

The Triodos EIS Green Fund II

A tax efficient investment in the sustainability sector



Sustainable living



Locally sourced organic food



Waste recycling and reduction

Triodos is Europe's leading ethical bank. It has a proven track record, built over 30 years, financing businesses delivering both commercial financial returns and sustainable social and environmental benefits. The Triodos EIS Green Fund II will invest in high-growth businesses in renewable energy generation and technology, energy efficiency, sustainable living and low carbon products and waste recycling and reduction.

TRIODOS EIS GREEN FUND II

Following the successful launch of the Triodos EIS Green Fund I in the 2008/09 tax year, the Triodos EIS Green Fund II is being launched to invest equity in sustainable UK companies with compelling growth potential. The Fund aims to take advantage of attractive investment opportunities available to Triodos through our banking and industry networks to achieve high returns for Investors.

Triodos Bank already manages over 15 investment funds throughout Europe and has over £4 billion of assets under management, including over £1 billion of funds dedicated to renewable energy. Through our Europe-wide reputation and credibility in the sustainability sector, Triodos Bank has unmatched access to potential investment opportunities. In the UK alone, we have over 2,500 business banking customers, giving a ready source of potential deal flow. Triodos EIS Green Fund II is a discretionary investment management service provided by Triodos Bank.

SUSTAINABILITY SECTOR

The need for the UK to develop a sustainable lower carbon economy is widely accepted. In 2009, the Government launched its Low Carbon Transition Plan, backed by a wide range of policy incentives and support - such as the renewable energy feed-in tariff from April 2010. We believe that there are strong investment opportunities in the low carbon "sustainability" sector and the Triodos EIS Green Fund II will target EIS Qualifying Companies with growth potential, and a strong business plan, in the following areas:

Renewable energy generation and technology

Within this sector we will invest in businesses developing new renewable energy technology and support services. Under the EU Renewable Energy Directive, 15% of the UK's energy mix must come from renewable sources by 2020.

Energy efficiency

We have reviewed good investment opportunities in companies developing smart metering technology and devices for industrial, commercial and domestic energy consumers, as well as businesses developing energy efficient transport and consumer products. The Carbon Reduction Commitment (CRC) is a UK-wide scheme to encourage organisations to reduce their carbon emissions. It starts in April 2010 and will provide incentives to business to become more energy efficient.

Sustainable living and low carbon products

This sector includes businesses supplying low carbon products into the construction, transport and ethical consumer markets, as well as companies promoting a healthy lifestyle and diet, in many cases using locally sourced materials.

Waste recycling and reduction

Within this sector, we will focus on investing in businesses reformulating waste products into consumables and building components, and waste technology businesses. Industry estimates suggest that up to £30 billion will need to be invested across the sector by 2020 to meet UK Government and EU waste management and waste recycling goals.

FUND MANAGEMENT TEAM

The Triodos EIS Green Fund II Management Team comprises a group of individuals in the UK with considerable experience in venture capital, corporate finance and fund management within the waste, energy and sustainable living sectors. The team has strong credibility within the Fund's target sectors with a mixture of direct operational, management and investment experience.

TAX RELIEFS

The maximum investment in shares of EIS Qualifying Companies, on which EIS Income Tax Relief is available, is £500,000 in any tax year. There is no limit to the amount of Capital Gains Tax (CGT) that can be deferred. Investors in EIS Qualifying Companies can, depending on their individual circumstances, enjoy some or all of the following tax advantages:

Income Tax Relief

An individual could reduce their income tax liability by 20p in the £1, up to a maximum investment of £500,000 per annum. For example, an individual investing £100,000 should receive an EIS tax certificate allowing a reduction in their income tax liability of £20,000. The new EIS rules announced in the Finance Act 2009 allow the option to carry back EIS investments to the previous tax year (up to £500,000). Thus an investor who has made no EIS investment in a tax year may subscribe up to £1 million in the following tax year and elect to carry back £500,000 to the previous tax year in which the Fund invests to claim income tax relief.

Capital Gains Tax (CGT) Exemption

No CGT should be payable on the disposal of EIS shares after three years.

Capital Gains Tax Deferral Relief

Tax on gains realised on a different asset up to three years before the EIS investment or less than 12 months after it, could be deferred indefinitely.

Income Tax or CGT Tax Relief for a loss on disposal of EIS shares

Any capital losses realised in respect of an investment (net of EIS Income Tax Relief attributable to the investment) should qualify for loss relief so that the capital loss can be set against capital gains of that tax year or a later tax year or against income of that tax year or income of the preceding tax year.

Inheritance Tax Exemption

EIS investments held for at least two years could qualify for exemption from inheritance tax.

RISK FACTORS

As with many investments, there are risks associated with investing in this product and we recommend that you seek independent advice from a financial adviser authorised under the Financial Services and Markets Act 2000 before investing. Because the investments made by the Triodos EIS Green Fund II will be in shares in unquoted companies, they are likely to be higher risk than securities listed on the London Stock Exchange or other recognised or designated investment exchanges because they are not readily realisable and it may be difficult to get accurate information on their value. Overall, we suggest that you should not invest in this product unless you have thought carefully about it, understood the risks as set out in the Investment Memorandum and are prepared to leave your investment in the Fund for at least five years.

Key Facts

- **Fund objective** – To achieve high returns for Investors over at least a five year period by investing directly in sustainable UK companies with compelling growth potential
- **Strong pipeline** – Excellent access to potential investment opportunities ranging from low carbon technologies to small-scale renewable energy projects
- **Fund size** – Up to £5 million
- **Closing date** – 9 April 2010
- **Minimum investment** – £5,000
- **Fees** – Initial fee of 5% plus annual management fee of 2.5% payable to Triodos Bank
- **Triodos Bank's incentive fee** – 20% of the net gain (after fees but before taxes) of the investment portfolio upon realisation once the Investors have received their capital back

This Financial Promotion has been approved by Triodos Bank NV (incorporated under the laws of the Netherlands with limited liability, registered as a branch in England and Wales with number BR3012) authorised by the Dutch Central Bank (DNB) and subject to limited regulation by the Financial Services Authority (FSA). Details of Triodos Bank NV's regulation by the Financial Services Authority are available from Triodos Bank NV on request. Any investment decision should only be based on the information contained in the Investment Memorandum and not on this summarised Financial Promotion. By making an investment, your capital will be at risk and you might not get back the full amount that you invested. Tax treatment is subject to each individual investor's circumstances and may be subject to changes in the future. This Financial Promotion does not constitute, and may not be used for the purposes of, an offer or an invitation to apply to participate in the Triodos EIS Green Fund II by any person in any jurisdiction in which such offer or invitation is not authorised or in which the person endeavouring to make such offer or invitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or invitation. It is the responsibility of prospective investors to satisfy themselves as to full compliance with the laws and regulations of any territory in connection with any application to participate in the Triodos EIS Green Fund II.



Renewable energy generation and technology

Triodos Bank

Triodos Bank was founded in 1980 in the Netherlands. We now have offices in the UK, the Netherlands, Belgium, Spain and Germany. Triodos Bank is a fully public bank with thousands of customers and shareholders.

For further information about the Triodos EIS Green Fund II and to request an Investment Memorandum please contact:

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