

**Title Firstname Surname**

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[Date]

Dear [Title] [Surname],

**Important information about a sale in your Octopus Enterprise Investment Scheme (EIS)**

We are contacting you regarding the recent sale of the solar assets owned by Sommer Solar Limited (Sommer), a company in your Octopus EIS portfolio.

You may recall that we were unable to sell this company as part of a wider deal in 2017 due to an issue with a 3<sup>rd</sup> party. The legal process we pursued has now been resolved and we have now sold the remaining solar assets.

Following the sale of assets, we have now consolidated Sommer into TM Trading, as we did with other companies previously sold from your portfolio. This way you can continue to benefit from inheritance tax relief and capital gains deferral, and we'll aim to provide liquidity on a quarterly basis. As a result, you will now see TM trading on your valuation.

You can find your latest valuation statement through the online portal at [secure.octopusinvestments.com](https://secure.octopusinvestments.com). Under 'EIS Valuation' you'll find information about TM Trading, such as the current value and number of shares you own.

**Your options explained**

Now that we are able to offer you liquidity, we have included various things in this pack to help you with the next steps of the process:

- 'The next steps for your Octopus EIS investment' guide
- TM Trading overview
- Withdrawal form and prepaid envelope

Our guide titled '**The next steps for your Octopus EIS investment**' talks through the options available to you. Here's a brief summary:

- You can retain your shares in TM Trading, where you should continue to benefit from EIS tax reliefs. If you wish to retain your shares, you won't need to do anything.
- You can request to sell some or all of these shares. However, you should bear in mind there could be tax implications – these are covered off in the guide.

If you intend to sell some or all of your shares, please let us know by completing the enclosed form and returning it to us in the prepaid envelope enclosed by **14 June 2019**. We currently expect to provide

liquidity by **29 July 2019**. Due to the potential tax implications of selling shares, we highly recommend you get in touch with your adviser before making any decision.

### What is TM Trading?

TM Trading originally owned and operated solar assets. In 2016 TM Trading restructured and broadened its trading activity to focus on secured lending. This is a revised investment objective and a different trading approach from the one described in the original Octopus EIS brochure when you made your initial investment. The reason for this change was so you could continue to benefit from EIS tax reliefs, and we'll aim to provide liquidity on a quarterly basis instead of having to exit at the point of the asset sale. TM Trading aims to return 3% a year after fees, although we can't guarantee this. For more information on TM Trading please see the enclosed flyer titled '**TM Trading overview**'.

### Annual management charges

Please note that since this is the last company in your portfolio, we are now in a position to take our accrued annual management charges. However, since liquidity should have been provided in August 2017, we have not accrued any annual management fees relating to Sommer solar since then. We would like to apologise for this delay as the sale process has taken longer than expected.


### Understanding the risks

When considering your next investment decision, make sure you are mindful of the risks associated with EIS investments. The value of your investment, and any income from it, can fall as well as rise and you may not get back the full amount you invested. Your tax treatment depends on your individual circumstances and may change in the future. Tax reliefs depend on the portfolio companies maintaining their EIS-qualifying status. Octopus EIS invests in early-stage UK smaller companies and the shares of the smaller companies we invest in could fall or rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.

### We're here to help

We don't offer financial or tax advice, which is why we always suggest you speak to a qualified financial adviser before making any investment decisions. If you have any other questions about valuations or your Octopus EIS investment, please email [clientrelations@octopusinvestments.com](mailto:clientrelations@octopusinvestments.com) or call us on **0800 316 2295**. We're always happy to hear from you.

Yours sincerely,



Simon Rogerson  
Chief Executive

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