**Annex 2**

**Services Specification**

**For the provision of Fund Investment Adviser, Operator and Administrator Services for the Evergreen, Evergreen 2 and Low Carbon Funds**

**Contract Ref: DN716281**

**GMCA Ref: GMCA890**

**Evergreen 1 Services**

* 1. Introduction and Objectives
     1. The Investment Adviser shall be responsible for:
        1. developing the pipeline of Potential Projects, following the origination of Potential Projects from public sector partners and the Investment Adviser's own network of contacts;
        2. arranging the investment in and leading the negotiation and structuring of financial deals in viable projects with Project Developers who are Qualifying Financial Recipients and which fit within the Investment Policy. All projects should at least be in compliance with Applicable Requirements and the Eligibility Rules, including State Aid Law and/ or Subsidy control (as applicable) and have soundness in terms of business model, cash flow projections, investment and project implementation partners;
        3. monitoring compliance and risk in accordance with Applicable Requirements and the Eligibility Rules, including the pursuit (investigation and where applicable correction and recovery) of irregularities at final recipient level where required;
        4. managing the existing Evergreen portfolio to ensure the achievement of eligible expenditure, and Targets; and
        5. recommending and managing appropriate exit strategies from Relevant Investments.
     2. The Investment Adviser shall perform fund administration tasks including all relevant ERDF reporting and monitoring requirements necessary to ensure compliance with the Operational Agreement Requirements, and maintain all documentation necessary to enable audit verification of eligible expenditure and use of funds for the intended purposes in compliance with Applicable Requirements.
  2. Pre-Investment Role

**Marketing and Evaluation**

* + 1. The Investment Adviser shall be responsible for:
       1. promoting to developers of Potential Projects, the investment opportunities offered by the Evergreen 1 Fund with a view to identifying a potential investment pipeline for consideration and approval by the EG1 General Partner;
       2. managing the production of investment marketing material and publicity including brochures, adverts, mail shots, press releases and other appropriate marketing, in accordance with communications guidance (provided that the Investment Adviser shall not release any marketing material without the consent of the EG1 General Partner);
       3. identifying and meeting with Project Developers in order to promote the Evergreen 1 Fund's investment opportunities and developing a potential investment pipeline. Project Developers may include local authorities, private sector developers / land owners, other public bodies such as universities and local health trusts in each case who are Qualifying Financial Recipients;
       4. evaluating Potential Projects for investment in accordance with the business aims and objectives of the EG1 LP, the Investment Policy and Evergreen 1 Fund Business Plan. This shall include:
          1. undertaking preliminary evaluation of Potential Projects including:

market analysis;

consideration of alignment with the Investment Policy and Evergreen 1 Fund Business Plan; and

compliance with the Eligibility Rules and State Aid Law;

* + - * 1. discussing investment proposals with Project Developers and obtaining additional information as required, including the re-examination of Potential Projects; and
        2. obtaining confirmation from each Project Developer that the relevant Potential Project has in place appropriate environmental, health and safety, sustainability and equal opportunities and disability policies/statements in order to meet the requirements of the GMCA and the relevant Project Documents.

**Due Diligence**

* + 1. The Investment Adviser shall carry out due diligence in accordance with the Investment Policy and Evergreen 1 Fund Business Plan. This shall include, but not be limited to:
       1. carrying out technical due diligence as necessary on investment proposals;
       2. eligibility and qualifying expenditure analysis (including to ensure compliance with the Applicable Requirements and Eligibility Rules); and
       3. undertaking detailed financial analysis of Potential Projects including alignment with EG1 LP's cashflow requirements and other performance indicators.

**Investment Adviser Report**

* + 1. The Investment Adviser shall undertake detailed financial due diligence of each Potential Project and produce a long-form loan underwriting report (**Project Report**) which shall include an assessment of the following:
       1. Sponsor:
          1. detail of the borrowing entity and any guarantor(s);
          2. experience generally and specifically relating to the Potential Projects;
          3. integrity of the borrower;
          4. resource capability, quality and commitment;
          5. detail of the number of other projects being undertaken and the timeline of these;
          6. financial strength and analysis of key balance sheet, profit and loss and cash ratios for both the borrower and any guarantor;
          7. whether the EG1 LP has sufficient funds to undertake all proposed schemes and has sufficient resource to cover cost overruns;
       2. Project
          1. a description of the scheme and works being funded including fund outputs in terms of jobs, BREEAM space and Brownfield land redeveloped;
          2. the construction process – conventional or unconventional;
          3. planning status;
          4. a full description of timelines;
          5. market analysis of supply/demand including key competition and commentary on assumed rental and occupational levels;
          6. details of whether all potential environmental matters have been addressed and whether a Phase 1/2 study has been undertaken; and
          7. reasons why this scheme has been prioritised over others (if applicable).
       3. Project team
          1. who the main contractors are and what their financial status is;
          2. what type of building contract is being employed / what penalties there shall be for delays etc;
          3. who the professional team are, what their fees are and what the nature of their appointment is;
          4. a full understanding of the roles within the team and where the lines of responsibility lie;
          5. warranties and duties of care for the team; and
          6. who shall project monitor the scheme on behalf of the senior / mezzanine lenders and whether the mezzanine lender shall have a duty of care.
       4. Scheme viability
          1. development appraisal summary and commentary on key assumptions;
          2. financial analysis to include the key terms of the loan and associated risk analysis; and
          3. sensitivity analysis on the recovery of the loan including e.g. the impact of potential cost overruns or lower than expected rental values.
       5. Project financial structure
          1. details of the capital funding stack split between equity, mezzanine debt and senior debt and how this will allow the 50:50 match funding principle to be met;
          2. description of senior / mezzanine debt terms;
          3. how equity shall be invested – pari passu / up front;
          4. commentary on the additionality analysis that justifies intervention from the Evergreen 1 Fund;
          5. if applicable, what rights the mezzanine lender has – step-in clause;
          6. if applicable, how the inter creditor arrangements are proposed to work, and confirmation that they are considered to be robust;
          7. if applicable, how the returns to the mezzanine lender will be derived – upfront fee, current pay, coupon rolled up to maturity, back end fee / profit share / warrants;
          8. if applicable, what rights the equity has to redeem mezzanine; and
          9. analysis and commentary on the wider Evergreen 1 Fund headroom including conclusions as to the loan's affordability including a forecast drawdown and repayment schedule.
       6. Lending Rate Scoring Process
          1. present the underlying rationale as to how the loan has been priced and at what rate; and
          2. ensure compliance by the EG1 General Partner with any advice procured in relation to State Aid Law and the Eligibility Rules.
    2. The Investment Adviser shall prepare the terms of the Project Documents based on the Project Report.
    3. The Investment Adviser's Investment Committee shall review the Project Report and once approved, the Investment Adviser shall make a formal recommendation to the EG1 General Partner for consideration.
    4. The Investment Adviser shall provide the EG1 General Partner with such additional information as the EG1 General Partner may request in relation to a Project Report or Potential Project.
  1. Completion
     1. Following the EG1 General Partner's written approval of a Potential Project, the Investment Adviser shall co-ordinate the execution of relevant legal documentation (including the Project Documents) and if any material amendment is required to the agreed form documentation, the Investment Adviser shall obtain the EG1 General Partner's written approval in advance.
     2. The Investment Adviser shall facilitate the timely release of funds to the Project Developer.
  2. Post Investment Role
     1. The Investment Adviser shall ensure that a project monitor is appointed to monitor the implementation of each Project and the investment performance of each Project including but not limited to:
        1. preparing an investment performance report on a regular basis;
        2. monitoring investment performance and providing quarterly reports to the EG1 General Partner;
        3. reviewing all requests for loan draw downs submitted for each Project;
        4. monitoring compliance by the Project Developer with the terms of the Project Documents including but not limited to:
           1. monitoring whether the EG1 General Partner has received all required guarantees and warrantees;
           2. managing and arranging for any necessary inspections to be undertaken with the Project Developer;
           3. ensuring due diligence and progress reports are provided by the Project Developer in accordance with the Project Documents;
           4. reporting to the EG1 General Partner on the timing of practical completion so as to ensure that the EG1 General Partner is included in relevant insurances etc; and
           5. ensuring that appropriate insurance cover is maintained on the asset;
        5. carrying out periodic long term and short term reviews of each Project, including pro-active analysis of Relevant Investments that are not delivering anticipated returns;
        6. if required, obliging the Project Developer to produce and update its Project Business Plan,[[1]](#footnote-1) including but not limited to:
           1. summary information on the Relevant Investment;
           2. value enhancement plan;
           3. exit optimisation;
           4. resource management;
           5. finance reporting, to include:

portfolio model maintenance (hold and management cases);

bi-annual model reconciliation; and

* + - * 1. performance review.
    1. The Investment Adviser shall either perform or oversee a third party to perform the following services:
       1. arranging initial loan drawdown and subsequent release of funds in accordance with the Project Documents, ensuring that evidence is provided by the Project Developer in accordance with the Project Documents that all conditions precedent attaching to each loan drawing have been met;
       2. calculating and recording all interest due under the loan;
       3. providing periodic statements (and billing if required) of amounts outstanding under each loan;
       4. providing reporting as required to all relevant transaction parties in a format and at frequency to be agreed;
       5. monitoring compliance with the terms of each loan; and
       6. liaising with all transaction parties as required.
  1. Administration Services
     1. The Investment Adviser shall provide administration services to the EG1 LP, and co-operate as reasonably required with the previous administrator in order to ensure to a seamless transition of the service.
     2. The Investment Adviser shall maintain the EG1 LP's and EG1 General Partner's financial accounting books, records keeping and perform all other day-to-day operations including, but not limited to:

**Treasury Management and Fund Accounting**

* + - 1. reconciliation of fund bank accounts;
      2. executing and delivering the bank documents;
      3. placing and recording of deposits and other relevant instruments in line with the treasury management strategy approved by the EG1 General Partner;
      4. disbursement of payments for third party fees and expenses incurred by the Evergreen 1 Fund;
      5. reconciliation of cash and other balances at brokers and custodians;
      6. processing transactions, cash movements etc;
      7. monitoring and processing repayments/redemptions;
      8. calculation of income and expense accruals;
      9. maintaining the records and books of account relating to the Evergreen 1 Fund and related reports and documents;
      10. preparing the annual accounts and procuring the annual audit of accounts if required;
      11. processing repayments;
      12. procuring a valuation as at each accounting date;

**Audit and Reporting**

* + - 1. production of a semi and annual progress report (narrative on progress and quantitative section on all Evergreen 1 Fund expenditure and income movements);
      2. support to numerous (DLUHC, EU etc.) audit processes;

**General**

* + - 1. ensuring compliance with all Applicable Requirements, Eligibility Rules and legal agreements in place relating to the Evergreen 1 Fund and associated arrangements (including the Operational Agreement Requirements);
      2. generally communicating with the Partners and dealing with correspondence from the Partners and reporting to the Partners as required by the EG1 General Partner;
      3. working in conjunction with key stakeholders and developing an idle funds management strategy for approval by the EG1 General Partner; and
      4. completing any relevant questionnaires from DLUHC and other stakeholders etc.
    1. The Investment Adviser shall provide general co-ordination and operation support including:
       1. identifying a specific member of staff to co-ordinate the Administrator Services to ensure the smooth running of the EG1 LP;
       2. preparing quarterly reports for the EG1 General Partner in relation to the direct asset holdings, investment proposals and the performance of Relevant Investments, to include reporting on rents, returns, occupational changes, write offs, change to void costs and other related issues;
       3. implementation of the Investment Policy and Evergreen 1 Fund Business Plan;
       4. attending meetings as may reasonably be requested by the EG1 General Partner; and
       5. complying with the processes contained within the Investment Policy and Evergreen 1 Fund Business Plan from time to time.

**Development of the Investment Policy** **and Evergreen 1 Fund Business Plan**

* + 1. The Investment Adviser shall provide recommendations for revisions of the Investment Policy and Evergreen 1 Fund Business Plan for consideration by the EG1 General Partner to ensure that the Evergreen 1 Fund is sufficiently and appropriately invested in accordance with any relevant deadlines, including:
       1. preparing updates to the Investment Policy and Evergreen 1 Fund Business Plan for approval by the EG1 General Partner and inclusion of other relevant policies reasonably requested by the EG1 General Partner;
       2. giving due consideration to any changes to the Investment Policy and Evergreen 1 Fund Business Plan recommended by the EG1 General Partner; and
       3. preparing a marketing strategy in accordance with the Investment Policy and Evergreen 1 Fund Business Plan in respect of the marketing of the Evergreen 1 Fund to potential project promoters, including detailed marketing budgets for implementation of the strategy.

**Governance procedures**

* + 1. The Investment Adviser shall implement appropriate operational decision making bodies and governance checks and balances as reasonably required by the EG1 General Partner.
    2. The Investment Adviser shall maintain written compliance and human resources polices in respect of the following in order to ensure compliance with the terms of the Agreement:
       1. conflict of interest;
       2. data protection;
       3. insider trading / compliance;
       4. statutory compliance; and
       5. any other relevant policies as the Investment Adviser sees fit or as reasonably required by the EG1 General Partner.
    3. All policies shall be subject to written approval by the EG1 General Partner and reviewed and submitted to the EG1 General Partner for approval on an annual basis.
    4. The Investment Adviser shall establish and maintain an internal Investment Committee consisting of appropriately qualified and experienced individuals. The Investment Committee shall resemble a credit committee of a lending institution. The Investment Committee shall approve the Investment Adviser's final recommendations to the EG1 General Partner before they are submitted. The Investment Adviser shall produce a terms of reference document for the prior approval of the EG1 General Partner no later than ninety (90) days following the date of this Agreement.
  1. Operator Services
     1. The Investment Adviser shall register and publish all such notices, statements or other instruments as may be required in relation to the EG1 LP and in relation to any changes occurred in relation to the EG1 LP.
     2. The Investment Adviser shall process and accept applications for admission to the EG1 LP, carry out money laundering verification and customer due diligence, coordinate, reconcile and approve commission payments, admit and register new Partners and approve (and agree changes to) application forms, instruments transferring any interests in the EG1 LP and related documentation from Partners and maintain a register of all Partners and their interests in the EG1 LP. The Investment Adviser shall act as a signatory on each bank account set up for the EG1 LP in accordance with procedures approved in writing by the EG1 General Partner.
     3. The Investment Adviser shall oversee any activities performed by the EG1 General Partner and other parties to ensure that the business of the EG1 LP is managed in a way that is consistent with the Partnership Agreement (including the Partnership Business Plan) and shall ensure that all Relevant Investments fall within the Investment Policy and Evergreen 1 Fund Business Plan.
     4. The Investment Adviser shall use its reasonable endeavours to procure the preparation of and approve the Project Documents and shall (or agree to) subscribe, purchase or otherwise acquire, along or together with others, Relevant Investments falling within the Investment Policy and Evergreen 1 Fund Business Plan, and sell, exchange or otherwise dispose of Relevant Investments for the account of the EG1 LP, and enter into the Project Documents or execute investment agreements or Project Documents on behalf of the EG1 LP accordingly (in each case whether personally or through an attorney or other agent) and, where appropriate, shall use its reasonable endeavours to procure that the EG1 General Partner gives warranties and indemnities in connection with any such acquisition, sale, exchange or other disposal (where it is in the best interests of the EG1 LP to do so).
     5. The Investment Adviser shall monitor the performance of and, where it considers appropriate, shall exercise all rights conferred upon the EG1 General Partner under the terms of any Project Document and generally take any action the Investment Adviser considers appropriate for the protection of the EG1 LP business, assets and the Evergreen 1 Fund.
     6. The Investment Adviser shall prepare or procure and distribute to Partners an annual periodic statement containing information on the value and composition of the portfolio of the EG1 LP at the beginning and end of the period in accordance with the requirements of the FCA Rules, and in particular including information relating to:
        1. consents and value of the portfolio;
        2. basis of valuation of each Relevant Investment;
        3. details of any assets loaned or charged;
        4. transactions and changes in composition;
        5. charges and remuneration; and
        6. movement in value of portfolio.
     7. The Investment Adviser shall provide to any relevant authority in writing such information in its possession as shall be required by the relevant authorities or the Investment Adviser considers necessary or appropriate concerning the Partners including (without limitation) the name, address, tax district and reference of each person who is or has been a Partner and the interest which any person has or has had under the EG1 LP in so far as such information is produced to the Investment Adviser pursuant to the provisions of the EG1 Partnership Agreement or the Operational Agreement Requirements.
     8. The Investment Adviser shall take all steps to ensure the EG1 LP maintains compliance with all UK Companies House filings, procure that the EG1 LP calls an annual general meeting and such other meetings as shall be required under the Partnership Agreement and serve notice of and prepare and circulate agendas and minutes relating to meetings of the EG1 LP or the Partners and, if so requested, report and/or attend at such annual general or other extraordinary meetings.
     9. The Investment Adviser shall engage (or to arrange the engagement of (at the EG1 General Partner's cost)) independent lawyers, accountants and other consultants possessing skills not normally possessed by operators performing activities of a sort which the Investment Adviser is required to perform under this Agreement as are necessary to enable it to perform the activities contained in this Agreement.
     10. The Investment Adviser shall enter into, make and perform such deeds, powers of attorney, contracts, agreements and other undertakings on behalf of the EG1 General Partner, in connection with Relevant Investments or proposed investments and do all such other acts or things as it may deem necessary and/or advisable, for or as may be incidental to the conduct of the business of the EG1 LP (or in each case to direct the EG1 LP acting through the EG1 General Partner to do so itself).
     11. At the request of the EG1 General Partner (and upon agreement of an additional fee to recognise the additional work required of the Investment Adviser) the Investment Adviser shall commence, conduct, settle or defend litigation that pertains to the EG1 LP or to any of the EG1 LP assets or shall direct the EG1LP acting through the EG1 General Partner to do so itself) provided that such actions may not be taken without the EG1 General Partner's prior written approval.
     12. The Investment Adviser shall communicate with the Partners and report to the Partners at such times as it shall think fit and report to the Partners and to other stakeholders as agreed with the EG1 General Partner Board at such times and in such manner as are required by this Agreement, the EG1 Partnership Agreement and the Operational Agreement Requirements.
     13. The Investment Adviser shall do such other things or acts in relation to the EG1 LP as are required to be done under FSMA or by the FCA Rules by a person authorised under FSMA and so as to ensure compliance by the EG1 General Partner with FSMA and the FCA Rules.

The Investment Adviser shall provide the EG1 General Partner with access to the Compliance Officer of the Investment Adviser where the EG1 General Partner considers it appropriate and in any event at least once in every year shall enable the EG1 General Partner to receive reports on compliance by the Investment Adviser and its delegates with FSMA and the FCA Rules. At the relevant time, the Investment Adviser shall act as the liquidating trustee of the EG1 LP.

**Evergreen 2 Services**

* 1. Introduction and Objectives
     1. The Investment Adviser shall be responsible for:
        1. developing the pipeline of Potential Projects, following the origination of Potential Projects from public sector partners and the Investment Adviser's own network of contacts;
        2. arranging the investment in and leading the negotiation and structuring of financial deals in viable projects with Project Developers who are Qualifying Financial Recipients and which fit within the Investment Policy. All projects should at least be in compliance with Applicable Requirements and the Eligibility Rules, including State Aid Law and/or Subsidy Control (as applicable) and have soundness in terms of business model, cash flow projections, investment and project implementation partners;
        3. monitoring compliance and risk in accordance with Applicable Requirements and the Eligibility Rules, including the pursuit (investigation and where applicable correction and recovery) of irregularities at final recipient level where required;
        4. managing and arranging Relevant Investments in order to meet the Targets; and
        5. recommending and managing appropriate exit strategies from Relevant Investments.
     2. The Investment Adviser shall perform fund administration tasks including all relevant ERDF reporting and monitoring requirements necessary to ensure compliance with the Contingent Loan Agreement, and maintain all documentation necessary to enable audit verification of eligible expenditure and use of funds for the intended purposes in compliance with Applicable Requirements.
  2. Pre-Investment Role

**Marketing and Evaluation**

* + 1. The Investment Adviser shall be responsible for:
       1. promoting to developers of Potential Projects, the investment opportunities offered by the Evergreen 2 Fund with a view to identifying a potential investment pipeline for consideration and approval by the EG2 General Partner;
       2. managing the production of investment marketing material and publicity including brochures, adverts, mail shots, press releases and other appropriate marketing, in accordance with communications guidance (provided that the Investment Adviser shall not release any marketing material without the consent of the EG2 General Partner);
       3. identifying and meeting with Project Developers in order to promote the Evergreen 2 Fund's investment opportunities and developing a potential investment pipeline. Project Developers may include local authorities, private sector developers / land owners, other public bodies such as universities and local health trusts in each case who are Qualifying Financial Recipients;
       4. evaluating Potential Projects for investment in accordance with the business aims and objectives of the EG2 LP, the Investment Policy and Evergreen 2 Fund Business Plan. This shall include:
          1. undertaking preliminary evaluation of Potential Projects including:

market analysis;

consideration of alignment with the Investment Policy and Evergreen 2 Fund Business Plan; and

compliance with the Eligibility Rules, Structural and Investment Funds Regulations and State Aid Law;

* + - * 1. discussing investment proposals with Project Developers and obtaining additional information as required, including the re-examination of Potential Projects; and
        2. obtaining confirmation from each Project Developer that the relevant Potential Project has in place appropriate environmental, health and safety, sustainability and equal opportunities and disability policies/statements in order to meet the requirements of the Managing Authority's Cross Cutting Themes and the terms of the relevant Project Documents.

**Due Diligence**

* + 1. The Investment Adviser shall carry out due diligence in accordance with the Investment Policy and Evergreen 2 Fund Business Plan. This shall include, but not be limited to:
       1. carrying out technical due diligence as necessary on investment proposals;
       2. eligibility and qualifying expenditure analysis (including to ensure compliance with the Applicable Requirements and Eligibility Rules); and
       3. undertaking detailed financial analysis of Potential Projects including alignment with EG2 LP's cashflow requirements and other performance indicators.

**Investment Adviser Report**

* + 1. The Investment Adviser shall undertake detailed financial due diligence of each Potential Project and produce a long-form loan underwriting report (**Project Report**) which shall include an assessment of the following:
       1. Sponsor:
          1. detail of the borrowing entity and any guarantor(s);
          2. experience generally and specifically relating to the Potential Projects;
          3. integrity of the borrower;
          4. resource capability, quality and commitment;
          5. detail of the number of other projects being undertaken and the timeline of these;
          6. financial strength and analysis of key balance sheet, profit and loss and cash ratios for both the borrower and any guarantor;
          7. whether the EG2 LP has sufficient funds to undertake all proposed schemes and have sufficient resource to cover cost overruns; and
          8. commentary on how the project fits with the European Regional Development Fund Operational Programme for England 2014-20 and relevant Priority Axes.
       2. Project
          1. a description of the scheme and works being funded including how it will allow for contributing towards the Targets;
          2. the construction process – conventional or unconventional;
          3. planning status;
          4. a full description of timelines;
          5. market analysis of supply/demand including key competition and commentary on assumed rental and occupational levels;
          6. details of whether all potential environmental matters have been addressed and whether a Phase ½ study has been undertaken; and
          7. reasons why this scheme has been prioritised over others (if applicable).
       3. Project team
          1. who the main contractors are and what their financial status is;
          2. what type of building contract is being employed / what penalties there shall be for delays etc;
          3. who the professional team are, what their fees are and what the nature of their appointment is;
          4. a full understanding of the roles within the team and where the lines of responsibility lie;
          5. warranties and duties of care for the team; and
          6. who shall project monitor the scheme on behalf of the senior / mezzanine lenders and whether the mezzanine lender shall have a duty of care.
       4. Scheme viability
          1. development appraisal summary and commentary on key assumptions;
          2. financial analysis to include the key terms of the loan and associated risk analysis; and
          3. sensitivity analysis on the recovery of the loan including e.g. the impact of potential cost overruns or lower than expected rental values.
       5. Project financial structure
          1. details of the capital funding stack split between equity, mezzanine debt and senior debt and how this allow for the 50:50 match funding principle to be met;
          2. description of senior / mezzanine debt terms;
          3. how equity shall be invested – pari passu / up front;
          4. commentary on the additionality analysis that justifies intervention from the Evergreen 2 Fund;
          5. if applicable, what rights the mezzanine lender has – step-in clause;
          6. if applicable, how the inter creditor arrangements are proposed to work, and confirmation that they are considered to be robust;
          7. if applicable, how the returns to the mezzanine lender will be derived – upfront fee, current pay, coupon rolled up to maturity, back end fee / profit share / warrants;
          8. if applicable, what rights the equity has to redeem mezzanine; and
          9. analysis and commentary on the wider Evergreen 2 Fund headroom including conclusions as to the loan's affordability including a forecast drawdown and repayment schedule.
       6. Lending Rate Scoring Process
          1. present the underlying rationale as to how the loan has been priced and at what rate; and
          2. ensure compliance by the EG2 General Partner with any advice procured in relation to State Aid Law and the Eligibility Rules.
    2. The Investment Adviser shall prepare the terms of the Project Documents based on the Project Report.
    3. The Investment Adviser's Investment Committee shall review the Project Report and once approved, the Investment Adviser shall make a formal recommendation to the EG2 General Partner for consideration.
    4. The Investment Adviser shall provide the EG2 General Partner with such additional information as the EG2 General Partner may request in relation to a Project Report or Potential Project.
  1. Completion
     1. Following the EG2 General Partner's written approval of a Potential Project, the Investment Adviser shall co-ordinate the execution of relevant legal documentation (including the Project Documents) and if any material amendment is required to the agreed form documentation, the Investment Adviser shall obtain the EG2 General Partner's written approval in advance.
     2. The Investment Adviser shall facilitate the timely release of funds to the Project Developer.
  2. Post Investment Role
     1. The Investment Adviser shall ensure that a project monitor is appointed to monitor the implementation of each Project and the investment performance of each Project including but not limited to:
        1. preparing an investment performance report on a regular basis;
        2. monitoring investment performance and providing quarterly reports to the EG2 General Partner;
        3. reviewing all requests for loan draw downs submitted for each Project;
        4. monitoring compliance by the Project Developer with the terms of the Project Documents including but not limited to:
           1. monitoring whether the EG2 General Partner has received all required guarantees and warrantees;
           2. managing and arranging for any necessary inspections to be undertaken with the Project Developer;
           3. ensuring due diligence and progress reports are provided by the Project Developer in accordance with the Project Documents;
           4. reporting to the EG2 General Partner on the timing of practical completion so as to ensure that the EG2 General Partner is included in relevant insurances etc; and
           5. ensuring that appropriate insurance cover is maintained on the asset;
        5. carrying out periodic long term and short term reviews of each Project, including pro-active analysis of Relevant Investments that are not delivering anticipated returns;
        6. if required, obliging the Project Developer to produce and update its Project Business Plan,[[2]](#footnote-2) including but not limited to:
           1. summary information on the Relevant Investment;
           2. value enhancement plan;
           3. exit optimisation;
           4. resource management;
           5. finance reporting, to include:

portfolio model maintenance (hold and management cases);

bi-annual model reconciliation; and

* + - * 1. performance review.
    1. The Investment Adviser shall either perform or oversee a third party to perform the following services:
       1. arranging initial loan drawdown and subsequent release of funds in accordance with the Project Documents, ensuring that evidence is provided by the Project Developer in accordance with the Project Documents that all conditions precedent attaching to each loan drawing have been met;
       2. calculating and recording all interest due under the loan;
       3. providing periodic statements (and billing if required) of amounts outstanding under each loan;
       4. providing reporting as required to all relevant transaction parties in a format and at frequency to be agreed;
       5. monitoring compliance with the terms of each loan; and
       6. liaising with all transaction parties as required.
  1. Administration Services
     1. The Investment Adviser shall maintain the EG2 LP's and EG2 General Partner's financial accounting books, records keeping and perform all other day-to-day operations including, but not limited to:

**Treasury Management and Fund Accounting**

* + - 1. reconciliation of fund bank accounts;
      2. executing and delivering the bank documents;
      3. placing and recording of deposits and other relevant instruments in line with the treasury management strategy approved by the EG2 General Partner;
      4. disbursement of payments for third party fees and expenses incurred by the Evergreen 2 Fund;
      5. reconciliation of cash and other balances at brokers and custodians;
      6. processing transactions, cash movements etc;
      7. monitoring and processing repayments/redemptions;
      8. calculation of income and expense accruals;
      9. maintaining the records and books of account relating to the Evergreen 2 Fund and related reports and documents;
      10. preparing the annual accounts and procuring the annual audit of accounts if required;
      11. processing repayments;
      12. procuring a valuation as at each accounting date;

**Audit and Reporting**

* + - 1. production of a semi and annual progress report (narrative on progress and quantitative section on all Evergreen 2 Fund expenditure and income movements);
      2. support to numerous (DLUHC, EU etc.) audit processes;

**General**

* + - 1. ensuring compliance with all Applicable Requirements, Eligibility Rules and legal agreements in place relating to the Evergreen 2 Fund and associated arrangements (including the Funding Agreement and the Contingent Loan Agreement);
      2. generally communicating with the Partners and dealing with correspondence from the Partners and reporting to the Partners as required by the EG2 General Partner;
      3. working in conjunction with key stakeholders and developing an idle funds management strategy for approval by the EG2 General Partner; and
      4. completing any relevant questionnaires from DLUHC and other stakeholders etc.
    1. The Investment Adviser shall provide general co-ordination and operation support including:
       1. identifying a specific member of staff to co-ordinate the Administrator Services to ensure the smooth running of the EG2 LP;
       2. preparing quarterly reports for the EG2 General Partner in relation to the direct asset holdings, investment proposals and the performance of Relevant Investments, to include reporting on rents, returns, occupational changes, write offs, change to void costs and other related issues;
       3. implementation of the Investment Policy and Evergreen 2 Fund Business Plan;
       4. attending meetings as may reasonably be requested by the EG2 General Partner; and
       5. complying with the processes contained within the Investment Policy and Evergreen 2 Fund Business Plan from time to time.

**Development of the Investment Policy** **and Evergreen 2 Fund Business Plan**

* + 1. The Investment Adviser shall provide recommendations for revisions of the Investment Policy and Evergreen 2 Fund Business Plan for consideration by the EG2 General Partner to ensure that the Evergreen 2 Fund is sufficiently and appropriately invested in accordance with the Funding Agreement, including:
       1. preparing updates to the Investment Policy and Evergreen 2 Fund Business Plan for approval by the EG2 General Partner and inclusion of other relevant policies reasonably requested by the EG2 General Partner;
       2. giving due consideration to any changes to the Investment Policy and Evergreen 2 Fund Business Plan recommended by the EG2 General Partner; and
       3. preparing a marketing strategy in accordance with the Investment Policy and Evergreen 2 Fund Business Plan in respect of the marketing of the Evergreen 2 Fund to potential project promoters, including detailed marketing budgets for implementation of the strategy.

**Governance procedures**

* + 1. The Investment Adviser shall implement appropriate operational decision making bodies and governance checks and balances as reasonably required by the EG2 General Partner.
    2. The Investment Adviser shall maintain written compliance and human resources polices in respect of the following in order to ensure compliance with the terms of the Agreement:
       1. conflict of interest;
       2. data protection;
       3. insider trading / compliance;
       4. statutory compliance; and
       5. any other relevant policies as the Investment Adviser sees fit or as reasonably required by the EG2 General Partner.
    3. All policies shall be subject to written approval by the EG2 General Partner and reviewed and submitted to the EG2 General partner for approval on an annual basis.
    4. The Investment Adviser shall establish and maintain an internal Investment Committee consisting of appropriately qualified and experienced individuals. The Investment Committee shall resemble a credit committee of a lending institution. The Investment Committee shall approve the Investment Adviser's final recommendations to the EG2 General Partner before they are submitted. The Investment Adviser shall produce a terms of reference document for the prior approval of the EG2 General Partner no later than ninety (90) days following the date of the Agreement.
  1. Operator Services
     1. The Investment Adviser shall register and publish all such notices, statements or other instruments as may be required in relation to the EG2 LP and in relation to any changes occurred in relation to the EG2 LP.
     2. The Investment Adviser shall process and accept applications for admission to the EG2 LP, carry out money laundering verification and customer due diligence, coordinate, reconcile and approve commission payments, admit and register new Partners and approve (and agree changes to) application forms, instruments transferring any interests in the EG2 LP and related documentation from Partners and maintain a register of all Partners and their interests in the EG2 LP. The Investment Adviser shall act as a signatory on each bank account set up for the EG2 LP in accordance with procedures approved in writing by the EG2 General Partner.
     3. The Investment Adviser shall oversee any activities performed by the EG2 General Partner and other parties to ensure that the business of the EG2 LP is managed in a way that is consistent with the EG2 Partnership Agreement (including the Partnership Business Plan) and shall ensure that all Relevant Investments fall within the Investment Policy and Evergreen 2 Fund Business Plan.
     4. The Investment Adviser shall use its reasonable endeavours to procure the preparation of and approve the Project Documents and shall (or agree to) subscribe, purchase or otherwise acquire, along or together with others, Relevant Investments falling within the Investment Policy and Evergreen 2 Fund Business Plan, and sell, exchange or otherwise dispose of Relevant Investments for the account of the EG2 LP, and enter into the Project Documents or execute investment agreements or Project Documents on behalf of the EG2 LP accordingly (in each case whether personally or through an attorney or other agent) and, where appropriate, shall use its reasonable endeavours to procure that the EG2 General Partner gives warranties and indemnities in connection with any such acquisition, sale, exchange or other disposal (where it is in the best interests of the EG2 LP to do so).
     5. The Investment Adviser shall monitor the performance of and, where it considers appropriate, shall exercise all rights conferred upon the EG2 General Partner under the terms of any Project Document and generally take any action the Investment Adviser considers appropriate for the protection of the EG2 LP business, assets and the Evergreen 2 Fund.
     6. The Investment Adviser shall prepare or procure and distribute to Partners an annual periodic statement containing information on the value and composition of the portfolio of the EG2 LP at the beginning and end of the period in accordance with the requirements of the FCA Rules, and in particular including information relating to:
        1. consents and value of the portfolio;
        2. basis of valuation of each Relevant Investment;
        3. details of any assets loaned or charged;
        4. transactions and changes in composition;
        5. charges and remuneration; and
        6. movement in value of portfolio.
     7. The Investment Adviser shall provide to any relevant authority in writing such information in its possession as shall be required by the relevant authorities or the Investment Adviser considers necessary or appropriate concerning the Partners including (without limitation) the name, address, tax district and reference of each person who is or has been a Partner and the interest which any person has or has had under the EG2 LP in so far as such information is produced to the Investment Adviser pursuant to the provisions of the EG2 Partnership Agreement or Contingent Loan Agreement.
     8. The Investment Adviser shall take all steps to ensure the EG2 LP maintains compliance with all UK Companies House filings, procure that the EG2 LP calls an annual general meeting and such other meetings as shall be required under the EG2 Partnership Agreement and serve notice of and prepare and circulate agendas and minutes relating to meetings of the EG2 LP or the Partners and, if so requested, report and/or attend at such annual general or other extraordinary meetings.
     9. The Investment Adviser shall engage (or to arrange the engagement of (at the EG2 General Partner's cost)) independent lawyers, accountants and other consultants possessing skills not normally possessed by operators performing activities of a sort which the Investment Adviser is required to perform under this Agreement as are necessary to enable it to perform the activities contained in this Agreement.
     10. The Investment Adviser shall enter into, make and perform such deeds, powers of attorney, contracts, agreements and other undertakings on behalf of the EG2 General Partner, in connection with Relevant Investments or proposed investments and do all such other acts or things as it may deem necessary and/or advisable, for or as may be incidental to the conduct of the business of the EG2 LP (or in each case to direct the EG2 LP acting through the EG2 General Partner to do so itself).
     11. At the request of the EG2 General Partner (and upon agreement of an additional fee to recognise the additional work required of the Investment Adviser) the Investment Adviser shall commence, conduct, settle or defend litigation that pertains to the EG2 LP or to any of the EG2 LP assets or shall direct the EG2 LP acting through the EG2 General Partner to do so itself) provided that such actions may not be taken without the EG2 General Partner's prior written approval.
     12. The Investment Adviser shall communicate with the Partners and report to the Partners at such times as it shall think fit and report to the Partners and to other stakeholders as agreed with the EG2 General Partner Board at such times and in such manner as are required by this Agreement, the EG2 Partnership Agreement and the Contingent Loan Agreement.
     13. The Investment Adviser shall do such other things or acts in relation to the EG2 LP as are required to be done under FSMA or by the FCA Rules by a person authorised under FSMA and so as to ensure compliance by the EG2 General Partner with FSMA and the FCA Rules.
     14. The Investment Adviser shall provide the EG2 General Partner with access to the Compliance Officer of the Investment Adviser where the EG2 General Partner considers it appropriate and in any event at least once in every year shall enable the EG2 General Partner to receive reports on compliance by the Investment Adviser and its delegates with FSMA and the FCA Rules. At the relevant time, the Investment Adviser shall act as the liquidating trustee of the EG2 LP.

**Low Carbon Services**

* 1. Introduction and Objectives
     1. The Investment Adviser shall be responsible for:
        1. developing the pipeline of Potential Projects, following the origination of Potential Projects from public sector partners and the Investment Adviser's own network of contacts;
        2. arranging the investment in and leading the negotiation and structuring of financial deals in viable projects with Project Developers who are Qualifying Financial Recipients and which fit within the Investment Policy. All projects should at least be in compliance with Applicable Requirements and the Eligibility Rules, including State Aid Law and/or Subsidy Control (as applicable) and have soundness in terms of business model, cash flow projections, investment and project implementation partners;
        3. monitoring compliance and risk in accordance with Applicable Requirements and the Eligibility Rules, including the pursuit (investigation and where applicable correction and recovery) of irregularities at final recipient level where required;
        4. managing and arranging Relevant Investments in order to meet the Targets; and
        5. recommending and managing appropriate exit strategies from Relevant Investments.
     2. The Investment Adviser shall perform fund administration tasks including all relevant ERDF reporting and monitoring requirements necessary to ensure compliance with the Contingent Loan Agreement, and maintain all documentation necessary to enable audit verification of eligible expenditure and use of funds for the intended purposes in compliance with Applicable Requirements.
  2. Pre-Investment Role

**Marketing and Evaluation**

* + 1. The Investment Adviser shall be responsible for:
       1. promoting to developers of Potential Projects, the investment opportunities offered by the Low Carbon Fund with a view to identifying a potential investment pipeline for consideration and approval by the LCF General Partner;
       2. managing the production of investment marketing material and publicity, including brochures, adverts, mail shots, press releases and other appropriate marketing, in accordance with communications guidance (provided that the Investment Adviser shall not release any marketing material without the consent of the LCF General Partner);
       3. identifying and meeting with Project Developers in order to promote the Low Carbon Fund's investment opportunities and developing a potential investment pipeline. Project Developers may include local authorities, private sector developers / land owners, other public bodies such as universities and local health trusts in each case who are Qualifying Financial Recipients;
       4. evaluating Potential Projects for investment in accordance with the business aims and objectives of the LCF LP, the Investment Policy and Low Carbon Fund Business Plan. This shall include:
          1. undertaking preliminary evaluation of Potential Projects including:

market analysis;

consideration of alignment with the Investment Policy and Low Carbon Fund Business Plan; and

compliance with the Eligibility Rules, Structural and Investment Funds Regulations and State Aid Law;

* + - * 1. discussing investment proposals with Project Developers and obtaining additional information as required, including the re-examination of Potential Projects; and
        2. obtaining confirmation from each Project Developer that the relevant Potential Project has in place appropriate environmental, health and safety, sustainability and equal opportunities and disability policies/statements in order to meet the requirements of the Managing Authority's Cross Cutting Themes and the terms of the relevant Project Documents.

**Due Diligence**

* + 1. The Investment Adviser shall carry out due diligence in accordance with the Investment Policy and Low Carbon Fund Business Plan. This shall include, but not be limited to:
       1. carrying out technical due diligence as necessary on investment proposals;
       2. eligibility and qualifying expenditure analysis (including to ensure compliance with the Applicable Requirements and Eligibility Rules); and
       3. undertaking detailed financial analysis of Potential Projects including alignment with LCF LP's cashflow requirements and other performance indicators.

**Investment Adviser Report**

* + 1. The Investment Adviser shall undertake detailed financial due diligence of each Potential Project and produce a long-form loan underwriting report (**Project Report**) which shall include an assessment of the following:
       1. Sponsor:
          1. detail of the borrowing entity and any guarantor(s);
          2. experience generally and specifically relating to the Potential Projects;
          3. integrity of the borrower;
          4. resource capability, quality and commitment;
          5. detail of the number of other projects being undertaken and the timeline of these;
          6. financial strength and analysis of key balance sheet, profit and loss and cash ratios for both the borrower and any guarantor;
          7. whether the LCF LP has sufficient funds to undertake all proposed schemes and have sufficient resource to cover cost overruns; and
          8. commentary on how the project fits with the European Regional Development Fund Operational Programme for England 2014-20 and relevant Priority Axes.
       2. Project
          1. a description of the scheme and works being funded including how it will allow for contributing towards the Targets;
          2. planning status and whether any necessary licences or permits have been secured;
          3. a full description of timelines;
          4. market analysis of supply/demand including key competition and commentary on assumed project revenues;
          5. details of whether all potential environmental matters have been addressed and whether a Phase ½ study has been undertaken; and
          6. reasons why this scheme has been prioritised over others (if applicable).
       3. Project team
          1. who the main contractors are and what their financial status is;
          2. what type of delivery contract is being employed / what penalties there shall be for delays etc;
          3. who the professional team are, what their fees are and what the nature of their appointment is;
          4. a full understanding of the roles within the team and where the lines of responsibility lie;
          5. warranties and duties of care for the team; and
          6. who shall project monitor the scheme on behalf of the senior / mezzanine lenders and whether the mezzanine lender shall have a duty of care.
       4. Scheme viability
          1. development appraisal summary and commentary on key assumptions including both technical and commercial assumptions;
          2. financial analysis to include the key terms of the loan and associated risk analysis; and
          3. sensitivity analysis on the recovery of the loan including e.g. the impact of potential cost overruns, amendments to subsidies, or variations in fuel costs etc.
       5. Project financial structure
          1. details of the capital funding stack split between equity, mezzanine debt and senior debt and how this allow for the 50:50 match funding principle to be met;
          2. description of senior / mezzanine debt terms;
          3. how equity shall be invested – pari passu / up front;
          4. commentary on the additionality analysis that justifies intervention from the Low Carbon Fund;
          5. if applicable, what rights the mezzanine lender has – step-in clause;
          6. if applicable, how the inter creditor arrangements are proposed to work, and confirmation that they are considered to be robust;
          7. if applicable, how the returns to the mezzanine lender will be derived – upfront fee, current pay, coupon rolled up to maturity, back end fee / profit share / warrants;
          8. if applicable, what rights the equity has to redeem mezzanine;
          9. analysis and commentary on the wider Low Carbon Fund headroom including conclusions as to the loan's affordability including a forecast drawdown and repayment schedule; and
          10. details of any operating subsidies (e.g. FITS / RHI) to be received by the Project and the status in securing such subsidies.
       6. Lending Rate Scoring Process
          1. present the underlying rationale as to how the loan has been priced and at what rate; and
          2. ensure compliance by the LCF General Partner with any advice procured in relation to State Aid Law and the Eligibility Rules.
    2. The Investment Adviser shall prepare the terms of the Project Documents based on the Project Report.
    3. The Investment Adviser's Investment Committee shall review the Project Report and once approved, the Investment Adviser shall make a formal recommendation to the LCF General Partner for consideration.
    4. The Investment Adviser shall provide the LCF General Partner with such additional information as the LCF General Partner may request in relation to a Project Report or Potential Project.
  1. Completion
     1. Following the LCF General Partner's written approval of a Potential Project, the Investment Adviser shall co-ordinate the execution of relevant legal documentation (including the Project Documents) and if any material amendment is required to the agreed form documentation, the Investment Adviser shall obtain the LCF General Partner's written approval in advance.
     2. The Investment Adviser shall facilitate the timely release of funds to the Project Developer.
  2. Post Investment Role
     1. The Investment Adviser shall ensure that a project monitor is appointed to monitor the implementation of each Project and the investment performance of each Project including but not limited to:
        1. preparing an investment performance report on a regular basis;
        2. monitoring investment performance and providing quarterly reports to the LCF General Partner;
        3. reviewing all requests for loan draw downs submitted for each Project;
        4. monitoring compliance by the Project Developer with the terms of the Project Documents including but not limited to:
           1. monitoring whether the LCF General Partner has received all required guarantees and warrantees;
           2. managing and arranging for any necessary inspections to be undertaken with the Project Developer;
           3. ensuring due diligence and progress reports are provided by the Project Developer in accordance with the Project Documents;
           4. reporting to the LCF General Partner on the timing of practical completion so as to ensure that the LCF General Partner is included in relevant insurances etc; and
           5. ensuring that appropriate insurance cover is maintained on the asset;
        5. carrying out periodic long term and short term reviews of each Project, including pro-active analysis of Relevant Investments that are not delivering anticipated returns;
        6. if required, obliging the Project Developer to produce and update its Project Business Plan,[[3]](#footnote-3) including but not limited to:
           1. summary information on the Relevant Investment;
           2. value enhancement plan;
           3. exit optimisation;
           4. resource management;
           5. finance reporting, to include:

portfolio model maintenance (hold and management cases);

bi-annual model reconciliation; and

* + - * 1. performance review.
    1. The Investment Adviser shall either perform or oversee a third party to perform the following services:
       1. arranging initial loan drawdown and subsequent release of funds in accordance with the Project Documents, ensuring that evidence is provided by the Project Developer in accordance with the Project Documents that all conditions precedent attaching to each loan drawing have been met;
       2. calculating and recording all interest due under the loan;
       3. providing periodic statements (and billing if required) of amounts outstanding under each loan;
       4. providing reporting as required to all relevant transaction parties in a format and at frequency to be agreed;
       5. monitoring compliance with the terms of each loan; and
       6. liaising with all transaction parties as required.
  1. Administration Services
     1. The Investment Adviser shall maintain the LCF LP's and LCF General Partner's financial accounting books, records keeping and perform all other day-to-day operations including, but not limited to:

**Treasury Management and Fund Accounting**

* + - 1. reconciliation of fund bank accounts;
      2. executing and delivering the bank documents;
      3. placing and recording of deposits and other relevant instruments in line with the treasury management strategy approved by the LCF General Partner;
      4. disbursement of payments for third party fees and expenses incurred by the Low Carbon Fund;
      5. reconciliation of cash and other balances at brokers and custodians;
      6. processing transactions, cash movements etc;
      7. monitoring and processing repayments/redemptions;
      8. calculation of income and expense accruals;
      9. maintaining the records and books of account relating to the Low Carbon Fund and related reports and documents;
      10. preparing the annual accounts and procuring the annual audit of accounts if required;
      11. processing repayments;
      12. procuring a valuation as at each accounting date;

**Audit and Reporting**

* + - 1. production of a semi and annual progress report (narrative on progress and quantitative section on all Low Carbon Fund expenditure and income movements);
      2. support to numerous (DLUHC, EU etc.) audit processes;

**General**

* + - 1. ensuring compliance with all Applicable Requirements, Eligibility Rules and legal agreements in place relating to the Low Carbon Fund and associated arrangements (including the Funding Agreement and the Contingent Loan Agreement);
      2. generally communicating with the Partners and dealing with correspondence from the Partners and reporting to the Partners as required by the LCF General Partner;
      3. working in conjunction with key stakeholders and developing an idle funds management strategy for approval by the LCF General Partner; and
      4. completing any relevant questionnaires from DLUHC and other stakeholders etc.
    1. The Investment Adviser shall provide general co-ordination and operation support including:
       1. identifying a specific member of staff to co-ordinate the Administrator Services to ensure the smooth running of the LCF LP;
       2. preparing quarterly reports for the LCF General Partner in relation to the direct asset holdings, investment proposals and the performance of Relevant Investments, to include reporting on rents, returns, occupational changes, write offs, change to void costs and other related issues;
       3. implementation of the Investment Policy and Low Carbon Fund Business Plan;
       4. attending meetings as may reasonably be requested by the LCF General Partner; and
       5. complying with the processes contained within the Investment Policy and Low Carbon Fund Business Plan from time to time.

**Development of the Investment Policy** **and Low Carbon Fund Business Plan**

* + 1. The Investment Adviser shall provide recommendations for revisions of the Investment Policy and Low Carbon Fund Business Plan for consideration by the LCF General Partner to ensure that the Low Carbon Fund is sufficiently and appropriately invested in accordance with the Funding Agreement, including:
       1. preparing updates to the Investment Policy and Low Carbon Fund Business Plan for approval by the LCF General Partner and inclusion of other relevant policies reasonably requested by the LCF General Partner;
       2. giving due consideration to any changes to the Investment Policy and Low Carbon Fund Business Plan recommended by the LCF General Partner; and
       3. preparing a marketing strategy in accordance with the Investment Policy and Low Carbon Fund Business Plan in respect of the marketing of the Low Carbon Fund to potential project promoters, including detailed marketing budgets for implementation of the strategy.

**Governance procedures**

* + 1. The Investment Adviser shall implement appropriate operational decision making bodies and governance checks and balances as reasonably required by the LCF General Partner.
    2. The Investment Adviser shall maintain written compliance and human resources polices in respect of the following in order to ensure compliance with the terms of the Agreement:
       1. conflict of interest;
       2. data protection;
       3. insider trading / compliance;
       4. statutory compliance; and
       5. any other relevant policies as the Investment Adviser sees fit or as reasonably required by the LCF General Partner.
    3. All policies shall be subject to written approval by the LCF General Partner and reviewed and submitted to the LCF General partner for approval on an annual basis.
    4. The Investment Adviser shall establish and maintain an internal Investment Committee consisting of appropriately qualified and experienced individuals. The Investment Committee shall resemble a credit committee of a lending institution. The Investment Committee shall approve the Investment Adviser's final recommendations to the LCF General Partner before they are submitted. The Investment Adviser shall produce a terms of reference document for the prior approval of the LCF General Partner no later than ninety (90) days following the date of the Agreement.
  1. Operator Services
     1. The Investment Adviser shall register and publish all such notices, statements or other instruments as may be required in relation to the LCF LP and in relation to any changes occurred in relation to the LCF LP.
     2. The Investment Adviser shall process and accept applications for admission to the LCF LP, carry out money laundering verification and customer due diligence, coordinate, reconcile and approve commission payments, admit and register new Partners and approve (and agree changes to) application forms, instruments transferring any interests in the LCF LP and related documentation from Partners and maintain a register of all Partners and their interests in the LCF LP. The Investment Adviser shall act as a signatory on each bank account set up for the LCF LP in accordance with procedures approved in writing by the LCF General Partner.
     3. The Investment Adviser shall oversee any activities performed by the LCF General Partner and other parties to ensure that the business of the LCF LP is managed in a way that is consistent with the LCF Partnership Agreement (including the Partnership Business Plan) and shall ensure that all Relevant Investments fall within the Investment Policy and Low Carbon Fund Business Plan.
     4. The Investment Adviser shall use its reasonable endeavours to procure the preparation of and approve the Project Documents and shall (or agree to) subscribe, purchase or otherwise acquire, along or together with others, Relevant Investments falling within the Investment Policy and Low Carbon Fund Business Plan, and sell, exchange or otherwise dispose of Relevant Investments for the account of the LCF LP, and enter into the Project Documents or execute investment agreements or Project Documents on behalf of the LCF LP accordingly (in each case whether personally or through an attorney or other agent) and, where appropriate, shall use its reasonable endeavours to procure that the LCF General Partner gives warranties and indemnities in connection with any such acquisition, sale, exchange or other disposal (where it is in the best interests of the LCF LP to do so).
     5. The Investment Adviser shall monitor the performance of and, where it considers appropriate, shall exercise all rights conferred upon the LCF General Partner under the terms of any Project Document and generally take any action the Investment Adviser considers appropriate for the protection of the LCF LP business, assets and the Low Carbon Fund.
     6. The Investment Adviser shall prepare or procure and distribute to Partners an annual periodic statement containing information on the value and composition of the portfolio of the LCF LP at the beginning and end of the period in accordance with the requirements of the FCA Rules, and in particular including information relating to:
        1. consents and value of the portfolio;
        2. basis of valuation of each Relevant Investment;
        3. details of any assets loaned or charged;
        4. transactions and changes in composition;
        5. charges and remuneration; and
        6. movement in value of portfolio.
     7. The Investment Adviser shall provide to any relevant authority in writing such information in its possession as shall be required by the relevant authorities or the Investment Adviser considers necessary or appropriate concerning the Partners including (without limitation) the name, address, tax district and reference of each person who is or has been a Partner and the interest which any person has or has had under the LCF LP in so far as such information is produced to the Investment Adviser pursuant to the provisions of the LCF Partnership Agreement or Contingent Loan Agreement.
     8. The Investment Adviser shall take all steps to ensure the LCF LP maintains compliance with all UK Companies House filings, procure that the LCF LP calls an annual general meeting and such other meetings as shall be required under the LCF Partnership Agreement and serve notice of and prepare and circulate agendas and minutes relating to meetings of the LCF LP or the Partners and, if so requested, report and/or attend at such annual general or other extraordinary meetings.
     9. The Investment Adviser shall engage (or to arrange the engagement of (at the LCF General Partner's cost)) independent lawyers, accountants and other consultants possessing skills not normally possessed by operators performing activities of a sort which the Investment Adviser is required to perform under this Agreement as are necessary to enable it to perform the activities contained in this Agreement.
     10. The Investment Adviser shall enter into, make and perform such deeds, powers of attorney, contracts, agreements and other undertakings on behalf of the LCF General Partner, in connection with Relevant Investments or proposed investments and do all such other acts or things as it may deem necessary and/or advisable, for or as may be incidental to the conduct of the business of the LCF LP (or in each case to direct the LCF LP acting through the LCF General Partner to do so itself).
     11. At the request of the LCF General Partner (and upon agreement of an additional fee to recognise the additional work required of the Investment Adviser) the Investment Adviser shall commence, conduct, settle or defend litigation that pertains to the LCF LP or to any of the LCF LP assets or shall direct the LCF LP acting through the LCF General Partner to do so itself) provided that such actions may not be taken without the LCF General Partner's prior written approval.
     12. The Investment Adviser shall communicate with the Partners and report to the Partners at such times as it shall think fit and report to the Partners and to other stakeholders as agreed with the LCF General Partner Board at such times and in such manner as are required by this Agreement, the LCF Partnership Agreement and the Contingent Loan Agreement.
     13. The Investment Adviser shall do such other things or acts in relation to the LCF LP as are required to be done under FSMA or by the FCA Rules by a person authorised under FSMA and so as to ensure compliance by the LCF General Partner with FSMA and the FCA Rules.
     14. The Investment Adviser shall provide the LCF General Partner with access to the Compliance Officer of the Investment Adviser where the LCF General Partner considers it appropriate and in any event at least once in every year shall enable the LCF General Partner to receive reports on compliance by the Investment Adviser and its delegates with FSMA and the FCA Rules. At the relevant time, the Investment Adviser shall act as the liquidating trustee of the LCF LP.

1. Note: it needs to be clear that the developer has to provide one in the first place. [↑](#footnote-ref-1)
2. Note: it needs to be clear that the developer has to provide one in the first place. [↑](#footnote-ref-2)
3. Note: it needs to be clear that the developer has to provide one in the first place. [↑](#footnote-ref-3)