of $145,000.
Capacity	19.3MWdc
Generation	Approximately 37,750MWh expected in the first full year of operation.[5] Thereafter, the generation capacity is assumed to decline by 0.5% per annum, as the solar panels age.
Value and Capital Structure	$35.9 million at the commencement of commercial operations, reflecting the all in cost of its development, of which $16.5 million is funded from debt, pursuant to a senior secured facility from Infradebt. The applicable interest rate under the facility is 50% fixed and 50% variable, providing an estimated ongoing cost of debt of approximately 4.8% per annum from commercial operations.

[5] Generation capacity is calculated on the basis of a 50% probability of exceedance scenario (meaning that this outcome is as likely to happen as not to happen).

Description	Ground-mounted solar farm with horizontal, single axis tracking system. Site configuration consists of four PV power conversion stations – two of 5MWac total and two of 2.5MWac total. The configuration is unique in that there are two individual connection points to the grid network, which would operate as two physically and electrically independent systems each with a 7.2MWac exporting limitation. Assumed asset life of 40 years[6] from the commencement of commercial operations.
Revenue	All electricity generated from SHSF will be supplied to the local electricity grid, and sold into the NEM at the relevant spot price. All LGCs registered by SHSF will also be sold on market, at the relevant spot price. This revenue is expected to be approximately 12% of total revenue over the asset life.
Engineering & construction	SHSF was constructed by RCR under a fixed-price engineer, procure, construct, maintain contract ("EPCM" contract).
Grid connection	Grid connection is provided by Powercor Australia Ltd ("Powercor") pursuant to a connection agreement entered into in July 2017. Works were completed under this agreement in May 2018. Electricity is exported through this connection to Powercor's distribution network, in accordance with the generator deed. The generator deed, also entered into in July 2017, has a term of 25 years commencing from the connection of SHSF to the network.
Planning & approvals	Planning permit no. 2013/31 was issued by the Council on 28 August 2013 and was amended and extended on 4 October 2017. The permit required construction to have commenced by 28 August 2018, which was satisfied.

[6] As SHSF owns the land that that the Solar Farm it is located on, the asset can continue to operate past its design life. In order to do so, it is assumed that necessary capital works are completed (e.g. the inverters are replaced), while the asset performance has been reduced to reflect the age of the equipment.

Operations & maintenance	SHSF is being operated and maintained by RCR for a term of two years from the commencement of commercial operations for a fixed annual fee. The O&M arrangement includes an availability guarantee, whereby RCR guarantees, subject to specified exclusions, that the facility will achieve a guaranteed measured plant availability of 98% for the months June, July and August and for the months September to May (inclusive) 99%. Liquidated damages, capped at two years of the O&M fee, have been claimed as guaranteed levels of performance were not achieved in early operational months. The arrangement also includes a general defects liability period ("DLP") of 24 months, during which time RCR is required to rectify any defects at the facility. Specific testing of certain components is required during the DLP, which is intended to identify and rectify any defects to ensure that the minimum performance guarantees are achieved. It also includes a guaranteed performance ratio, which is calculated twice during the DLP, at end of year 1 and year 2 following the commencement of commercial operations. Liquidated damages will be payable if this performance is not achieved. Additional protection is provided in the form of warranties over specific equipment and components. These warranties have various periods, ranging from 6 months to 25 years from the end of the DLP. RCR is a subsidiary of RCR Tomlinson Ltd. On 21 November 2018 RCR Tomlinson Ltd announced the appointment of McGrathNicol as administrators to RCR Tomlinson Ltd and its related companies, including RCR. Solar Powerstations Victoria Pty Ltd, which is wholly owned by the Fund, holds significant bonds against any construction defects and the Fund is developing contingency plans to respond to any changes in circumstances regarding operations and maintenance provision.
Acquisition & development	The Fund acquired Solar Powerstations Victoria Pty Ltd, being the owner of all assets comprising SHSF, from Australian Solar Group Limited. As part of the sale, Australian Solar Group entered into a development services agreement, and provided those services required for the development and management of the facility to the commencement of commercial operations.

4.6. CHINCHILLA SOLAR FARM

Chinchilla Solar Farm under construction, August 2018.

Key facts

Asset	Chinchilla Solar Farm ("CSF").
Status	Construction commenced in December 2017, with commercial operations expected in December 2018.
Location	Approximately seven kilometres northwest of Chinchilla in the Western Downs shire of southeast Queensland. Located on privately-owned land of approximately 73ha, leased for a total term of 30 years.[7] The leased land comprises part of a single freehold rural property located at Lot 172 on Crown Plan LY269, 168 Sturgess – Baking Board Road.
Capacity	19.9MWdc
Generation	Approximately 41,940MWh of electricity expected in the first full year of operation.[8] Thereafter, the generation capacity is assumed to decline by 0.5% per annum, as the solar panels age.

[7] The lease arrangements comprise a "lease series" of three separate leases, each with consecutive terms of ten years, providing a total term of 30 years.

[8] Generation capacity is calculated on the basis of a 50% probability of exceedance scenario (meaning that this outcome is as likely to happen as not to happen).

Value and Capital Structure	$32.4 million expected at commencement of commercial operations, reflecting the all in cost of its development, with debt of approximately $12.0 million, pursuant to the senior secured facility from Infradebt. The applicable interest rate under the facility is 40% fixed and 60% variable, providing an estimated ongoing cost of debt of approximately 4.8% per annum from commercial operations.
Description	Ground-mounted solar farm with horizontal, single axis tracking system. To be connected to the local electricity grid through a single connection. Assumed asset life of 30 years from the commencement of commercial operations.
Revenue	All electricity generated from CSF will be supplied to the local electricity grid and sold into the NEM at the relevant spot price. All LGCs registered by CSF will also be sold on market, at the relevant spot price. This revenue is expected to be approximately 13% of total revenue over the asset life.
Engineering & construction	CSF is being constructed by Gildemeister under a fixed-price engineer, procure, construct contract ("EPC" contract).
Grid connection	Grid connection will be provided by Ergon Energy Corporation Limited ("Ergon Energy") pursuant to a connection agreement entered into in October 2017. Works are expected to be completed under this agreement in December 2018. Electricity will be exported through this connection to Ergon Energy's distribution network, in accordance with the ongoing connection contract. This contract was also entered into in October 2017, with export services to be provided from the date of connection to the network to September 2047.
Planning & approvals	A development permit was issued by Western Downs Regional Council on 2 November 2016. The permit required construction to have commenced by 8 November 2020, which has been satisfied. E.E.W. Eco Energy World Australia Pty Ltd, being a related entity of the vendor of CSF, is responsible for the development and delivery of CSF as specified in the asset development agreement. This includes obtaining all approvals and discharging all pre-construction, construction, and post-construction planning conditions in accordance with the development permit.

Operations & maintenance	CSF will be operated and maintained by Gildemeister for a term of two years from the commencement of commercial operations, for a fixed annual fee (escalating in accordance with CPI). The O&M arrangement includes an availability guarantee, whereby Gildemeister guarantees, subject to specified exclusions, that the facility will achieve minimum performance in any year of 98%. Liquidated damages will be payable if this performance is not achieved. The arrangement includes a general defects liability period ("DLP") of 24 months, during which time Gildemeister is required to rectify any defects at the facility. Specific testing of certain components is required during the DLP, which is intended to identify and rectify any defects to ensure that the minimum performance guarantees are achieved. Additional protection is provided in the form of warranties over specific equipment and components. These warranties have various periods, ranging from 5 to 25 years from the end of the DLP.
Acquisition & development	The Fund acquired Chinchilla Solar Pty Ltd, being the owner of all assets comprising CSF, from Eco Energy World Holdings Limited ("EEW"). As part of the sale, a related entity of EEW entered into a development services agreement, undertaking to provide those services required for the development and management of the facility to the commencement of commercial operations. The total consideration is payable in three tranches – the first was paid on financial close of the sale agreement, the second was paid on contractual close of the development services agreement and the third is payable upon completion of the development services agreement.

4.7. BRIGALOW SOLAR FARM

Brigalow Solar Farm site, pre-construction.

Key facts

Asset	Brigalow Solar Farm ("BSF").
Status	Commenced construction in November 2018, following recent financial close of this asset by the Fund. The Fund expects to achieve practical completion by April 2020.
Location	Approximately six kilometres west of Pittsworth in the Toowoomba Region of southeast Queensland. Located on privately-owned land of approximately 97ha, leased for a total term of 30 years.[9] The leased land comprises part of a single freehold rural property located at Yarranlea, Queensland.
Capacity	34.6MWdc
Generation	Approximately 70,590MWh of electricity in the first full year of operation.[10] Thereafter, the generation capacity is assumed to decline by 0.5% per annum, as the solar panels age.
Value and Capital Structure	$51.7 million expected at the commencement of commercial operations, reflecting the all in cost of its development, of which up to $20.0 million is expected to be funded from debt pursuant to a senior secured facility, which is being finalised with Infradebt.

[9] Lease arrangements comprise a "lease series" of three separate leases, each with consecutive terms of ten years, providing a total term of 30 years.

[10] Generation capacity is calculated on the basis of a 50% probability of exceedance scenario (meaning that this outcome is as likely to happen as not to happen).

Description	Ground-mounted solar farm with horizontal, single axis tracking system. Assumed asset life of 30 years from the commencement of commercial operations.
Revenue	All electricity generated from BSF will be supplied to the local electricity grid, and sold into the NEM at the relevant spot price. All LGCs registered by BSF will also be sold on market, at the relevant spot price. This revenue is expected to be approximately 11% of total revenue over the asset life
Engineering & construction	BSF is being constructed by Gildemeister under a fixed-price engineer, procure, construct contract ("EPC" contract), which was entered into on 9 October 2018. The notice to start works was issued on 9 November 2018, following the achievement of financial close.
Grid connection	A grid connection and grid services agreement has been executed with Ergon Energy Corporation Limited ("Ergon Energy").
Planning & approvals	A development permit was issued by Toowoomba Regional Council on 3 May 2017. The permit was subject to an appeal on 26 July 2017, but the appeal was withdrawn on 21 December 2017. The permit requires construction to commence by 21 December 2019.
Operations & maintenance	BSF will be operated and maintained by Gildemeister for a term of two years from the commencement of commercial operations, for a fixed annual fee (escalating in accordance with CPI). The O&M arrangement includes an availability guarantee, whereby Gildemeister guarantees, subject to specified exclusions, that the facility will achieve minimum performance in any year of 98%. Liquidated damages will be payable if this performance is not achieved. The arrangement includes a general defects liability period ("DLP") of 24 months, during which time Gildemeister is required to rectify any defects at the facility. Specific testing of certain components is required during the DLP, which is intended to identify and rectify any defects to ensure that the minimum performance guarantees are achieved. Additional protection is provided in the form of warranties over specific equipment and components. These warranties have various periods, ranging from 5 to 25 years from the end of the DLP.
Acquisition & development	The Fund acquired Maryrorough Solar Pty Ltd, being the owner of all assets comprising BSF, from Eco Energy World Holdings Limited ("EEW").

5. FINANCIAL INFORMATION

This section provides details as to the capital structure (including funding strategy and sources and uses of capital), operating finances (including assumptions, cash flow expectations, forecast returns, and sensitivity analysis) and Fund fees and expenses.

5.1. CAPITAL STRUCTURE

5.1.1. Funding Strategy

The Fund is seeking to raise investor capital of between $80 million and $120 million in aggregate. At First Close the Fund secured commitments totalling $55 million and the funds raised were utilised to fund the construction of the Swan Hill and Chinchilla Solar Farms.

This capital is to be raised through the issue of ordinary units ("Units"), which will provide holders of the Units ("Unitholders") with voting entitlements at general meetings. Units issued in relation to applications accepted by the First Close Date are issued at a price of $1.00. Subsequent commitments to subscribe for Units under this IM are subject to the Unit pricing set out in Section 3.3.

Where less than $120 million of investor capital is raised, the Fund may seek to raise further capital through the issue of additional Units at a later point in time, as determined by the Trustee. Further detail is provided below.

The Trustee and IIG have entered into an underwriting agreement to ensure sufficient equity funding so that the Fund can proceed to practical completion with the Brigalow Solar Farm.

Units

The Units are the last form of capital to be repaid in the event of a winding up of the Fund and carry no fixed distribution rights. The voting entitlements attached to the Units are described in the Fund's constitution.

The Fund will be a public trading trust for the purposes of Australian taxation law. Distributions may carry imputation credits and, particularly in the early years of the Fund, will also contain a high tax deferred component due to significant levels of depreciation available to offset taxable income.

Instalments

The Trustee has the ability to determine whether an instalment structure shall be used. The first $25 million in applications accepted under this IM will be for fully paid Units and an instalment structure will not be utilised.

Further capital raised above this amount may be subject to an instalment structure. The Trustee shall determine the size and timing of each instalment, based on several factors, including:

- the total number of applications that are received and Units issued; and
- the identification of further investment opportunities by the Fund that meet the Fund's investment mandate, and the anticipated amount and timing of costs and expenses related to the acquisition, development and construction of such opportunities.

The intention of an instalment structure is for the Fund to minimise the holding of surplus capital, while ensuring adequate access to capital to fund the construction and related costs of any acquisition beyond the Seed Assets. If the Trustee utilises an instalment structure, it is proposed to be on the following basis.

First instalment	The Trustee will determine the size of the first instalment and advise Applicants of this when confirming the allocation and issue of Units. The first instalment is payable within 5 business days of the Applicant receiving notice. Following receipt of payment, Applicants will be issued the corresponding number of Units, partly paid to the amount of the first instalment. The first instalment would be intended to fund the construction and other costs of any asset acquisitions beyond the Seed Assets.
Subsequent instalments	The Trustee will determine the size and timing of any subsequent instalments and provide Unitholders with written notice of such determination. Subsequent instalments will be payable as advised, but shall not be less than 10 business days from issue of such notice. Subsequent instalments would be intended to fund the construction and other costs of any asset acquisitions beyond the Seed Assets. If a Unitholder fails to meet any subsequent instalment by the date specified by the Trustee, any Units held by that Unitholder may be forfeited and the Trustee will sell those Units at the best price the Trustee can reasonably obtain, having regard to the Fund's requirements to meet its obligations on a timely basis. Such acquisition may be by the Fund or a related party of the Fund. Until the Units are acquired, the Unitholder's voting rights will be suspended. Following the sale of those Units, the proceeds of the sale less any amounts owing to the Trustee and any costs incurred in connection with the forfeiture will be provided to the Unitholder and the Unitholder shall not have any entitlement to other compensation. Once the Trustee has finished investing in projects (including further investments (if any)), it will call any remaining outstanding instalments and return to Unitholders, as a distribution, any surplus and unrequired amounts. The Trustee intends to undertake this process no later than the date which is four months after the practical completion of all assets.

Subsequent capital raisings

The Fund may undertake more than one capital raising. The Trustee shall determine the size and timing of each capital raising, based on factors including:

- the Maximum Fund Size, after which no further investor capital will be raised;
- the total number of Units that have been issued, and total amount of investor capital raised; and
- the identification of further investment opportunities by the Fund that meet the Fund's investment mandate, and the anticipated amount and timing of costs and expenses related to the acquisition, development and construction of such opportunities.

It is intended that investor capital will be applied as follows:

First $80 million	The first $80 million of investor capital will be applied to fund the construction and related costs of the Seed Assets. At First Close the Fund secured commitments totalling $55 million and the funds raised were utilised to fund the construction of the Swan Hill and Chinchilla solar farms.
Amounts above $80 million	Any Unitholder capital above $80 million will be reserved to fund the acquisition, development and construction of additional investment opportunities. Where capital above $80 million is not raised in this capital raising, the Fund will consider whether it is in the best interests of Unitholder as a whole to undertake additional capital raisings to pursue further investment as opportunities are identified. Once the Trustee has finished investing in projects (including further investments (if any)), it will call any remaining outstanding instalments and return to Unitholders, as a distribution, any surplus and unrequired amounts. The Trustee intends to undertake this process no later than the date which is four months after the practical completion of all assets.

Pricing of Units

The issue price of Units will be as follows:

Initial capital raising	$1.00 per Unit for commitments accepted by the First Close Date
Applications accepted after the First Close Date, but before the date that is 6 months after the First Close Date	$1.00 per Unit plus a pro-rata 10% per annum calculated from the First Close Date until the date of acceptance of the application .
Applications accepted more than 6 months after the First Close Date	A price determined with reference to the net asset value of the Fund per Unit at the time of the capital raising plus applicable transaction costs and a pro-rata 10% per annum calculated from the First Close Date until the date of acceptance of the application .

5.1.2. Sources And Uses Of Capital

The Fund is targeting a total value of approximately $180 million of assets. The Seed Assets that the Fund currently has, are expected to have a total value of approximately $120 million at the commencement of commercial operations, which is intended to be funded from both debt and investor capital:

- $80 million to be funded from investor capital; and
- $42 million of senior secured debt at the relevant asset level, on the indicative terms described in Section 5.2.1 below.

Capital raised by the Fund in excess of $80 million is intended for future investment. The Fund will actively seek opportunities for further investment in assets that satisfy the Fund's investment mandate.

Below is a summary of the sources and uses of capital, assuming that the Seed Assets have commenced commercial operations, using the current best estimate of the value of these assets at this time and reflecting investor commitments made by the First Close Date.

Indicative Fund capital flows:

	Target Minimum capital raise ($ million)		Maximum capital raise ($ million)	
Unitholder capital				
Units		80.0		120.0
Uses of Unitholder capital				
Swan Hill – repayment of development & construction funding	16.4		16.4	
Swan Hill – construction & related costs (net of senior debt)	8.1		8.1	
Chinchilla – repayment of development & construction funding	14.7		14.7	
Chinchilla – construction & related costs (net of senior debt)	4.7		4.7	
Brigalow – acquisition, construction & related costs (net of senior debt)	35.6		35.6	
Further assets – acquisition, development, construction & related costs (net of senior debt)	0.0		40.0	
Cash reserves	0.0	79.5	0.0	119.5
Fund establishment costs		0.5		0.5
Total uses		**80.0**		**120.0**

5.2. OPERATING FINANCES

5.2.1. Key Assumptions In Financial Information

The key assumptions underpinning the financial information contained in this IM are as follows:

- All financial information is presented on an accruals basis.
- All cash available for distribution by the Seed Assets is immediately available to the Fund. As these amounts will need to be distributed by the Seed Assets, there may be a delay in the Fund receiving these amounts.
- All Seed Assets have commenced commercial operations on the dates outlined in this IM. No further assets are acquired by the Fund.
- Debt is drawn by the Seed Assets in accordance with the binding terms for the Swan Hill and Chinchilla solar farms and indicative terms for the Brigalow Solar Farm (further details are provided below). This debt is refinanced at the end of the initial loan term of six years, for a further term of five years, on substantially the same terms including as to gearing.
- Specific assumptions for revenues, operating expenses and capital expenditure of the Seed Assets are provided below.
- The Fund forms a tax consolidated group with IIG Solar Asset Trust being the head entity. Franking credits received on income tax paid by the Fund are valued at 100% of face value.
- A discount rate of 8.5% is applied to future cash flows from the Seed Assets at the end of the Term. This includes revenues from the sale of electricity and operating expenses through to the later of the expiry of the underlying property leases (being 30 years in the case of the Chinchilla and Brigalow Solar Farms) and the expiry of the reasonable asset life (being 40 years in the case of the Swan Hill Solar Farm).
- The cost of operating and managing the Fund, and expenses incurred in the establishment of the Fund, are as described in Section 5.3.

The determination of financial and other information is inherently uncertain. In addition to these assumptions and explanations, applicants should refer to Section 8 for information on certain key risks involved in an investment in the Fund.

Value and capital expenditure of Seed Assets

The total anticipated capital cost for each of the Seed Assets at the commencement of commercial operations are as follows:

COST ($MILLIONS)	SWAN HILL SOLAR FARM	CHINCHILLA SOLAR FARM	BRIGALOW SOLAR FARM	TOTAL
Expected commercial operations commencement	*Jul 2018 (actual)*	*Dec 2018*	*Apr 2020*	
Construction cost	27.9	26.5	43.5	97.9
Acquisition and external developer costs	2.0	1.2	3.0	6.2
IIG Development fee and external transactions costs	1.7	1.3	2.6	5.6
Equity bridge funding cost	1.5	0.6	-	2.1
Debt costs during construction	0.9	0.6	1.0	2.5
Reserves – including cash accounts	1.9	2.2	1.6	5.7
TOTAL	**35.9**	**32.4**	**51.7**	**120.0**

It is anticipated that each of the Seed Assets will incur further capital costs, funded from operating cashflows, including:

- For each Seed Asset, $5,000 per MWp per annum (approximately $0.4 million per annum across the Seed Assets) has been budgeted for the replacement of inverters and other parts, commencing after the end of the inverter warranty period (fifth anniversary of the commencement of commercial operations). This is based on advice from the Manager's solar engineering advisors and equates to the equivalent cost of a full replacement of inverters over a 20-year period.
- The Swan Hill Solar Farm is on land owned by the project company (Solar Powerstations Victoria Pty Ltd). To estimate the residual value at year 30 the asset was assumed to continue operating for an additional 10 years (which achieved a 40-year operating life), with performance being reduced to reflect the age of the equipment. We note that Solar PV panels are under a performance warranty for 25 years and may continue operating to 50 or more years. Capital costs were budgeted for inverters and other parts at the same annual rate noted above.

Revenue model and assumptions

The Seed Assets will earn revenue, using a Merchant Strategy, by:

- Generating and selling electricity to the NEM. Electricity will initially be sold at the prevailing spot price. Sale of electricity is anticipated to deliver approximately 88% of total revenue of the Seed Assets and based on independent modelling work; and
- Registering LGCs, also to be sold on market at the prevailing spot price from operation commencement until the RET scheme closes. The sale of LGCs is anticipated to be approximately 12% of total revenue of the Seed Assets and based on independent price forecasts published by Green Energy Markets.

Please refer to Section 2 and Appendix A for more information about the NEM, wholesale electricity pricing, LGCs and Merchant Strategy.

While the revenues generated by the Fund under a Merchant Strategy are inherently uncertain (pricing of electricity and LGCs being dependent on relative demand and supply at the time of sale), the Fund is targeting higher returns compared to those that would be achieved if the generation capacity was contracted.

The Trustee has based its projections on independent price forecasts provided by a reputable independent consultant with extensive experience in economic and energy modelling services and owns a proprietary model for forecasting electricity spot prices in the NEM. The report detailing the independent price forecasts, prepared by the consultant, is available on request, as detailed in Section 10.

The revenues are based on the consultant's modelling approach, which includes:

- Estimating overall demand from the NEM on a 30-minute basis, with particular reference to large industrial demand and uptake of rooftop solar PV and electric vehicles.
- Considering the policy environment, including assumptions regarding federal and state level renewable energy targets, possible future policy developments, and the resulting impact on the operation of the electricity market.
- Estimating the supply mix, based on factors including the life of thermal (coal and gas) generation[11], the marginal cost of fuel prices for coal and gas generators, the cost of renewables (including both installation and funding costs) and wind and solar capacity factors (which determine the efficiency of new installations).
- Calculating the anticipated 30-minute price based on the demand and supply levels, and marginal generation cost of each generator in the NEM (including assessing bidding behaviour).

The assumptions for each of the functions are summarised in the table below.

Expected revenue for each Seed Asset was calculated using the 30-minute electricity price and modelled half-hourly generation profile, in conjunction with the forecast marginal loss factors and distribution loss factors for each asset.

The generation capacity for each Seed Asset has been calculated on the basis of a 50% probability of exceedance scenario (meaning that this outcome is as likely to happen as not to happen). Generation capacity is forecast to gradually decline as the panels age, with output assumed to decline by 0.5% per annum over the life of the asset.

[11] The assumption of coal generator retirements is based on the announced closure of Liddell in 2022 and a 45-year life for remaining generators. This timing is based on the generally accepted view that coal plants have an economic life of 40 years, that historic closures have averaged 42.5 years (on a weighted basis) and the assumption that the case for making significant refurbishments to extend plant life is non-economic and would not be pursued. This is consistent with independent market commentary.

AREA	BASE CASE ASSUMPTION
Emissions reduction policy	No explicit price on carbon.
Renewable energy targets	Legislated targets including the national large-scale renewable energy target (33,000 gigawatt by 2020), and the 2020 Victorian renewable energy target (25% renewable energy generation by 2020 and a 650 MW reverse auction launched in 2017).
Thermal generation retirements / developments	Announced retirements and developments (including Liddell in 2022), plus other coal generator retirements at the end of a 45-year useful life.
Industrial demand	2017 AEMO Electricity Statement of Opportunities (ESOO) electricity demand and energy scenario (neutral scenario).
Electricity demand	2017 AEMO ESOO electricity demand and energy scenario (neutral economic growth).
Rooftop PV / Residential and commercial storage / Electric vehicles	2017 AEMO ESOO electricity demand and energy scenario (neutral economic growth).
Fuel prices	2016 National Gas Forecasting Report (strong scenario[12]).
Renewables technology costs	2016 AEMO National Transmission Network Development Plan, plus adjustments to wind and solar based on recent public announcements on costs.
Cost of capital	August 2015 Independent Pricing and Regulatory Tribunal data, adjusted to lower gearing assumption.
Wind and solar capacity factors	Consultant's zonal default capacity factors for wind and modelled generic locational capacity factors for solar.

These assumptions are based on industry standard information sources and do not assume significant change to the current regulatory environment. Further information on regulation and renewables policy is included in Section 2 and Appendix A.

The resulting NEM wide capacity profile shows how the electricity grid would change, based on the above assumptions (Figure 4).

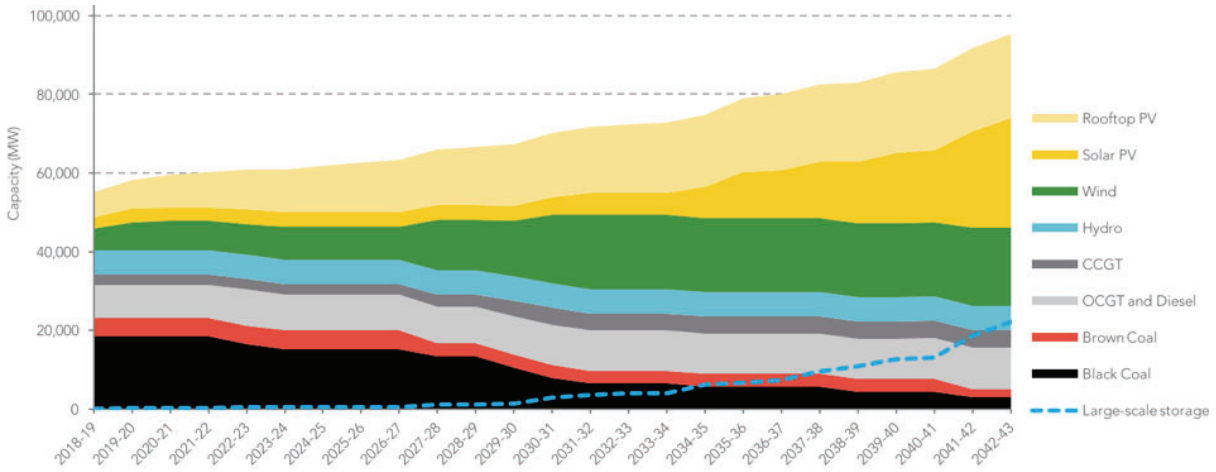


Figure 4: *Modelled NEM capacity (in megawatts) based on the base case assumptions*

[12] The consultant believes that the 'strong' gas price scenario is more appropriate as an assumption in conjunction with a 45-year coal life assumption, due to resulting substantial demand for gas generation following coal closures.

Power Purchase Agreements

As conditions change, the Trustee will actively consider the merits of reducing the Fund's market exposure, with potential to secure offtake or PPAs for all or part of the generation capacity and LCGs registered by one or more of the Seed Assets. Subject to the Fund's ability to do so derivatives and other financial instruments, which effectively agree the price at which electricity will be generated and sold in the future, may also be used to manage market risk over the short to medium term.

Operating expenses

Operation and maintenance of each of the Seed Assets is to be provided by external service providers under fixed price arrangements.

Please refer to Section 4 for further information regarding the Seed Assets' operation and maintenance arrangements.

Debt funding

It is anticipated that each of the Seed Assets will be funded in part by debt, subject to a maximum loan to value ratio of 50%.

Debt facilities have been secured for each of the Swan Hill and Chinchilla Solar Farms. Debt for the Brigalow Solar Farm has been assumed on similar metrics, as summarised below.

ASSET	SWAN HILL SOLAR FARM	CHINCHILLA SOLAR FARM	BRIGALOW SOLAR FARM
Commitment	Fully drawn.	Fully drawn.	Credit-approved term sheet provided in October 2018. Lending facility in the process of being finalised.
Borrowing entity	Solar Powerstations Victoria Pty Ltd	Chinchilla Solar Pty Ltd	Maryrorough Solar Pty Ltd
Facility limit	$16.5 million	$12.0 million	Up to $20.0 million.
Term	c.6 years (matures 30 September 2023)	c.6 years (matures 25 March 2024)	Expected 6 years when executed.
Interest rate type	Fixed 50% Floating 50%	Fixed 40% Floating 60%	Fixed 50% Floating 50%
Interest rate (inclusive of fees)	Ongoing cost of debt of ~4.8% pa from commencement of commercial operations.	Ongoing cost of debt of ~4.8% pa from commencement of commercial operations.	Ongoing cost of debt of ~ 4.9% pa from commencement of commercial operations subject to fixing the base rate at the time of signing.
Amortisation	Principal will amortise over the term, with a residual balance of $6.9m payable at the end of the term. It is assumed that this amount will be refinanced by debt on materially the same terms for a further period of five years.	Principal will amortise over the term, with a residual balance of $5.4m payable at the end of the term. It is assumed that this amount will be refinanced by debt on materially the same terms for a further period of five years.	Principal will amortise over the term, with a residual balance expected to be $9.8m payable at the end of the term. It is assumed that this amount will be refinanced by debt on materially the same terms for a further period of five years.
Key financial covenants	Debt service cover ratio of 1.3x	Debt service cover ratio of 1.3.x	Debt service cover ratio of 1.35.x
Early repayment premium	Years 1 – 3: Not permitted Years 3 – 4: 1% per year or part thereof Year 4+: Nil	Years 1 – 3: Not permitted Years 3 – 4: 1% per year or part thereof Year 4+: Nil	Years 1 – 3: Not permitted Years 3 – 4: 1% per year or part thereof Year 4+: Nil

The Fund itself will not raise additional debt, although may provide guarantees and additional security to support the facilities of the Seed Assets and any additional investments. The Fund has entered into a General Security Agreement with Infradebt, as senior debt lender to the Swan Hill and Chinchilla assets, which provides a fixed and floating charge over the Fund's assets. There will be no recourse to Unitholders under any of the debt funding or security arrangements.

5.2.2. Pro-Forma Fund Cash Flow Profile

A pro-forma cash profile has been developed for the Fund, based on the base case price forecasts and expected commitments.

Year 1 reflects the first full year of the Fund, plus the period May to June 2018 (assuming the Fund was raised on 15 May 2018). Further years are a 12-month period.

Actual distributions received by the Fund will depend in part on the time that each Seed Asset becomes operational and the cash profile assumes all net revenues are distributed to the Fund in the same period as earned by the relevant asset.

Indicative Cash Profile ($000's)

	Year 1 2018-19	Year 2 2019-20	Year 3 2020-21	Year 4 2021-22	Year 5 2022-23
Revenue generated (inc interest income)	9,748	15,159	14,705	12,808	11,725
Operating and maintenance costs	(595)	(1,481)	(1,944)	(1,905)	(1,915)
Interest and fees paid	(1,938)	(1,602)	(1,515)	(1,418)	(1,360)
Net cash flow from operating activities of Seed Assets	**7,215**	**12,076**	**11,246**	**9,485**	**8,450**
Fund expenses	(1,303)	(916)	(939)	(962)	(986)
Tax paid	(773)	(1,062)	(180)	0	0
Net cash flow from Fund activities	**(2,076)**	**(1,978)**	**(1,119)**	**(962)**	**(986)**
Debt drawn / (repaid)	11,313	4,206	(4,058)	(2,227)	(2,001)
Bank and reserve account movements	(3,958)	5,934	973	142	(50)
Capital expenditure	(54,362)	(11,969)	0	0	0
Sub debt drawn / (repaid)	(30,926)	0	0	0	0
Investor capital raised / (repaid)	74,961	0	0	0	0
Net cash flow from investment & financing activities	**(2,972)**	**(1,829)**	**(3,085)**	**(2,085)**	**(2,051)**
Net cash flow for Unitholders	**2,167**	**8,269**	**7,042**	**6,438**	**5,413**

Nature of cash flow profile

The cash flows received by the Fund, and therefore the cash available for Unitholders, are not certain. In addition to the key assumptions discussed in Section 5.2.1 cash flows are expected to vary throughout each year, with seasonal factors influencing generation levels.

Solar assets are amortising assets that are assumed to have no residual value at the end of their operating life. As a result, the anticipated average cash yield is higher than the projected IRR. In the early years of the Fund the yield is below the IRR as significant debt is being repaid (rather than cash going to Unitholders as yield). This reduces the refinancing risk for the Seed Assets at the expiry of their initial debt. On any refinancing it is forecast that there would be a capital return to Unitholders.

Actual cash flows will also vary if the Fund invests in additional assets.

5.2.3. Target Financial Returns

On the basis of the modelled cashflows the Seed Assets are projected to deliver the 10% IRR return target over the Term. Sensitivity analysis on these returns is presented below.

The below target distributions are presented on a pro-forma basis, based on the key assumptions described in Section 5.2.1 and cash flow profile shown in Section 5.2.2.

Distributions to Unitholders[13]

	YEAR 1 2018-19	YEAR 2 2019-20	YEAR 3 2020-21	YEAR 4 2020-21	YEAR 5 2022-23
Inclusive of franking credits	3.7%	11.8%	9.1%	8.1%	6.8%
Cash only	2.6%	10.4%	8.9%	8.1%	6.8%

These distributions to Unitholders calculations are based on the full $80 million in capital being raised by the Fund. Individual investor returns will vary depending on the Unit price at the time of investment.

Tax deferred component

Distributions on the Units are modelled to be approximately 70% tax deferred over the first five years. The actual level of tax-deferred distributions will be a function of the assets' depreciation profile, including any further investments by the Fund.

[13] All figures have been rounded to the nearest one-tenth of a percent

5.2.4. Sensitivity Analysis

The financial performance of the Fund is most sensitive to the actual amount of revenue obtained from the sale of electricity. As the Fund is pursuing a Merchant Strategy, expectations for future wholesale electricity prices is a key consideration. Section 2 provides an overview on renewable energy in the NEM, how the Fund is exposed to market pricing, and why this revenue strategy has been chosen. Section 8 discusses key risks in adopting a Merchant Strategy and Appendix A provides further background information on the renewable energy and the Australian energy market.

To understand the range of potential returns that the Fund could deliver independent forecasts for an upside and downside case have been obtained from a reputable independent consultant with extensive experience in economic and energy modelling services. These should be considered in conjunction with the base case forecasts presented above.

The key assumptions underpinning the upside and downside electricity price forecasts are set out below. All factors (revenues and costs) other than the electricity price forecasts, are assumed to be the same in the upside and downside cases as the base case.

AREA	BASE CASE ASSUMPTIONS	UPSIDE ASSUMPTIONS	DOWNSIDE ASSUMPTIONS
Emissions reduction policy	No explicit price on carbon	Emissions intensity scheme to deliver a 63% reduction in emissions from 2005 levels by 2030 and an electricity sector emissions intensity below 0.1 by 2035.	As for base case
Renewable energy targets	Legislated Large-scale Renewable Energy Target (33,000 gigawatt by 2020), including the 2020 Victorian Renewable Energy Target (650 MW auction)	As for base case	As for base case
Thermal generation retirements / developments	Announced retirements and developments (including Liddell in 2022), plus other coal generator retirements at the end of a 45-year useful life	As for base case	As for base case
Renewables technology costs	2016 AEMO National Transmission Network Development Plan, plus adjustments to wind and solar based on recent public announcements on costs.	As for base case	10% reduction in wind and solar PV capex across all years
Electricity demand	2017 AEMO ESOO (Neutral Scenario)	As for base case	2017 ESOO 'Weak' case
Bidding strategies	The consultant's base case, with renewable generators bidding at minus the LGC price until 2030-31, and then 50% at a 'shadow' thermal price and 50% at zero from 2031-32.	As for base case, but with Stanwell portfolio adopting a more aggressive bidding strategy.	As for base case

The resulting bundled price from wholesale electricity and LGC is summarised in Figure 5.

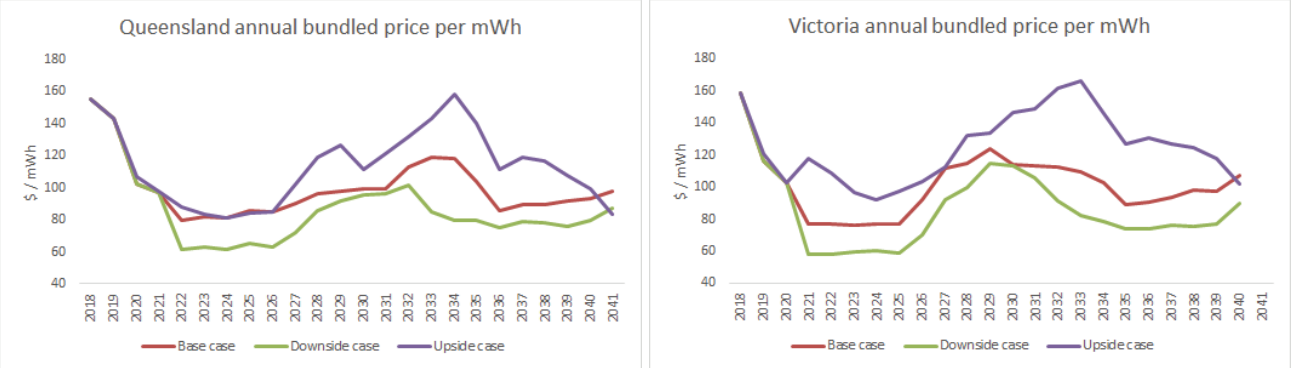


Figure 5: *These graphs show the 'bundled' price per megawatt hour, in nominal prices, and dispatch weighted (meaning they represent the modelled revenue at the time the projects are producing electricity rather than the time weighted average across at 24 hour period).*

IRR & Yields Under Base, Upside & Downside Cases[14]

	PRE-TAX IRR (INCLUSIVE OF FRANKING CREDITS)	5-YEAR AVERAGE YIELD (INCLUSIVE OF FRANKING CREDITS)
Base case	10%	8%
Uncontracted electricity prices are at the level in the upside case	13%	10%
Uncontracted energy prices are at the level in the downside case	6%	7%

These IRR and yield calculations are based on the full $80 million in capital being raised by the Fund. Individual investor returns and yield will vary depending on the Unit price at the time of investment.

Note: The 5-year average yield is below the Pre-Tax IRR. This is in contrast to the usual profile for a depreciating asset, where the yield can be expected to exceed the IRR. In the early years of the Fund the yield is below the IRR as significant debt is being repaid (rather than cash going to investors as yield). This reduces the refinancing risk for the Seed Assets at the expiry of their initial debt. On any refinancing it is forecast that there would be a capital return to Unitholders.

[14] All figures have been rounded to the nearest percent

5.3. FEES AND COSTS

The Trustee is responsible for payment of certain fees and costs in connection with the operations and activities of the Fund. These include costs that are incurred by the Fund (either directly or indirectly), as well as on-going management fees and development costs that are payable to the Manager.

The below provides a summary of the fees and costs that the Fund is expected to incur.[15]

Management fee	The Fund will pay the Trustee a management fee in consideration for on-going fund and asset management services over the Term. The management fee paid to the Trustee is equal to 0.6% per annum of the total unlevered value of the assets of the Fund, calculated on the expected unlevered value at the later of the First Close Date and when the asset reaches financial close, and thereafter increased by 2.5% per annum. The fee is payable monthly in arrears. The Trustee has entered into a management services agreement with the Manager, whereby the Manager will provide or procure all services required for the efficient operation of the Fund. Any management fee which the Trustee pays to the Manager under this agreement will not be reimbursed out of the assets of the Fund, although other costs and charges incurred in connection with the provision of services under this agreement will be reimbursed out of the assets of the Fund. Under certain circumstances the Trustee is entitled to an early termination fee, to be paid out of the Fund's assets: • If the Fund is terminated prior to expiration of the Term, the Trustee is entitled to an early termination fee equal to the present value of the future management fees (excluding the 2.5% escalator), provided that the IRR of the Fund upon liquidation was at least 10% (Pre-Tax, post-fees). The present value of the future management fees will be determined using an 8.5% discount rate. The Fund or its assets will only be sold prior to expiration of the Term if recommended by the Trustee and approved by a special resolution of at least 75% of Unitholders. • If the Trustee is removed during the Term without cause the Trustee is entitled to an early termination fee equal to the present value of the future management fees (excluding the 2.5% escalator), without being subject to the Fund achieving any minimum IRR. The present value of the future management fees will be determined using an 8.5% discount rate. If the Trustee resigns or is removed during the Term for cause, the Trustee will not be entitled to any early termination fee.

[15] These amounts are provided exclusive of GST. Where GST is payable, this will be in addition to the above amounts.

Development fee	The Fund will pay the Manager a development fee in consideration for the specialist skills and services provided to the Fund in originating, acquiring and managing the development, construction and commissioning of each asset. The development fee is equal to 2.5% of the unlevered value of each asset that is acquired by the Fund, calculated at the later of either the First Close Date or when an asset reaches financial close. The development fee is payable upon agreed milestones with the final payment contingent on the asset achieving practical completion.
Fund operating costs	The Fund is responsible for all costs and expenses incurred in the operation and management of the Fund, anticipated to include: • directors' fees and related expenses; • expenses related to the operation, management, administration and investment of the Fund; and • expenses of external advisors, which may include legal, taxation, engineering, audit and financial advisors. In the first full year, the costs and expenses of the Fund are expected to be approximately $900,000, including the management fee.
Establishment and transaction costs	The Fund shall be responsible for all costs and expenses incurred in establishing and raising capital for the Fund, acquiring and divesting of assets, and all other transactional costs. The costs and expenses anticipated in relation to the establishment and capital raising of the Fund is expected to be $500,000.
Underwriting Agreement	The Trustee and IIG have entered into an underwriting agreement to ensure sufficient equity funding so that the Fund can proceed to practical completion with the Brigalow Solar Farm. IIG has agreed to underwrite $18.8m in investor capital in the period to 31 May 2019. The Fund will pay IIG an underwriting fee on any shortfall Units subscribed by IIG under the underwriting agreement, at a rate of approximately 8% per annum, pro-rata. No fee is payable on commitments or expressions of interest to subscribe for Units made to the Fund prior to 9 November 2018. The underwriting fee will be paid from the pro-rata 10% per annum premium over the initial $1.00 price per Unit.

6. IMPACT OVERVIEW

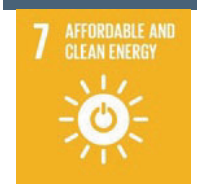
6.1. KEY IMPACT INFORMATION

Location of Impact	Australia
Beneficiaries	• Climate and the environment • Australian economy • Community

6.2. SUSTAINABLE DEVELOPMENT GOALS

The 17 sustainable development goals were agreed by countries in 2015 to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. The Trustee expects that the sustainable development goals will become the global framework for impact reporting in coming years.

The Fund's assets, as renewable energy generation, support the specific achievement of four goals, and their underlying targets.

SUSTAINABLE DEVELOPMENT GOAL AND TARGETS SUPPORTED	
	• Ensure access to affordable, reliable, sustainable and modern energy for all • Increase substantially the share of renewable energy in the global energy mix
	• Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation • Develop quality, reliable, sustainable and resilient infrastructure • Upgrade infrastructure and retrofit industries to make them sustainable
	• Ensure sustainable consumption and production patterns • Achieve the sustainable management and efficient use of natural resources • Substantially reduce waste generation through prevention, reduction, recycling and reuse
	• Take urgent action to combat climate change and its impacts

6.3. SNAPSHOT OF IMPACT METRICS FOR SEED ASSETS

MWh generated annually[16]	140,000
MWh generated over lifetime of assets[17]	4,196,000
CO_2-e avoided annually[18]	138,000 tonnes
CO_2-e avoided over the lifetime of assets[19]	4,134,500 tonnes
Number of homes powered[20]	24,100
Avoided health and environmental costs over the lifetime of assets[21]	$194 million
Avoided deaths over the lifetime of assets[22]	78
Avoided illnesses over the lifetime of assets[23]	42,360
Volume of water saved over lifetime of assets[24]	15,050 megalitres
Construction and operations jobs created over the lifetime of assets[25]	470

6.4. IIG IMPACT FRAMEWORK SCORE

Intentionality & inherent impact	High
Breadth & depth of actual impact	High
Wider benefit to society	High

The prevailing objective of the Fund, as well as the Manager, is to blend financial returns with deep social and environmental impact. To evaluate the social and environmental impact of the Fund, a framework comprising ten themes of social and environmental impact is used, namely Climate, Water, Materials, Land Use, Biodiversity, Equity, Prosperity, Education, Place & Vitality and Health & Wellbeing. This is the same framework used by the Manager across all of the asset classes that it invests in and manages.

---

16 Average output per year over the assumed 30 year lifetime of the assets.

17 Total output over the assumed 30 year lifetime of the assets.

18 Assumes the total asset pool is located in the national electricity market with a full life cycle carbon intensity factor applied according to Regional location of the asset in accordance with the National Greenhouse Accounts July 2017. Specifically of 0.92 tonnes CO_2-e per MWh for QLD and 1.18 tonnes OFCO2-e per MWh for Victoria. Ref: http://www.environment.gov.au/climate-change/climate-science-data/greenhouse-gas-measurement/publications/national-greenhouse-accounts-factors-july-2017.

19 Ibid.

20 Based on average household use of 5.8MWh per annum.

21 American Economic Review 101 (August 2011): 1649-1675, "Environmental Accounting for Pollution in the United States Economy", by N.Z. Muller, R. Mendelsohn & W. Nordhaus. Based on estimate of current grid composition: 75% coal, 15% gas and 10% other (assumed to have no overall impact when compared to renewable energy) and assuming 30 year lifetime of the assets.

22 The Lancet (15 – 21 September 2007): 370, 9591 "Energy and Health 2: Electricity Generation and Health", by A. Markandya & P. Wilkinson. Based on estimate of current grid composition: 75% coal, 15% gas and 10% other (assumed to have no overall impact when compared to renewable energy) and assuming 30 year lifetime of the assets.

23 Ibid.

24 Based on consumptive water use through lifecycle assessment. Assuming 30 year lifetime of the assets, and based on estimate of current grid composition: 75% coal, 15% gas and 10% other (assumed to have same impact as renewable energy).
Ref: The Conversation, G Bilotta. Energy sector is one of the largest consumers of water in a drought-threatened world. Published online 9 June 2016. http://theconversation.com/energy-sector-is-one-of-the-largest-consumers-of-water-in-a-drought-threatened-world-59109.

25 "RET Policy Analysis – A Report for the Clean Energy Council", Roam Consulting, May 2014.

6.5. ASSESSMENT AGAINST IIG IMPACT FRAMEWORK

CATEGORY	SCORE	REASONING
Intentionality and Inherent Impact	HIGH	• **Intention**: There is clear alignment between the Fund's objective (to blend financial returns with deep social and environmental impact) and the Fund's mission (to help shift Australia to a low-carbon economy through the generation of clean energy), and a high correlation between the Fund's overall performance and the impact generated. This means that financial and impact performance are inextricably linked, ensuring that the performance of the Fund's assets will be continuously monitored, tuned and improved to optimise both financial and impact performance. • **Track record:** The Board and the Manager have a proven track record in achieving financial returns with deep social and environmental impact. This is demonstrated in the success of the IIG Solar Income Fund which is delivering strong investor returns alongside positive social and environmental impact. • **Governance regarding monitoring, reporting and improving impact:** Objective and globally-recognised performance standards are applied in assessing impact, including using the Fund's key outputs (for example, kWh of electricity generated and tonnes CO_2-e avoided). This allows for reliable benchmarking against the Fund's targets and global renewable infrastructure. The Fund also gives preference as part of its tendering process to suppliers that demonstrate ethical practices in material sourcing.
Breadth and Depth of Impact	HIGH	Significant primary and secondary impacts across the eight impact themes have been forecast, as outlined below:
Climate		• Decarbonise the electricity system by avoiding 138,000 tonnes of CO2-e per year and 4.1 million tonnes of CO2-e over the life of the Seed Assets. • Provide alternative clean, low emissions power generation by producing 4.2 million MWh of solar energy over the life of the Seed Assets.
Health & Wellbeing		• Reduce release of environmental toxins from coal-fired electricity generation harmful to human health, resulting in 78 deaths avoided and 42,360 illnesses avoided over the life of the Seed Assets. • Provide safer working environments, with the Seed Assets providing working conditions that are significantly safer than coal

CATEGORY	SCORE	REASONING
		power facilities[26].
Prosperity		• Renewable energy projects create more than double the number of jobs than oil, natural gas and coal facilities (per unit of electricity)[27]. • Creation of 470 construction and operations jobs over the lifetime of the Seed Assets[28]. • The Seed Assets will create employment via new job and business opportunities. The transition to clean energy will also create opportunity for construction companies, suppliers and service providers. • The Seed Assets will contribute to increased economic activity, mostly in regional areas can boost local economies.
Education		The Fund provides potential to: • develop local capacity to undertake new renewable energy related jobs; • educate the community about renewable energy and involve the community in creating a sustainable low carbon future; and • demonstrate that renewable energy technologies work, including through site visits and provision of plant performance.
Equity		• The Fund increases opportunity to procure affordable and reliable energy, while decentralising and democratising alternative energy sources.
Water		The Fund provides potential to: • conserve water, through good water management on site; and • reduce water use, with renewable assets using less water relative to thermal generation facilities. The Seed Assets, over their lifetime, represent a saving of 15,050 megalitres of water when compared to the current grid composition of predominantly thermal generation.[29]
Biodiversity		• The Fund will consider its ability to increase biodiversity outcomes, potentially through voluntary offsets or activities at the solar farms.
Materials		• The Fund and Manager have developed a process to procure

[26] James Conca, Forbes: How Deadly Is Your Kilowatt? We Rank The Killer Energy Sources (http:/onforb.es/KUdN61)

[27] IRENA "Renewable Energy & Jobs" Annual Review 2017

[28] "RET Policy Analysis – A Report for the Clean Energy Council", Roam Consulting, May 2014

[29] Based on consumptive water use through lifecycle assessment. Assuming 30 year lifetime of the assets, and based on estimate of current grid composition: 75% coal, 15% gas and 10% other (assumed to have same impact as renewable energy).
Ref: The Conversation, G Bilotta. Energy sector is one of the largest consumers of water in a drought-threatened world. Published online 9 June 2016. http://theconversation.com/energy-sector-is-one-of-the-largest-consumers-of-water-in-a-drought-threatened-world-59109.

CATEGORY	SCORE	REASONING
		sustainable materials through ethical screening of suppliers. • The Fund and Manager utilise resources more efficiently through innovative control systems.
Wider Benefit to Society	HIGH	• The Fund considers there to be significant unmet market demand for utility-scale and large-scale solar assets, and that the Fund will play a role in expanding renewable energy generation capacity in Australia. This will extend the impact of the Fund beyond the Term. The Fund has already provided a critical investment to the Seed Assets, unlocking additional sources of funding to enable these projects to proceed to construction including construction funding partners and senior debt. • The Manager will lead by example, not simply by investing in renewable energy, but also by publicly advocating for the shift to low-carbon future including aggressive emissions targets and other economic incentives. • As a certified B Corporation, the Manager has progressive corporate governance in place, underpinning its approach to responsible and ethical management of its investments.
Total Impact Score	**HIGH**	**The Fund's capacity to generate positive social and environmental change is considered to have a HIGH level of impact performance.**

7. FUND MANAGEMENT AND GOVERNANCE

The board of the Fund comprises five directors, the majority of whom are non-executive and independent of IIG ("Board"). The Board is chaired by Chloe Munro AO, with independent directors Janine Hoey and Brett Lazarides and executive directors Lane Crockett (IIG Head of Renewable Infrastructure) and Paul Belcher (IIG CFO).

The Board is supported by IIG's Renewable Energy Infrastructure team, with the Fund having secured a long-term management services agreement with IIG. Under this agreement, IIG will provide or procure all services required for the efficient operation of the Fund, allowing the Fund to benefit from the skills and experience of the Board as well as the expertise of the broader IIG team.

The Fund applies best practice corporate governance standards to ensure disciplined and transparent decision making and management.

The management and governance structure for the Fund is described more fully below.

7.1. BOARD

The directors of the Board bring a wide range of skills and experience across renewable infrastructure, financial analysis, asset origination, capital raising, asset operations and funds management.

Chloe Munro, AO | Janine Hoey | Brett Lazarides | Lane Crockett | Paul Belcher

A brief description of the directors is provided below.

Chloe Munro AO (Independent chair)

Chloe Munro AO is a distinguished leader in the public and private sectors, with expertise in energy, infrastructure and natural resources. Chloe is a Professorial Fellow at Monash University in the Monash Sustainable Development Institute, and an independent director of NPP Australia Ltd, which was established by the banking industry to build and operate the new payments infrastructure. Chloe is also Chair of Lucy Guerin Inc, a world-renowned contemporary dance company based in Melbourne, and was Chair of the Australian Energy Market Operator's advisory Expert Panel. Chloe is also a non- executive director and chair of IIG Solar Pty Ltd (Solar Income Fund).

Chloe was previously the inaugural Chair of the Clean Energy Regulator, which was established to administer the legislated measures at the heart of Australia's climate change policies. Chloe has held many other leadership roles including Chair of the National Water Commission and a member of the expert panel for the comprehensive Independent ('Finkel') Review into the Future Security of the National Electricity Market.

Chloe was recently named as an Officer of the Order of Australia (AO) for her distinguished service to public administration through leadership roles in the area of renewable energy, water and climate change process and reform, and to the performing arts. Chloe holds Master's degrees in mathematics and philosophy from Cambridge University and in business administration from the University of Westminster. She is a Fellow of the Australian Academy of Technology and Engineering and of the Institute of Public Administration Australia.

Janine Hoey (Independent, non-executive director)

Janine has more than 25 years' experience as a senior finance and commercial executive and consultant in renewable energy, infrastructure, airline and gas energy businesses in Australia and internationally. Janine is an experienced non-executive director, having held positions on private, listed and joint venture (JV) company boards in renewable energy and gas fired energy generation, including Ecogen Energy Pty Ltd, Ceramic Fuel Cells Ltd, Perenia Pty Ltd and run-of-river hydro joint ventures in the Philippines and Chile.

Janine is currently a non-executive director of IIG Solar Pty Ltd (Solar Income Fund). She brings a strong focus on governance, finance, strategy, risk management and health and safety. Janine holds a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

Brett Lazarides (Independent, non-executive director)

Brett is a specialist in unlisted infrastructure and has wide-ranging commercial, financial and transactional capabilities to actively protect and enhance the interests of investors. Brett has 30 years' experience in the financial services industry, spanning insolvency, investment banking, funds management, superannuation, directorships and sustainability. His executive career has involved extensive transactional activity within wholesale capital markets for some of Australia's largest financial institutions.

Brett is currently a non- executive director of IIG Solar Pty Ltd (Solar Income Fund) and holds a diverse range of independent fiduciary roles, as an independent non-executive, trustee board and nominee director, investment committee chairman, advisory board chairman and independent investment risk committee member, within the superannuation, infrastructure, global funds management, private markets and responsible investment sectors.

Brett holds a Bachelor of Arts in Accounting and is a Chartered Accountant of 25 years. He holds Diplomas in Applied Finance & Investment and in Superannuation and is a Fellow of the Australian Institute of Company Directors, the Financial Services Institute of Australasia and the Australian Institute of Superannuation Trustees. Brett is committed to exercising his fiduciary responsibilities to make a difference and most recently completed the Non-Executive Director Programme run by the Institute for Sustainability Leadership, University of Cambridge.

Lane Crockett (Executive director)

Lane is head of the renewables business at the Impact Investment Group and led the launch of its Solar Income Fund in 2016.

Lane was previously the Executive General Manager at Pacific Hydro Pty Ltd, where he was responsible for the Australian business, including a portfolio of more than 300MW of operating wind and hydro power facilities as well as a development portfolio of solar, wind and geothermal projects. With over 25 years of experience in energy industries in Australia, Asia, the UK and New Zealand, Lane has worked in utilities regulation, managed the performance of electricity and gas operating and maintenance alliance contracts, led engineering, procurement and construction (EPC) projects in the oil and gas, and petrochemical industries and advised governments and regulators on a broad range of energy issues.

Lane has a Bachelor of Engineering, Mechanical from Canterbury University in New Zealand and a Graduate Diploma in Commercial Law from Deakin University.

Paul Belcher (Executive director)

Paul is a chartered accountant and senior finance executive with 20 years' experience in the financial services and property funds management industries. Paul was previously the Executive General Manager – Finance and Deputy Chief Financial Officer of Federation Centres (now Vicinity Centres) and a member of the eight-person executive team that restructured the Centro Properties Group business over a three year period, culminating in the creation of Federation Centres. Recognised as one of the most complex restructures in Australian corporate history, the transaction was awarded numerous restructuring and M&A deal awards in 2012.

Paul has considerable experience in syndication, structuring, mergers and acquisitions and debt finance. Prior to his roles at Centro Properties Group and Federation Centres, Paul was a director at PricewaterhouseCoopers and National Head of Finance for the Resources, Services and Government Assurance Division. Specialising in the property/funds management, construction and retirement living sectors, Paul provided assurance services, buy and sell side due diligence and investigating accountant reports associated with public offerings.

Paul has a Bachelor of Business from Swinburne University and is former member of the Institute of Chartered Accountants Australia.

7.2. IMPACT INVESTMENT GROUP

The Fund has secured a long-term management services agreement with IIG. In doing so, the Fund has procured the skills, knowledge and experience of IIG's Renewable Energy Infrastructure team, which is led by industry expert Lane Crockett. The key terms of this management agreement are provided in Section 3.6.

(L-R) Danny Almagor (Chair) Amanda Goodman (Head of Syndication), Daniel Madhavan (CEO), Caroline Vu (Chief of Staff), Will Richardson (Head of Venture Capital).

The key members of IIG's team are described below.

Daniel Almagor – Chair

In addition to co-founding IIG and serving as its chairman, Danny is also CEO of Small Giants, a company he started with Berry Liberman to effect social and environmental change through business, and Australia's first B Corporation.

From investments in start-up social enterprises, to large-scale environmental projects such as solar and wind farms and sustainable buildings, the Small Giants total portfolio approach proves that impact investing can span all asset classes and achieve both profit and purpose.

Danny was the inaugural Social Entrepreneur in Residence at RMIT and the founder and former CEO of Engineers Without Borders Australia. Danny has served on numerous boards, including many of the Small Giants family of businesses, such as Tom Organic, The School of Life, Dumbo Feather, The Cape ecovillage, Beyond and more. He has also served on many non-profit boards and advisory boards, including: Stand Up, B Labs Australia, Australian Jewish Funders, Smiling Mind, Toniic, The Impact Club, Hub Australia and the advisory board for the Gross National Happiness Centre in Bhutan, to name a few. Danny has received recognition as the EY social entrepreneur of the year, RMIT Alumni of the year and was awarded the Medal of the Order of Australia in 2016.

Danny has degrees in Aerospace Engineering and Business Administration, a Certificate IV in outdoor education and he did a half day beekeeping course a few years ago. Danny loves to read, talk about philosophy, garden, travel and jump on the trampoline with his kids.

Daniel Madhavan – Chief Executive Officer

Daniel joined IIG in November 2017, with 15 years of experience in financial and investment markets. He spent 12 years at one of Australia's leading investment houses, JB Were (and Goldman Sachs JBWere). Daniel worked across a range of different roles including Investment Advisor, Head of New South Wales, Chief Operating Officer and Acting CEO.

In 2014, Daniel joined Impact Investing Australia as the inaugural CEO and led the organisation until March 2017. Impact Investing Australia is a non-profit organisation focused on supporting the development of impact investing as a market, a field and an ecosystem. Daniel is the Chairman of YGAP (Y Generation Against Poverty) and a Non-Executive Director of Sanfilippo Children's Foundation.

Lane Crockett – Head of Renewable Energy Infrastructure

Refer to Section 7.1 above.

Paul Belcher – Chief Financial Officer

Refer to Section 7.1 above.

Nikki Carroll – General Counsel

Nikki is IIG's General Counsel and is responsible for overseeing all legal aspects of IIG including corporate governance, risk management, and facilitating the property, renewable energy and venture capital investments entered into by the group.

Nikki previously worked in the Projects group at Herbert Smith Freehills for 11 years, becoming a Senior Associate advising equity and debt participants on major infrastructure deals including privatisations, acquisitions and public private partnerships both in Australia and overseas, including equity structuring, due diligence, transaction documents and financing arrangements.

During her time at Herbert Smith Freehills, Nikki was seconded to a major investment fund manager as well as a clean energy start-up. Nikki later became a Special Counsel in the Property & Projects group at Hall & Wilcox focusing on renewable energy projects, before she moved across to join IIG.

Nikki has a Bachelor of Law and Bachelor of Arts from the University of Melbourne.

Caroline Vu – Chief of Staff

Caroline joined IIG in 2015. Caroline has 9 years' professional experience in the commercial, government and non-profit sectors.

Caroline began her career as a commercial lawyer with Sydney firm, Pigott Stinson. Prior to joining IIG and Small Giants, Caroline founded and ran the New Generation of Giving program, an Australian-first which develops emerging leaders in impact investment and philanthropy. She was a committee member of the 2016 Nexus Australia Youth Summit.

Caroline has a Bachelor of Laws (Hons) from the University of Technology, Sydney and was admitted to practice in 2007. She is an alum of the 2012 Sydney Leadership program.

Jeremy Burke – Head of Product & Strategy

Jeremy Burke has extensive experience around green finance and investment and has worked in the private and public sectors in Melbourne, New York and London.

Jeremy was involved in the setup, running and privatisation of the UK Green Investment Bank, where he was the inaugural Finance Director, and then Director, Strategy. Prior to UK Green Investment Bank Jeremy worked in the UK Civil Service, leading strategic financial planning for the UK's Department for Business, Innovation and Skills and working on family policy in the Department for Education.

Jeremy is a fellow of the Chartered Accountants Australia and New Zealand, an honorary research associate at UCL's Institute for Innovation and Public Purpose and previously supported Sandbag Climate Campaign on Emissions Trading research. Jeremy holds a Bachelor of Commerce from the University of Melbourne and was awarded the University of Melbourne's Faculty of Business and Economics Rising Star award for Young Alumni for 2015.

7.2.1. IIG Renewables Energy Infrastructure Staff

Venetia Roberts – Development Manager

Venetia oversees the development of IIG's utility-scale solar assets throughout Australia and helps liaise with the Board and investors.

Venetia previously worked as a management consultant for the carbon-reduction and energy strategy firm Energetics, and as an independent consultant, with experience in clean energy generation, property, manufacturing, water, government and SMEs, in Australia and the UK.

Venetia holds both a Bachelor of Science (Energy Studies) from Murdoch University and a Master of Energy Systems from the University of Melbourne.

Rosie Bennett –Asset Manager

Rosie is responsible for the successful and efficient operation of IIG's solar farms. Rosie focuses on management of contractual and regulatory obligations relating to the solar farms, and reporting to the Board on the operating performance of the Solar Income Fund.

Rosie has 18 years of experience in managing environmental infrastructure and assets at Melbourne Water, Future Energy, Orchard Funds Management and East Coast Tree Farms, including planning, development and operational oversight for major agribusiness, water and renewable energy projects.

Rosie holds a Bachelor of Forest Science from the University of Melbourne and a Graduate Certificate in Applied Finance and Investment from FINSIA.

Stephen Challis – Asset Management Associate

Stephen joined IIG's Renewable Infrastructure team in 2018. He brings with him significant experience in asset management gained through his work within the Energy Sector.

Prior to starting with IIG, Stephen was a senior Mechanical Engineer with Chevron, overseeing the maintenance program for major oil and gas assets. He has over six years asset management experience gained in energy markets in both Victoria and Western Australia.

During his time in oil and gas he has been involved in both plant optimisation and predicative maintenance strategies, with a specific focus on delivering safe, reliable and cost-effective production. Stephen holds a Bachelor of Mechanical Engineering and will complete a Master of Engineering (Energy Systems) from the University of Melbourne in 2019.

James Larratt – IIG Consultant - Commercial and Financial Modelling Advice

James has over 17 years of experience in the planning, development and funding of infrastructure projects, encompassing consulting and investment banking services. Since 2010, James has predominately focused on solar assets, having advised the State of Victoria on utility solar projects and policy. Since then, James has been involved in the development of utility solar projects across Western Australia, the Australian Capital Territory, Victoria and Queensland.

Tom Keddie– IIG Consultant - Renewable Energy Infrastructure

Tom is an experienced renewable energy professional with a broad range of skills and expertise in the development and operation of wind, solar, hydro and geothermal projects both in Australia and Latin America. Tom has particular expertise in the commercial aspects of renewable energy projects and the management of complex transactions and processes.

Tom holds degrees in Mechanical Engineering (Honours) and Commerce (Economics & Finance) from the University of Melbourne.

7.3. FUND GOVERNANCE

Best practice corporate governance standards are applied to all aspects of the Fund.

All material decisions relating to the Fund will be made by the Board, acting in the best interests of Unitholders as a whole. To assist the Board in considering such matters, advice and recommendations will be provided by the Manager, while the Board may also seek independent information. Examples of material decisions include the acquisition or disposal of assets or entering into offtake or other long-term arrangements.

The following diagram (Figure 6) summarises the process to be undertaken in seeking the approval of the Board. Further explanation of each step is provided below.

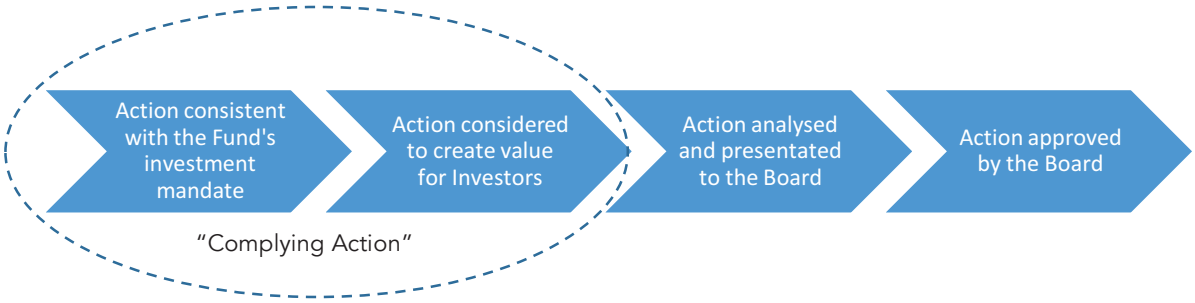


Figure 6: *Illustrative decision process and governance for Complying Actions*

The proposed action must be consistent with the investment mandate of the Fund. Further details of the investment mandate for the Fund are provided in Section 3.2.

The proposed action must be considered to create value for Unitholders, based on a range of information including financial performance, target distributions and investor returns, covenants and serviceability of debt facilities, risk profile, diversification between geographic locations, asset size and characteristics, social and environmental performance, and access to capital for funding the acquisition for future outgoings.

Where an action both complies with the investment mandate of the Fund and is considered to create value for Unitholders, it will be considered a "Complying Action". Each Complying Action will be analysed in detail by the Manager and a report, including a recommendation, provided to the Board. This report will include a detailed analysis of the technical, legal and financial due diligence, financial modelling and valuation, key commercial terms, source of funding for any action (including process for drawing debt, if applicable) and analysis of the effect of the action on the Fund and Unitholder returns.

Only where the Board unanimously determines that undertaking a Complying Action is in the best interests of Unitholders as a whole, considering all relevant facts and circumstances, will the Board approve the action and authorise it to be undertaken on behalf of the Fund.

This robust process will assist to ensure that the Trustee only takes actions that are consistent with the mandate of the Fund while mitigating any actual or perceived conflicts of interest in the Fund's dealings with external or related parties, including IIG.

8. KEY RISKS OF INVESTMENT

An investment in the Fund carries its own specific risks. Key examples of these risks are discussed below.

Where possible, these risks have been mitigated; however, these risks cannot be completely eliminated. Potential investors should consider the risks outlined below, as well as any other risks that they consider applicable, before applying for Units.

8.1. ASSET LEVEL RISKS

As discussed in Section 4, the Fund is intending to invest in a range of operating Australian solar assets, up to a total value of approximately $180 million.

The structure and the investment mandate of the Fund together seek to define the assets that the Fund will invest in and, consequently, the range of risks that Unitholders will be exposed to.

Revenue risk

The financial performance of the Fund is most sensitive to the actual amount of revenue earned from the generation and sale of electricity, which creates a key risk for the Fund. In evaluating this risk, several elements should be considered.

1. Merchant price risk

With the Fund pursuing a Merchant Strategy, none of the Seed Assets have contracted revenues. Instead, all electricity generated by each of the Seed Assets will be sold into the National Electricity Market ("NEM") at the prevailing spot price. In doing so, the Fund will be exposed to price volatility and other risk that is inherent in commodity markets. This could cause the revenues earned by the Seed Assets to be different from the levels that are currently anticipated.

In evaluating this risk, the Fund has obtained electricity forecasts from independent experts who have extensive experience in economic and energy modelling. This information has informed sensitivity analysis which is presented in Section 5.

The Fund will monitor this risk, and actively consider the benefits of using financial instruments (such as swaps or futures contracts) or entering into contractual arrangements for the sale of all or a proportion of generated capacity. If it is to pursue an offtake or power purchase agreement in relation to one or more of its assets, the Fund considers that having operational assets will be to the advantage of the Fund, compared to assets that are not yet commissioned.

2. Asset revenues risk (loss factors)

All power generation facilities earning revenue in the NEM are subject to marginal loss factors, and distribution loss factors where the generator is embedded within the distribution network. Loss factors approximately represent the impact of marginal network losses on nodal prices at the transmission network connection points at which generation are located.

Loss factors for generators are prescribed by the market operator and can change over time depending on fluctuating demand and supply patterns in the NEM, including the addition of new generation in the local region.

The risk is partially mitigated by forecasting the connection of new power generation facilities in the local region. Such forecasts have been prepared for the Seed Assets and are reflected in the return assumptions for the Fund.

3. Renewables certificates (LGCs)

The Seed Assets will generate renewable generation certificates ("LGCs") and these will be sold at the prevailing spot price. In evaluating this risk, the Fund has obtained LGC price forecasts from an independent expert who specialises in this section of the Australian market.

The Fund will monitor this risk, and actively consider the benefit of entering into contractual arrangements for the sale of all or a proportion of generated certificates to limit exposure to price volatility.

Plant output

The target returns for each Seed Asset are based on a predicted level of electricity output, as more fully explained in Section 5. The inability to control weather conditions creates uncertainty as to whether this level of generation will be achieved.

This risk is mitigated in part by the predicted output being based on long-term averages and calculated using state of the art modelling software that incorporates an estimate for system losses and expected degradation of solar panel performance over time. This approach is consistent with current industry practice.

Construction

Some of the Seed Assets are in construction. While cash outflows are required to fund construction and related expenses, cash inflows from operating the relevant asset will not occur until each asset is commissioned.

The Fund is therefore at risk of losing revenue where one or more of the Seed Assets is not connected to the grid or does not commence generation as expected. There is also the potential for additional cost for the Fund in financing development and construction activities, construction delays, counterparty risks and in enforcing its rights.

The Fund will mitigate this risk by seeking to have all approvals and arrangements required for the construction and commissioning of the relevant asset granted or agreed with counterparties of acceptable quality. Those arrangements, including development agreements and construction arrangements, provide an appropriate allocation of risk between the Fund and counterparties.

Performance of plant

As not all of the Seed Assets are operational, the ability of the plant to perform in accordance with specification is currently untested.

This risk is mitigated through diligent selection of contractors and sub-contractors for each of the Seed Assets, each who are considered to be appropriately qualified, experienced and resourced. Contractual protections will also be sought from the contractor, typically including:

- a general defects liability period of 24 months from the commencement of commercial operations, during which time the contractor is required to rectify any defects in the facility;
- a minimum guaranteed performance ratio, with liquidated damages payable if not achieved; and
- warranties over specific equipment and components.

This risk will be further mitigated by the Fund seeking to have an operations and maintenance agreement with the relevant contractor for a period of at least two years following the commencement of commercial operations. This will typically include an availability guarantee, with liquidated damages payable if this minimum level of availability is not achieved.

Operations risk

The operation of a solar farm requires the maintenance of power generation equipment, including high voltage equipment. Such equipment can be hazardous to human health and safety and, if not maintained or operated correctly by qualified and trained professionals, can lead to an unsafe environment, cause occupational accidents or result in harmful environmental incidents.

To minimise operational risks, the plant will be operated and maintained within well documented policies and procedures by appropriately skilled staff. All third party operations and maintenance agreements will have obligations to meet appropriate health and safety operational standards and relevant regulations.

Counterparty risk

The Fund and the assets owned by the Fund will be party to a range of contractual arrangements relating to matters including the acquisition, development, construction, operation and funding of each asset. The counterparty to a contract may not comply, or may not be able to comply, with its obligations. For example, if the counterparty disputes the enforceability or interpretation of a contract or if it becomes insolvent.

The failure by a counterparty to meet its obligations could negatively affect Fund performance unless a suitable alternative arrangement can be entered into.

The Fund will mitigate this risk by selecting counterparties of an appropriate quality and entering into contractual arrangements that provide appropriate protections for the Fund. Appropriate insurance arrangements will also be obtained by either the Fund or the relevant asset, as applicable.

There is further information on RCR Tomlinson in Section 4.5.

Regulatory risk

There is risk of change in the laws and regulations with respect to energy and climate change, renewable technologies, managed investment products, taxation or other areas relevant to the Fund's activities. This could also include the revocation of a licence or other consent required for the operation of one or more of the Fund's assets.

This may result in the Fund's returns being negatively affected, for example, through changes to wholesale market conditions and loss of revenue anticipated from the registration and sale of LGCs, or through higher compliance costs.

To minimise the potential financial impact of these risks, the independent forecasts of electricity and LGC revenue have been based on market standard assumptions, without the inclusion of specific change in law and regulations that would positively influence expected returns.

Furthermore, these risks are mitigated by the Fund's detailed understanding of the laws and regulations that are material to the operation of the Fund and its assets. While future changes in laws and regulations cannot be controlled, the Fund will remain current on proposed changes and seek to mitigate the effects wherever possible.

Political risk

There is risk that change in public policy, particularly relating to energy and climate change, affects the performance of the Fund. The two main political parties in Australia have expressed different views on these matters and, with a federal election expected in the first half of 2019, a change in government is likely to result in a change in policy.

With future public policy being uncertain, the Trustee has assumed that the current policy settings remain in place, which is reflected in the forecast electricity and LGC revenues. This is consistent with standard market practice, and is considered to be conservative, as it does not include potential policy changes that would benefit the Fund (for example, the introduction of a higher RET in accordance with statements by the Australian Labor Party).

However, public policy could change to the Fund's disadvantage, either by the current or successive governments. This could include, for example, a delay in the closure of the Liddell power station, the provision of concessions for the development of new thermal generators or political intervention in either the wholesale or retail electricity markets.

This policy uncertainty includes the risk of ad hoc interventions in the electricity market, which may be more or less favourable for the Fund's assets and financial performance.

8.2. GENERAL AND FUND-LEVEL RISKS

There are a number of risks that Unitholders are exposed to by participating in unlisted fund structures. These include:

Illiquidity

There is no guarantee that Unitholders will be able to realise any of their interests in the Fund prior to expiration of the Term. While liquidity options will be actively pursued from the fifth anniversary of the First Close Date, there is no certainty as to the availability or success of these options.

As the Fund will not be listed, there is no secondary market for the Units. While Unitholders can take steps to sell their Units should they wish to exit in whole or in part prior to the expiration of the Term, there is no obligation on the part of the Trustee to facilitate any sale in these circumstances.

Consequently, an investment in the Fund should be considered illiquid for the Term.

Investment risk

There is risk that the Fund will not have access to a sufficient number of assets that satisfy the Fund's investment mandate. This may impede the Fund's ability to grow and benefit from a larger and more diverse portfolio of assets.

There is also risk that the Fund may incur greater than anticipated costs and expenses in connection with the acquisition of additional assets. The Board will take anticipated transaction costs into consideration before determining to proceed with an acquisition.

Target returns and forecasts

Financial projections, forward looking statements and estimates included in this IM are based on a series of assumptions across different aspects of the ownership, construction and operation of the Seed Assets, the Fund and further investments. While these projections and forward looking statements are based on best estimates available as at the date of this IM, there is no guarantee that these will be achieved.

Tax risks

Section 9 describes some of the key tax issues relevant to investment in the Fund. There is a risk that, if the tax treatment of the Fund, its acquisitions, or the Units is not consistent with that which is expected, returns to Unitholders might decrease or might be subject to different or less advantageous tax treatment. Potential investors are encouraged to seek professional tax advice in connection with an investment in the Fund that takes account of their personal circumstances.

Legal documentation risk

The Fund, together with its capital structure and investment arrangements, rely on complex documentation and legal arrangements (such as those described in Section 5). There is risk that one or more of these documents or arrangements may be incomplete, insufficient or otherwise unenforceable, which may adversely affect the value of the Fund.

Insurance risk

The Fund will seek to obtain appropriate insurance arrangements for each of the Fund and the Seed Assets, including public liability cover, property damage protection and business continuity insurance against risks such as extreme weather or major equipment failure. However, it is not possible for all risks to be insured against and there are specific circumstances where insurance arrangements are not enforceable.

The Fund will engage an independent insurance agent to provide advice on the most effective insurance products and providers, suitable for a portfolio of solar power facilities.

8.3. FUNDING RISKS

As described in Sections 4 and 5, each of the Seed Assets intends to obtain debt financing from reputable lenders, such that total debt upon the commencement of commercial operations is no more than 50% of the capital value of the asset. The term of each facility is currently expected to be six years and must be fully repaid upon expiration of the term. For the purposes of determining target returns from the Seed Assets, it is assumed that each facility will be refinanced on similar terms for a further period of five years.

To date, the Swan Hill and Chinchilla solar farms have facility agreements in place with Infradebt for senior debt facilities and have been drawn on. A credit-approved term sheet has been received for senior debt financing for the Brigalow Solar Farm. This term sheet must be fully documented, with all conditions (including final approvals) satisfied, before being drawn.

If the final terms are not satisfactory to the Fund or the conditions to funding cannot be achieved, alternative funding would need to be sourced. This could negatively affect the value of the Seed Assets and, consequently, the Fund.

Review events and accelerated principal repayment

The debt facilities for each Seed Asset provide several events that would require the asset to withhold distributions and reserve those amounts to service the debt, or to accelerate the repayment of principal amounts. These events include material default under the relevant facility agreement or related arrangements, or lack of compliance with mandated covenants or ratios.

Should one or more of the Seed Assets be unable to adequately service the debt or meet the accelerated repayment schedule, the security arrangements may be enforced, including any guarantees provided by the Fund.

If these situations arose, returns to Unitholders, or the ability of Unitholders to continue to benefit from the Fund's assets, could be impeded.

Failure to refinance senior debt at maturity

The Seed Assets will need to refinance their debt arrangements at the expiration of the relevant facility. The principal will largely amortise over the term of the facility.

Access to debt on acceptable terms in the future is not certain. Where debt is available, the terms may differ from those currently available. This could negatively affect the value of the Seed Assets and, consequently, the Fund.

Change in interest rates

There is risk that interest rates will rise over the period for which one or more of the Fund's assets has outstanding borrowings.

Higher interest rates will negatively affect cash available for distribution from the relevant asset. This is partially mitigated through the Fund partially fixing the interest rate on each of the Swan Hill Solar Farm (as to 50%) and the Chinchilla Solar Farm (as to 40%). The applicable interest rate for debt secured for the Brigalow Solar Farm is expected to also be fixed to a similar level.

This risk may be further mitigated by a corresponding increase in electricity prices, noting that electricity is an essential commodity and spot prices are accordingly expected to be influenced by several non-economic factors, such as government policy.

8.4. INVESTOR CAPITAL RISK

The Fund is offering potential investors with the opportunity to invest in ordinary units issued by the Fund.

Ordinary units are the lowest ranking form of capital in the Fund and are the last form of capital to be repaid in the event of a winding up of the Fund.

Ordinary units carry no fixed distribution rights, with any distributions of income or capital to be at the discretion of the Trustee. Any distributions may carry imputation credits as the Fund is expected to be treated as trading trust for the purposes of Australian taxation law, and as such will be effectively taxed as a corporate entity.

9. TAXATION SUMMARY

The following section provides a summary of the Australian income tax considerations for Australian residents who apply for Units, and hold those Units on capital account.

Recipients of this IM should not treat the content of this IM as financial advice nor advice relating to legal, taxation or investment matters. Recipients should consult their own advisers in this regard, and not rely on the information in this section or otherwise in the IM, which is brief and general in nature and does not take account of the personal circumstances of any potential investor. All information in this section is based on Australian income tax law that has been enacted at the date of the IM.

The Fund will be a public trading trust for Australian income tax law and has elected to be the head entity of a tax consolidated group, effective 1 July 2018. On this basis, the Fund will be taxed as a company for income tax purposes and the income distributions paid to Unitholders will be characterised as dividends. To the extent that the Fund pays income tax on its taxable income and pays a franked dividend, Unitholders should include the dividend and franking offset in their assessable income. Provided the Unitholder is a "qualified person" in respect of the franked dividend, they will be entitled to claim the benefit of the franking offset in their annual tax return. To be a "qualified person" in relation to a particular distribution, Unitholders must have held the Units "at risk" for the relevant qualification period of 45 days, not counting the days on which the Units were acquired or disposed. To the extent unfranked distributions are paid, they should also be included in the Unitholder's assessable income.

Distributions to Unitholders made from the contributed capital of the Fund are not included in a Unitholder's assessable income. Such distributions are referred to as "tax deferred" distributions and reduce the Unitholder's cost base for capital gains tax ("CGT") purposes. If the amount of the "tax deferred" distribution exceeds the Unitholder's cost base in the Units, the Unitholder will make a capital gain equal to that excess. A Unitholder who has held Units for a period longer than 12 months may be eligible for the CGT discount to reduce the capital gain from the "tax deferred" distribution. The CGT discount for individuals and trusts is currently 50% and for superannuation funds is 33.33%. The CGT discount is only applied after reducing the capital gain by any current or prior year capital losses of the Unitholder, whereas ordinary tax losses may be applied against the net capital gain (i.e. after the application of the CGT discount).

CGT will apply to any disposal of Units. In the event Unitholders dispose of their Units after holding those Units for a period longer than 12 months, and realise a capital gain on disposal, Unitholders may be eligible for the CGT discount (after the applying any current or prior year capital tax losses of the Unitholder). Any remaining net capital gain should be included in the Unitholder's assessable income and then be reduced by applying any current or prior year tax losses of the Unitholder (i.e. after the application of the CGT discount).

The Trustee will provide an annual taxation statement to assist Unitholders in complying with their Australian income tax reporting obligations in relation to their investment in the Fund.

10. FURTHER INFORMATION

Copies of all key documentation with respect to the Fund are available to potential investors upon request, subject to confidentiality obligations with third parties.

These documents include:

- Constitution for IIG Solar Assets Pty Ltd.
- Constitution for IIG Solar Asset Trust.
- Collaboration Agreement between IIG Solar Development Pty Ltd as trustee for the IIG Solar Development Trust, Impact Investment Group Pty Ltd as trustee for the Locke and Smith Unit Trust and IIG Solar Assets Pty Ltd as trustee for the IIG Solar Asset Trust.
- Management services agreements between IIG and IIG Solar Assets Pty Ltd as trustee for IIG Solar Asset Trust.
- Appointment of authorised representative deeds between Impact Funds Management Pty Ltd and IIG Solar Assets Pty Ltd as trustee for IIG Solar Asset Trust.
- Independent electricity price forecasts.

APPENDIX A: RENEWABLE ENERGY & THE AUSTRALIAN ENERGY MARKET

A.1 OVERVIEW

The Australian energy sector is an increasingly complex environment, and while facing considerable upheaval, the sector is also presenting opportunities for new investment.

Australia is in the process of transitioning to a lower emission economy and focus is shifting from traditional centralised coal-fired generation, to decentralised renewable technologies. Investor uncertainty around the viability of both existing and new thermal generation, combined with the ageing of a significant proportion of coal-fired capacity, is contributing to a generation mix that is increasingly reliant on renewables. At the same time, Australia has made international commitments to reduce carbon emissions, which in itself requires substantial investment in new renewable generation and storage technologies.[30]

The National Electricity Market ("NEM"), which sets wholesale electricity prices in five of Australia's six states, is being challenged by rapid change in factors that affect the demand and supply for both electricity and gas. Energy and climate change policies, particularly at the federal level, remain uncertain. However, state governments have responded with their own policies and emission targets, introducing a range of schemes and incentives to achieve their energy objectives.

[30] Australian Energy Regulator, *State of the Energy Market*, May 2017.

A.2 THE NATIONAL ELECTRICITY MARKET

The NEM was established in 1998 to provide a wholesale commodity exchange for electricity across the five interconnected regions of Queensland, NSW (including the ACT), Victoria, South Australia and Tasmania. The NEM manages the sale of electricity produced by around 60,000MW of wholesale generation capacity and delivered through the transmission and distribution networks for consumption by almost 10 million customers.

The NEM operates as a "pool" or spot market, where electricity supply and demand are matched instantaneously by the Australian Energy Market Operator ("AEMO"), thereby determining the spot price for each region. Over 300 registered generators participate in the NEM, bidding to supply quantities of electricity at different prices at different times. Bids are accepted from the lowest price until enough electricity can be dispatched to meet demand every five minutes.[31]

The highest priced offer that is required to meet demand in each region sets the dispatch price for that five minute period. The settlement price paid to generators is the average dispatch price over the prior 30 minutes in the relevant region, with all successful bidders paid this price, regardless as to the price that they bid.

Demand and supply

After several years of declining consumption, total grid consumption recently increased, rising by 2 percent in 2015-16, following by a slight decline in 2016-17. Peak grid demand also increased in both 2015-16 and 2016-17.[32]

This increased demand coincided with tightened supply, with the retirement of several coal generators, including South Australia's Northern power station in 2016 and Victoria's Hazelwood power station in 2017. These closures withdrew over 2,000MW from the NEM. While new capacity was added through wind and solar technologies, the intermittent nature of renewable generation caused greater reliance on gas-fired generation to satisfy demand. By this time, however, gas prices were already at record levels, as strong off-shore demand together with reduced exploration and development of new reserves curtailed volume available for domestic consumption. The result of this was that gas-fired generation set the pool price more frequently, raising both average and peak prices.

Looking forward, the Australian Energy Market Operator ("AEMO") anticipates that total annual grid consumption will remain flat over the next decade. While population growth and switching from gas to electric appliances is expected to drive some growth, further rises in rooftop solar generation and uptake of energy efficiency measures are expected to be sufficient to meet this demand.[33] Similarly, AEMO anticipates peak demand is will remain relatively flat over the next decade, with the ratio of maximum to average grid demand expected to remain fairly stable.[34]

However, within this general trend, differences in the demand and supply of electricity are likely both as between regions of the NEM and over different time periods. As the proportion of electricity generated from intermittent sources increases, demand tends to become "peakier". This demand profile is evident in South Australia, partly reflecting the high penetration of solar PV generation, which is dispatched as it is generated throughout the day and without regard to demand. In the short-term, this weakens the commercial viability of some large generation plant because, while capacity is needed to meet demand peaks, average plant use is falling. However, over the longer-term, this creates opportunity for alternative ways of meeting demand peaks, such as small-scale local generation, energy storage and demand-side measures.

---

31 Australian Energy Regulator, *State of the Energy Market*, May 2017.
32 Australian Energy Regulator, *State of the Energy Market*, May 2017.
33 AEMO, National electricity forecasting report, 2016.
34 Australian Energy Regulator, *State of the Energy Market*, May 2017.

Generation technologies

Generation capacity for the NEM is supplied by a variety of technologies.

As shown in Figure A1, the main source of supply remains fossil fuel generators, involving the burning of coal or gas, which releases emissions into the atmosphere. With low operating costs, but relatively high capital costs, coal-fired generators tend to operate continuously and generally bid into the NEM at low prices to maximise plant operation. In contrast, gas powered generation typically has higher operating costs, but can quickly change output levels, and therefore generally only operate when electricity prices are relatively high.

In contrast, renewable technologies typically have the lowest operating costs, but have variable output depending on the availability of resource at the time. For example, wind and solar technologies operate when weather conditions are favourable and dispatch electricity regardless as to demand or pricing. Similarly, hydro generation relies on finite water reserves, and therefore cannot operate continuously in the same way as thermal generators. However, storage capacity enables hydro generation to take advantage of higher electricity prices.

Electricity is also generated by small rooftop solar installations, but this is not traded on the NEM. Capacity is first consumed by the generating entity, such as the household for which the panels have been installed, with any excess contributed to the NEM at set prices.

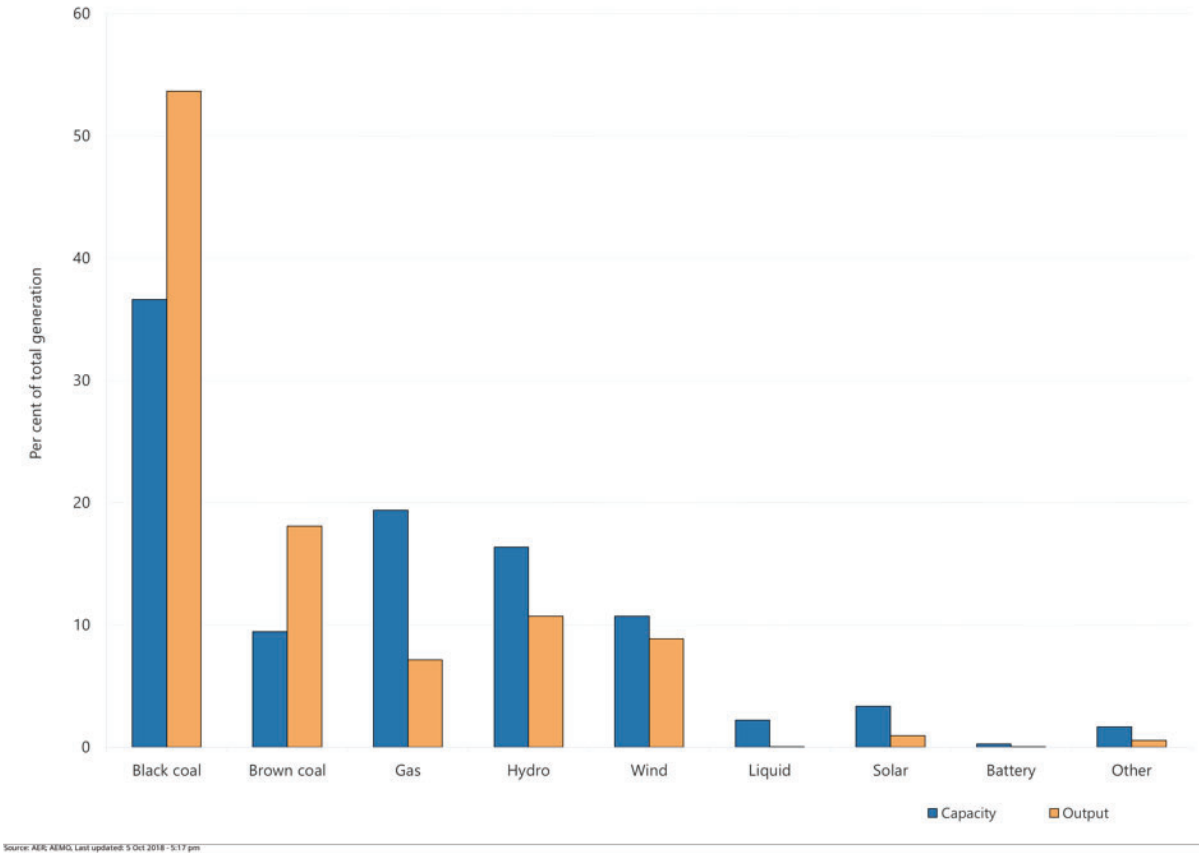


Figure A1 *– Generation capacity and output in the NEM, by fuel source for 2017-18.*

A.3 ELECTRICITY PRICING

Electricity is priced through two mechanisms and, more frequently, a combination of both.

- *Contracted pricing* involves a price or pricing structure being agreed, such as through a power purchase agreement with an electricity retailer or consumer or under a feed-in-tariff scheme, whereby the relevant government agrees the price at which electricity will be supplied to the NEM. These arrangements provide pricing certainty for the term of the arrangement, typically with respect to both electricity and any renewable generation certificates.
- *Merchant pricing* refers to prices that are set by the NEM and are therefore dependent on the demand and supply of electricity at the relevant time. While inherently uncertain and volatile, merchant pricing can be managed over the short to medium-term through derivatives and other financial instruments (such as swaps, hedges, options and futures contracts) that effectively agree the price at which electricity will be generated and consumed at a future point in time. Where the instrument is traded, such as electricity futures on the ASX, the traded price creates a forward pricing curve that demonstrates the expected spot price over the term of the instrument at that point in time.

Contracted prices

Average contracted prices have declined in recent years. This was recently demonstrated through the record low pricing of capacity from the Stockyard Hill Wind Farm and Coopers Gap Wind Farm, with both electricity and renewable certificates to be acquired by Origin Energy and AGL respectively, for prices below $60/MWh.[35]

On the demand side, the increasing vertical integration of key retailers and generators, together with high levels of market concentration, have resulted in market structures that have provided opportunity for the exercise of market power in negotiating power purchase agreements. Three retailers (AGL Energy, Origin Energy and EnergyAustralia) currently supply approximately 70% of retail electricity customers in the NEM, while also having expanded their ownership share of NEM generation capacity from 15% in 2009 to 48% in 2017.[36]

On the supply side, regulatory uncertainty and volatility in merchant pricing has caused the lower risk profile of generation assets with contracted pricing to be relatively more attractive than assets with high exposure to market risk. However, this general preference for a lower risk profile also caused the anticipated returns from contracted assets to decline, with greater competition for power purchase agreements and feed-in tariffs driving contract prices, and investor returns, lower.

[35] Green Energy Markets, *LGC Price Drivers Assessment*, November 2017.
[36] Australian Energy Regulator, *State of the Energy Market*, May 2017.

Merchant prices

Wholesale electricity prices rose in every NEM region in 2015-16, with rises of around 50-60 percent in each of Victoria, NSW and South Australia; in Tasmania, prices rose by 160 percent (to a regional record) when a six month outage on the Basslink interconnector with Victoria coincided with depleted dam levels for hydro generation. Prices continued to rise in all regions of the NEM in 2016-17, with the exception of Tasmania, which eased from their historical peak of the prior year. For the 2017-18 year to date, pricing between the regions have diverged, but all remain volatile.[37] These trends are shown below in Figure A2.

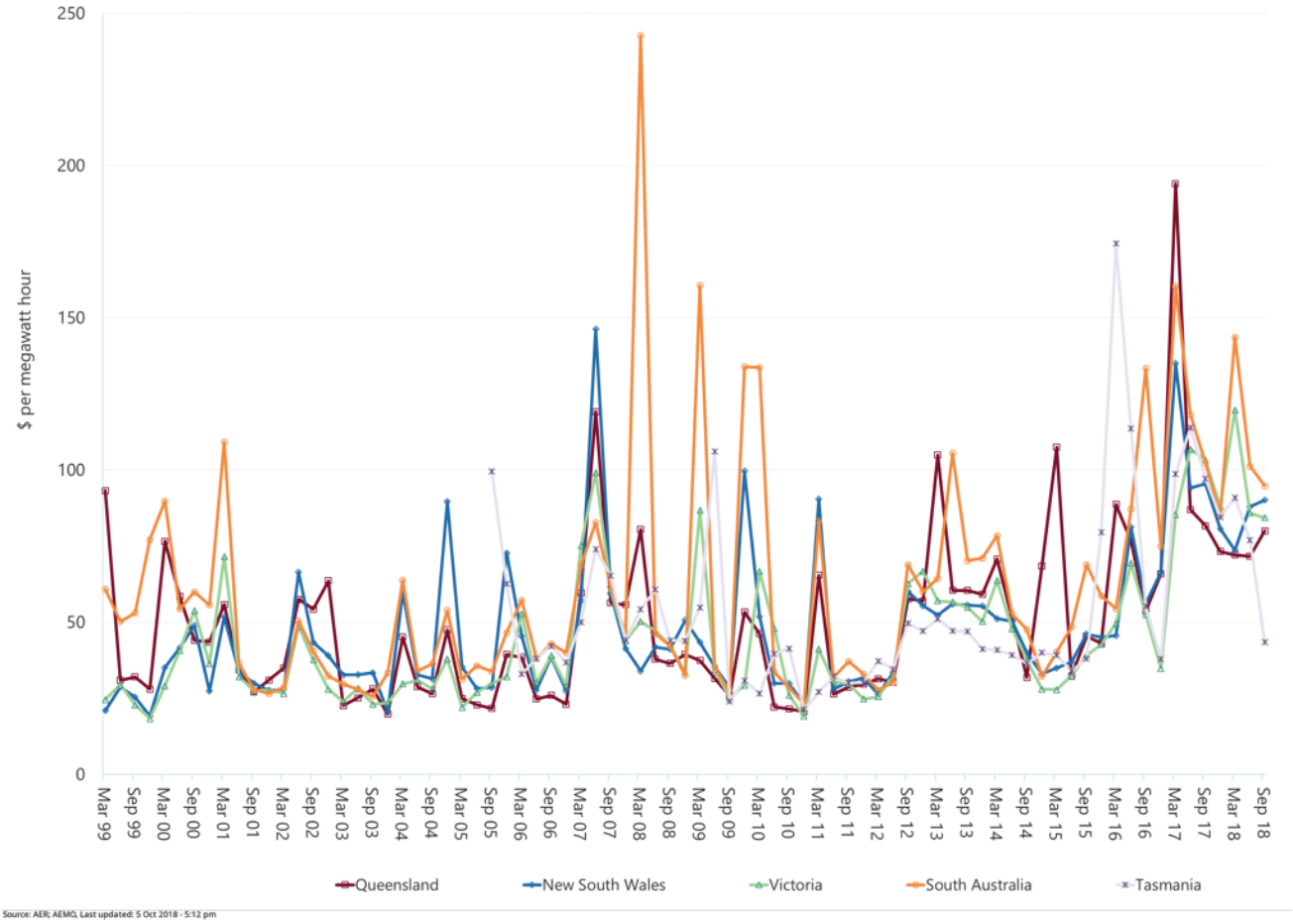


***Figure A2** – Electricity spot prices on NEM, presenting the volume weighted quarterly average spot electricity prices in each region of the NEM, with the average weighted against demand for electricity.*

The underlying causes of these trends are complex and, while differing between the NEM regions, some common factors are evident. These factors predominately relate to the supply of electricity, and include the following.

- **Net reduction in generation capacity**: For the five years since 2011-12, almost 6,500MW of capacity has been withdrawn from the NEM, following the retirement or mothballing of thermal generators. During this time, less than 3,500MW of new capacity was commissioned.[38]

[37] Australian Energy Regulator, *State of the Energy Market*, May 2017; annual weighted average spot prices produced
[38] Australian Energy Regulator, *State of the Energy Market*, 2011, 2012, 2013, 2014, 2105, 2016, 2017.

The recent closure of Alinta's Northern power station in South Australia, together with Engie's Hazelwood power station in Victoria led to an escalation of both spot prices (above $100/MWh) and forward prices ($70-80/MWh for 2017-2019 futures), as the market factored in reduced supply in addition to already tight market conditions. By 2030, a further 6,500MW of capacity is expected to be withdrawn from the NEM through the retirement or mothballing of gas and coal fired generation, including 2,000MW of capacity from the closure of AGL's Liddell power station in NSW by 2022.[39]

The economic life span of a traditional fossil fuel fired power plant is generally accepted to be around 40 years of age. It is estimated that as many as three quarters of Australia's coal-fired power stations are currently being operated beyond their original design life, and some have had "life extension" refits.[40]

For gas-powered generation, rising gas prices together with a lack of new gas supply, has stalled investment in new generation and resulted in the mothballing of existing plant, some of which were commissioned after 2000.[41]

For all technologies, uncertainty about energy and climate change policies is also widely cited as a key factor stalling private investment in new generation plant.

- Replacement of thermal generation, particularly coal, with intermittent renewable generation. The immediate effect of this changing generation mix is for higher-priced gas-powered generation to be dispatched more often to meet demand, particularly peak demand, thereby setting higher prices. In 2015-16, this contributed to a record number of almost 4,000 thirty minute intervals in which settlement prices exceeded $200/MWh.[42]

  Over the longer-term, increasing volumes of renewable generation together with declining real costs for storage technologies (such as batteries) and deployment of demand-side management, are anticipated to reduce generation costs and ease wholesale electricity prices.

- Historically high gas prices are also contributing to higher spot prices, particularly with the increased reliance on gas powered generation to meet peak demand. Strong off-shore demand for liquefied natural gas ("LNG") is significantly reducing reserves available for domestic supply, with over 70% of east and south-east Australian gas production expected to be exported by 2020. This has caused domestic customers to compete with the international market, with gas prices increasingly shaped by export prices to Asia.[43]

Greater demand for gas has coincided with reduced availability and diversity of supply, with lower international oil prices reducing incentives for gas exploration and new product development. Production costs are also rising as more economic gas reserves are depleted.

---

39 Australian Energy Regulator, *State of the Energy Market*, May 2017.
40 Engineers Australia, The Future of Australian Electricity Generation, 2017.
41 Senate Standing Committees on Environment and Communications, *Retirement of Coal Fired Power Stations*, 29 March 2017.
42 Australian Energy Regulator, *State of the Energy Market*, May 2017.
43 Australian Energy Regulator, *State of the Energy Market*, May 2017.

Forward pricing

Prices for baseload future contracts over the next three years (in all regions of the NEM) are currently trading in the range of $60 to $100/MWh.[44] However, with more than 6,000MW of new renewable capacity required to satisfy the large-scale renewable energy target ("RET"), spot prices are expected to ease over the medium-term as this capacity becomes available, as reflected in the forward pricing curve (Figure A3).

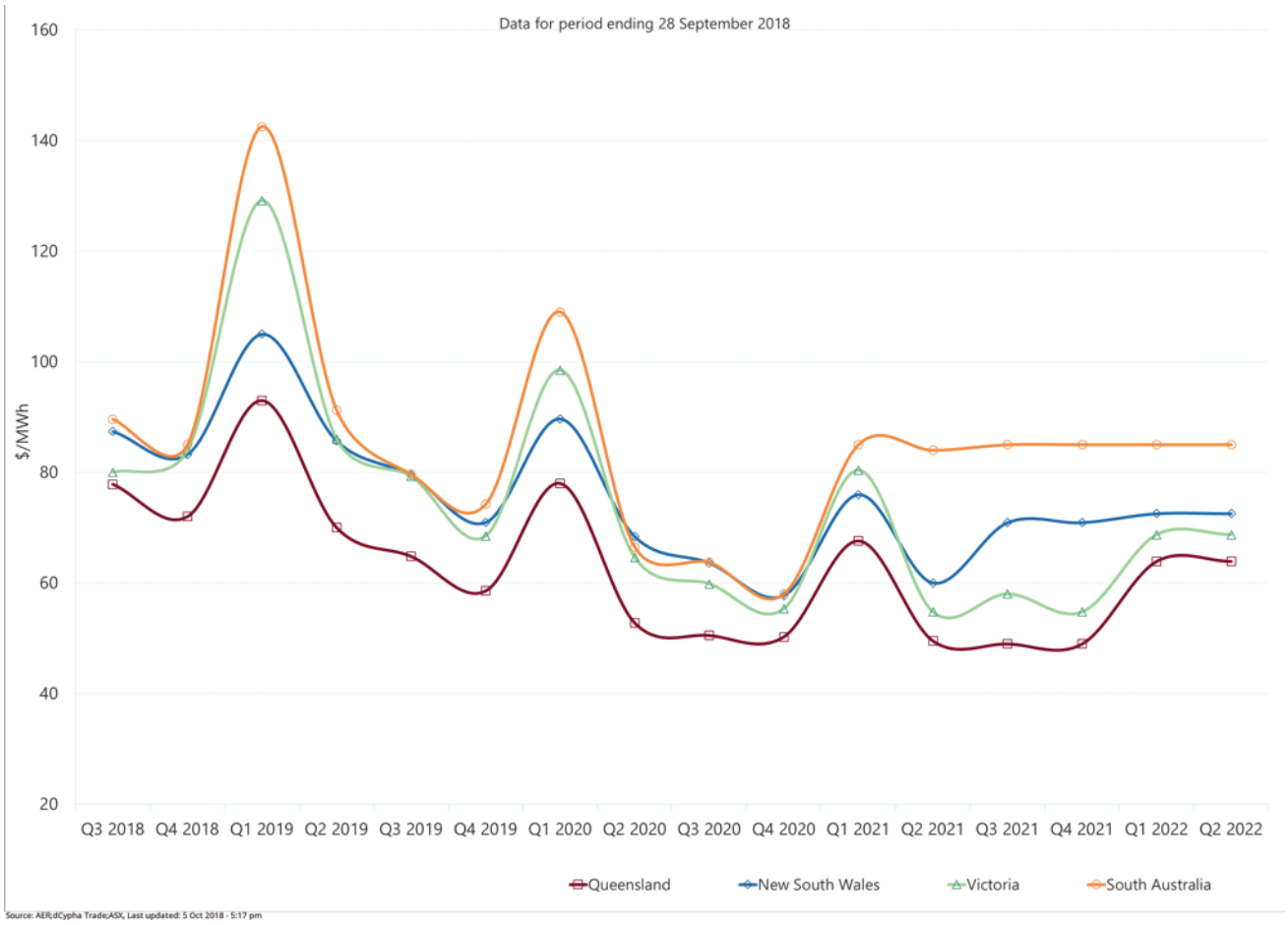


Figure A3 – *Contracted electricity price, presenting prices for base contracts for each quarter for the next four financial years.*

[44] The expectation for spot prices is demonstrated in the derivatives market, through the pricing of electricity futures traded on the ASX.

A.4 RENEWABLE GENERATION CERTIFICATES

Renewable generation certificates are statutory instruments created under the *Renewable Energy (Electricity) Act* 2000 Cth, which enable renewable generators to earn revenue in addition to that from the sale of electricity, providing a financial incentive for investment in renewable capacity.

Under the Act, accredited renewable generators are entitled to create large-scale generation certificates ("LGCs") based on the amount of renewable electricity generated, with one LGC generally created for each MWh of renewable electricity. Once registered by the generator, LGCs are transferrable, and are largely sold to liable entities. Liable entities include electricity retailers and large electricity consumers, who are obliged to surrender a specified number of certificates to the Clean Energy Regulator each year.

Pricing of LGCs

Where liable entities do not create their own certificates, they can acquire them in the LGC market. Prices in the LGC market reflect available supply and demand, together with other market factors. The pricing of LGCs is more complex than typical commodity markets, however, with demand for LGCs being affected by the legislative structure:

- Demand is fixed under the *Renewable Energy (Electricity) Act*, and therefore does not change in response to pricing changes. The exception is where tight supply would cause the price to exceed the tax-effective penalty. At this level liable entities will generally elect to pay this penalty rather than purchase LGCs at a higher price. This effectively caps the price for LGCs at the tax-effective penalty of $92.86.[45]
- The RET has a fixed life, currently set at 33,000 GWh by 2020 and then remaining constant until 2030, after which no target has been set. Consequently, from 2030, demand will only arise from voluntary sources.[46]

With fixed demand, pricing is predominantly influenced by the supply of LGCs at the relevant time. The potential for legislative change, such as a change to the RET, also influences pricing.

Since 2016, LGCs have traded at prices close to the tax-effective penalty, with a recent downward trend as supply ramps up to meet demand. This is in contrast to 2014-15, where prices were depressed following a governmental review and subsequent wind-back of the RET from 41,000 GWh to 33,000 GWh of renewable generation by 2020, reducing demand and creating regulatory uncertainty.[47] These trends are demonstrated in Figure A4.

[45] Green Energy Markets, *LGC Price Drivers Assessment*, November 2017.
[46] Australian Energy Regulator, *State of the Energy Market*, May 2017.
[47] Green Energy Markets, *LGC Price Drivers Assessment*, November 2017.

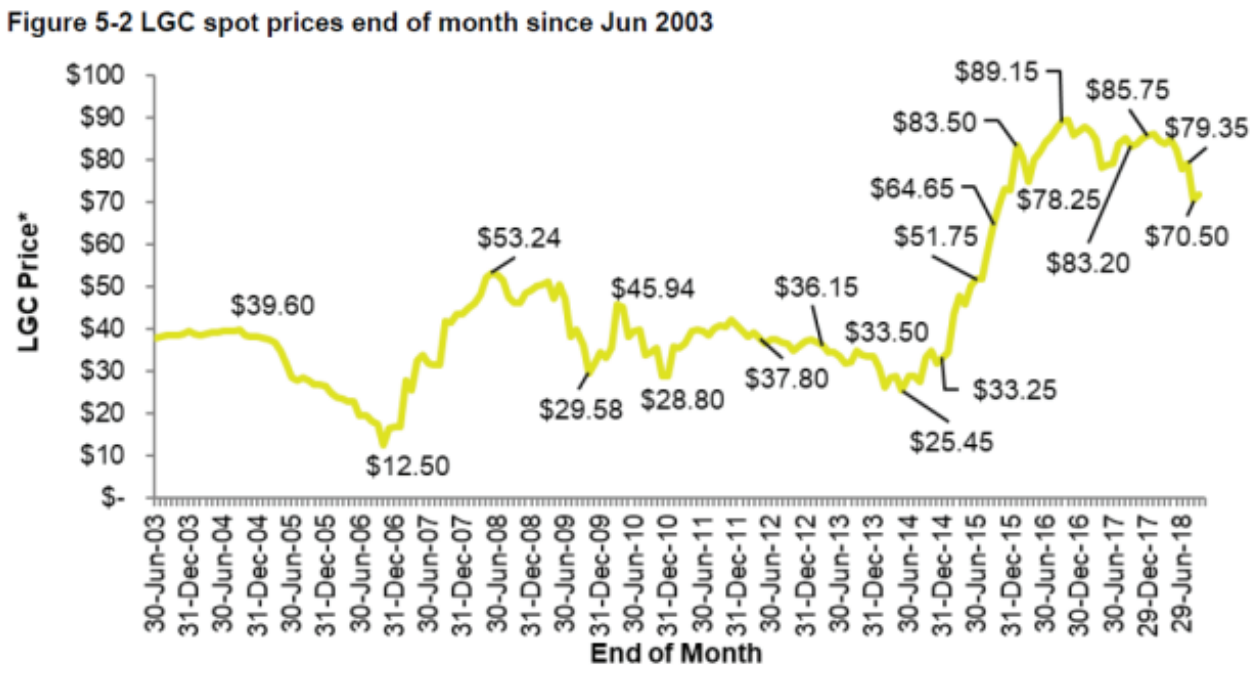
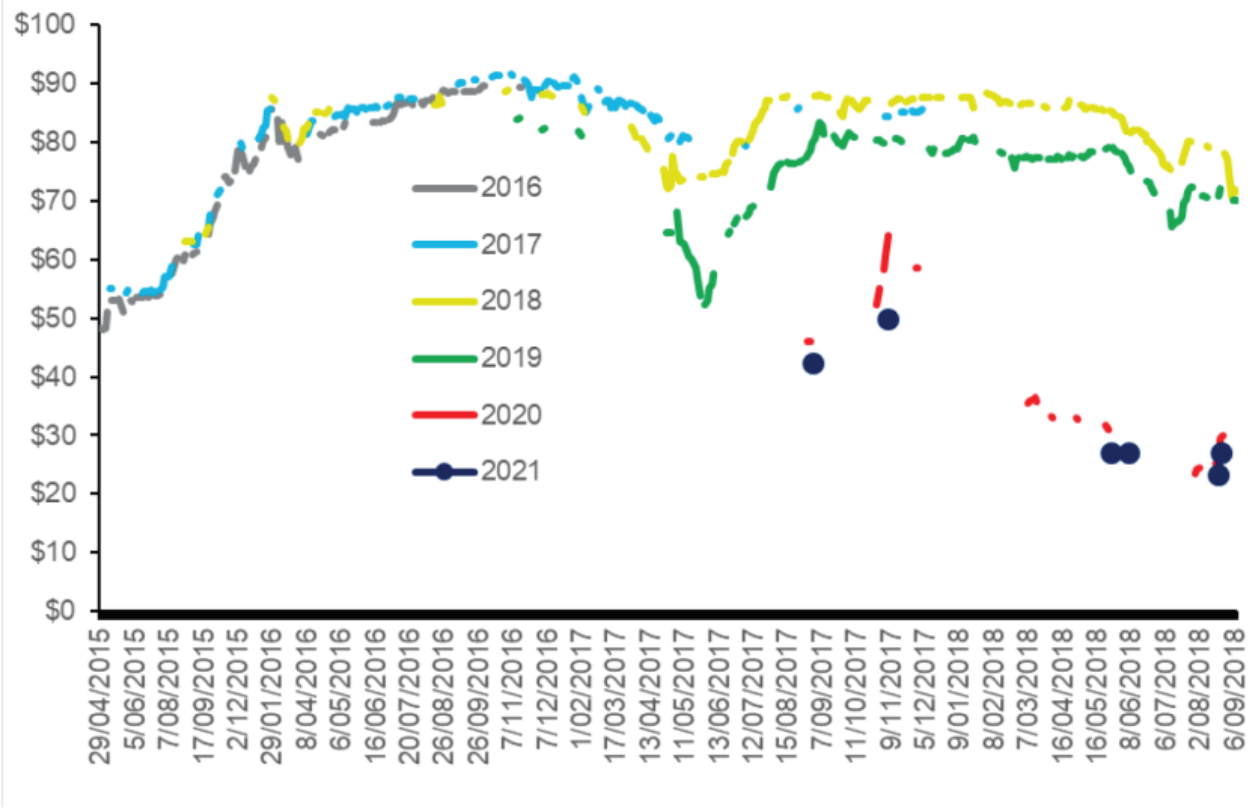


***Figure A4** – Historical LGC spot prices to end August 2018. Green Energy Markets, Renewables Report, September 2018*

Future pricing

Looking forward, demand for LGCs will increase through to 2020; however, the supply of LGCs is limited by the lack of investment in new generation capacity. As a result, forward prices (as shown in Figure A5) indicate that LGC will remain at prices close to the tax-effective penalty, with an expectation that the market will be short of LGCs up to at least 2020 (particularly when factoring in liquidity constraints) and that there will not be any change in government policy.[48]

Figure 5-2 Prices of LGC forwards for vintages 2016 to 2021 by trade date (spaces between lines denote periods where no trades took place)



Note: Certificates are to be delivered by no later than January in the year following the year cited for each vintage – i.e. For the 2017 Vintage (light blue) certificates are to be delivered by January 2018.

***Figure A5** – Prices of LGC forwards for vintages 2016 to 2020 by trade date (spaces between lines denote period where no trades took place) , Green Energy Markets, LGC and Carbon Credits Price Drivers Assessment – August 2018.*

This trend is expected to change in 2020-21, with trading in forward contracts for 2021 indicating a fall in the LGC price. This is attributed to the flattening of demand in accordance with the RET, which is to remain at the same level through to 2030, together with increased supply of LGCs following the availability of new generation capacity. A material increase in renewable capacity is expected from 2023, following the recent introduction of various state policies and initiatives and announced power purchase arrangements, which have supported

[48] It is noted that LGC forward contacts volumes are relatively small compared to overall LGC demand and supply, and therefore should be considered with caution.

new investment. This is expected to supply sufficient LGCs to meet demand (including penalty refunds) over the life of the RET to 2030.[49]

[49] Green Energy Markets, *LGC Price Drivers Assessment*, November 2017.
The RET scheme allows liable entities who have paid a LGC shortfall charge to claim a refund by surrendering additional LGCs in a future year to cover the shortfall. Liable entities therefore effectively have up to three years to claim refunds (although refunds cannot be claimed in the year immediately following payment of the shortfall charge). This may cause LGC prices to be negatively affected as early as 2021; however, the refund regime could also cause current demand to be sustained beyond 2020 to fulfil shortfalls over the next three years, thereby maintaining current price levels.

A.5 COMPETITIVENESS OF RENEWABLE TECHNOLOGIES

The increasing competitiveness of renewable technologies, together with associated storage and related technologies that increase dispatch control ("firming technologies"), is expected to be a key driver of change to both the generation mix and electricity pricing.

Both federal and state governments have instituted a range of policies and incentives to attract investment and support the development of renewable generation. These include large-scale generation certificates under the RET, which have the effect of increasing the competitiveness of newer renewable technologies relative to fossil fuel generation.

Other policies have specifically targeted solar generation, such as feed-in-tariff schemes that provide pricing certainty, in order to attract investment. Government agencies such as the Australian Renewable Energy Agency ("ARENA") and the Clean Energy Finance Corporation ("CEFC") were also created to provide funding for renewable projects, and have contributed to the price of large-scale solar generation being almost half of that in 2015.

As noted in the Finkel Review, the cost of new build renewable generation, including firming costs, is estimated to be below that of new build thermal generation (Figure A6).

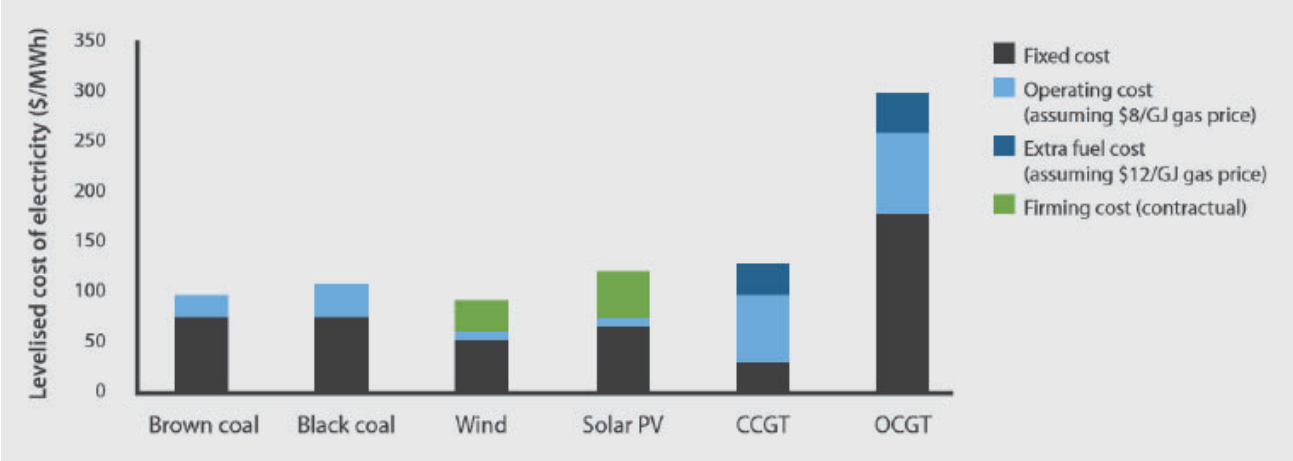


***Figure A6** – Levelised cost of new electricity generation: Independent Review into the Future Security of the National Electricity Market – Blueprint for the Future, June 2017 ("Finkel Review")*

Firming technologies

Despite the declining cost of renewable technologies, additional cost is incurred in having to firm intermittent solar and wind generation to ensure supply over a 24-hour period. At present, firming is largely achieved through thermal generation; however, as the proportion of thermal generation declines, the relatively high capital cost of this plant will eventually cause the cost of firming by thermal generation to become uneconomical.[50]

It has been estimated that significant additional firming will only be required where intermittent generation provides more than 50% of grid consumption. Although some of this can be provided by hydro generation, new storage technologies such as batteries, will be required. As part of a range measures to provide greater security and increase renewables penetration, the South Australian and Victorian governments have recently invested in large-scale battery storage.[51]

---

[50] Australian Council of Learned Academics, *The Role of Energy Storage in Australia's Future Energy Supply Mix,* November 2017.
[51] Australian Energy Regulator, *State of the Energy Market*, May 2017.

With greater investment in battery and other storage technology, the real cost of firming intermittent generation is expected to decline, providing greater reliability at lower cost. There is also potential for digitally co-ordinated demand-side resources to contribute to firming, with ARENA and AEMO having recently provided funding for 10 pilot projects under the demand response initiative to manage electricity supply during extreme peaks. This is expected to enable a greater volume of renewable generation to replace thermal generation and can mitigate the risk that excess renewable generation is "spilt" when weather conditions are favourable (such as during the mid-day peak for solar output).

A.6 POLICIES AND REGULATION OF RENEWABLES

Australia currently has a complex set of policies for energy and climate change. While still evolving, these policies support the replacement of fossil fuels with renewable technologies.

Federally, the key climate change policies have been the Renewable Energy Target ("RET"), carbon pricing and Direct Action. Alongside these schemes, various state governments have operated feed-in-tariff schemes and reverse auction tenders to support the development of solar and onshore wind generation, as well as setting their own emission targets and entering into directly negotiated power purchase agreements.

Federal policies

- *Renewable Energy Target ("RET")* – The RET was introduced in 2001 and been modified on several occasions. The RET requires retailers to source a proportion of their electricity from renewable sources, by acquiring renewable energy certificates created following the generation of electricity from accredited large-scale renewable projects (large-scale generation certificates, or "LGCs"). Generators supplying to the NEM receive both the LGC price and the wholesale spot price for the electricity that they generate.

  Amendments to the RET in June 2015 reduced the 2020 target from 41,000GWh to 33,000GWh, meaning that approximately 23.5% of Australia's electricity generation would need to be sourced from renewables by 2020.

  With significant commitments having been made to large-scale renewable projects in order to achieve the 2020 RET, and new projects continuing to be eligible to earn LGCs even after the target has been met, many market participants expect LGC prices to decline from 2020.

- *Carbon Pricing* – A carbon pricing scheme operated for two years from July 2012, having been introduced as part of the ALP's Clean Energy Future Plan. The central mechanism placed a fixed price on carbon for three years, starting at $23 per tonne, but to be replaced by an emissions trading scheme whereby the market would determine the carbon price. The abolition of the scheme by the Coalition in 2014 led to some coal generators being returned to service, with use rates for coal generators rising to new highs in 2015-16.

- *Direct Action* – This scheme was introduced in 2014 to replace carbon pricing. The central mechanism was the Emissions Reduction Fund, under which the government would pay for emissions abatement. Funding has been received by projects that convert waste gas from a coal mine to electricity and landfill gas projects. To date it has not incentivised large-scale renewables.

- *National Energy Guarantee ("NEG")* – The National Energy Guarantee (NEG) was proposed as Australia's future energy policy in October 2017. However, the NEG was abandoned by the federal government shortly after Scott Morrison replaced Malcolm Turnbull as Prime Minister. While this effectively ended the chances of the policy being implemented in this parliamentary term, the states continue to work on the reliability component of the NEG and the federal ALP has indicated that it may take elements of the policy to the next federal election.

- *Climate targets:* Australia has ratified the 2015 UNFCCC Paris Agreement. Under this agreement, the Coalition's emissions reduction target is 26-28% below 2005 levels by 2030. The Opposition has announced a proposed target reduction of 45%. However, neither party has provided details of their preferred mechanisms for achieving these targets.

State & territory policies

In addition to federal policies, each of the Australian states and territories have introduced separate policies and incentives for reducing emissions and increasing renewable generation. These policies and incentives differ not only between the states and territories, but also with federal policies, as each government pursues their own objectives.

Key state-based policies and incentives include:

- Renewable energy and emission reduction targets.
- Direct incentives, such as feed-in-tariff schemes to provide pricing certainty for large-scale solar generation and other financial incentives for small-scale solar installations.

IMPACT INVESTMENT GROUP

IIG Solar Asset Fund
Application Form

GUIDE TO THIS APPLICATION FORM

This Application Form has been prepared by IIG Solar Assets Pty Ltd (ACN 620 659 574) in its capacity as trustee for the IIG Solar Asset Trust (Trustee). Impact Investment Group Pty Ltd (ACN 139 328 108) (IIG) and IIG Solar Assets Pty Ltd (ACN 620 659 574) are authorised representatives of Impact Funds Management Pty Ltd (ACN 138 179 914, AFSL 356 648). This Application Form is for Units in the IIG Solar Asset Trust (Trust) and accompanies the Information Memorandum (IM) published in November 2018. You must read the entire IM and seek independent investment and tax advice before making any decision to invest in the Trust. By submitting this Application Form, you acknowledge that you have read and understood the entire IM.

Instructions

Please consider the following when completing this Application Form:

- Complete all application sections in this Application Form;
- Use **ONE** Application Form for each investing entity. If you are investing as Joint Individuals, please only use **ONE** Application Form;
- Each Application Form will require supporting Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Verification Documentation. The required AML/CTF Verification Documentation for each investment vehicle will be will be advised at the end of each section of this Application Form;
- All copies of the AML/CTF Verification Documentation and Identification (ID) Documentation must be current, clear and certified. If you provide an original ID to an IIG staff member, they will be able to verify your ID and certification is not required;
- Ensure the Declaration of this Application Form is signed and dated by Authorised Signatories as indicated in Section G.2. If there is more than one Individual or Director, then the Trustee requires at least two signatures;
- Incomplete Application Forms and unclear/uncertified (where relevant) AML/CTF Verification Documentation will not be accepted.

Submission

Please note that your investment allocation will not be confirmed until your Application Form and supporting Verification Documentation is submitted to IIG in a satisfactory manner.
Please email your completed Application Form and supporting AML/CTF Verification Documentation to: services@impact-group.com.au.

We can assist you with the application process by pre-populating the content of your Application Form and by conducting a review of your AML/CTF Verification Documentation that we hold on file. Please note that if you choose this option we will use standard email to send you the pre-populated documentation (which may include your name, contact details, date of birth and tax file number). We are unable to guarantee the security of information sent by email and, to the extent permitted by law, will not be responsible for any unauthorised access and use of such information. If you are concerned about this, please contact us and we can arrange a suitable alternative with you.

As we are a Paper-Light Office, it is our preference to receive your Application Form documentation by email. However, if you post your Application Form documentation to our office, we will return those documents to you by post once your Application Form has been reviewed and finalised, except for your Application Form. We also have a secure disposal and recycling service on offer for your AML-CTF Verification Documentation if requested.

Please note, if this is your first time investing with us, please also post your original and completed Application Form to our office: Impact Investment Group Pty Ltd, 11 Princes Street, St Kilda, Victoria, 3182, Australia.

Please feel free to contact our Investor Services Team on +61 (3) 8534 8060 if you have any questions about this Application process.

Privacy Statement

By completing the Application Form to apply for Units in the IIG Solar Asset Trust you are providing personal information to the Trustee. For purposes related to processing your application, such as identity and eligibility verification in compliance with AML regulation, the Trustee may also collect information about you from third party and public sources. The Privacy Act 1988 (Cth) regulates the way we collect, use, dispose, keep, secure and give people access to your personal information. We are committed to managing and only using personal information in ways that comply with the Privacy Act. As a result, we will apply the Australian Privacy Principles in respect of all the information you provide by submitting the Application for investment in the IIG Solar Asset Trust and any related information about you we may collect from third part or public sources. The information we obtain from and about you is used to evaluate your Application for Units, as well as to issue and manage your unit holding in the IIG Solar Asset Trust. Your personal information may also be provided to other persons to enable the Trustee, IIG and IFM to provide these services to your or to persons that you authorise to act on your behalf in relation to your investment. In addition to reporting to you about your investment in the Solar Asset Trust we may use your contact details to let you know on an ongoing basis about other investment opportunities unless you opt out or we are prevented by law.
Our Privacy Policy is available at www.impact-group.com.au/privacy. Please contact our office if any of your personal details change.

Eligible Investors

The Trustee will only accept investment funds from Wholesale Clients as defined in the Corporations Act 2001 (Cth). If the investment amount in the Trust is less than AU$500,000, we require ONE of the following certificates for your investing entity:

- Accountant Certificate – issued by a qualified accountant for a wholesale investor. A template is available in section H.1; or
- Professional Investor Declaration – self certified by the professional investor(s). A template is available in section H.2.

These certificates are valid for two years from the date of issue and will only be accepted when issued in the legal name of the investing entity. Please contact our office if you require further information.

Eligible Entities for this Application Form

This Application Form is appropriate for the following types of entities:

- Individual/Sole Trader/Joint Individuals;
- Companies (Australian domestic unlisted, foreign companies registered and not registered with ASIC);
- Trusts, Superannuation Funds, and Foundations with non-exempt Trustees. Non-exempt Trustees are Trustees of all Trusts, with the following exceptions:
    1. *a managed investment scheme registered by ASIC;*
    2. *a managed investment scheme that is not registered by ASIC and that:*
        a. *only has wholesale customers; and*
        b. *does not make small scale offerings to which section 1012E of the Corporations Act 2001 applies;*
    3. *a Trust registered with and subject to the regulatory oversight of a commonwealth statutory regulator in relation to its activities as a trust; or*
    4. *a government Superannuation Fund established by legislation.*

If you are investing through an entity that is not listed above (e.g. associations, partnerships, government bodies or a Trust/Superannuation Fund/Foundation with an exempt trustee), please contact our office for the appropriate Application Form.

Anti-Money Laundering & Counter-Terrorism Financing Act 2006

The Trustee is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). The AML/CTF Act applies to all monies raised for investments into Australian managed investment schemes. Accordingly, the Trustee must obtain information and documentation from investors in order to fulfil its compliance obligations under the AML/CTF Act. In this Application Form, the Trustee requests that investors provide identification information to support an Application for Units in the Trust. Additional information may also be requested to meet our legislative obligations. The Trustee reserves the right to refuse Applications from investors where identification information is not supplied or is insufficient.

Foreign Citizens and Tax Residents

Under Australian legislation, Australian banks and other financial institutions must report information to Australia's Commissioner of Taxation (Commissioner) about financial accounts held by foreign tax residents; that is, citizens or tax residents of a foreign jurisdiction. These obligations are based on the Common Reporting Standard (CRS), which is a standardised automatic exchange model developed by the OECD and implemented in Australia, and the inter-governmental agreement between Australia and the United States called the Foreign Account Tax Compliance Act (FATCA).

Both the CRS and FATCA require the Trustee to lodge a report with the Commissioner containing certain account information of certain investors who are foreign tax residents. The Commissioner will exchange certain taxpayer account information with the participating tax authorities of those foreign tax residents.

In order to meet these requirements, the Trustee will undertake due diligence procedures and request any tax identification numbers of investors in order to identify financial accounts that have a foreign tax resident account holder from a participating jurisdiction.

For further information on either FATCA or CRS, please visit the ATO website or contact our Investor Services Team on (03) 8534 8060.

Certification of Documents

Persons who can certify documents are listed below:

- A lawyer, being a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner.
- A Justice of the Peace.
- A notary public (for the purposes of the Statutory Declaration Regulations 1993).
- A police officer.
- A member of the Institute of Chartered Accountants in Australia, the Australian Society of Certified Practising Accountants or the National Institute of Accountants.

Please contact our office for a full list of persons who can certify documents.

A INVESTMENT DETAILS

A.1 Investing Entity

Please select your type of investing entity and complete the relevant sections indicated below:

☐ **As an Individual/ Sole Trader/ Joint Individuals**

Please complete sections:			Page
☐	A	Investment Details	3
☐	B	Individual #1	4
☐	C	Individual #2 (if joint)	5
☐	F	Contact Person(s)	10
☐	G	Declaration	11
☐	H	Wholesale Client Certificate	13-14

☐ **As a Company**

Please complete sections:			Page
☐	A	Investment Details	3
☐	D	Company	6-8
☐	F	Contact Person(s)	10
☐	G	Declaration	11
☐	H	Wholesale Client Certificate	13-14

☐ **As a Trust, Super Fund or Foundation: with an Individual(s) as Trustee** or ☐ **with a Company as Trustee**

Please complete sections:			Page
☐	A	Investment Details	3
☐	B	Individual #1	4
☐	C	Individual #2 (if joint)	5
☐	E	Trust, Super Fund or Foundation	9
☐	F	Contact Person(s)	10
☐	G	Declaration	11
☐	H	Wholesale Client Certificate	13-14

Please complete sections:			Page
☐	A	Investment Details	3
☐	D	Company	6-8
☐	E	Trust, Super Fund or Foundation	9
☐	F	Contact Person(s)	10
☐	G	Declaration	11
☐	H	Wholesale Client Certificate	13-14

A.2 Investment Amount

Legal Name of Investing Entity: _____

I/We irrevocably apply for Units in the IIG Solar Asset Trust for the amount of AU$ _____

NOTE: *The minimum investment amount is AU $100,000.*

A.3 Payment of Investment Amount

Please select how you would like to pay for your investment:

☐ **Cheque:** Please contact our office for the Payee details.

NOTE: *We deposit cheques within two business days of receipt and allow three business days for the cheque to be cleared. Please make the cheque 'Not Negotiable' and post to: Impact Funds Management Pty Ltd, 11 Princes Street, St Kilda, Victoria, 3182, Australia.*

☐ **Electronic Funds Transfer:** Please contact our office for the bank account details.

A.4 Nominated Bank Account

Please provide your bank account details for payments from the IIG Solar Asset Trust:

For Australian Accounts

Account Name: _____

Bank: _____ BSB: _____ Account Number: _____

For Foreign Accounts

Account Name: _____

Bank: _____ Branch: _____

Account Number/IBAN: _____ SWIFT/BIC: _____

NOTE: All payments will be made in Australian dollars. Any costs associated with foreign currency conversion will be borne by the applicant.

A.5 Source of Funds

Please select the source and origin of funds being invested:

☐ Savings

☐ Investments

☐ Superannuation Contributions

☐ Operating Business (Please specify industry): _____

☐ Sale of Assets (Please specify type): _____

☐ Other (please specify): _____

B INDIVIDUAL #1

B.1 Personal Details

Title: _____ Name: _____

D.O.B: ___/ ___/ ___ Gender: ☐ Male ☐ Female Occupation: _____

Residential Address: _____ Postcode: _____

Home or Work no: (___)_____ Mobile: _____

Email: _____

B.2 Tax Status

Please select ONE of the following options:

- ☐ My Australian Tax File Number (TFN) is: _____
- ☐ My TFN is not applicable as I act as Trustee
- ☐ My TFN is not applicable. Reason: _____
- ☐ I am exempt from quoting a TFN
- ☐ I do not have a TFN as I am not an Australian citizen or resident for tax purposes

NOTE: If you choose not to quote your TFN or claim an exemption, the Trustee is required to deduct tax on any income distributed at the prescribed rate. Note that at the date of this Application Form, the prescribed rate is the highest marginal tax rate plus the Medicare levy.

Is this person a U.S. Citizen or Tax Resident of a foreign jurisdiction (including the U.S.)?

☐ No

☐ Yes. Please complete the following:

Please complete below ONLY if you are a citizen of a foreign country or are a non-resident for Australian tax purposes:

Country of Residence: _____ Country of Birth: _____

Tax Identification Number issued by the relevant foreign registration body: _____

B.3 Sole Trader (please complete ONLY if individual is applying as a sole trader)

Business Name: _____ ABN: _____

Business Address: _____ Postcode: _____

B.4 Verification Documentation

VERIFICATION OF IDENTITY

We require Identification Documentation (ID) that includes the Individual's photograph, full name, residential address and D.O.B. The ID must be current, clear and is acceptable as a certified copy or as an original.

Option A Please provide ONE Primary ID:

- ☐ Australian Driver's License (capturing the front and back of the license); or
- ☐ ID Card issued by an Australian State or Territory.

Option B Please provide ONE Primary ID:

- ☐ Australian Passport or Foreign Passport or similar travel document (containing a signature).

AND, please provide ONE Secondary ID (including full name, residential address and dated within the last 12 months)

- ☐ A notice issued by a utility provider (e.g. rates notice, gas, water, electricity or phone); or
- ☐ A notice issued by a Bank or financial institution (e.g. bank statement, superannuation statement); or
- ☐ A notice issued by ATO recording a debt payable to or by the Individual (e.g. tax assessment, PAYG).

VERIFICATION OF SOLE TRADERS

☐ Please provide a copy of the ASIC extract for the business confirming:

- the full name of the business
- the business address

C INDIVIDUAL #2 (if joint individuals)

C.1 Personal Details

Title: _____ Name: _____

D.O.B: ___ / ___ / ___ Gender: ☐ Male ☐ Female Occupation: _____

Residential Address: _____ Postcode: _____

Home or Work no: (___) _____ Mobile: _____

Email: _____

C.2 Tax Status

Please select ONE of the following options:

- ☐ My Australian Tax File Number (TFN) is: _____
- ☐ My TFN is not applicable as I act as Trustee
- ☐ My TFN is not applicable. Reason: _____
- ☐ I am exempt from quoting a TFN
- ☐ I do not have a TFN as I am not an Australian citizen or resident for tax purposes

NOTE: If you choose not to quote your TFN or claim an exemption, the Trustee is required to deduct tax on any income distributed at the prescribed rate. Note that at the date of this Application Form, the prescribed rate is the highest marginal tax rate plus the Medicare levy.

Is this person a U.S. Citizen or Tax Resident of a foreign jurisdiction (including the U.S.)?

☐ No

☐ Yes. Please complete the following:

Please complete below ONLY if you are a citizen of a foreign country or are a non-resident for Australian tax purposes:

Country of Residence: _____ Country of Birth: _____

Tax Identification Number issued by the relevant foreign registration body: _____

C.3 Verification Documentation

VERIFICATION OF IDENTITY

We require Identification Documentation (ID) that includes the Individual's photograph, full name, residential address and D.O.B. The ID must be current, clear and is acceptable as a certified copy or as an original.

Option A Please provide ONE Primary ID:

- ☐ Australian Driver's License (capturing the front and back of the license); or
- ☐ ID Card issued by an Australian State or Territory.

Option B Please provide ONE Primary ID:

- ☐ Australian Passport or Foreign Passport or similar travel document (containing a signature).

AND, please provide ONE Secondary ID (including full name, residential address and dated within the last 12 months)

- ☐ A notice issued by a utility provider (e.g. rates notice, gas, water, electricity or phone); or
- ☐ A notice issued by a Bank or financial institution (e.g. bank statement, superannuation statement); or
- ☐ A notice issued by ATO recording a debt payable to or by the Individual (e.g. tax assessment, PAYG).

D COMPANY

D.1 Company Details

Company Name: _____

Registered Address: _____

_____ Postcode: _____

Principal Place of Business (if different from above) : _____

_____ Postcode: _____

For Australian Companies
Is this Company registered with ASIC as a:
☐ Proprietary Company
☐ Public Company or other (please contact our office for the appropriate Application Form)

ACN: _____

For Foreign Companies
Country in which the Company was established, incorporated or registered: _____

Please select ONE of the following:
☐ This Company is registered with ASIC and the Australian Registered Body Number (ARBN) is: _____
☐ This Company is registered with a foreign registration body. Please provide the following:

Name of Registration Body: _____

Identification number issued to your Company by the registration body: _____

If this Foreign Company has a local agent, please provide the following:

Name of local agent: _____

Address of Local Agent: _____

_____ Postcode: _____

D.2 FATCA + CRS

The question below relates to the company indicated in section D.1. The Company is either investing in its own capacity or acting as a Corporate Trustee. If the Company is generating income in its own capacity, please select "Yes" or "No". If the company is only acting Trustee and does not generate income in its own capacity, please select "Not applicable".

Please consider whether the Company derives more than 50% of its gross income from investment activities (e.g. rent, interest and dividends) OR whether more than 50% of its assets or products are held to produce passive investment income:
☐ Yes
☐ No. Please describe how the Company generates its income: _____
☐ Not applicable, this Company acts as trustee and does not generate any income in its own capacity.

D.3 Tax Status

For Australian Companies
Please select ONE of the following options for the Company indicated in Section D.1:

☐ The Company's Tax File Number (TFN) is: _____

☐ The Company is exempt from quoting a TFN

☐ The Company's TFN is not applicable. Reason: _____

☐ The Company's TFN is not applicable as it acts as Trustee

☐ The Company Director/s do not wish to quote the Company's TFN

NOTE: This question relates to the Company indicated in Section D.1. If you choose not to quote the Company's TFN or claim an exemption, the Trustee is required to deduct tax on income distributed or interest paid at the prescribed rate. At the date of this Application Form, the prescribed rate is the highest marginal tax rate plus the Medicare Levy.

For Foreign Companies

This Company is a:
☐ United States Company; or
☐ Another Foreign Company. Please specify country: _____

Tax Identification Number (TIN) issued by the relevant foreign registration body: _____

D COMPANY (Continued)

D.4 Directors

Please provide the full name of all Directors of the Company:

Director #1: _____ Director #2: _____

Director #3: _____ Director #4: _____

Director #5: _____ Director #6: _____

NOTE: If there are more Directors than space provided, please print this page again, complete and attach to the Application Form.

D.5 Company Beneficial Owners/Shareholders

A Beneficial Owner is defined as a natural person(s) who ultimately owns or controls (directly or indirectly) the Company listed in Section D.1.

Ownership for the purposes of determining a Beneficial Owner means owning 25% or more of the Company listed in Section D.1.

Please provide the name and details of EACH beneficial owner/shareholder that holds 25% or more of issued capital in the Company listed in Section D.1.

D.5.1 Beneficial Owner of Company in Section D.1

Please provide the full name, residential address (PO Box not accepted) and tax status of EACH beneficial owner who is a Natural Person and who holds 25% or more of issued capital in the Company listed in D.1:

Beneficial Owner #1

Name: _____ D.O.B: ____ / ____ / ____

Residential Address: _____ Postcode: _____

Is this person a U.S. citizen or tax resident of any foreign country (including the U.S.)?

☐ No. ☐ Yes. Please provide your tax identification number provided by the relevant foreign body: _____

Country of tax residence: _____ Country of Birth: _____

Beneficial Owner #2

Name: _____ D.O.B: ____ / ____ / ____

Residential Address: _____ Postcode: _____

Is this person a U.S. citizen or tax resident of any foreign country (including the U.S.)?

☐ No. ☐ Yes. Please provide your tax identification number provided by the relevant foreign body: _____

Country of tax residence: _____ Country of Birth: _____

Beneficial Owner #3

Name: _____ D.O.B: ____ / ____ / ____

Residential Address: _____ Postcode: _____

Is this person a U.S. citizen or tax resident of any foreign country (including the U.S.)?

☐ No. ☐ Yes. Please provide your tax identification number provided by the relevant foreign body: _____

Country of tax residence: _____ Country of Birth: _____

Beneficial Owner #4

Name: _____ D.O.B: ____ / ____ / ____

Residential Address: _____ Postcode: _____

Is this person a U.S. citizen or tax resident of any foreign country (including the U.S.)?

☐ No. ☐ Yes. Please provide your tax identification number provided by the relevant foreign body: _____

Country of tax residence: _____ Country of Birth: _____

VERIFICATION OF IDENTITY

We require Identification Documentation (ID) that includes the Individual's photograph, full name, residential address and D.O.B. The ID must be current, clear and is acceptable as a certified copy or as an original.

Option A Please provide ONE Primary ID:

☐ Australian Driver's License (capturing the front and back of the license); or

☐ ID Card issued by an Australian State or Territory.

Option B Please provide ONE Primary ID:

☐ Australian Passport or Foreign Passport or similar travel document (containing a signature).

AND, please provide ONE Secondary ID (including full name, residential address and dated within the last 12 months)

☐ A notice issued by a utility provider (e.g. rates notice, gas, water, electricity or phone); or

☐ A notice issued by a Bank or financial institution (e.g. bank statement, superannuation statement); or

☐ A notice issued by ATO recording a debt payable to or by the Individual (e.g. tax assessment, PAYG).

VERIFICATION OF COMPANY

All companies are required to provide a Company statement for verification of information. Please ensure that all the details listed on this application are consistent with the details of the Company statement:

For Australian Companies

☐ Please provide an ASIC Company Extract confirming:

- The full name of the Company
- The ACN
- The current shareholders of the company
- The registered address and/or the principal place of business address of the company
- The registration as a proprietary or public company
- The name of each director

For Foreign Companies Registered with ASIC

☐ Please provide an ASIC Company Extract confirming:

- The full name of the Company
- The ARBN
- The registered address and/or the principal place of business address of the company
- The registration as a proprietary or public company
- The name of each director
- The Company is also registered by the relevant foreign registration body and if it is registered as a private or public company

For Foreign Companies Not Registered with ASIC

☐ Please provide a copy of the Company's details either by letter, email or web based search from the relevant foreign registration body confirming:

- The full name of the Company
- The identification number issued by the relevant foreign registration body
- If the company is registered as a public or private company
- The registered office address
- The name of each director
- The name and address of each shareholder

E TRUST, SUPERANNUATION FUND or FOUNDATION

E.1 Trust Details

Name of Trust: _____

Type of Trust: ☐ Unit Trust ☐ Testamentary Trust ☐ Family Trust ☐ Foundation

☐ Super Fund (incl. self-managed). Is this an Australian Regulated Super Fund? ☐ Yes ☐ No

☐ Other: _____

Please provide the name of the settlor of the Trust: _____, unless:

☐ Not Applicable, as settlor's contribution was less than $10,000

☐ Not Applicable, as settlor is deceased

☐ Not Applicable, as this is a Self-Managed Super Fund

Country in which the Trust was established: _____

The Trustee of this Trust is:

☐ An individual(s). Please also complete Section B & C (if joint) of the Application Form

☐ A Company. Please also complete Section D of this Application Form

NOTE: *This Application Form only relates to non-exempt Trustees (see Guide to Application Form).*

E.2 Trust Beneficiaries and Members

Please provide the full name of each beneficiary specified under the Trust (whether a Natural Person, Trust or Company):

Name #1: _____ Name #2: _____

Name #3: _____ Name #4: _____

Name #5: _____ Name #6: _____

NOTE: *If a Trust or Company is identified as a beneficiary, the Trustee may request additional information about the ultimate beneficiary or may request further verification documentation. If there are more specified beneficiaries than space provided, please print this page again, complete and attach to the Application Form.*

If the name of the beneficiary is not specified under the Trust, please provide a description of the class of beneficiary:

_____

_____

Are any of the beneficiaries or members a U.S. citizen or tax resident of a foreign country (including the U.S.)?

☐ No.

☐ Yes. Name: _____ Name: _____

Name: _____ Name: _____

E.3 Tax Status

For Australian Trusts

Please select ONE of the following options for the Trust:

☐ The Trust's Tax File Number (TFN) is: _____

☐ The Trust is exempt from quoting a TFN

☐ The Trust's TFN is not applicable. Reason: _____

☐ I/We do not wish to quote the Trust's TFN

NOTE: If you choose not to quote the Company's TFN or claim an exemption, the Trustee is required to deduct tax on income distributed or interest paid at the prescribed rate. Note that at the date of this Application Form, the prescribed rate is the highest marginal tax rate plus the Medicare Levy.

For Foreign Trusts

Country of Tax Residence: _____

Tax identification number issued by the relevant foreign registration body: _____

E.3 Tax Status

Verification of Trust

☐ Please provide a certified copy of the Trust Deed confirming:

- The full name of the trust
- The type of trust
- The country the Trust was established in
- The executed signature page
- The name of each trustee, beneficiary/class of beneficiaries/name of each member if a Superannuation Fund

F CONTACT PERSONS

F.1 Primary Contact

I am: ☐ Individual #1 ☐ Individual #2 ☐ a Director ☐ an Advisor/Wealth Manager ☐ Other: _____

Title: _____ Name: _____

Company (if applicable): _____

Postal Address: _____ Postcode: _____

Home or Work no: (____) _____ Mobile: _____

Email: _____

NOTE: IIG is committed to reducing its ecological footprint through a Paper-Light Office initiative. In accordance with this initiative, IIG's preferred method of communication is by email. By providing this email address above, you confirm that IIG is able to communicate electronically with the nominated contact person.

F.2 Secondary Contact (optional)

I am: ☐ Individual #1 ☐ Individual #2 ☐ a Director ☐ an Advisor/Wealth Manager ☐ Other: _____

Title: _____ Name: _____

Company (if applicable): _____

Postal Address: _____ Postcode: _____

Home or Work no: (____) _____ Mobile: _____

Email: _____

NOTE: IIG is committed to reducing its ecological footprint through a Paper-Light Office initiative. In accordance with this initiative, IIG's preferred method of communication is by email. By providing this email address above, you confirm that IIG is able to communicate electronically with the nominated contact person.

F.3 Third Contact (optional)

I am: ☐ Individual #1 ☐ Individual #2 ☐ a Director ☐ an Advisor/Wealth Manager ☐ Other: _____

Title: _____ Name: _____

Company (if applicable): _____

Postal Address: _____ Postcode: _____

Home or Work no: (____) _____ Mobile: _____

Email: _____

NOTE: IIG is committed to reducing its ecological footprint through a Paper-Light Office initiative. In accordance with this initiative, IIG's preferred method of communication is by email. By providing this email address above, you confirm that IIG is able to communicate electronically with the nominated contact person.

F.4 Fourth Contact (optional)

I am: ☐ Individual #1 ☐ Individual #2 ☐ a Director ☐ an Advisor/Wealth Manager ☐ Other: _____

Title: _____ Name: _____

Company (if applicable): _____

Postal Address: _____ Postcode: _____

Home or Work no: (____) _____ Mobile: _____

Email: _____

NOTE: IIG is committed to reducing its ecological footprint through a Paper-Light Office initiative. In accordance with this initiative, IIG's preferred method of communication is by email. By providing this email address above, you confirm that IIG is able to communicate electronically with the nominated contact person.

G DECLARATION

G.1 Terms

By investing in the IIG Solar Asset Trust (Trust) you declare and agree that:

- You have read and understood the Information Memorandum dated November 2018 to which this Application Form relates;
- You have read and understood this Application Form, including the Privacy Statement;
- the Trustee is required to comply with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act) and accordingly:
    - You have provided the Trustee with the information required in this Application Form and additional information or documentation that the Trustee may have requested from you (including personal information, any beneficial interest in the Trust, or the source of funds) otherwise your Application for funding may be refused. The Trustee will not be liable for any loss arising as a result thereof;
    - The Trustee may be required to take action, including delaying or refusing the processing of your Application, or disclosing information that is held about you (or any holder of a beneficial interest in the Trust) to the Trustee's related bodies corporate or service providers, or relevant regulators of the AML/CTF Act;
- You will be bound by the Trust Constitution pursuant to which the Trust is established (as amended from time to time);
- The Trustee reserves the right to accept or refuse Applications for funding at its absolute discretion;
- None of the Trustee, IFM, IIG, their Directors or associates guarantees the repayment of capital or the performance of the Trust;
- You have not relied on statements or representations made by any person, other than those made in the IM to which this Application Form attaches;
- The Application Form is binding and irrevocable and no cooling off period applies;
- The Trustee can obtain, use and disclose the personal information provided in, or collected in relation to, this Application Form in accordance with the above Privacy Statement and our Privacy Policy at www.impact-group.com.au/privacy

The Applicant(s) also warrant and acknowledge that:

- all the information given in this Application Form is true and correct at the time of its execution and submission;
- The Trustee may have assisted by pre-populating content within this Application Form based on information provided by myself and/or by my agents. In this case, I/we confirm this pre-populated content has been reviewed, and where necessary have advised the trustee of the relevant changes prior to signing. I/we confirm all information contained within this Application Form is accurate, true and correct at the time of its signing and submission; any money you invest in the Trust is not derived from or related to any criminal activities;
- any proceeds from your investment in the Trust will not be used in relation to any criminal activities;
- you have had the opportunity to seek independent professional advice on applying for funding to the Trust;
- you are a "wholesale client(s)"as those terms are defined in the Corporations Act (2001) Cth and where necessary the relevant information has been provided to confirm this;
- if investing as a Trustee on behalf of a Superannuation Fund or Trust, you confirm that you are acting in accordance with your designated powers and authority under the Trust Constitution. In the case of a self-managed Superannuation Fund, you also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act 1993;
- you are bound by the Manager Fees contained in the IM to which this Application Form attaches;
- you hold the appropriate authorisations to become an investor in the Trust and that offer cannot be revoked;
- the contact person(s) listed in Section F can access your personal information and receive related correspondence (on your behalf);
- The Trustee is committed to reducing its ecological footprint through a Paper-Light Office initiative. In accordance with this initiative, the Trustee:
    - will store soft copy records of all Application Forms and AML/CTF Verification Documentation on its secure network facility;
    - will accept Application Forms and AML/CTF Verification Documentation that is submitted electronically;
    - will securely retain and store any hard-copy Application Forms, due to the security and alteration of information after submission;
    - will securely dispose of and recycle hard-copy AML/CTF Verification Documentation if requested by the Applicant or will return the documents to the Applicant by post, once the process has been reviewed and finalised;
    - will communicate electronically with the nominated contact person(s) listed in Section F (unless advised otherwise).

G.2 Signature(s)

Authorised Signatory #1

Signature: _____

Date: _____ / _____ / _____

Name: _____

☐ Individual #1 / Individual #1 as Trustee
☐ Director #1 / Director #1 of Corporate Trustee

Authorised Signatory #2

Signature: _____

Date: _____ / _____ / _____

Name: _____

☐ Individual #2 / Individual #2 as Trustee
☐ Director #2 / Director #2 of Corporate Trustee
☐ Company Secretary
☐ Not applicable, as there is only ONE Individual or Director

Please ensure that the Declaration is signed and dated.
If there is more than one Individual or Director, the Trustee requires at least two signatures.

This page has been intentionally left blank.

Please continue for Wholesale Client Certificate templates.

H ACCOUNTANT CERTIFICATE

H.1 Wholesale clients relying on Accountant Certificate exception (only applicable if investing less than AU$500,000)

NOTE: *Wholesale Investor Certificates must be issued by your accountant for the investing entity. Please contact our office if you require further information.*

In accordance with Section 761G(7)(c) of the Corporations Act 2001;

I, _____
[Name of Accountant]

of _____
[Name of Firm]

_____
[Business Address]

being a qualified Accountant* certify that _____
[Name of Individual(s) or Legal Name of Investing Entity]

- has net assets^ in excess of $2.5 million, or
- had a gross income^ of $250,000 per annum for each of the last two financial years

Signature: _____

Date: _____ / _____ / _____

Qualification: _____

^ The net assets or gross income of the investor include:

- the assets or income of controlled Trusts or companies, and/or
- the assets or income of a person who controls the investor (where the proposed investor is a Company, Trust or Partnership).
- When determining the net assets or gross income of a person who controls a corporate or Trust investor, the net assets or gross income of any other Company or Trust controlled by that person may be included. For the purposes of this accountant's certificate, the term "control" is defined in Section 50AA of the Corporations Act.

* Qualified accountant means any member of:

- CPA Australia who is entitled to use the post-nominals "CPA" or "FCPA"
- Institute of Chartered Accountants in Australia (ICAA) who is entitles to use the post-nominals "CA", "ACA" or "FCA"
- Institute of Public Accountants (IPA) who is entitled to use the post-nominals "AIPA", "MIPA" or "FIPA", or
- Accountants belonging to any of the following foreign bodies who have at least three years' experience in accounting or auditing and is providing this certificate to a person who is a resident in the same country:
    - American Institute of Certified Public Accountants.
    - Association of Certified Chartered Accountants (United Kingdom).
    - Canadian Institute of Chartered Accountants.
    - Institute of Chartered Accountants of New Zealand.
    - The Institute of Chartered Accountants in England and Wales.
    - The Institute of Chartered Accountants in Ireland.
    - The Institute of Chartered Accountants of Scotland.

PROFESSIONAL INVESTOR DECLARATION

Wholesale Professional Investors

Name of Professional Investor: _____

[Name of Individual(s) or Legal Name of Investing Entity]

Declare that:

☐ I am an Australian Financial Services Licensee ("AFSL") number: _____

☐ I am a body regulated by the Australian Prudential Regulatory Authority ("APRA").

☐ I am a Trustee of a Superannuation Fund within the meaning of the Superannuation Industry (Supervision) Act 1993 and the Fund, Trust or Scheme has net assets of at least AU$10 million.

☐ I am a listed entity or a related body corporate of a listed entity.

☐ I control at least AU$10 million (including any amount held by an associate or under a Trust that I manage).

Authorised Signatory #1

Signature: _____

Date: _____ / _____ / _____

Name: _____

☐ Individual #1 / Individual #1 as Trustee
☐ Director #1 / Director #1 of Corporate Trustee

Authorised Signatory #2

Signature: _____

Date: _____ / _____ / _____

Name: _____

☐ Individual #2 / Individual #2 as Trustee
☐ Director #2 / Director #2 of Corporate Trustee
☐ Company Secretary
☐ Not applicable, as there is only ONE Individual or Director

Please ensure that the Declaration is signed and dated.
If there is more than one Individual or Director, the Trustee requires at least two signatures.